



# Property-based redevelopment and gentrification: The case of Seoul, South Korea

Hyun Bang Shin

Department of Geography and Environment, London School of Economics and Political Science, Houghton Street, London WC2A 2AE, United Kingdom

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## ABSTRACT

The urban experiences of South Korea in times of its rapid urbanisation and economic growth show that wholesale redevelopment had been a dominant approach to urban renewal, leading to redevelopment-induced gentrification. This was led by a programme known as the Joint Redevelopment Programme, transforming urban space that was once dominated by informal settlements into high-rise commercial housing estates. This paper tries to explain how this approach was possible at city-wide scale in its capital city, Seoul. Through the examination of redevelopment processes in a case study neighbourhood, it puts forward three arguments. First, the development potential arising from the rent gap expansion through under-utilisation of dilapidated neighbourhoods provided material conditions for the sustained implementation of property-based redevelopment projects. Second, this paper critically examines the dynamics of socio-political relations among various property-based interests embedded in redevelopment neighbourhoods, and argues that external property-based interests have enabled the full exploitation of development opportunities at the expense of poor owner-occupiers and tenants. Third, South Korea had been noted for its strong developmental state with minimum attention to redistributive social policies. The Joint Redevelopment Programme in Seoul was effectively a market-oriented, profit-led renewal approach, in line with a national housing strategy that favoured increased housing production and homeownership at the expense of local poor residents' housing needs.

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## 1. Introduction

The history of tackling shelter problems has revealed two contrasting approaches: upgrading versus clearance and redevelopment. The former strategy was largely popular among those who were in favour of housing improvement set in local contexts, emphasising residents' own initiatives for the mobilisation of their own skills, knowledge and resources (Aldrich and Sandhu, 1995; Choguill, 1999). The national and local governments in the Republic of Korea (hereafter South Korea) thought otherwise. In South Korea, upgrading only occupied a marginal position, and wholesale redevelopment has been a dominant urban renewal strategy. By 1995, the dwellings provided through redevelopment accounted for 17% of all dwellings (or 25% of all apartment units) in Seoul (Seoul Development Institute, 1996, p. 188). The very programme that spearheaded this transformation from its first introduction in 1984 was known as the Joint Redevelopment Programme (hereafter JRP). The core feature of the JRP was its project financing and management structure, which largely depended on real estate developers' participation in partnership with dwelling-owners (irrespective of their possession of formal land tenure) (Choi, 2002). The key to its success was to transform low-rise substandard neighbourhoods into high-rise commercial housing estates,

built to the maximum density permitted by planning regulation. All the remaining flats after allocation to participating dwelling-owners could be sold on the new housing market to recover development costs and make profits. This in turn was aimed at minimising dwelling-owners' financial contribution to JRP projects.

The socio-spatial consequence of JRP projects had been redevelopment-induced gentrification of dilapidated low-income neighbourhoods. Survey evidence suggests that nearly 80% of original residents were displaced in this process (Ha, 2004). Academics and pundits, mostly locally based, examined this process from a social justice and human rights perspective (ACHR, 1989; CIIR, 1988; Kim, 1998) or from a welfare perspective, criticising a lack of government attention to the provision of affordable housing for poor residents (for instance, see Ha, 1999, 2002; Sohn, 1995). Such literature has failed to provide an insight into why and how this process of gentrification took place in the specific urban contexts of South Korea.

Contemporary literature on explaining why gentrification occurs has been divided into two strands: consumption-side and production-side. The former has largely focused on the emergence of gentrifiers (that is, new urban elites comprised of professional, technical and administrative workers) and their consumption preferences (Hamnett, 1991; Ley, 1980; Munt, 1987). In contrast, production-side critics point to the production of gentrifiable properties, and argue that gentrification is the process of "back

E-mail address: [H.B.SHIN@LSE.AC.UK](mailto:H.B.SHIN@LSE.AC.UK)

to the city movement by capital” and not by new urban gentrifications (Smith, 1979). The most prominent work from production-side critics has been Neil Smith’s ‘rent gap’ thesis, which is centred on the political economy of ‘place’ and its connection beyond its local boundaries.

While existing literature on gentrification is valuable for our understanding of contemporary cities, it tends to display two main shortfalls. First, most literature on gentrification is largely constructed around the experiences of European and North American post-industrial cities. Some critics begin to explain similar ‘back-to-the-city’ movements in developing and transitional cities, but mostly address the ‘effects’ and the ‘physical shape’ of gentrification (Ergun, 2004; Fujitsuka, 2005; Sykora, 2005). If gentrification is truly a ‘global urban strategy’ in our neo-liberalising world (Smith, 2002) and is a new expression of ‘global urban colonialism’ (Atkinson and Bridge, 2005), we are in shortage of more empirical studies from non-Western cities. Second, existing literature on gentrification tends to focus on the production of new urban gentrifications or gentrifiable properties, the spatial outcome of gentrification and to some extent, social costs disproportionately shared by poor residents. The politics of gentrification, however, is less frequently discussed, and we are yet to understand how human agents are engaged to bring about (or resist) gentrification.

In this respect, this paper analyses the case of redevelopment-induced gentrification in the South Korean urban contexts by closely examining the case of a neighbourhood redevelopment project that took place between 1984 and 2003. In doing so, the paper aims at providing an additional insight into the study of the politics of urban development and gentrification in non-Western cities. The arguments in this paper are threefold. First, by applying rent gap thesis, this paper argues that the development opportunities arising from rent gap expansion through under-utilisation of dilapidated dwellings provide fundamentally necessary material conditions for the sustained implementation of property-based JRP projects in Seoul. Rent gap expansion in Seoul’s JRP neighbourhoods, however, has been largely influenced by the informal characteristics of these neighbourhoods.

Second, this paper critically examines the dynamics of socio-political relations among various property-based interests that are embedded in JRP neighbourhoods, and argues that external property-based interests have played a significant role in Seoul’s neighbourhood transformation. The JRP rests on dwelling-owners’ aspirations not only to improve their dwelling conditions but also to make financial gains from their assets. From the early stage of redevelopment projects, however, dwelling-owners come to consist of largely speculative absentee landlords, with speculative interests displacing poor owner-occupiers. These ‘rentiers’ are aided by professional developers and local authorities so that the transformation of dilapidated neighbourhoods was ensured.

Third, by looking at a detailed case study of the ‘rise and fall (and the re-rise)’ of a JRP project, this paper provides an opportunity to re-visit the role of the state in the process of gentrification. South Korea, together with other East Asian countries, has been characterised by its late industrialisation and rapid urban growth under a strong developmental state (Amsden, 1989). Critics suggest that in East Asian countries, social policies had been subordinated to economic policies (Holliday, 2000), and that the role of the state in housing provision very much depended on the nature of the growth alliance between the state and social groups in each country (Park, 1998). The housing provision in South Korea has been market-oriented with minimum involvement of the state to address urban poor families’ housing needs. This paper argues that this characteristic of state involvement also governs the process of redevelopment-induced gentrification in Seoul.

The rest of this paper is divided into five sections. Section 2 presents the analytical framework, summarising the principles of rent

gap theory and explaining how it is applied to the JRP projects in Seoul where speculative real estate investment was particularly strong in the process of economic growth and late industrialisation. Section 3 explains how data were collected for this study. Sections 4 and 5 discuss why and how redevelopment-induced gentrification occurred in Seoul through a detailed case study. Finally, a concluding discussion summarises and re-visits arguments of this paper.

