

Urban Squatter Policies (IV): The cases of Korea and United Kingdom

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Foreword

For decades, Korean housing policy makers were absorbed in promoting housing construction to mitigate housing shortage problem. As the result, housing policies were focused on the supply side while the demand side was rather ignored. Success of policies was determined often by the number of units constructed for a given period. Such a principle was extended to the housing policies for low-income households including the squatter policy.

The urban housing renewal has been the main source of housing supply in large metropolitan areas and most of original residents were replaced by middle-income people. In late 1980's, the Residential Improvement Program was introduced additionally and, to some extent, reduced financial burden of low-income residents to resettle by providing public grants. However, the affordability problem still remains. Another critical issue is that current programs do not address the social and economic problems of the underprivileged residents in deprived areas.

Once, Britain had a reputation for progressive social housing policies even though a large portion of social units is now privatized. Britain also has a long policy experience with unfit housing and urban deprived areas. The concept of 'Fitness Standard' born in Britain was later applied to define

substandard housing in many countries including the United States and Korea.

A series of the Korea-U.K. workshop was prepared to learn such British experiences and also to provide British partners with opportunities of mutual learning. Although the policy settings such as the government structure, social environment, housing conditions and the characteristics of deprived areas in two countries are not identical, I believe, we can draw good policy implications from the workshops.

We held the first and the second workshops in Korea in year 2001 and year 2002 respectively. Last year in 2003, the third workshop was held in Britain. In the first workshop of 2001, participants presented the history of urban regeneration policies and general frameworks of related programs. More detailed aspects of the programs were discussed with the case studies of implemented projects in the following two years.

Wrapping up the workshop series at this fourth workshop in 2004, the participants presented eight papers, four from Korean participants and other four from British partners. Two papers overviewed the British and Korean policies and programs again while the rest of papers dealt with some specific aspects of the programs that were not introduced in the previous workshops. In particular, governance of housing renewal and urban regeneration was analyzed extensively in several papers. The local partnership between local authorities and local private corporations, local banks, CBOs and NGOs as well as residents was discussed with case examples. From these interesting

papers, I believe that we can take meaningful implications.

I would like to thank all the participants of the Korea-UK Workshop, all paper presenters and discussants. I give special thanks to Dr. Mina Kang and Dr. Soon-Suk Bae who organized this workshop. And also I want to express my warm gratitude to Professor Christopher Watson and Richard Groves who played leading roles throughout the series of the Korea-U.K. Workshop from the British side.

Kyu-Bang Lee
President, KRIHS

S U M M A R Y

This report is an outcome of the third workshop, which was held during 7-11 July, 2003 in Birmingham, United Kingdom. The scholars and government officials of Korea and UK participated in the workshop and discussed the process of redevelopment projects, success-case study of regeneration programmes and the more developmental housing policies for the future.

The main purpose of the workshop was to figure out and present a more effective and realistic direction in re-housing policies for native residents in redevelopment areas, through the 3rd UK-Korea workshop.

● Estate Regeneration in Lee Bank, Birmingham

This paper is about the regeneration of a group of council estates in the City of Birmingham. Like all local authorities, Birmingham was affected by changing policies for council housing from the early 1980s onwards. The sale of council houses to sitting tenants led to the 'residualisation' of the council housing sector. Later policies encouraged the transfer of housing estates to new landlords such as housing associations.

Lee Bank and its neighbouring estates, known as 'The Central Estates', were built from the 1950s to the 1970s. The area was in poor condition and had social and economic problems. When one funding programme, the Estates Action Programme, came to an end in 1994, local residents demanded the council find a way to continue improving their housing. They felt neglected, especially when they saw the investment going into the regeneration of the city centre, less than one mile away.

Working with the residents, the city applied for a grant under the new Estates Renewal Challenge Fund. This government funded programme was intended to achieve regeneration in big, run-down local authority estates. The application was successful but residents had to agree to transfer their housing into the ownership of a new landlord. Sixty two per cent voted in favour. A grant of GBP 56 million was made. The transfer of 2,800 dwellings to Optima Community Association, a new community-led housing association, took place in 1999. The area was renamed 'Attwood Green'.

A programme of refurbishment, clearance and new building has been taking place. A developer was appointed to implement an approved development plan and nearly 1,000 new dwellings, many for owner-occupation, are being built. Income from the sale of land is being re-invested to refurbish and replace housing in other parts of Attwood Green.

A social and economic programme for the area deals with employment, community enterprise, crime and community safety, education, health and family support, young people, empowering communities and the arts.

Optima has funds to assist these projects and helps to publicise them.

Much progress is taking place in Attwood Green and the work is seen as successful. The transfer of the estates from the local authority released funds for regeneration but the decision was a political choice based on a belief, not shared by everyone, that local authority housing management and long-term state funding were not the best way to deal with the problems of the Central Estates. Other issues concern the future for those who leave the estates during refurbishment. Will they return? Will problems be moved on to other areas?

● Emergence of Planned Development in Urban Renewal from Piecemeal to Comprehensive Planning

It has been a long time to recognize that urban residential renewal is one of important aspects in providing splendid landscape and systematic urban planning. Until the new millennium, the urban and residential renewal is just another sector that the private party should be concerned. Hence, it is not excessive to state that the renewal was out of public control and its attention. Current changes in urban and residential renewal prove that we are in the transition period that the renewal trend moves from piecemeal development to comprehensive planning to balance the renewal site with the surroundings and to lessen social costs attributed from unplanned redevelopment.

Current new legislations attempt to accommodate these past trial errors

and to suggest new ways such as provision of balanced landscapes with surrounding areas, preservation of sound living environments, and systematic blending of housing provision and urban planning. These changes come from the retrospect that the urban residential renewal was not performed by the thorough preparation of housing provision in the urban planning. Urban renewal was not the only sector that fails to consider whole planning system in a simultaneous way. Because of that, we created urban sprawl and urban sprawl gave us unbearable increase of housing prices and deprivation of decent living conditions. It should be understood in the planning stage that the urban renewal moves and responses spontaneously to our system by the market mechanism.

This paper attempts to investigate what circumstances contributed to the failure and success of urban residential redevelopment programs. It pays more attention to the historical development, financial strategy, payment body, protection of low-income households. In the final chapter, emergence of new renewal policies targeting planned development in urban residential renewal is discussed. It enables us to show that planning in renewal is essential to the sustainable living of urban residents.

● The Roles of NGOs in Squatter Redevelopment: Korean cases

This paper examines the case of Yongdu squatter redevelopment project in Daejeon City and Nangok project in Seoul in order to see how NGOs influence squatter redevelopment in Korea.

