



# Technical Assistance Consultant's Report

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Project Number: 44140

## TA 7566-REG: Strengthening and Use of Country Safeguard Systems

Subproject: Reform of Legal and Regulatory  
Framework for Involuntary Resettlement in  
Mongolia—Phase II (Mongolia)

## LAND POLICY, EXPROPRIATION AND COMPENSATION, APPRAISAL SYSTEM IN KOREA

Prepared by ADB Consultant Team

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Asian Development Bank



# **Land Policy, Expropriation & Compensation, Appraisal System in Korea**

**Land policy department**

**Ministry of Land, Transport and Maritime affairs**

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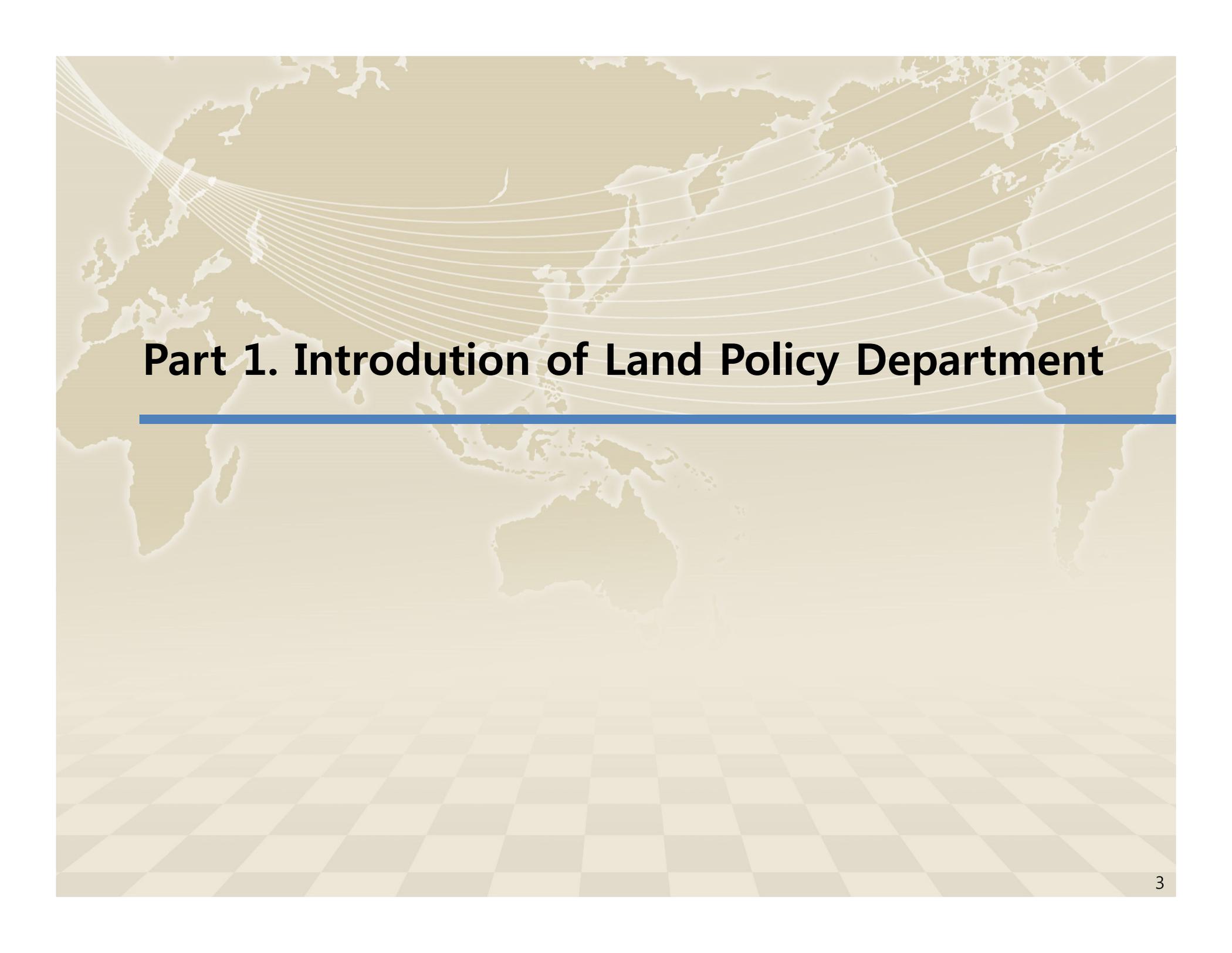