## 2. Analytical framework: rent gap and its application to JRP projects

### 2.1. Overview of rent gap theory

Gentrification is conventionally associated with unit-by-unit acquisition and rehabilitation of dwellings by affluent income groups at neighbourhood scale (Lees et al., 2007), but gentrification through redevelopment may also occur when demolition becomes the main method of closing the rent gap (Williams, 1984). If gentrification is a ‘global urban strategy’, a broader definition is necessary to encompass the work of capital in built environments in various localities. To this extent, gentrification in this paper is defined broadly as “a process involving a change in the population of land-users such that the new users are of a higher socio-economic status than the previous users, together with an associated change in the built environment through a reinvestment in fixed capital” (Clark, 2005, p. 258).

Rent gap theory has been employed by Neil Smith to emphasise the structural changes that drove gentrification (Smith, 1979). The argument goes that it is not the presence of gentrifiers or their consumption preferences but the expansion of the rent gap which provided fundamentally necessary material conditions for urban renewal and gentrification. For the proponents of the rent gap theory, consumer choice is still seen as important, but is regarded as being ‘boosted’ by producers to create effective demand. Gentrification is more influenced by, and in fact produced by, “builders, developers, landlords, mortgage lenders, government agencies and real estate agents involved on the production and supply side” (Clark, 1992, p. 359).

The rent gap occurs as neighbourhoods go through a devalorisation cycle, which refers to the cycling process of new construction of structures and their first use, disinvestment and abandonment. The devalorisation cycle eventually leads to the “systematic decrease in the capitalised ground rent, reflected in lower house rents in an area and a relatively lower selling price for structures” (Smith and LeFavre, 1984, p. 50). Here, the ground rent refers to the “claim made by landowners on users of their land”, and the capitalised ground rent is defined as “the quantity of ground rent that is appropriated by the landowner, given the present land use” (Smith, 1996, p. 62). As the devalorisation cycle continues, it leads to the growth of a disparity “between the ground rent actually capitalised with a given land use at a specific location and the ground rent that could potentially be appropriated under a higher and better land use at that location [that is, potential ground rent]” (Smith and LeFavre, 1984, p. 50). This rent gap expansion is further aided “by continued urban development and expansion...that has historically raised the potential ground rent level in the inner city” (Smith, 1996, pp. 67–68).

Proponents of the rent gap theory argue that it is important not to treat the rent gap as a mechanistic determinant of gentrification. As Smith (1987) noted, “some economic opportunities remain unexploited and specific local conditions may discourage the process” (p. 464). It is the “social relations and power struggles” (Clark, 1995, p. 1491) that determine the transformation of the rent gap into actual development gains and, together with the conditions

in a given locality, the end products of neighbourhood transformation. In this regard, the public sector often assumes a catalytic or enabling role by adopting a *revanchist* stance that brutally suppresses opposition movements to facilitate capital re-investment (Smith, 1996).

## 2.2. Property-based interests in JRP projects

The JRP projects have largely exploited the development opportunities arising from the rent gap expansion that reflected South Korea's historical contexts of urban development. The JRP projects have targeted dilapidated neighbourhoods where informal dwellings were prevalent (Ha, 2001). Accordingly, the majority of dwelling-owners in JRP neighbourhoods were without *de jure* property-ownership as they did not possess formal land titles. A large share of JRP project areas was state-owned. An official account in 1998 indicated that the proportion of public land reached 40% on the average (SMG, 1998, pp. 20–21). The proportion of illegal dwellings was found to be much higher, reaching 57% of all dwellings.

The absence of *de jure* property-ownership poses serious risks to those who plan to make any long-term investment. It may be less likely for such neighbourhoods to experience the arrival of higher-income individual 'gentrifiers' until uncertainties are removed. It is also probable that any further structural modification of informal dwellings is restricted until the demolition of such dwellings takes place and/or property rights are clarified (MoCT, 2000, pp. 40–41). Together with the absence of *de jure* property-ownership, the legal restriction to prevent dwelling improvements leads to a condition similar to 'redlining' in Western cities that effectively curtails inward investment (Smith, 1996, pp. 66–67). These conditions contribute to the sustenance of low capitalised ground rent in JRP neighbourhoods.

On the other hand, the continued urban densification and real estate boom in Seoul (as explained later in this section) increases the capitalised ground rent in surrounding neighbourhoods that enjoy *de jure* property-ownership. This, in turn, places development pressure on dilapidated neighbourhoods, and increases their potential ground rent in anticipation that such neighbourhoods could be put into their 'highest and best use' with full property rights. These processes increase the disparity between capitalised ground rent in redevelopment districts and their potential ground rent, expanding the rent gap in JRP neighbourhoods.

The municipal implementation of the JRP can be regarded as a move towards removing uncertainties associated with these dilapidated neighbourhoods, and find a way to finance property-based redevelopment at neighbourhood scale. When redevelopment takes place, dwelling-owners without *de jure* property-ownership are required to purchase land title as a mandate. In this way, the JRP is designed to accompany land tenure formalisation (if dwelling-owners do not own land titles), and is based on the profit-maximising ambition of individual dwelling-owners, converting their properties into a 'higher and better use' with the aid of developers.

Central and local governments, real estate developers and individual dwelling-owners (regardless of their possession of *de jure* property-ownership) come together as property-based interests in the JRP framework. From the viewpoint of professional developers, the JRP projects are attractive, because owners of land and dwellings transfer all the rights to them for land preparation. Such an arrangement effectively reduces the likelihood of heavy initial investment in land acquisition. For local authorities, the JRP enables the transformation of dilapidated neighbourhoods with minimum budget contribution. The JRP has also become a good source of revenue for the central and local governments through the sales of public lands in redevelopment neighbourhoods (see for example, Kim, 1998, p. 208). Furthermore, the construction of public facilities such as administrative office buildings and road networks

within a redevelopment neighbourhood are built at the expense of project finance. The municipal government also makes financial contributions in the form of paying for the public rental flats provided for re-housing tenants who are eligible for redevelopment compensation.

## 2.3. The context of urban redevelopment in South Korea

### 2.3.1. Speculative real estate sector

The proliferation of JRP projects in Seoul was largely aided by the speculative real estate sector. Given the situation that about 70% of the land in South Korea is uninhabitable (KIHASA and UNDP, 1998, p. 11), the rapid urbanisation and late industrialisation created a surge of real estate demand for industrial, commercial and residential uses. Since the mid-1970s, land prices have occasionally witnessed precipitous increases, as displayed in Fig. 1.

The figure strongly suggests a highly speculative environment regarding land transaction. Opportunities to make capital gains from land investment have been superior in urban areas, especially in large cities, as the land price fluctuation has resulted in an unequal distribution of land value. The six largest cities in South Korea (that is, Seoul, Busan, Daegu, Incheon, Gwangju and Daejeon) occupied only 1.7% of national lands, but accounted for 39.8% of the combined value of national land in 1982, and 58.0% in 1994. Seoul occupied only 0.6% of Korea's total surface area, but its total land value accounted for 36.9% of the combined value of national lands (Jung, 1998, pp. 134–136). Between 1974 and 1996, "land prices in the six largest cities increased by 28.9 times, and in Seoul by 32.9 times" (Jung, 1998, p. 136).