The examination shows that national NGOs is contributing to the reform

of the institutional system of squatter redevelopment by continually bringing forward social problems associated with it. They were mostly ideologically or politically motivated and primarily concern the reform of the whole institutional and social system that conditions squatter redevelopment. They make redevelopment works very difficult by demanding the government to realize hoped-for values such as equity, equality, human dignity, etc., often without considering the ability of our society to afford them. In relation to this, they expose limitations in responding to the specific needs of individual resident in a particular project although they advocate the interests of the most vulnerable section of squatter residents that are otherwise likely to be disrespected. In addition, their active intervention as external agents taking initiative in negotiation with the authorities and development agencies make the squatter residents dependents.

This is contrasted to the case of Nangok in Seoul in which the residents through CBOs have had initiative in the whole process of redevelopment. CBOs act for the interests of their communities. They are more practical in helping the residents to cope with squatter redevelopment. But they act for the interests of the majority or the main-stream faction of residents. Those who are excluded from the main-stream are treated as a group to be persuaded to cooperate with the majority and to be appeased with some cash.

An implication is that both the direct involvement of national NGOs in a specific redevelopment project and CBOs without the support of outside NGOs have certain limitations in helping people in squatter redevelopment; hence a need to study the possibility of cooperation between CBOs and national NGOs(or city-wide NGOs that have not direct interests in a particular area).

- Governance as a New Model for Maintenance of Residential Improvement

Nowadays the main concepts of Maintenance of Residential Improvement (hereinafter MRI) are sustainable development, growth management, and people's participation. MRI should pursue development and preservation of neighborhood at the same time. It also aims at improving residential environment and activation of community. On the other hand, the role of players that encompass MRI has been changed with maturing of civil society and the change of MRI paradigm. Until now the major MRI program, CHR (Cooperative Housing Redevelopment) and RA (Reconstruction Apartment) have tried clearance and newly built apartment. Therefore these projects have caused collapse of existing community and breakdown the history of community. MRI projects are seriously considered as a means of land supply rather than original purpose.

However new changes, such as declining of FAR in MRI, enactment of Act for Urban and Housing Improvement, and making REI program as regular base show the shift of paradigm in MRI. These changes show strengthening of publicity in MRI. In addition, the Participatory Neighborhood Planning (hereinafter PNP) has been done actively in some cities, and citizen organizations, which deal with the housing problem, have been formed. It shows changes in the role of residents who recognize their responsibility. Regarding these changes, major development for the formation of governance in MRI was already started

The characteristics of the target area, which require MRI has changed from illegal urban squatter areas to legally developed and dilapidated

neighborhoods. Participatory model between the government and residents is more required rather than leading role of public in these areas. Also the focus of housing policy should be changed to maintenance, repair and management of housing stock, maintenance of urban district from supply promotion.

For new MRI, coordination of players such as the central government, local governments, residents, civil organizations is necessary. The central government provides funds through the MRI Fund, which is managed by them. Local governments plans, adjusts and manages local MRI initiatives. Local governments adjust the relations of various interested parties, and ensure that the development by land plot and business area is pursued within the context of the consistent blueprint of the city. Residents should play the role of the leader taking responsibility for the issues of the neighborhood. Non-profit organizations like the United States' CDC (Community Development Corporation) have been created to handle the issue of MRI in a certain neighborhood. The neighborhood's responsibility for the local issues should be emphasized. Nonprofit organizations should access MRI as a whole urban environment as well as from resident's standpoints. Cooperation between different players is one of the most important factors.

Detail strategies are as follows: MRI must switch to neighborhood or community-focused upgrading from designated area. Coalition of residents and improved local identity is important. Basic self-reliance by maintaining the economic basis in the local community is secured. Creation of Proper Urban Management System is necessary. Also combination of project and program approach is necessary. At last organization and specialization of residents are important.

● Nonprofit Organizations and Housing Rights in Urban Redevelopment in S. Korea:

This research assumes that in today's democratic society of S. Korea people expect to be partners in negotiations on issues affecting their interest. Thus, the failure to incorporate concepts of local community, common good (especially, here, the concept of housing rights), and fairness into the urban redevelopment law allows the projects to become more contentious and even violent.

In this research the author has chosen for analysis three case studies where voluntary nonprofit organizations intervened in urban redevelopment projects to promote housing rights. The case studies suggest several elements that should be included in a legal framework to promote community and to enhance peaceful negotiations in urban redevelopment.

The first two cases studied show the profit motive challenging, or overcoming, motivation for building community. This indicates that the legal framework should design a win-win situation where the benefits of local community can be enhanced in the project at the same time that participants are protected against loss, and the chance for outside investors to reap large gains is minimized.

The Incheon case shows that the low income families could not hold out for long without enhancing their incomes, and therefore they abandoned local community by selling out to outside investors. Promoting local community requires that the project not be dragged out too long. Small-scale projects would seem preferable to large-scale projects.

The cases show that people are powerfully motivated to protest when they

perceive they are being excluded or treated unfairly or threatened. For an arbiter to be able to play a good role in arbitrating conflicts there must be not only an ideal of the common good (in this case housing rights) that is defined by law, but also a procedure for carrying out the project that allows all affected persons to sense that they are included in the negotiation process. There is a consistent finding in the case studies that the local administration or the police do not take on the role of arbiter in redevelopment conflicts. The research here would indicate that since the law does not provide for the common good in terms of housing rights, nor include a procedure that enhances fairness, the administrators and police lack meaningful ways to arbitrate conflicts.

Since local community and housing rights have value for the common good but their benefits are not as apparent to individual residents as expectations of profit, when local community and housing rights will be included in the legal framework of redevelopment projects it will be necessary to have specially trained persons available, such as community organizers or community welfare workers, to aid in communications, information dispersal, education programs, consensus formation strategies and the like.

- Private Sector Housing Renewal in England and Wales: the impact of changing legislation

This paper provides a summary of the ‘new’ system for the renovation of houses in the ‘private sector’ in England and Wales as introduced by government legislation in 2002. The new system is a radical departure

from the old. It introduces a new national standard for houses in the private sector, the ‘Decent Homes’ standard, which is accompanied by a new method of assessing the condition of a property, the Housing, Health and Safety Rating System (HHSRS). Under the Regulatory Reform Order (RRO, 2002), local authorities are provided with wide, discretionary powers to provide ‘housing assistance’ to home-owners and private landlords in order to maintain standards within the sector. A major change from the ‘old’ system is the adoption of financial assistance in the form of loans rather than grants and this is proving a major challenge to local authorities.

Whilst it is still ‘early days’ for the new system, there are signs that the simultaneity of the change in legislation across such a broad area of policy is proving to be difficult for local authorities to implement. The task to increase the use of private finance is proving particularly problematic as major private sector lenders (the banks and building societies) are reluctant to engage with local authorities.