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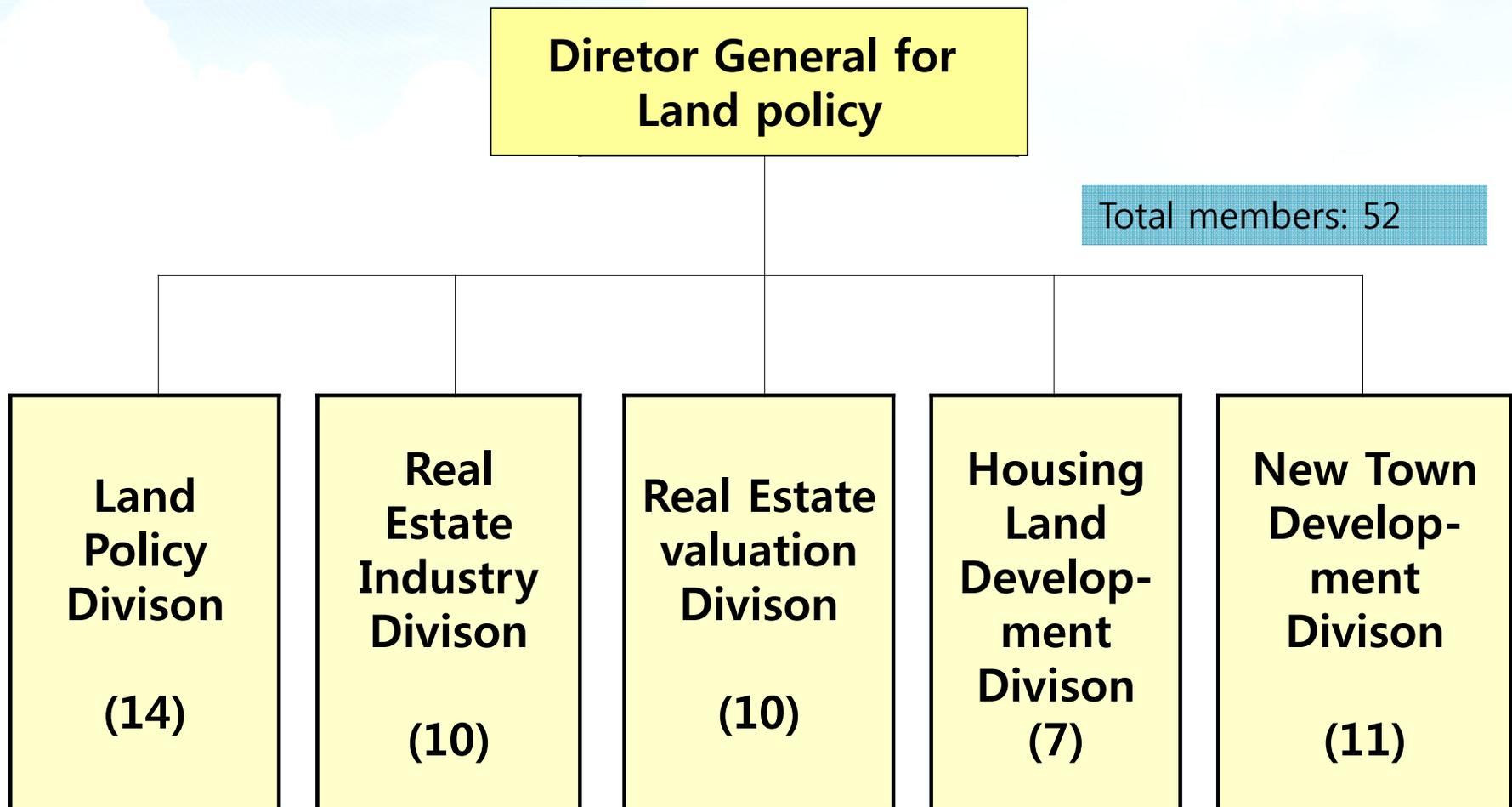
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# **Part 1. Introduction of Land Policy Department**

# Part 1. Introduction of Land Policy Department

## 1. Organization



# Part 1. Introduction of Land Policy Department

## 2. Mission

### ❖ Land Policy Division

- Land Transaction Permission, management of Land expropriation and Compensation, Development Funds, Investigation and Publication of Land Market Trends and Land Price Change, Guide and Supervision of Korea Land Corporation.