The sales price of dwellings also increased considerably in the late 1980s. The housing sales price index in Seoul, compiled by Kookmin Bank, indicates that the index increased by 61.3% between 1986 and 1990 (Table 3-1 in Kookmin Bank, 2005, p. 34). Prices of real estate (both land and housing) remained high throughout the 1980s and 1990s, creating ample opportunities for real estate capital to acquire profits in less developed neighbourhoods by reconstructing new flats. The highly speculative environment in the sector and the frequent transaction of lands would prevent capital entrapment, which in return would have further exacerbated the speculative nature of real estate investment. For instance, it was reported that 10–20% of urban land changed hands each year during the 1980s (KRIHS, 1989 cited in Jung, 1998, p. 141). This was much higher than, for example, Japan where only 2.2% of residential land was traded in 1987 (Noguchi, 1990 cited in Jung 1998, p. 141). The high frequency of land transaction in times of price inflation would have provided opportunities for landed capital to realise its profits, guarantee its mobility, and be ready to seek further investment opportunities.

### 2.3.2. Production of surplus capital for real estate investment

Active promotion of capital investment in dilapidated neighbourhoods from the mid-1980s coincided with the expansion of housing investment in both relative and absolute terms. Between 1970 and 1985, the share of housing investment in real gross domestic product (hereafter GDP) in South Korea largely remained under 5% (at 2000 constant prices), but increased to 5.7% between 1986 and 1990 and then to 7.7% between 1991 and 1995 (The Bank of Korea, 2004). The question is: where did the investment come from? What propelled such an increase in capital input into the real estate sector?

Rent gap closure requires a substantial presence of surplus capital to be invested in the built environment for higher profits (Smith and LeFaivre, 1984). One way of understanding capital movements in this respect is through David Harvey's capital re-switching theory (Harvey, 1981). It is argued that the surplus capital to complete the rent gap closure comes into existence through

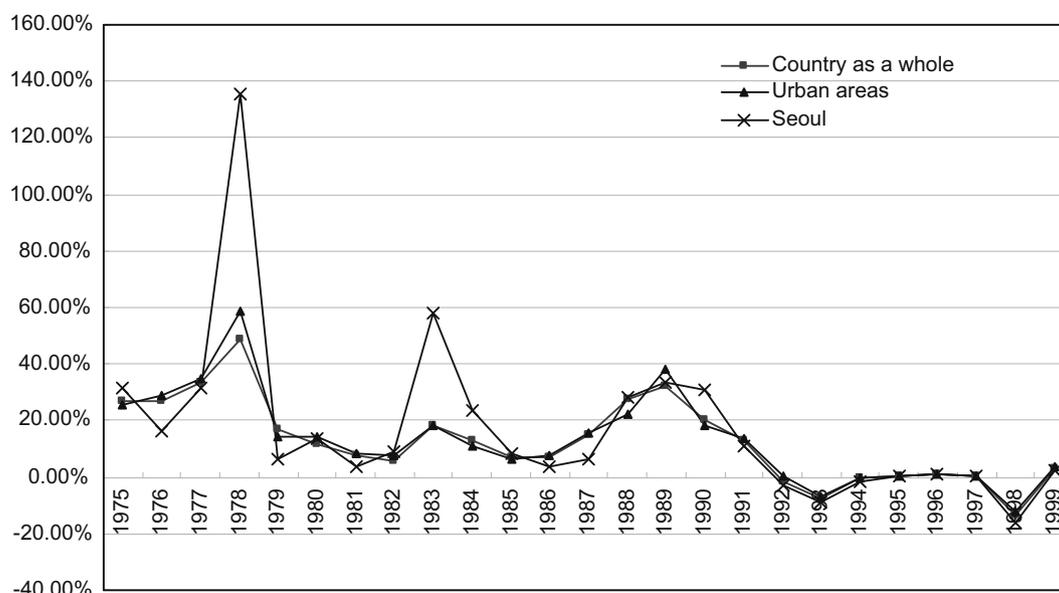


Fig. 1. Rate of changes in land prices in South Korea (Compiled from Table 3-1 in Park et al., 2000, p. 34).

'capital switching', which refers to the process of capital flow redirection from the primary, production circuit to the secondary circuit of fixed assets and the built environment (Smith and LeFaivre, 1984, p. 53; Smith, 1986, pp. 29–30). In South Korea, the production of surplus capital seemed to have occurred largely in the mid-1980s, facilitating property-based urban redevelopment.

For the three decades from the commencement of industrialisation in the mid-1960s, the Korean economy was noted for its exceptionally rapid economic development, sustained by government-led export-oriented macro-economic strategies and heavy investment in key industries to build up fixed assets (Kim and Leipziger, 1993). The average annual growth rate of real GDP (at 2000 constant prices) between 1970 and 1996 was a stupendous 7.9% (The Bank of Korea, 2004). Per capita gross national income increased at a higher rate of 16.1% per annum during the same period (The Bank of Korea, 2004). In the second half of the 1980s, for the first time since the Korean War, the country witnessed a net trade surplus (The Bank of Korea, 2004).

The relationship between gross saving (hereafter GS) and domestic investment as well as between GS and gross domestic capital formation (hereafter GDCF) noticeably changed between 1970 and 2002. This is shown in Fig. 2, which indicates a few noteworthy aspects for this study. First, the GS ratio had been on the increase in the 1970s and 1980s until it hit a ceiling of 40.4% in 1988. In the 1990s, it remained largely stable at a high rate of more than 35% with a slight downturn after the 1997 Asian financial crisis. Second, the ratio of GS to GDCF was relatively low in the 1970s. During the boom period of the 1980s, however, the ratio of GS to GDCF recorded as high as 129.3% in 1988. The total amount of gross domestic investment was lower than the GS during the same period. This suggests that a considerable amount of money capital was formed without finding investment areas to be engaged in capital formation. Such money capital would represent the manifestation of surplus capital that is "lacking opportunities for profitable employment" (Harvey, 1981, p. 94).

If no longer profitably employed in the direct production circuit, this surplus capital would be a good source of investment in real estate and the built environment. Three factors in combination could have facilitated this channelling process. The first factor was the falling rate of profit of South Korea's manufacturing industry (Shin, 1998) that pushed away surplus capital from the primary

production circuit to the secondary circuit of fixed asset and built environment (Harvey, 1981). From the commencement of industrialisation, the average rate of net profit of manufacturing industry fell from 39.7% (1963–1971) to 27.7% (1972–1980), and then further to 16.9% (1981–1990) (Jang, 1995 cited in Shin 1998). The second factor was the announcement by central government in 1987 to build two million dwelling units as part of the 'Five-year Housing Plan (1988–1992)' and to develop new towns around Seoul. The third factor could be identified as the speculative environment in the real estate sector that accompanied significant increases in land and housing prices in the 1980s, explained in detail earlier.

### 3. Research method and data collection

The paper sets out to understand how property-based interests implemented profit-led redevelopment projects accompanying gentrification. It aims at gaining a contextual understanding of how the JRP unfolded within local contexts in order to find out the nature of property-based interests' cooperation to achieve neighbourhood transformation. For this, the author's field research was conducted at the neighbourhood level, and took a multiple case study approach or a *nested* approach (Stake, 2000, pp. 446–447). In other words, if the primary case was a neighbourhood, the neighbourhood (in this study, Nangok neighbourhood) was *nested* within a local administrative district, which was subsequently *nested* in a municipality, which in turn was identified as being *nested* in a country. This approach made it possible to understand the local contexts of Nangok in relation to wider geographic and socio-economic contexts at a larger scale. Furthermore, by identifying major actors and gatekeepers at different scales, the nested approach provided the author with an opportunity to look at the interaction between actors, gatekeepers and institutions, and how government policies were transmitted down to the neighbourhood level, constrained by local settings.