The policy changes do not imply that the new policy is more or less relevant to similar policies in Korea. What they tend to underscore, however, is that

- Local policies are appropriate for local circumstances
- Sustainable home-ownership for low-income home-owners continues to require government support in order to sustain standards

- Legislative changes anticipate a greater ‘enabling’ role for local housing authorities in the private sector than hitherto
- Clearance versus retention and improvement remains a critical issue
- Community involvement and capacity building remain at the heart of area-based renewal programmes
- The concept of ‘leverage’ is seen as increasingly important to the effectiveness of private sector housing renewal programmes than hitherto.

● Housing Market Renewal Fund - A new approach to housing renewal in the UK

This paper examines the development of a new, large scale, strategic approach to restructuring housing markets in the North and Midlands regions of England. Drawing heavily from the direct experience of the author, the progress and evolution of this programmes is outlined from it’s inception to current delivery.

In the mid – 1990’s, housing markets in many inner urban areas of Englands northern cities began to fail. This was characterised by widespread abandonment, falling prices and a switch away from ownership to short term and unstable renting. Running alongside this were often deteriorating environments, social infra structures, rising levels of crime and worklessness.

Neither traditional methods of housing renewal focussed on the physical

improvement of the housing stock nor more recent regeneration programmes aimed at increasing skills and capacity of residents could deliver the solutions to a problem of this scale.

Housing market renewal (HMR) funding began in 2003 to provide resources to the areas experiencing both the most intensive problems of market failure and at risk of this continuing unabated without rapid intervention – these areas are the HMR Pathfinders. The programme attracted initial 2/3 year funding of £500m – a figure now to be matched over the coming 3 years.

Specifically established multi-agency Boards overseen by central government manage the programme. Regional government works with the Pathfinders to ensure that their work fits in with broader local economic, planning, neighbourhood renewal and housing strategies.

The paper looks at some of the practical and philosophical points that this programme has raised.

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CHAPTER 1

ESTATE REGENERATION IN LEE BANK, BIRMINGHAM

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1. Introduction

Regeneration in England is basically of two types. The first is associated with the older housing areas of the late nineteenth and early twentieth centuries. It followed from the period of slum clearance that characterised policy towards older housing from the 1950s to the early 1970s. It was believed in the 1970s and much of the 1980s that judicious improvement of the remaining older housing could extend its useful life and maintain the important place of such housing in the functioning of local housing markets. More recently, some areas have become the focus of housing market renewal policies, especially in the Midlands and the North of England.

The second type of regeneration has focussed on mainly public sector housing estates built from the 1950s to the 1970s, often as a consequence of the slum clearance programmes directed at the older nineteenth century housing in inner city areas, and at the derelict sites in these areas caused by bomb damage during World War II. Some of the new post-war estates were built in inner city areas, often to high densities with multi-storey flats; others were on the periphery of the cities on green field sites, sometimes with poor and costly public transport links, inadequate social and community facilities and poor job opportunities.

Both types of regeneration essentially are a response to the same issue: that is, the legacy of poor sub-standard housing inherited from the period of industrialisation and urbanisation that characterised the United Kingdom in the nineteenth century. In the case of the older housing areas that still remain, an important aim is to improve the housing to modern standards and to retain or improve the position of the areas within local housing markets. In the post-war redevelopment estates, the regeneration now taking place can be seen as a second attempt, within a period of less than forty or fifty years, to bring about lasting improvements to the character of inner city or peripheral neighbourhoods and the opportunities of the people who live there. Many of these areas are associated with problems of deprivation and social exclusion.

The term 'regeneration' implies a much broader concept than the essentially property-led approaches of the past, embracing as it does not only the physical regeneration of an area but its ownership and management and

the social and economic well-being of the people who live there. The involvement of local communities and others with a legitimate interest in the area is an essential part of the process.

2. Birmingham

With a population in 2001 of just under one million people and as the main city in a conurbation of 2.5 million people, Birmingham is the second most populous city and the largest local authority with the most unified system of governance in the UK.

Birmingham provides many examples of successive regeneration policies and programmes both in the older and the more recent parts of the city and these are well documented elsewhere. (*references to follow*) As a city of the industrial revolution, Birmingham grew rapidly in the nineteenth century. Suburbanisation was a major feature of the twentieth century: it included the development of some very large council housing estates in the 1920s and 1930s and from the 1950s to the 1970s. By the end of the 1970s, more than 100,000 dwellings, over 30 per cent of Birmingham's housing, was provided by the local authority which was recognised as one of the largest public housing authorities in Western Europe.

3. Changing Policies for Council Housing

In the 1980s, policies were introduced which led to the decline of council housing in Britain and further reinforced the growth of owner-occupation. .

Council housing in Birmingham, as in other British cities, was considerably changed by the ‘right to buy’, the decline in new building and by under-investment in the management and maintenance of the public housing stock. The long-term residualisation of the sector was also significant and by the mid-1980s it was apparent that special programmes were needed to deal with problems of deprivation and the lack of public spending on repair and maintenance that were both consequences and causes of the process of ‘residualisation’ – the concentration of the socially and economically deprived and of others with little or no choice, into the declining public rented sector.

From the mid-1980s, the earlier policy of council house *sales to sitting tenants* was complemented by further government policies to encourage the transfer of public sector housing *estates* into different forms of tenure. This was done by offering grants, where necessary, to help bring properties to a reasonable standard and thus to attract private finance for refurbishment, restructuring and improved future housing management.. The major ‘stock transfer’ initiatives that developed, to varying degrees of success, were known as Tenants Choice; Large Scale Voluntary Transfers¹, and Local Housing Companies. None was designed specifically to achieve regeneration but rather to reduce still further the size of the housing stock in public ownership and the state’s long-term financial responsibility for it. Not surprisingly, the earliest stock transfers were not in the major urban areas and did not include the worst estates. By contrast, the introduction in 1995 of the Estates Renewal Challenge Fund was an attempt to attract

¹ In this case, the whole of a local authority’s housing stock was transferred to a new landlord, typically a housing association established for the purpose.

private finance into tackling some of the most deprived local authority estates.

1) Lee Bank and the Central Estates

Lee Bank and the surrounding estates of Five Ways², Woodview, Benmore and The Sentinels, referred to collectively as ‘The Central Estates’ are within one mile of the city centre of Birmingham. They were built between 1950 and the mid-1970s to replace dense areas of nineteenth century slums and to clear bomb sites. Located at the southern entrance to the city, the estates were seen, when they were built, as a symbol of the modern Birmingham - a city of the future. The estates had 27 tower blocks (of 5 or more stories), mostly on Lee Bank but including The Sentinels (Cleveland and Clydesdale Towers), both of 32 stories, alongside the inner ring road of the city centre.