### ❖ Real Estate Industry Division

- Real Estate Brokerage, Real Estate Investment Trust (Real Estate Finance), Real Estate Development, Foreign Land, Market Price Report.

### ❖ Real Estate Valuation Division

- Officially Assessed Reference Land Price, Housing Price Disclosure (Standard, Individual, Union), Individual Land Price, Appraisers Management, Guide and Supervision of Korea Appraisal Board.

# Part 1. Introduction of Land Policy Department

## 2. Mission

### ❖ **Housing Land Development Division**

- Responsible for Public Land Policy, Planning, Management and Improvement of Regulations of Promoting Land Development, Establishment and Control of Long and Short Term Planning of Land Supply Plan, Public Housing Development District, Operation of Public and Private Joint Project.

### ❖ **New Town Development Division**

- New Town Policy and System, New Town Location Selection and Assignment, Measures to prevent speculation in New Town, New Town Resident Compensation, New Town Public Design System, Second Stage Development of New Town.

# Part 1. Introduction of Land Policy Department

## 3. Legal aspects of Laws

### ❖ **Law of Acquisition and Compensation of Lands for Public Utilities**

- Stipulates matters related to compensating losses caused by obtaining or using land, property and right for public utilities through acceptance or agreement.

### ❖ **Law of Transfers of Development Benefits**

- Transfers development benefits from lands and redistributes them appropriately in order to prevent speculations in lands and promote efficient use of lands.

### ❖ **Law of Reservation of Public Lands**

- Reserves lands required for public utilities in advance and supplies them with low price at needed times, helping the stability of the land market.

# Part 1. Introduction of Land Policy Department

## 3. Legal aspects of Laws

### ❖ **Law of Realtor's Service and Real Estate Report**

- Intends to develop and supervise real estate brokerage soundly and establish the transparent real estate transaction order.

### ❖ **Regulations of Real Estate Investment Trust**

- Stipulates matters related to the foundation of real estate investment company, methods of asset management and investor protection. It promotes sound investments of real estate.

### ❖ **Law of Management and Upbringing of Real Estate Development**

- Stipulates necessary details for basics of real estate development, registration of real estate development industry and duties of real estate developers.

# Part 1. Introduction of Land Policy Department

## 3. Legal aspects of Laws

### ❖ **Foreigner Land Law**

- Stipulates the process of foreigners or foreign corporations obtaining right to possess land inside territories of the republic of Korea.

### ❖ **Law of Real Estate Price Disclosure and Appraisal**

- Announces appropriate prices for real estates setting the basis of real estate pricing. Provides related details of appraisal on land, building and movable properties.

### ❖ **Land Development Promotion Law**

- Special regulations for obtaining, developing, supplying and managing lands required for housing construction.

### ❖ **Regulations of Korea Land Corporation**

- Stipulates matters related to functions and supervision of Korea Land Corporation.

A world map in a light beige tone serves as the background. Overlaid on the map are several white, curved lines that represent fiber optic cables, originating from the left side and spreading across the globe. Below the map, the bottom portion of the slide features a perspective grid of light and dark beige squares.

## **Part 2. Korea Expropriation & Compensation System**

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# Part 2. Korea Expropriation & Compensation System

## 1. Legal Basis

### Constitution (Article 23)

- **Private property of all citizens shall be protected. But, it may be subjected to expropriation - use for public necessity(due compensation)**

### Act on the Acquisition of Land, etc. for Public Works and the Compensation therefor

- **It prescribes matters for damage compensation for acquiring private land for public works, efficient implementation of public works and appropriate property right protection**

# Part 2. Korea Expropriation & Compensation System

## 2. Outline

### ❖ Type of Public works

- Defense and military projects
- Public facility projects such as road, railway and airport, etc.
- Government offices, culture facility projects
- School, library, museum and art gallery construction projects
- Residential land development projects led by state-owned companies, etc.