A series of field research visits were made mainly between 2001 and 2003 to follow the progress of Nangok redevelopment. Nangok was located about fifteen kilometres away from the city centre, situated along a hillside in Gwanak district, one of the 25 administrative districts that make up Seoul (see Fig. 3). 92.6% of the neighbourhood was public land with the majority of dwelling-owners having no formal land tenure. Nangok had gone through

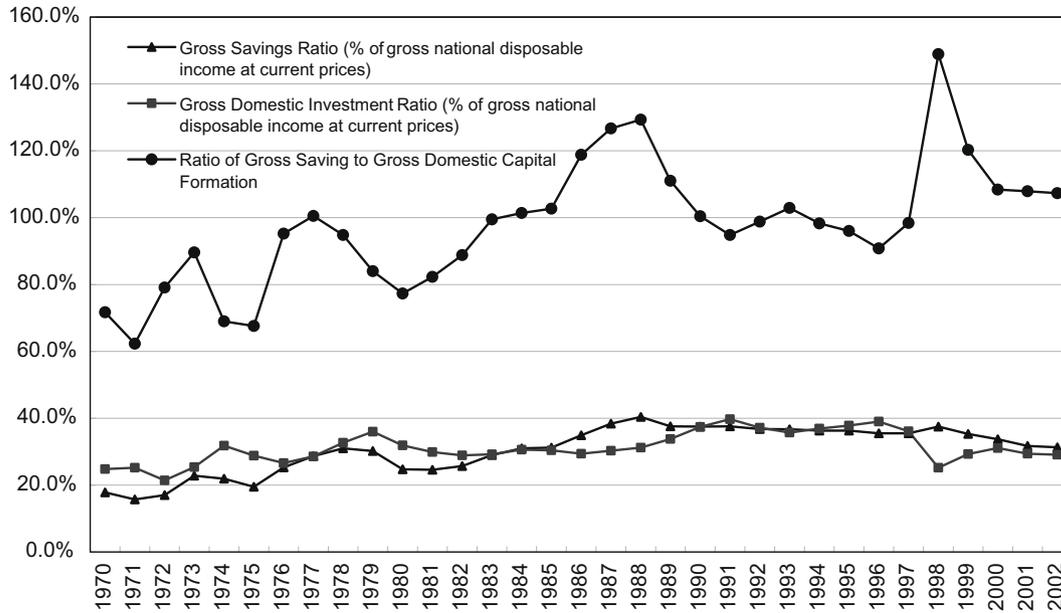


Fig. 2. Gross saving and gross domestic investment in South Korea (The Bank of Korea, 2004).

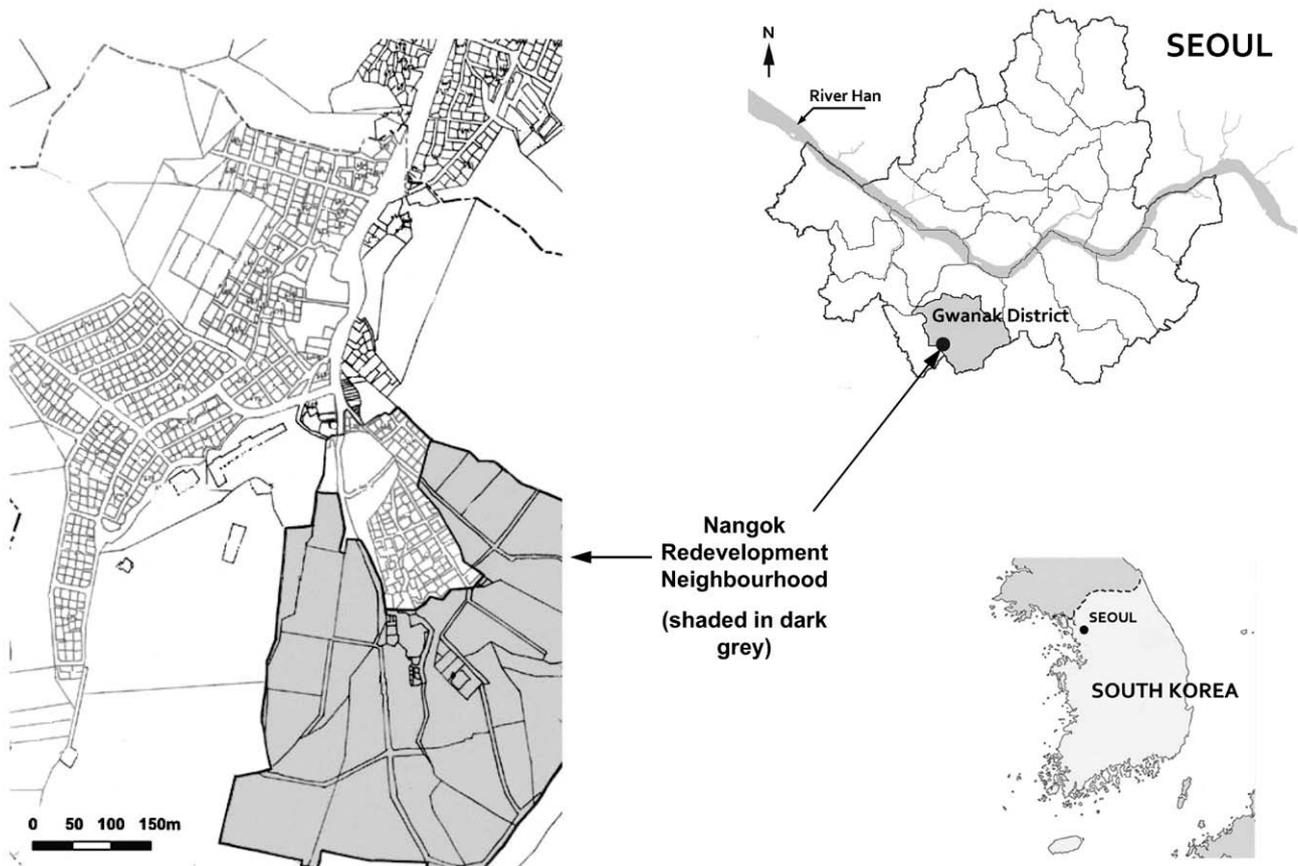


Fig. 3. Location of Nangok redevelopment neighbourhood in Seoul.

various stages from the mid-1980s, and displayed a very interesting case of experiencing both private and public intervention.

During the field visits, the author managed to collect a wide range of local archives and official documents, produced by Nangok's dwelling-owners, developers, the district government and the municipality. These allowed the author to access rich data to

gain a contextual understanding of Nangok's redevelopment processes. This understanding was further aided by a series of in-depth interviews with local residents and key actors. In total, 20 households (both owner-occupiers and tenants at the time of their residence in Nangok) were interviewed to listen to their experiences of property-based redevelopment. Part of the findings from

these interviews with local residents is published elsewhere (see Shin, 2008). Another 18 interviews were conducted with key actors to hear their accounts of various issues associated with the redevelopment of Nangok. These key actors were recruited from developers, key members of representative bodies of Nangok's dwelling-owners and tenants, and district and municipal government officials. The accounts by residents and key actors together with local archives helped the author to triangulate research findings, critically re-construct the process of Nangok redevelopment, and investigate the dynamics of socio-political interactions.