Table 1. Housing types in Birmingham and the Central Estates 1991 (percentages)

Housing type	Birmingham	Central Estates
House	76.7	8.3
Flat (purpose built)	19.3	90.1
Flat (conversion)	2.9	1.5
Not self contained	1.0	0
Not permanent	0	0
Total (base)	374,079	2,729

Source: Census of Population, 1991

² Originally built as a private estate and purchased by the city in the late 1970s



Figure 1. General view of the area, looking towards the city centre
 Source: Optima Community Association

By the 1990s, the Central Estates faced many difficulties. Some were physical, resulting from problems with the design and construction of the original buildings; some were due to inadequate maintenance and repair; some reflected the fragmentation of the housing stock through council house sales (including the sale of flats in multi-storey blocks); and some the social and economic problems of the area. People living on the estates were predominantly local authority tenants (Table 2).

Table 2. Housing tenure in Birmingham and the Central Estates 1991 (percentages)

	Birmingham	Central Estates
Owner occupied	60.0	5.8
Private rented	6.6	2.6
Housing association	5.6	7.5
Local authority	26.4	82.8
Other	1.3	1.2
Total (base)	374079	2729

Source: Census of Population, 1991

Under the Estate Action programme that began in 1985, part of the Central Estates had received funding for refurbishment. Some properties were demolished; in some others, heating systems were improved and windows replaced. Some land was made available for small-scale new developments, for example by two Birmingham-based housing associations³ under the auspices of the Central Housing Partnership, a group of housing associations working with the local authority and other agencies committed to the future of the area. The Estate Action programme came to an end in 1995 and with apparently no more funding ‘in the pipeline’ for the Central Estates, residents took matters into their own hands when, in 1996, they protested that their concerns about the deteriorating housing stock were not being acted upon. ‘Staging sit-ins and roof top protests they ensured that their stories were brought to a national audience’ (Optima, 2004). Their banners proclaimed “Welcome to Lee Bank – Birmingham’s slum quarter”⁴, even though there were many other areas of poorer quality housing in Birmingham that might have been more deserving of the title. As a result discussions took place between the city and the residents ‘to work out a plan for the future of the area, examining how to bring in real economic and social investment’ (ibid).

It was against this background that the City of Birmingham, which in the past had sought to acquire any funds that were available for the council housing stock, began to consider the possibility of using the Estates Renewal Challenge Fund, even though this would mean a transfer of housing to a new

³ Mercian Housing Association and Waterloo Housing Association

⁴ The use of the term ‘slum quarter’ was a deliberately ironic reference to the city’s redevelopment plans which focused on promoting areas such as ‘The Convention Quarter’, ‘The Jewellery Quarter’, ‘The Chinese Quarter’ and ‘The Irish Quarter’.

organisation. In doing so, the city was strongly influenced by the demands from local residents.

The Estates Renewal Challenge Fund (ERCF) had been launched in November 1995 with the aim of regenerating some of the remaining big, run-down local authority estates by facilitating their transfer to registered social landlords⁵ (RSLs), thus enabling private finance to be raised to help meet some of the costs. By contrast with previous transfer mechanisms it was recognised in the design of ERCF that certain types of housing area had a low or negative value and thus could never be seen as a realistic investment by any RSL or private sector organisation. The amount of money that needed to be spent to bring such areas up to an acceptable standard was in excess of the tenanted market value: that is, the value of the income stream associated with the rents on the properties. (Hall et al, 2003 100). ERCF provided the possibility of a ‘dowry’ from government to be paid as part of a business plan involving the transfer of ownership of the stock and a programme of repair and modernisation. The dowry would be set at the level that would make the business plan work, assuming certain rent levels (ibid). So the government would pay a dowry, the local authority would transfer the stock and private financial institutions would add their lending in order to fund the refurbishment of the housing and to develop a viable, sustainable, independent landlord (Hall et al op cit: 22).

The city council and the residents worked together on a bid for ERCF

⁵ A Registered Social Landlord is a housing organisation registered with the Housing Corporation under the terms of the Housing Act 1996. Most RSLs are non-profit Housing Associations. Housing Associations are now the main providers of new social rented housing in England and some have been created as vehicles for the transfer of local authority housing into RSL ownership.

grant support. The application was submitted and was successful: an eight year programme and a grant of GBP 56 million were agreed, on condition that the residents voted in favour of transferring the housing stock from the city council to a new registered social landlord. The ballot took place in December 1998 and 62 percent of residents voted in favour of the transfer.

The next stage was for the new landlord, Optima Community Association, to be registered with the Housing Corporation and in June 1999, the housing stock transfer took place, taking nearly 2,800 homes out of the ownership of Birmingham City Council and into the ownership of Optima.

2) Optima Community Association

The preparation of the ECRF bid, the establishment of Optima Community Association and the transfer of stock took more than one year. The arguments for transfer were compelling. There were no other options for funding the kind of regeneration envisaged. The government wished ECRF to be used in the way proposed by Birmingham; and was keen also to involve Birmingham in the programme, seeing it as a possible precursor to more substantial housing stock transfers in the city. Many residents were enthusiastic and the private sector was interested, particularly in view of the proximity of the area to the convention quarter and the city centre which were enjoying significant growth in private sector 'city living'.

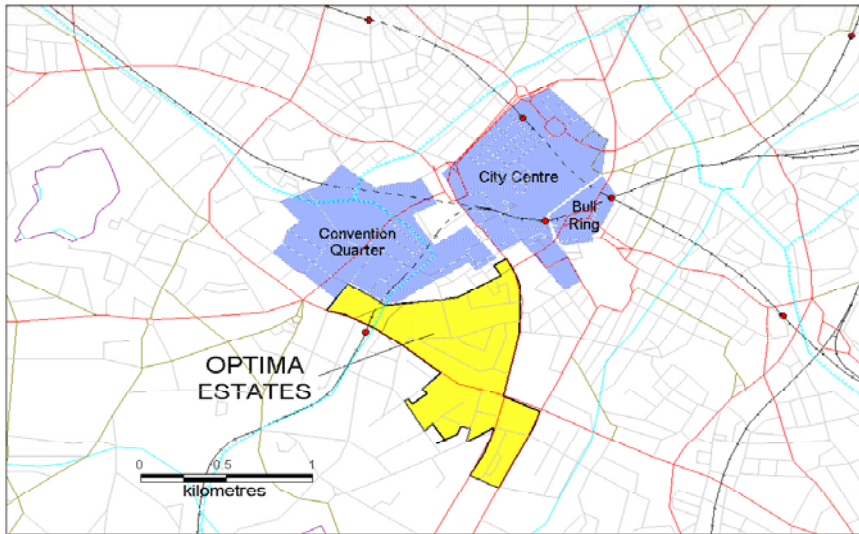


Figure 2. Location of the Central Estates (Hall et al 2003: 116)

For the city council and the residents, the alternatives to transfer were to do nothing; to continue with a programme of partial works, for example to heating systems and windows; or to consider the partial or complete demolition of the area, the rehousing of residents elsewhere and the sale of the land to private developers. At the time, given the scale of its housing problems, the city estimated that up to GBP 2 billion was needed for investment in its housing stock across the city⁶. This compared with a housing investment programme for the whole city in 1998/99 of GBP 35 million.