## Part 2. Korea Expropriation & Compensation System

### ❖ Compensation Principles

- Damages occurred to owner, etc. shall be compensated by the project developer.
- The compensation shall be fully paid before the project starts.
- It shall be paid in cash unless there is no specific regulations.
- Damage compensation shall be made individually.
- Several compensation payments shall be made in lump sum
- Damage compensation shall not be set off by the profits of the public works

# Part 2. Korea Expropriation & Compensation System

## ❖ Compensation Procedures

### 1. Preparation

Access of other people to land, obstruct elimination

### 2. Land and Goods document

Confirmation of project developer and owner & sign

### 3. Announcement of compensation plan

Beneficiary, schedule, process

Compensation committee  
(City.Gun.Gu)

Arbitrary advisory  
committee  
comprising 8 ~ 16 people

### 4. Appraisal and compensation estimation

Land, Goods : appraisal, others : statistics

## Part 2. Korea Expropriation & Compensation System



# Part 2. Korea Expropriation & Compensation System

## 3. Compensation type and Beneficiary

Type	Beneficiary
Property(right)	- land, building, mining right, fishing right
Actual expense compensation	- Intrusion, movable assets, reclamation cost, moving expenses, etc.
Loss by closing business	- Compensation for business, livestock industry, temporary layoff and unemployment
Compensation for living cost	- Migration policy, cost for moving from agricultural/fisheries areas, relocation cost
Loss by project	- Residual land, indirect loss off the project district

# Part 2. Korea Expropriation & Compensation System

## 4. Migration Policy

### ❖ Beneficiary

- People who lose their residences due to public works implemented in the residential land

section	Property compensation	Migration policy	Other compensations	Others
Home owner	Land, buildings, etc.	Settlement (settlement expenses)	Relocation cost (Feb.) Moving expenses	
	Land, buildings, etc.	Residential land (housing)	Relocation cost (Feb.) Moving expenses	Residential land, housing related projects
tenant	-	(rental housing)	Relocation cost(Apr.) Moving expenses	

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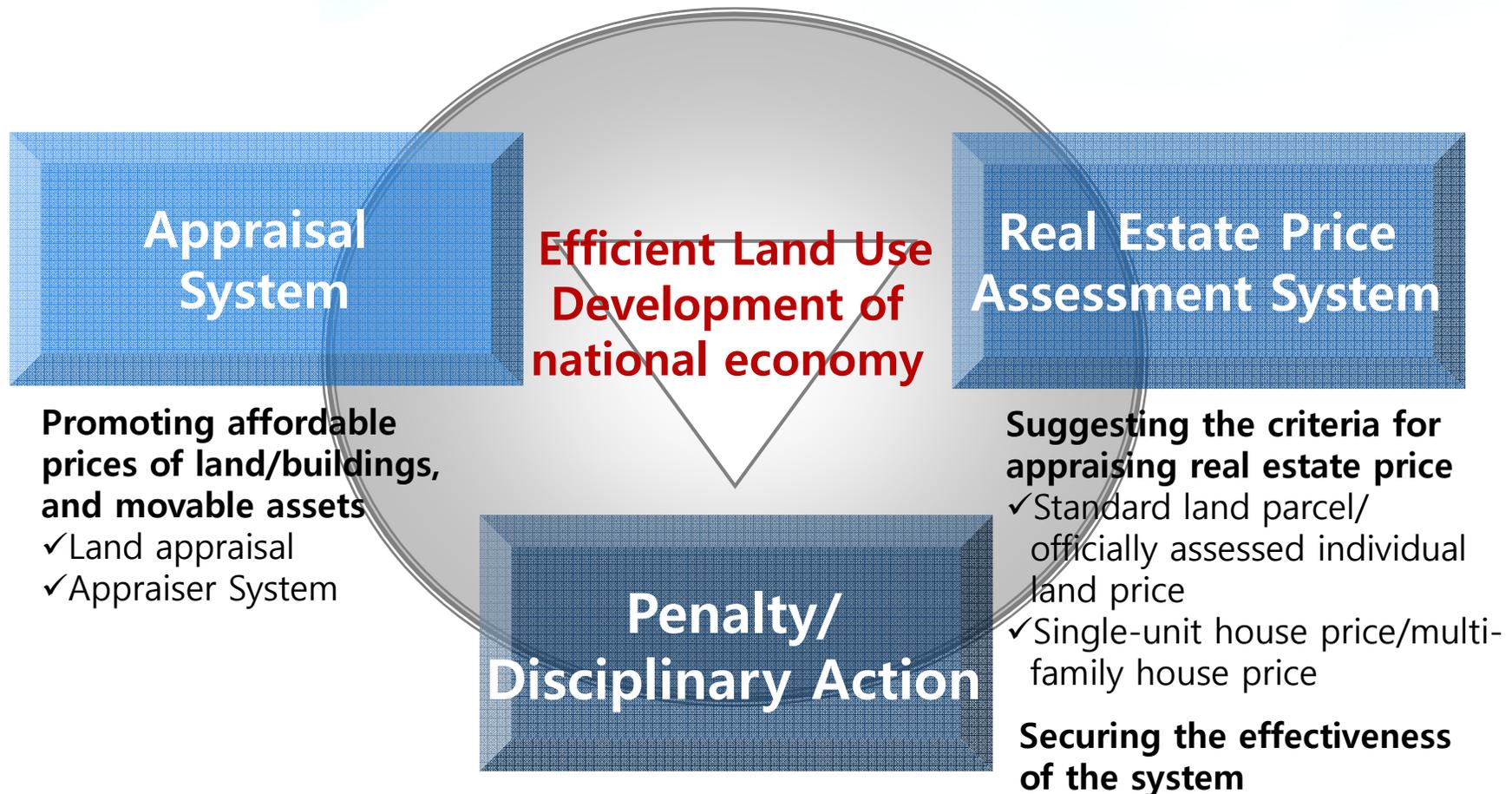
# **Part 3. Korea Appraisal System**