#### 4. The rise and fall of Nangok redevelopment: the earlier phase, 1984–1997

The rent gap presents development opportunities to be exploited by real estate capital, but does not lead to an automated process of gentrification. Social and political interactions among residents and institutional actors influence the way in which rent gap closes. In the next two sections, the case study of Nangok redevelopment is examined to show how the dynamics of social and political interactions between public and private property-based interests in the negotiation process eventually enabled the gentrification of Nangok.

##### 4.1. Neighbourhood formation and growth

Nangok was designated in 1968 as a relocation site for those evictees from various inner city districts of Seoul (GDG, 1997, p. 649). When they first arrived at Nangok, each family was allocated to a piece of land along the hillside. Each lot measured about twenty five square metres. From then, Nangok expanded in the 1970s and 1980s, absorbing many poor families and new migrants from rural areas. By 1991, there were in total 16,734 residents, and the resulting population density reached as high as 107,753 people per square kilometre (SMG, 1991, p. 186). This was five times higher than Gwanak district's average, suggesting excessively crowded conditions (GDG, 1996, p. 28). The lack of formal land tenure for most dwellings in Nangok created unfavourable conditions for the neighbourhood's further expansion, limiting any physical upgrading. Nevertheless, Nangok remained a large community. By 1996, a year before the formal approval of redevelopment project implementation plan, the total number of residents still reached 14,640 (GDA, 1996). The number of dwellings turned out to be 2609 units. All but nine units were without formal land tenure (GDA, 1996) (Fig. 4).



Fig. 4. View of Nangok neighbourhood before demolition.

##### 4.2. Rent gap and development opportunities

Few studies have tried to empirically test the validity of the rent gap theory (for the few empirical studies, see Badcock, 1989; Clark, 1988). Badcock (1989), for instance uses the sales price of undeveloped plots and the consolidated housing sales data to represent potential and capitalised ground rents respectively. In informal neighbourhoods, one of the difficulties in operationalising Neil Smith's rent gap thesis is to access proxy measurements to identify rent gap development. This is owing to missing property sales records in these neighbourhoods, and to the fact that the full use of neighbourhood lands is restricted by the absence of legal land tenure. This indicates that dwellings often command little value (due to lack of maintenance and poor building standards), and that any sale prices of dwellings would reflect the highly speculative nature of property transaction.

One way to see how the rent gap propels redevelopment would be to look at the increase in land price during the life cycle of a redevelopment project. To infer the presence of rent gap in Nangok, the neighbourhood's official land price data between 1990 and 2005 was taken, which is compiled annually by the government for tax purposes. The land price represents the existing value of the land under current use, and does not include the value of built structure. Two plots of public land from Nangok and a plot of private land located close to Nangok were chosen to compare the degree of the rent gap. The results are presented in Table 1.

It is acknowledged that these land prices do not always fully reflect the capitalised ground rent, as tax-purpose land prices often remain unchanged for some time and can be "much too rough and arbitrary to be useful" (Smith, 1987, p. 464) for the estimation of the rent gap. Nevertheless, the time-series data in Table 1 still provide three useful insights as follows.

First, the table shows that in 1991, the official land price for public lands in Nangok was less than one-third of the official price of private lands close to Nangok. This suggests that land tenure legalisation and neighbourhood transformation into a higher and better use would yield higher potential ground rents. Second, the anticipated profits helped to limit price fluctuation in Nangok when the municipal real estate market in general was experiencing a downturn when the economy suffered from the aftermath of the Asian financial crisis. Third, the data set indicates that the prospect of redevelopment in Nangok led to the considerable increase in land value, which was much higher than the municipal land price changing rates. During the period between planning application for neighbourhood redevelopment (in 1994) and the actual commencement of local residents' displacement (in 2000), dwellings experienced further deterioration due to poor maintenance (hence declining housing value). The actual housing rents collected by dwelling-owners also remained at a low level as landlords were desperate to keep their properties occupied. This trend continued throughout the 1990s.

##### 4.3. Initial promotion of redevelopment by local authorities and dwelling-owners

When the JRP was implemented in Seoul in the early 1980s, rumours were spread in Nangok throughout the second half of the 1980s and early 1990s, that redevelopment would soon take place. Indeed, there were at least four failed applications by the local district government between 1985 and 1988 for the designation of Nangok as a redevelopment district (GDA, 1992). The major cause of such failed attempts was the presence of public lands, which were designated as 'natural green land' and/or 'parkland' in terms of municipal land use planning, prohibiting any redevelopment. When these lands were re-classified into 'residential use' in 1994, the district government re-submitted its application and

**Table 1**  
Changes in official land price in Nangok and its adjacent neighbourhood (Unit: KRW 1000 per square metre).

Area	Land Description	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Nangok neighbourhood	Land plot no. San97-9	-	260	260	240	220	223	226	300	470	455	460	460	470	600	675	1610
	Year-on-year rate	-	-	0.0%	-7.7%	-8.3%	1.4%	1.3%	32.7%	56.7%	-3.2%	1.1%	0.0%	2.2%	27.7%	12.5%	138.5%
Adjacent neighbourhood	Land plot no. San104-6	-	260	260	240	220	220	237	400	500	485	490	490	500	580	1220	1610
	Year-on-year rate	-	-	0.0%	-7.7%	-8.3%	0.0%	7.7%	68.8%	25.0%	-3.0%	1.0%	0.0%	2.0%	16.0%	110.3%	32.0%
Average year-on-year rate in Seoul	Land plot no. 673-18	690	906	906	880	869	860	860	860	860	770	780	770	790	900	1010	1120
	Year-on-year rate	-	31.3%	0.0%	-2.9%	-1.3%	-1.0%	0.0%	0.0%	0.0%	-10.5%	1.3%	-1.3%	2.6%	13.9%	12.2%	10.9%
Average year-on-year rate in Seoul		-	31.2%	11.2%	-2.8%	-8.7%	-1.4%	0.2%	0.9%	0.3%	-16.3%	2.7%	0.1%	1.9%			

Source: Ministry of Construction, 1991 to 1994. Annual Report on Land Price Notification (In Korean: Jiga Gongsi-e Gwanhan Yeoncha Bogoseo).  
Ministry of Construction and Transportation, 1995 to 2002. Annual Report on Land Price Notification (In Korean: Jiga Gongsi-e Gwanhan Yeoncha Bogoseo).  
Ministry of Construction and Transportation, 1999 to 2002. Official Land Prices: Seoul Vol. II-1.  
Seoul Land Information Service web site (<http://lmis.seoul.go.kr/isis/index.html>)

managed to obtain the conditional designation of Nangok as a redevelopment district in 1995. The condition was to make sure that the building density represented by the site's floor-to-area ratio (hereafter FAR) did not exceed 300%. This was an acceptable outcome for dwelling-owners, given the fact that an average FAR for JRP projects in the early 1990s was about 300% and that the neighbourhood developed along a steep hillside. When this conditional designation was made, dwelling-owners organised a redevelopment steering committee, and selected a developer in a general assembly in April 1996. A consulting firm was also chosen and signed a contract to help them prepare a project implementation plan.