Optima was established as a community-led organisation. The Board of Management has 15 members: seven are tenants, five are independent, and

⁶ The investment plan was based on a housing stock of 95,000 council dwellings, including 353 tower blocks, 20,000 pre-war council houses, 20,000 post-war flats and maisonettes, over 50 non-traditional property types, and 50 per cent of properties without central heating .

three are City Council nominees. The Board, advised by its paid officers, is responsible for the implementation of the comprehensive regeneration framework, the key aims of which are to:

- Achieve community stability
- Widen housing choice
- Reduce crime and fear of crime
- Promote training and employment
- Provide investment to complement the city centre
- Enhance the quality of life for residents, especially through health, education, the economy and the environment

The main elements in the programme are to:

- Refurbish 1,500 properties
- Demolish 1,300 properties
- Build 550 homes for rent
- Lead a major regeneration programme, including over 1,000 homes for sale. Offices, shops, parks, hotels and leisure facilities are planned.
- A social and economic programme
- Radical housing management improvements
- A complete overhaul of the housing repairs service

The total investment in the programme is estimated at GBP 350 million over an 8 to 10 year period.

3) Refurbishment, Clearance and New Building

A major programme is underway to refurbish existing dwellings. The aim is to meet the aspirations of residents by improving external features such as the appearance of the buildings, gardens and the environment. Internally, improvements are being made to common areas, particularly entrances and lifts, to make them secure and welcoming. Within dwellings, the main works are to modernise kitchens, replace outdated electrical wiring, and redecorate.



Figure 3. Deterioration of the fabric of a tower block
Source: Optima Community Association

More than half the original dwellings in the Central Estates have been or are scheduled for clearance. Most of the clearance is of tower blocks and involves rehousing either within the area or elsewhere with the local

authority or housing associations. Both the exterior refurbishment and the demolitions have resulted in a significant change in the appearance of the estates, which is continuing to evolve as the new building work develops on site.

After the transfer to Optima, a development framework for the Central Estates was agreed with the city council, which retains planning responsibilities for the area. Commercial agents, planning consultants and marketing consultants were appointed. A joint venture was agreed between Optima and the city council under which both would help to market the area under a new 'brand name'. In this way, the Central Estates were re-named 'Attwood Green'⁷ and part of Lee Bank was re-named 'Park Central', the names under which all marketing of new housing is taking place. The 'rebranding' was intended clearly to connect with the housing and other property developments in the city centre, and especially in the neighbouring 'Convention Quarter'. These plans were launched in July 2000 and the process began of selecting a 'lead developer' for Phase 1 (Lee Bank/Park Central) who would be responsible for the development of housing for sale. Of those that tendered, three companies were short-listed and Crest Nicholson were appointed in November 2000. They are in the process of implementing the approved plan, which is due for completion in the autumn of 2008. The plan envisaged the building in Park Central of 637 apartments and 119 houses for sale by Crest; and 60 apartments and 165

⁷ Named after Thomas Attwood, a political campaigner of the early nineteenth century, who argued for parliamentary reform and became one of Birmingham's first two Members of Parliament, following the Reform Act of 1832. The name 'Park Central' refers to the park which will be a main feature of the redeveloped 'Lee Bank'.

houses for rent by Optima.



Figure 4 Refurbished tower blocks
Source: Optima Community Association

Proceeds from the sale of land to the developer were to be re-invested in Attwood Green to help fund other developments for which Optima would be responsible. Private sector finance for Optima was to be provided by the building society Nationwide, a major financial institution.

4) Social and Economic Programme

The social and economic programme is an important element in the regeneration of Attwood Green and the project includes funds specifically

for this purpose The programme has eight key themes:

- Employment
- Community Enterprise
- Crime and Community Safety
- Education
- Health and Family Support
- Young People
- Empowering Communities
- Arts

Among the support currently provided is an Employment Resource Centre that provides a wide range of services aimed at helping local people access employment and training opportunities. It is estimated that 17 per cent of Optima residents are unemployed, compared with a city-wide average of 8 per cent in 2002 (Table 3).

Table 3. Unemployment 2002 (percentages)

	Unemployment rate
Optima Tenants	17.0
Edgbaston ⁸	8.6
Ladywood	15.9
Birmingham Average	7.9

Source: Birmingham City Council; Optima Community Association
(from Hall et al, 2003:124)

Services at the Employment Resource Centre include careers guidance, job search, designing CVs, help with job applications, job preparation,

⁸ Edgbaston is the area within which Attwood Green is situated. Ladywood is an 'inner city' area that adjoins the north-west boundary of Attwood Green .

personal development courses, short training courses and individual guidance sessions. Optima funds two employment outreach; workers who are based at the Employment Resource Centre.

There is also a local Business Forum for businesses based near the city centre that provide support and help to schools, voluntary and community groups in the area. The businesses offer different levels of support, for example providing staff time for reading volunteers, IT Support and financial help.

Support specifically for young people is given by a local Youth and Community Centre at which Optima funds a youth outreach worker who is employed to provide a service for young people living in the Attwood Green area. 'His role is to make contact with socially excluded youngsters and help them access advice and services to address their specific needs' (Optima, 2004).

Community safety is being enhanced as a result of a grant received from the Home Office which was used to employ a local person who fitted security equipment and gave advice to over 200 households. The success of the project has resulted in further funding being obtained. Another initiative was the establishment in 2001 of a Community Wardens scheme, with funding from government departments. Four wardens are employed. 'The aim is to help reduce crime and the fear of crime by providing a physical presence on the estates at critical times of day' (ibid). The wardens also deal with such issues as abandoned vehicles, graffiti, rubbish

and vandalism. They work closely with vulnerable residents such as the elderly and provide a link with the statutory services including the Police and Fire Service.

Optima is helping to fund a childcare initiative at a Church centre on the estate, which provides after-school facilities for children whose parents are at work and good quality, affordable childcare during the school holidays. Optima also supports the work of the Birmingham Money Advice Group and a Credit Union based on the estates. BMAG is a city-wide service for low income people with personal debt and/or welfare benefits problems. The credit union receives people's savings, grants affordable loans and arranges cheap household contents insurance for people living on the estates.

