



Informal Settlements and Rights in Conflict:

An inquiry case of Guryong
Village Land Development in
Seoul, South Korea

TOPIC

Informality and urban poverty

SUBTOPICS

Rights to housing, property right, land readjustment, urban development, Asia, South Korea

TIMEFRAME

2010–2017

LEARNING GOALS

- Evaluate the nature of controversial slum development in relation to the rights and interests of multiple stakeholders.

PRIMARY AUDIENCE

Students (planning, public policy, and real estate), public officials (administration and development).

PREREQUISITE KNOWLEDGE

No prerequisite knowledge is required

SUMMARY

This inquiry case focuses on the complicated decision-making process of urban development in Seoul, South Korea. How can a controversial slum development project like the Guryong Village development, which involves multiple groups and characters, be best planned and implemented from a public official's view? Seoul has experienced rapid urbanization since the 1960s, and the emergence of Gangnam, the wealthiest region in the country, began in the 1970s. Guryong Village is the largest, and one of the few remaining, informal settlements in South Korea, antithetically situated on the fringe of Gangnam. The intended audience for this case includes public officials, students, and community service professionals.

Rising from the ashes of the Korean War in the 1950s, Seoul, South Korea has experienced rapid urbanization since the 1960s. The emergence of Gangnam, the wealthiest region in the country, began in the 1970s; by contrast, Guryong Village, the largest and one of the few remaining informal settlements in Seoul, is located in the southernmost part of the Gangnam District, surrounded by a large green space. The village occupies approximately 260,000 square meters, with about 1,100 households occupying 350 units. Close to 60 percent of the settlers are older adults earning less than KR100 million (about US\$920) per month, which is about one-quarter of the national household income average.

In 2013, approximately 90 percent of the land in the Guryong Village was privately owned by 112 individuals, none of whom are villagers.¹ Jung, a former real-estate developer, owned 49 percent of the land at the time, having begun to purchase it in the early 2000s with the goal of private development; he had even petitioned government agencies multiple times but failed to win their approval.

Since the 1970s, the village has been a continuous subject of development plans, mainly due to safety (e.g., flood and fire) and health and sanitation (e.g., sewer and trash) issues, but the discordant and complicated relationship between government agencies—Seoul’s and Gangnam District’s—has hindered decision-making. Each jurisdiction supported different options to obtain and develop village land while trying to protect the interests of both the villagers and the landowners.

Given these competing parties, three options emerged regarding Guryong Village’s future:

1. Taking all of the village land for public development (which is favored by the district).²
2. Taking a major portion of the land and readjusting the rest for public and private development (which is favored by the city).³
3. Maintaining the status quo (which is favored by a minor portion of the villagers).

¹ These landowners had not been able to collect any payments or fees from the villagers.

² Korea’s sooyong is the equivalent of the eminent domain in the United States.

³ Largely practiced in East Asian countries, land readjustment, or hwanji in Korean, is a method by which the government acquires private land and compensates property owners. The government initially assembles parcels of the land by taking various owners’ land as a whole, it later distributes the land (or a part thereof) to the original landowners. See Seoul Solution (2017) for further explanation.

BACKGROUND

The planned development of Gangnam was intended to manage explosive urban growth in a newly developed city center and commuter town and to solve Seoul's postwar housing shortage. As Seoul prepared for the 1986 Asian Games and the 1988 Olympic Games, the city replaced informal settlements throughout the city, including those in the Gangnam area, with new housing and commercial districts. As a result, the displaced—together with the homeless and other poor inhabitants—formed a new village in the green, undeveloped area under Mt. Guryong. Throughout the 1970s and 1980s, large-scale transportation infrastructure projects, deregulation of the real estate market, and relocation of major education and government facilities all drove Gangnam's continued development. From 1965 to 1980, the price of land in Gangnam increased by more than 2,000 percent, and speculators eagerly bought and sold land and properties in the area (Jo 2016).

Guryong Village, however, remained largely intact during this period, because settlers resisted fiercely when the government tried to redevelop the area in 1970, 1990, 2000, and 2005; they also held off a private developer in 1996. In many cases, residents used their own bodies to block bulldozers and demolition workers, and even landowners needed to obtain residents' permission to enter the village (Lee 2013).