Supported by the redevelopment steering committee, the district government made a formal application to the municipal government in November 1996 to obtain its approval of the redevelopment project implementation plan and to clear the conditions imposed at the time of area designation. Its municipal approval in November 1997 was, however, far below the expectation of the district government and the redevelopment steering committee. When the municipal government's Urban Planning Committee (consisting of planning officials and experts) reviewed applications from the district government in February 1997, there was a heated debate over the problems of unmanaged, high-density redevelopment of dilapidated neighbourhoods. The result was that the FAR was reduced to 250% from what was proposed as 292.69% in the original application. The maximum building height was also restricted to fifty five metres. Furthermore, the number of rental units for eligible tenants was to be increased from 1470 units up to 1580 units. The consequence was a 26% reduction in the total number of flats to be sold in the new housing market. Nevertheless, a formal agreement was signed between the developers and the steering committee soon after the municipal approval was made. The priority of the dwelling-owners and the local district government was proceeding with redevelopment rather than seeing the project go astray.

As the redevelopment prospect became more concrete, speculators began to invade the neighbourhood more vigorously. The dwelling prices in Nangok rose sharply, luring many owner-occupiers to the sale of their properties. A former owner-occupier recollected that by the time the neighbourhood was designated as a redevelopment district and a developer joined in, the price of a 26-square-metre dwelling (which was the most commonly found dwelling size in Nangok) was two to three times more expensive than the usual transaction price.

#### 4.4. Asian financial crisis and the fall of Nangok redevelopment

The ambition of Nangok dwelling-owners was discouraged with the arrival of Asian financial crisis that engulfed the South Korean economy at the end of 1997. The real estate sector was hit badly. The total number of new-build dwellings authorised for construction in 1998 was just over 300,000 units, which was only about 50% of the 1997 level (NSO Korea, 2001). The prospect of Nangok redevelopment was seriously threatened as the participating developer was part of the conglomerate, which came close to bankruptcy at the time of the Crisis. The developer's capacity to mobilise capital to carry out the project was severely undermined. As it could not finance the large amount of up-front costs, it withdrew from the redevelopment of Nangok in early May 1998.

From then on, the project went astray, and there was no prospect of finding another private developer who could salvage the project. With the reduced built density, the merit of redeveloping such a crowded neighbourhood with a large number of dwelling-owners was not present any more. The high share of public lands on site also made it difficult to secure project financing as land

or dwellings could not be used as collaterals. For private developers, this problem was the biggest obstacle.

### 5. Property-based interests and the 'resurrection' of Nangok redevelopment: the final phase, 1997–2003

While the rent gap expansion provided a material basis for neighbourhood redevelopment, it was shown in the previous section that its conversion into actual development gains required the intervention of human agents. When the Nangok project went astray, the property-based interests were more proactive, working together to minimise the loss, work out a compromise and make sure their development gains were achieved. This section explains how this was made possible through interaction among property-based interests.

#### 5.1. Dwelling-owners and local authorities: getting the public housing agency involved

Densely populated neighbourhood conditions, the high concentration of dwelling-owners without *de jure* property-ownership and reduced density requirement all discouraged private developers from participation. It was Article Nine of the Urban Redevelopment Act that redirected dwelling-owners' attention towards the Korea National Housing Corporation (hereafter KNHC), a public agency that began to engage in neighbourhood redevelopment projects from the mid-1990s. Article Nine stated that under certain stipulated conditions, local authorities were permitted to intervene and take control of a redevelopment project from the hands of dwelling-owners, or assign a public agency such as the KNHC as a developer on their behalf.

The redevelopment steering committee in Nangok sent out its first invitation letter to the KNHC, delivered via the Gwanak district government, on 21 March 1998. Having received the company's negative response four months later, dwelling-owners organised a general assembly meeting, and collected consenting votes from 73% of dwelling-owners, thus expressing their majority support for a public agency's direct intervention. Requests were sent out by the redevelopment steering committee again in September 1998, this time to the KNHC, the Seoul Metropolitan Development Corporation and other major private developers. All others rejected the request, but the KNHC's response in January 1999 carried a more sympathetic tone, though its participation was still deterred by the gloomy prospect of project financing.

As of February 1999, the redevelopment steering committee came up with a revised set of propositions to entice the KNHC. The committee's propositions were to lighten the KNHC's financial burden by means of minimising the up-front costs that developers usually had to bear in JRP projects. Dwelling-owners also promised that they would aim at reducing the number of tenant households by at least one-third before the project implementation so that as many dwellings could be ready for demolition to fasten the redevelopment process. These propositions were delivered to the KNHC by the Housing Redevelopment Bureau of the Seoul municipal government in March 1999. Having received no response within three months, the Housing Redevelopment Bureau sent out another letter to the KNHC in June 1999, urging its quick decision.

To these requests, the KNHC kept on emphasising practical difficulties, as explained previously, but left room for further negotiation by mentioning that the use of 818 public rental flats provided by the company as part of redeveloping an adjacent neighbourhood could be a way of improving the financial prospect of Nangok redevelopment. The idea was that these rental flats could be mobilised for relocating those tenants eligible for compensation so that more commercial flats could be provided in Nangok to raise its

**Table 2**  
Number of absentee landlords and owner-occupiers in Nangok.

Total number of dwelling owners	Number of absentee landlords	Number of owner occupiers		
		Temporarily relocated to		Non-KNHC dwellings
		KNHC-provided rental flats		
2,493	2,072 <sup>b</sup>	421 <sup>a,b</sup>	222 <sup>a</sup>	199
100.0%	83.1%	16.9%	8.9%	8.0%

<sup>a</sup> These numbers were provided by the Housing Bureau of the Gwanak district government, Seoul.

<sup>b</sup> These numbers refer to the number of dwelling owners in each category at the time of commencing owner occupiers' relocation in October 2000.

financial prospect. This idea was delivered to the Gwanak District Assembly members who prepared a written petition to the KNHC, urging them to consolidate the idea. This was made possible because one of the dwelling-owners was serving as a member of the District Assembly, and this person also initiated the petition process.

One more letter was sent out by the Gwanak district government at the end of October 1999 to urge the KNHC's participation, and the KNHC finally gave consent to its participation in November 1999. An agreement was signed on 29 February 2000 between the redevelopment steering committee and the KNHC to make official the company's take-over of the project as the sole implementer. On 20 May 2000, a general assembly was held to secure dwelling-owners' majority consent to the agreement. The remaining residents' displacement and relocation began in October 2000. Fifteen months later, the Gwanak district government approved the project implementation plan submitted by the KNHC. According to the plan, the redeveloped Nangok would have 3322 flats in total. These included 512 public rental flats, only about one third of what was required back in 1997.

#### 5.2. Domination of decision-making by speculative absentee landlords

The process of negotiating the involvement of the KNHC had been very much influenced by the private interests of speculative absentee landlords who were anxious to initiate the project in fear of losing their 'speculative investment'. Their number had grown substantially over the years, especially immediately before and after the private developer had joined the project in the mid-1990s. The interviews with former owner-occupiers suggested that by the time the general assembly was held in May 2000, only about 450 households were owner-occupiers, indicating that the displacement of poorer owner-occupiers had occurred on a large scale. This estimation was supported by the official figures in Table 2, which shows the total number of owner-occupiers at the time of commencing relocation in October 2000.