As part of a Public Art Strategy, Optima residents are creating designs for artworks on Attwood Green in partnership with three artists. Proposals and potential sites have been developed as sketches and visuals and are the subject of public viewing and comment in late 2004/early 2005 (Optima, 2004)

special funds by applying for or being a partner in an application to a government de These are examples of the type of support available to the local community which Optima is helping to encourage, perhaps by providing funds or by helping to publicise the availability elsewhere of support for disadvantaged and vulnerable people. Normally, Optima itself would not expect to provide such services directly and most are available from the existing networks of community support provided by the local

authority or often by voluntary organisations. Optima, however, can enhance what is available by its financial support, for example, for community workers; and by encouraging the take-up of services among the people who live in Attwood Green. It can also help to access partment such as the Home Office.

4. Evaluation

Much progress has been made since 1999 when the Central Estates that now form Attwood Green were transferred to Optima Community Housing and the present process of regeneration was begun. Resources that were not available under previous policy regimes have been provided and these have attracted other monies, mainly from the private sector but also from the city council, other government departments, other government programmes, and other housing associations. The original ERCF grant of GBP 56 million is expected to lead to a total investment in the area of at least GBP 350 million over a ten year period. Much of the worst housing has been or is being demolished; other housing has been, or will be, substantially improved internally and externally; and a major programme of new private building is underway. New offices, a hotel and new shopping facilities are planned and the appearance and image of a rather neglected, run-down housing area close to the city centre is being gradually transformed.

In all these terms, especially financially and physically, the prospect is that the regeneration of Lee Bank and its neighbouring estates will be judged a success. Some might wish to attribute this success to the policy of having

transferred the estates from the ownership of the local authority to a new housing association, Optima Community Association. Others might argue that the project would never have started but for the determination of local residents to insist that ‘something should be done’ to improve their estates; and for the continued involvement and commitment of residents, even to the extent of their representation on the Optima Board of Management. Another factor could be the proximity of the area to the revitalised city centre, ensuring financial viability for the project because of its commercial prospects and the scope for promoting home ownership and city living. It could also be said that ERCF was well designed to deal with exactly the problem of low or negative value that characterised inner urban estates such as Lee Bank and made the attraction of private finance for regeneration impossible without a dowry. In reality, all these factors have played a part but it does not mean that the ‘Optima solution’ is the only way the project could have been undertaken, nor that the approach adopted is necessarily replicable in other large run-down council estates in need of regeneration.

As far the central policy, that of housing stock transfer, is concerned it should not be concluded that only non-public organisations are capable of achieving the kind of regeneration being seen in Attwood Green. Transfer was made necessary because of prevailing public funding policies, developed over nearly twenty years, that fitted into a political philosophy of privatisation, and which had sought to underplay the long-term role of local authorities in direct housing provision. The fact that a newly elected Labour government⁹ also seemed committed to housing stock transfer made

⁹ elected in June 1997 after 18 years of Conservative government

the transfer of the Central Estates inevitable. In different circumstances and with different policies on the role of local authorities in housing and regeneration, a different approach might have achieved similar outcomes on the Estates.

Resident involvement is an accepted feature of present-day regeneration programmes and the contribution of the residents and community groups on Attwood Green is acknowledged. Residents were active in community affairs long before the stock transfer took place. Discussions about the future of Lee Bank and its neighbouring estates had been in progress for many years and for example, residents were involved in the planning of the earlier housing association developments on Lee Bank under the auspices of the Central Housing Partnership (Horita, 1996). It is not surprising therefore, that residents were sufficiently well-organised to take matters into their own hands when they launched the campaign in 1996 drawing attention to “Birmingham’s slum quarter”.

As Hall et al (2004: 76) show, ‘resident participation’ does not mean that the whole community is involved or even that it wholeheartedly supports the activities taking place. For example, the schools do not yet participate to any considerable extent. But the longstanding nature of resident involvement on the Estates, and their integration into the policy and management of the project has given a stability to the process that is valuable and respected. But the number of people directly involved is small and there can be conflicts, as in any project of this kind.

Attwood Green has three major roads running through it: two north-south main roads leading to the city centre and the east-west middle ring road, a principal route for traffic wishing to by-pass the city centre. The estates were brought together for the purposes of the ERCF grant application yet because of the roads, the physical links between them are difficult, and it might be assumed that this would tend to fragment the communities living in each. In fact, it is argued that this is not the case (Hall et al 2003: 133) but that the collective sense of being cut-off and isolated from the city centre has engendered a spirit among the residents, who have become united by their 'symbolic isolation' within the city. It is a matter for speculation as to how these feelings will run in future when the estates develop a more mixed character and different sets of interests amongst those who live there.

A question so far unasked in this paper is about the people who used to live in what is now called Attwood Green but who have moved on, either in search of better opportunities elsewhere or because of displacement through clearance or the refurbishment of existing dwellings. Many have used the Central Estates as a stepping stone to housing elsewhere in the city, though the rate of turnover appears now to be lower than in the past, due to the recent decline in the number of properties available for letting. Whether any displaced residents can or will wish to return to Attwood Green remains to be seen but it is likely that for many, it will become a more attractive area in the future and a key objective of the project is to bring new confidence to the estates.

One of the issues of piecemeal regeneration is that, by targeting resources on one defined area, its character, popularity and standing will rise and the problems, or some of the problems it had in the past, will move on to other areas. This may be particularly difficult to manage when different organisations have lead responsibility for different projects. Such co-ordination as there is may rest with the local authority. It is not in charge of the process but may have to bear some of the consequences as ‘landlord of last resort’. For those who remain there is the issue of having to ‘live on a building site’ for many years, while some properties are demolished, others are refurbished and new ones are built.

Finally, although many of the outcomes of a project such as the Lee Bank regeneration will often be seen and assessed in physical terms, success cannot be measured by this alone. The holistic nature of the regeneration process requires that the effectiveness of the social and economic programme, and the continuing role of resident involvement needs to be considered as part of the evaluation of the long-term benefits which are hoped for from a major project such as this.

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CHAPTER 2

Emergence of Planned Development in Urban Renewal From Piecemeal to Comprehensive Planning

Chul Koh and Hwan-Yong Park

1. Introduction

It has been a long time to recognize that urban residential renewal is one of important aspects in providing splendid landscape and systematic urban planning. Until the new millennium, the urban and residential renewal is just another sector that the private party should be concerned. Hence, it is not excessive to state that the renewal was out of public control and its attention. Current changes in urban and residential renewal prove that we are in the transition period that the renewal trend moves from piecemeal development to comprehensive planning to balance the renewal site with the surroundings and to lessen social costs attributed from unplanned redevelopment.