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# Part 3. Korea Appraisal System

## 1. Legal Basis

### Act of Real Estate Price Assessment and Appraisal



# Part 3. Korea Appraisal System

## 2. Functions (Business Area)

### ● Public functions

☞ Fair taxation

☞ Due compensation

☞ Inducing affordable land price

1. A survey/appraisal of the officially assessed standard land parcel price
2. A survey/appraisal of the single-unit house price
3. Verification of the officially assessed individual land price/individual house price
4. An appraisal of land compensation for public services
5. An appraisal of the acquisition/disposal/exchange of national property

### ● Private functions

☞ Efficient resource distribution

☞ Setting up a fair trade order

1. An appraisal by another's request, such as financial agencies
2. An appraisal of lawsuits/auctions by court's request
3. Appraisal-related consultation

# Part 3. Korea Appraisal System

## 3. Current management status of the system

- **Market status: The appraisal market amounted to approximately 550.6 billion won as of 2010.**

Section	Compensation	Security	Real estate price assessment	Others	Total
Profit (100 million won)	825	1,633	1,476	1,572	5,506
Percentage(%)	15	30	29	26	100

- **Appraisers: Total 3,110 appraisers**

Section	Korea Appraisal Board	Corporation			Personal office	Total
		Subtotal	Large corporation	Other corporations		
No. of appraisers	200	2,576	2,299	276	336	3,110
Percentage (%)	6	83	74	9	11	100

# Part 3. Korea Appraisal System

## ※ Real Estate Price Disclosure System

### ① Overview

- The system is a land/house price assessment system, which was designed to be applied as a standard for the government's administrative purposes, such as taxation.

### ② Disclosure system

<Land>

Standard land parcel price appraisal:  
Representative 500,000 lots  
(Appraiser)

Preparing a ratification table based on a multiple regression model

Individual land price assessment:  
30 million lots on a national scale  
(City, Gun, Gu)

<Conventional house>

Standard house price appraisal :  
Representative 190,000 households  
(Appraiser)

Preparing a ratification table based on a multiple regression model

Individual house price assessment  
4 million households on a national scale  
(City, Gun, Gu)

<Multi-family house>

Multi-family price survey/assessment  
10 million houses on a national scale  
(Korea Appraisal Board)

# Part 3. Korea Appraisal System

## ※ Real Estate Price Disclosure System

### ③ Characteristics of the Korea Real Estate Price Disclosure System

- **Excellence followed by continuous investment in and management of the system**

- ✓ *(Diverse targets of disclosure) Official announcement of land/house prices to resolve real estate problems, such as high population density and real estate forming greater parts of assets*

- ✓ *(Know-how) Effecting economics of scale on the cost side through the operation of a professional qualification program, continuous improvement of the system over 20 years, and the accumulated management know-how*

- **High application experienced in the process of nationally solving the real estate problems**

- ✓ *Enables minimizing trials and errors in the process of introducing the system depending on economic development condition and providing optimal solutions*

- **Improvement of investment efficiency through the diverse use of the results of officially assessed prices**

- ✓ *(Tax base) Use as the criteria for imposing national and local taxes*

- ✓ *(Criteria for imposing levies) Use as the criteria for imposing levies such as charge for development and rent for national property*

- ✓ *(Appraisal criteria) Use as the criteria for diverse appraisals such as compensation*

The background features a light beige world map with white curved lines representing network connections. The bottom portion of the image shows a perspective view of a checkered floor in shades of beige and light brown.

**Thank you**