The speculators' take-over caused the fluctuation of dwelling prices in Nangok. According to some interviewees' recollection, the peak price of a 26-square-metre dwelling (that is, the most commonly found dwelling size in Nangok) reached KRW 65 million<sup>1</sup> in 1996 when private developers signed an agreement to participate. When the developers withdrew in May 1998 due to its financial instability, the prospect of neighbourhood redevelopment was endangered, and dwelling prices fell sharply to KRW 25 million. They never recovered pre-1998 prices, as the project's profitability decreased substantially. The speculators must have been deeply frustrated, as the prices of dwellings were less than half what they reached before the withdrawal of the private developers. Under such

<sup>1</sup> According to the Korea Exchange Bank, the average annual closing exchange rate in 1996 was about US\$1 to KRW (Korean Won) 805. In 2000, it was US\$1 to KRW 1131.

circumstances, a further delay of project implementation was going to cause more damage to the recovery of their investment, and was probably the last thing they wished for.

The dominance of speculative absentee landlords threatened the position of remaining owner-occupiers as official partners of the redevelopment project, and influenced the decision-making process. A good example was the case of the general assembly held on 20 May 2000 mentioned above, which was to approve the participation of the KNHC. The general assembly was co-hosted by the then redevelopment steering committee and the KNHC. To approve the KNHC's participation, it was crucial to obtain consent from at least half of Nangok dwelling-owners (both owner-occupiers and speculative absentee landlords). More than 50% of Nangok dwelling-owners were present at the general assembly, and unanimously approved the company's participation. Given the domination of speculative absentee landlords, it was inevitable that owner-occupiers were largely out-numbered. Some former owner-occupiers also suggested in interviews that the event was very much flawed, and that they were misinformed. A former owner-occupier vividly recalled:

Without any explanation, they called us to a general assembly... The mayor of the district government, members of the local district assembly, and the head of the redevelopment steering committee were all there. They asked us to bring our seal. We went there [with expectation] to listen to how the redevelopment would proceed. If it were for us to decide whether or not we agreed with it, I wouldn't have gone there. When I arrived, they told us to stamp my seal on a piece of paper next to my name and address before entering the venue. There was no explanation on why we had to stamp our seal. There was no other process of giving consent. They used our seal-stamping as a proof of giving our consent to the redevelopment... During the event they told us about what was to happen, and that owner-occupiers were to move to Sillim 10-dong [where public rental flats were provided by the KNHC for their temporary relocation]. We were told we'd come back here when the construction was over. People who knew nothing simply thought apartment flats of the same kind as in Sillim 10-dong would be built here, and we would just move back... (Former owner-occupier, 48 years old, female).

### 5.3. Poor owner-occupiers and unaffordable redevelopment costs

The politics of gentrification worked very much to the advantage of property-based interests, which were heavily dominated by speculative absentee landlords. This meant that the majority of Nangok's original owner-occupiers who were financially constrained were stripped of the opportunity of acquiring full development gains. In particular, high prices for the purchase of public lands and redeveloped flats discouraged them from holding onto their rights, and became the main source of frustration.

In Nangok, more than 90% of neighbourhood land was publicly owned. By law, dwelling-owners whose properties stood on public land were to purchase the land to secure *de jure* property-ownership. This purchase was carried out between 2000 and 2001. Ten per cent of the total land price was paid as down payment, and the remaining balance could be paid in instalments over 20 years with an interest rate of 4%. All information on cost items including the land price remained undisclosed, and it was not possible to obtain the land price information from official sources. An owner-occupier in an interview suggested, however, that the land price of public lands reached about KRW 620,000 per square metre, which was roughly a mid-point between the price of public lands

in the neighbourhood and the price of private land in the vicinity. Given that the land price could be paid in instalments over 20 years, the actual amount to be paid upon re-housing would be equal to the sales price of a redeveloped flat minus the total land price. By taking the examples of two owner-occupiers, Table 3 shows an estimation of the total payment to the developer expected to be incurred upon project completion. To see the affordability of the total payment, I took the average annual household disposable income for wage and salary-earning urban households in 2001 (NSO Korea, 2002).

Table 3 reveals three noteworthy aspects. First, the price of redeveloped flats appeared to be relatively affordable for average wage and salary-earning urban households (price-to-annual income ratio of 4.3–7.8 to 1). Second, the redevelopment framework was inevitably in favour of those few owner-occupiers in Nangok who already owned their land, since they only had to pay for the difference between the price of the land and the redeveloped flat. Third, the total payment to the developer upon project completion was still much less affordable for low-income households. Since most owner-occupiers had to pay for the land as well, securing bank loans for the payment of housing price would put an additional pressure upon the household economy. The previously quoted former owner-occupier explained:

Even the mayor of the district government told us to sell our properties so that we could at least get some money to pay for rent deposit elsewhere. He said there was a limit on what he could do because this project had been already decided to go ahead. That meant, if you didn't have the capacity, then you should simply sell your rights... (Former owner-occupier, 48 years old, female).

### 5.4. Tenants' permanent displacement and their frustration

The speculative real estate environment and the domination of property-based interests meant that those without property titles were marginalised and excluded from sharing the redevelopment benefits. In this regard, for the majority of tenant households, redevelopment was equivalent to their permanent displacement. From 1989, tenants eligible for legal compensation were offered a choice between in-kind compensation (that is, re-housing in a public rental flat provided on site) or cash compensation (that is, a lump-sum payment equivalent to three months of average monthly expenditure for wage- and salary-earning urban households). Because tenants applying for in-kind compensation had to wait for a long period before re-housing after displacement, many tenants tend to give up their right to be re-housed (Kim et al., 1996).

The formal relocation of owner-occupiers and eligible tenants who chose in-kind compensation took place in October 2000. Among 2029 tenant households who resided in Nangok at the time, 1350 households were eligible for compensation. Less than 700 tenant households took in-kind compensation, and moved to the KNHC-provided public rental flats in an adjacent neighbourhood. An expected increase in housing costs and tenure change to much less preferred deposit-based monthly rental tenure deterred poor tenants from entering the public rental sector (for more details, see Shin, 2008).

The displacement of remaining residents was postponed until the project implementation plan was approved in September 2001. This approval must have triggered a sense of urgency among the remaining tenants, as they began to take organised action in the following month. The frustration of tenants came largely from the fact that they had to leave the neighbourhood, which provided the cheapest means of accommodation in Seoul and the fact that there was a lack of provision for them to find alternative accommo-

**Table 3**

Estimated prices of redeveloped flats and land in Nangok.

Owner occupiers in Nangok neighbourhood			Interviewee A (60 years old, female)	Interviewee B (65 years old, male)
Redeveloped flat (based on a sixthfloor flat) ①		Size of the redevelopment flat the interviewee applied for	145.5 square metres	79.3 square metres
		Housing price <sup>a</sup>	KRW 218,250,000	KRW 118,950,000
		Price-to-annual income ratio (average income)	7.8:1	4.3:1
		Price-to-annual income ratio (bottom 20% of income decile)	20.3:1	11.1:1
Occupied land ②		Land price (KRW 620,000 per square metre)	KRW 79,918,000	KRW 16,368,000
		Land area occupied (square metre)	128.9	26.4
Total payment to the developer upon project completion ① – ②			KRW 138,332,000	KRW 102,582,000
		Price-to-annual income ratio (average income)	5.0:1	3.7:1
		Price-to-annual income ratio (bottom 20% of income decile)	12.9:1	9.6:1

<sup>a</sup> The housing price in this table is based on the preliminary estimate provided by the vice-chairperson of the council for residents' representatives, which was an official association of property owners in Nangok neighbourhood. The estimation turned out to be fairly close to the official prices of redevelopment flats announced in 2004.

dation elsewhere. In particular, ineligible tenants were severely constrained as they were not subject to any compensation.