Current urban residential renewal is operated under three kinds of

programs for the improvement of residential environment: Housing Redevelopment (HR), Residential Environment Improvement Program (REI), Multi-family Housing Reconstruction Program (MHR). The REI has three sub-programs, which are multi-family housing construction, site improvement, mixed types. The three kinds of urban residential renewal have been their unique characteristics in project site, residents before and after the project, and housing type of their outcomes.

HR and REI have been used for deteriorated single-family detached houses that are usually scattered around hillsides whereas MHR for multi-family housing sites. Sites of the former are places of low-income households and saving housing costs by sharing houses with other households. Hence, the programs are carried out in a form of city planning project with governmental assistances and controls, such as sale of government owned land and small housing provision schemes. On the other hand, the latter is for middle-income households in multi-family housing sites and no government assistance is provided.

As a matter of fact, slum clearance was the only method utilized in the deteriorated residential areas until 1973 because of unmatured socio-economic circumstances for urban renewal. At that time, urban residential renewal was not a main concern for central and local governments because of limited monetary availability for housing investment. All of resources were invested in economic development and housing was little concerned from the perspectives of city planning. Self-Help Rehabilitation (SHR) was the first program that residents in

dilapidated and substandard houses could choose for physical improvement of housing and residential environment. Other forms of urban residential redevelopment were introduced and guided by the local government of Seoul. They were AID Loan Program (ALR) in 1973, Trust Redevelopment (TR) in 1978, and the Cooperative Housing Redevelopment Program (CHR) in 1982. Until now, CHR has been understood as the most efficient way to improve deteriorated houses in terms of financial burden, resident agreement, and role allocation of urban redevelopment. The feasibility of CHR will be influenced by recent introduction of new policies such as segmentation of land use and decrease in the floor area ratio in residential land, especially for the general residential area.

In this paper, we will investigate what circumstances contributed to the failure and success of four forms of urban residential redevelopment as well as REI and MHR. We will pay more attention to the historical development, financial strategy, payment body, protection of low-income households. In the final chapter, emergence of new renewal policies targeting planned development in urban residential renewal is discussed.

2. Historical Development of Urban Residential Redevelopment

1) Conceptual Change in Urban Residential Redevelopment

(1) Self-Help Redevelopment Program (SHR)

This was the first form of urban residential redevelopment introduced in 1973-1975. The title was named after the literal meaning of it, in that

residents did physical improvement of housing by themselves. The practical procedure was to install public facilities by the local government of Seoul and to carry out housing renovation by residents. It was a joint project between Seoul government and native residents.

Financing scheme of SHR was the same as that used in the land-readjustment project, which was to sell public residential land in the sites of SHR and the money was allocated to a special account of redevelopment housing costs for public facility installation and residential land preparation.

To stimulate urban residential redevelopment, partial permission of developing illegal houses and provision of development incentives were granted, but financial costs and financing problems for that were still existed and unsolved. Therefore, the first intention to apply the land readjustment technique to SHR was not successful and changed to a new form of urban redevelopment.

(2) AID Loan Redevelopment Program (ALR)

Since 1976, Seoul government attempted to use foreign funds for housing redevelopment projects to solve financial problems. It was a development loan from AID, which was borrowed from Federal Housing Bank in New York of America under the guarantee of Korean government and AID.

The main purpose of AR was to expand financial ability of Seoul government and to change the development method to rehabilitation from

redevelopment through active participation of residents. Introduction of ALR to urban redevelopment was not bad because it supplied financial assistance to land purchase and house rehabilitation for residents. It was also used for the investment costs of public facilities.

Thorough Review of ALR was requested in the end of 1978 for several reasons. First of all, housing improvement in small sized parcels was so minimal that the effect of ALR was under expectation. The slow speed of accomplishment for housing redevelopment was another factor to review the program. Fundamental reasons for reviewing it came from the unrealistic conditions for the loan. The requirements were that at least 70 percent for the project area land must be owned by the public and no more than 10 percent of squatter housing should be allowed for demolition. As a result, a few sites were improved by the method and application of the method was stopped.

(3) Trust Redevelopment Program (TR)

In 1978, Seoul government planned to implement a new redevelopment method, which was construction of public housing in large partitioned parcels and three dimensional housing construction. It was an old fashioned method in a way that the private sector was involved in housing construction and it was accomplished by resident's self-help. The difference from the past was to constitute the promotion committee for multi-family housing construction and to let a third party be involved in the project operation.

As a matter of fact, it was a return from the progressive improvement in land rehabilitation to clearance redevelopment and emphasized the speedy redevelopment. Active clearance of residential redevelopment was faced with strong opposition from residents, that was never seen before. Residents wanted to postpone the project time schedule or to rehabilitate houses in current their parcels like ALR program. The complaints came from the lack of financial burden by residents, little financial assistances, and development gains to be expected from their performance.

This was a turning point for housing redevelopment. Squatter settlements and substandard houses with no legal permits were considered not as an object for demolition, but as a housing stock for low-income households. It was understood that minimizing excessive redevelopment could contribute to the residential security for low-income households and alleviation of financial burdens by citizens. Hence, preliminary guidelines were introduced. They included agreement of more than two thirds of residents, just compensation and relocation measures for project operation, preference of rehabilitation, and functional regeneration of current houses rather than clearance.

(4) Cooperative Housing Redevelopment Program (CHR)

The concept of CHR was a joint operation of housing redevelopment bodies between residents and a construction company to lessen financial problems associated with development, which had been one of strong obstacles for redevelopment. The mechanism of the method was that residents provided residential land whereas the costs were born by the

company in advance and reimbursed after completion of the project. This was little different from the TR method in the involvement of construction companies. However, the essence was to accomplish self-reliant finance by the joint operation.

It was an introduction of market mechanism to the housing redevelopment. There should be additional housing construction in addition to those consumed by the current residents and the surplus was supplied to the households outside the project area. The income from housing sale was the main factor for sound project feasibility to be sustained. What was necessary for the operation was the existence of ample density gap for high density development to produce additional housing construction.

CHR has been the most useful method for residential redevelopment. CHR was used in 115 sites out of 228 sites in 1973-1996 and almost all of sites were carried out by CHR since 1984.

2) Historical Changes of Similar Housing Redevelopment Programs

(1) Residential Environment Improvement Program (REI)

REI was introduced in 1989 when the law of 'Temporary measure for residential environment improvement of urban low-income residents' was legislated. The background of this program was come from the fact that improvement of the urban residential standard by new housing provision had minimal effects on the urban renewal in areas of low-income households. Hence, central and local governments attempted to figure out a method that

applied variance or special exception of the Building Code to the improvement of individual parcels.