STAKEHOLDERS IN THE DEVELOPMENT OF GURYONG VILLAGE

In April 2011, Seoul Mayor Oh Se-hoon, a conservative party politician, resumed the public development effort (the first option) by announcing a plan to take 100 percent of the village land and transform it into a mixed-use complex with a school, government offices, and private research and development facilities. This plan facilitated resettlement by providing rental housing within the district for the villagers, and it intended to achieve broad socioeconomic goals such as mixed-income housing and community revitalization. The estimated land acquisition cost was KR430 billion (equivalent to US\$400 million), and the suggested compensation for the landowners was approximately KR5–6 million (US\$4,600–5,500) per 3.3 square meters, which was about 62 percent of the market rate near the area, or 15 percent of the market rate if the property was developed as apartments (Lee 2013).

In June 2012, newly elected liberal mayor Park Won-soon changed the development plan to include some land readjustment, which meant landowners would receive back a portion of the land to develop in partial compensation for the public taking. The new proposal further suggested dedicating 18 percent of the total village land to readjustment (later lowered to 9 percent and then 2–5 percent). Park’s justification for the modification was based on three reasons:

1. As a public corporation, Seoul Housing (SH), which developed the village land, maintained a sizable debt, and including land readjustment would reduce development costs significantly.
2. From that savings, SH could then offer additional affordable rental housing to the settlers, helping them resettle in the same area.
3. The inclusion of land readjustment would better protect the landowners’ property rights than 100 percent taking, because the suggested compensation for that taking without the readjustment was far below the anticipated market price (Lee 2013).

However, Gangnam District’s director Shin Hyun-hee, his staff, and members of the district council—all from the same conservative party as Oh—opposed Park’s proposal, arguing that the new plan would unjustly benefit landowners, who would likely gain “unearned increments” from the development because the real-estate price of the village area would likely skyrocket after development (Choi and Park 2013). They insisted on returning to Oh’s original plan of 100 percent taking. Shin further insisted that the government would not recapture all increments from development with the new plan (Sung 2013). The Urban Planning Council of Seoul, which came up with the new plan, responded by saying the new plan was suitable as a public development approach and that the district misunderstood it, since the land value can actually be captured with other planning methods.⁴

The ongoing discord became a national issue, eventually revoking any planned development on the village land in 2014. The district government had continually rejected the city’s proposals until the development designation on the village land expired. This was increasingly regarded as a political tug of war between the two local governments and their leaders from opposite political parties.

⁴ Sung (2013), a land policy analyst, further argues that “developing publicly” and “collecting unearned increments” can be separate issues and done with different tools and time frames

ADDITIONAL STAKEHOLDERS TO CONSIDER IN THE DEVELOPMENT OF GURYONG VILLAGE

The conflict between the two government agencies—the district’s and the city’s—further complicated by the settlers’ right to reside and the landowners’ property rights. The government and citizen groups advanced their own interests, rights, and justifications; in fact, the village community also was divided.

Among the settlers, a majority, consisting mostly of members of the Guryong Village Residents Self-Governance Association (GVRSGA), supported the city’s new proposal of both taking and readjusting land (Lee 2013). They maintained a close relationship with the biggest landowner, Jung, who gave a small portion of his readjusted land to each member of the GVRSGA: 33 square meters of land per household, equivalent to a 66 square meters apartment area per household, if developed privately (Choi and Park 2013). In particular, he and the organization agreed that members should actively join the efforts to stop outsiders from settling in the village and prevent residential permits created by the organization from being traded to speculators (Lee 2013). With this reciprocal relationship in place, Jung and the organization members supported the city’s new proposal after their initial preference of private development was not accepted.⁵

The rest of the residents, however, had long been members of the Guryong Village Self-Governance Association (GVSGA), which was older than GVRSGA and supported the district’s proposal of 100 percent taking or to simply maintain the status quo.

DEVELOPMENT OPTIONS AND LOOKING FORWARD

With this impasse, the redevelopment of Guryong Village was effectively dead—but it was revived following a fire in November 2014, which resulted in one death and the loss of 16 houses in the village. The incident received extensive media coverage, and the presence of Guryong Village reemerged as a major public health concern. There were no options for developing Guryong Village that did not have both advantages and disadvantages, yet a decision needed to be made despite years of contention.

How can this kind of controversial development be equitably and efficiently planned and implemented by public officials? It is their responsibility to maximize the “public good” in the fairest manner; thus, it is fundamental to evaluate who gets or loses what, and how much, as a result of the changes following the development decision.

⁵ The rest of landowners formed a cooperative, advocating the city’s proposal as the second-best preference to the private development option.

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