The remaining tenants delayed their house moving, which consequently delayed the demolition schedule. This would have placed heavier financial pressure upon dwelling-owners, who were anxious to cap the total project costs so that their financial contributions would not increase. Any demands from tenants such as additional cash compensation were therefore unwelcome to dwelling-owners. In this respect, the conflict between landlords and tenants was bound to occur due to the way in which the JRP framework was designed and implemented. One owner-occupier recollected:

Dwelling-owners and tenants were increasingly divided. From the dwelling-owners' viewpoint, tenants were detestable because the project costs kept on increasing [as the tenants postponed house-moving]. From the tenants' viewpoint, it was as if we were kicking them out. So, once the demolition started, the atmosphere was like that of a battle field. Dwelling-owners couldn't walk near tenants even though we were not doing anything... (Owner-occupier, 65 years old, male).

The head of the Housing Redevelopment Bureau in the municipal government also recognised the problem, but spoke in favour of maintaining the *status quo* of the current compensation framework since any additional allowance for tenants needed to come from dwelling-owners:

It might be nice to allow more compensation [for tenants], but dwelling-owners have to bear the increased costs. The municipal government doesn't feel the need to do anything about it. There are criteria to stick to... (Head of the Housing Redevelopment Bureau, Seoul municipal government).

### 5.5. Remaining tenants' collective action and its modest outcome

Nangok's remaining tenants organised a tenants' committee and held an inaugural assembly meeting on 13 October 2001. Its establishment was substantially aided by the local community-based organisations that had been operating for many years, but it was the tenants themselves who took the final decision to step forward to organise themselves. According to their newsletter published in November 2001, there were around 466 tenant households and 65 owner-occupying households who were found to be residing in Nangok by the end of November 2001.

The tenants' committee organised a series of protests against the KNHC, the municipality and the district government. In December 2001, the mayor of the Gwanak district agreed to host a meet-



Fig. 5. View of 'New' Nangok upon completion of redevelopment.

ing with the remaining tenants, where all concerned parties including the KNHC and dwelling-owners' representatives were present. The meeting resolution was to establish a roundtable for multi-party talks to discuss remaining tenants' relocation measures. The demands of the Tenants' Committee as presented to the mayor of the district government were comprehensive, including access to public rental flats for ineligible tenants, long-term housing loans and the provision of temporary relocation accommodations. After over a year's lengthy negotiation, the roundtable came to the first set of agreements in March 2002, which were rather modest when compared to the tenants' original demands. The KNHC agreed to provide 59 additional public rental flats regardless of tenants' eligibility for redevelopment compensation. The district government also agreed to do their best to consider the fast-track offer of 50-year rental flats in favour of tenant households who were subject to the means-tested social assistance programme. Long-term housing loans, however, were not provided.

Another 6 months' negotiations had to take place to satisfy some last remaining tenants who refused to vacate. The final agreement was made in November 2002. Tenants eligible for compensation received 20% more cash compensation than they were legally entitled to. Ineligible tenants were also to receive cash compensation, equivalent to 90% of legal compensation. Once this arrangement was carried out, the tenants' committee was dissolved at the end of November 2002. Upon completion of neighbourhood demolition in 2003, it took 3 years to complete construction of the new redevelopment flats (Fig. 5).

## 6. Concluding discussion: politics of urban renewal and gentrification

The JRP projects in Seoul were essential to city-wide urban spatial restructuring from the mid-1980s. By closely scrutinising the case of Nangok redevelopment, this paper has shown that the rent gap expansion in JRP neighbourhoods, largely influenced by their informal characteristics, provided material conditions for implementing property-based redevelopment. Nangok's transformation in this regard exhibited redevelopment-induced gentrification in which demolition and redevelopment was the main method of closing the rent gap (Williams, 1984). This exemplifies one of the ways in which gentrification as a global phenomenon could occur in non-Western cities.

Through the analysis of the rise and fall, and the 're-rise', of Nangok redevelopment, this paper has also shown that the politics of gentrification matter, and that it is important to examine how human agents – property-based interests in the South Korean urban contexts – engage in urban redevelopment processes to bring about gentrification. From this study, it was evident that the socio-political relations among various property-based interests that cherished the maximisation of exchange value were embedded in JRP projects, and that external property-based interests played a significant role in the transformation of the rent gap into actual development gains. This was carried out in the highly speculative urban environment exhibited in South Korea, one which determined the provision of high-rise commercial housing estates as end-products. This partly explains why contemporary urban landscape in South Korean cities is dominated by high-rise estates.

The active cooperation among various property-based interests in JRP projects leads us to re-visit the role of the state in South Korea's urban redevelopment and gentrification processes. The JRP was first implemented in the mid-1980s when central government was exercising development-oriented policies. Under these policies, the shaping of social policies was governed by developmental priorities characterised by export orientation and centrality of industrial policy-making (White and Goodman, 1998; Deyo, 1992). The South Korean state opted for a strong alliance with large conglomerates (commonly known as *Chaebols* in Korean), and its action to execute redistributive social policies was restricted (Park, 1998). In the housing sector, home-ownership within a market framework was central to housing policy in South Korea (Park, 2007). Only minimum, selective support was provided to urban poor families to meet their housing needs, and direct public housing provision was limited (Shin, 2008). Cash subsidy to poor families such as housing benefit system hardly existed. Subsidies were mostly for producers so that affordable homes were supplied to the growing population of middle-income families in the country. In sum, the South Korean government distanced itself from direct provision, and relied on private-led initiatives. Under these circumstances, JRP was effectively a market-oriented property development in line with a national housing strategy that favoured increased housing production and home-ownership. By means of mobilising and relying on the initiatives of developers and dwelling-owners with less direct intervention by the public sector, the state resorted to market-oriented measures to resolve the problems of dilapidated neighbourhoods.

The KNHC intervention in Nangok could be questioned in this respect. In short, the minimalist approach to welfare housing in South Korea also defined the nature of KNHC businesses, which were largely profit-led. The majority of its new dwellings were for individual home-ownership, and less attention had been paid to the tenure security of low-income families (Shin, 2008, pp. 423–424). This naturally explains the way in which the KNHC tried to weigh the pros and cons of participating in Nangok develop-

ment. Even though the KNHC came to rescue the project, cost recovery and profit-making governed the way in which it participated. End-products were mostly geared towards middle-class home-ownership, providing housing for more affluent homebuyers within planning constraints and minimising public rental housing provision. The costs of redevelopment again disproportionately affected poor owner-occupiers and tenants.

The implementation of JRP projects in South Korea's speculative real estate environment meant that absentee landlords came to dominate, displacing the majority of original owner-occupiers. The informal characteristic of property-ownership in JRP neighbourhoods substantially weakened the position of poor owner-occupiers. Tenants had the greatest stake as users of neighbourhood space, but their role was also marginal due to the way in which JRP projects provided decision-making power to dwelling-owners. Having no property titles, tenants were excluded from the outset as they had little to contribute to the maximisation of exchange value in the JRP framework. The experience of Nangok redevelopment suggests that in an expanding city with a speculative real estate sector, urban (re-)development programmes need to be carefully designed so that poor local residents also benefit. The question of how to strengthen the rights of poor owner-occupiers and tenants requires greater attention.

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