A similar type of residential redevelopment was existed under the legislation of urban planning law in 1962. The amendment of the law in 1965 allowed to designate substandard sites for stimulating redevelopment projects and to change architectural regulations in redevelopment sites. In 1973, the legislation of 'Temporary measure for housing improvement stimulation' law made it possible to enforce that housing improvement projects were considered to be legal projects of urban planning. It was also possible to abolish or to change previous land use and was specified to transfer the ownership of publicly owned land to local governments for free.

Urban Redevelopment law was enacted in 1976 to establish the redevelopment standard for substandard housing in terms of minimum lot size, building dilapidation level, et al. But, the free transfer of publicly owned land ownership was deleted in the law of 'Temporary measure for housing improvement stimulation.' In 1983, it was a turning point since housing redevelopment introduced CHR method. CHR was a three dimensional development project in consideration of subdivision ownership, which was quite different from current site improvement or two dimensional land substitution. As mentioned earlier, it was possible for CHR to produce surplus of new constructed housing for outside housing market, which in turn created capital gains from the project. The introduction of CHR showed two sides of housing redevelopment. The increased feasibility was one thing, which was always a bottle neck of housing redevelopment. The

other was that housing redevelopment sites densely aggregated by low-income households were replaced by residential areas for middle-income households. Another point to be mentioned was that constructed housing had been so large-scaled and luxurious that it exceeded housing burden of native residents and decreased the resettlement ratio dramatically. Consequently, it questioned for whom the housing redevelopment was operated. The solution was to introduce the REI program through enactment of the legislation in 1989. It was a temporary law effective until 1999 and was extended its force to 2004. As of 2003, it has been a part of Urban and Residential Environment Renewal law.

REI is applied to sites of single-family detached houses and the outcomes are somewhat different from the previous site characteristics. The final output of REI has three forms: site improvement for individual buildings, land substitution for multi-dwelling construction of lower than four stories, and multi-family housing construction. It looks like combined outcomes of HR and MHR programs. The similarity and complexity of these three types provides background for policy makers to propose a new law enactment, which is the law of 'Urban and Residential Environment Renewal' in 2003.

REI program is for the low-income households, and it is closely related with the minimum housing standard established in 1998. The standard requires satisfaction of residential facilities, bedroom usage, and floor area size standards. If one of the three standards is not satisfied, the households are classified as substandard. Estimating how many households are

qualified for the minimum housing standard is good information for policy makers to implement low-income housing policies. Using the population and housing census of 2000, the statistics of the qualified households for the whole nation is as follows:

- Households under minimum housing standard : 23.4%
- Households under residential facility standard : 74.3%
- Households under bedroom usage standard : 39.1%
- Households under floor area size standard : 14.8%
- Households under three types of standard : 5.3%

There must be some considerations for implementing assistance policies for substandard households. It would be possible to commit mistakes when they are based on the superficial aspects of substandard factors. Lack of residential facilities could be improved by repairs and rehabilitation whereas other substandard housing aspects by residential relocation and urban redevelopment projects. However, it may not be a realistic strategy since it is impossible to install kitchens, toilets, bathrooms in a very limited space of housing. One of best alternatives for substandard households is to carry out community renewal projects in order to install these facilities for public use. Otherwise, clearance redevelopment would be the second alternative. For site choice and implementation of improvement plans, it is also important to know spatial distribution of substandard households by jurisdiction and redevelopment site.

(2) Multi-family Housing Reconstruction Program (MHR)

The CHR program has had positive effects on housing reconstruction for deteriorated apartments and stimulated strong demand for apartment reconstruction. Especially it was concentrated on low-rise apartment in low density that was high in the project feasibility. The legal basis was on 'Housing Construction Stimulation' and 'Possession and Management of Multi-family Building' laws. The amendment of 'Housing Construction Stimulation' law in 1987 provided the legal basis for MHR and amendment of the enforcement ordinance for the law supplemented relevant charters for the evaluation standard of reconstruction and establishment of housing cooperatives.

The main target of MHR is multi-family housing that should be older than 20 years and special allowance is given to single-family detached houses and multi-family housing in the 'Apartment Site.' The basic principle of MHR disallows reconstruction of only single-family detached houses. Exceptional MHR could be allowed if a mayor concedes reconstruction is necessary for the disaster prevention. The MHR operation of single-family detached houses requires resident agreement of 100%.

MHR sites should be satisfied by the conditions of possibilities for safety accidents, excessive repair costs, remarkably low land use level. Normal resident agreement is 80% of subdivision owners and rights to vote, respectively. The ratio goes up to 90% when to approve the project plan and to 100% when to start the project construction.

Building safety evaluation for MHR is one of most important stages.

However, there have been some questions for the selection of safety evaluation organizations and evaluation results. Hence, the application procedure for safety evaluation is changed in a way that cooperatives for MHR request a mayor for the evaluation and the mayor can designate an organization to carry out. The designation procedure may be omitted when it is considered unnecessary to execute.

MHR program is often compared with CHR since their differences provide merits and drawbacks in terms of public consideration, operation easiness, tenant treatment. First, MHR is not necessary to designate the site since its legal base is on the 'Housing construction Stimulation' law that considers it as a citizen-based building construction project. Second, MHR is not necessary to establish a development plan or even the general plan from the public side and to review the plan in the city planning level. Third, legal obligations for tenants are not existed for MHR and the project operation goes easy and fast. However, it is criticized that large-scaled MHR programs may induce rental housing problems because of tenants' housing preservation.

On the other hand, MHR and CHR have strong similarities in stimulating housing markets. New housing provision from their programs satisfies the housing demand of current residents when the legal development density is allowed to produce housing surplus to be sold in the outside market and to provide development gains for the residents. The programs provide different opportunities for three parties: housing enlargement and new housing construction for current residents; housing construction projects in

inner city areas for housing builders; new housing possession in already established urban areas for potential housing buyers. Because of these, the mechanism of the program is apt to depend upon the housing economy and macro economy fluctuations since new demand of outside the market as well as current residents and housing builders are involved.

3. Historical Development of Problem Solving for Redevelopment

1) Development Views and Redevelopment Bodies

There are several factors involved in the views and bodies of housing redevelopment operation. It is mentioned that main concerns of housing redevelopment include size of the floor area ratio, bodies to bear costs of public facility installation, housing height controls, and rental housing construction to be provided for renters living in the redevelopment sites. The bodies involved in the redevelopment have their own views and different willingness to pay for the program. Site residents want high feasibility in residential improvement, and residents living in the outskirts of the site want clean residential environment. For local government officials, efficient urban redevelopment is essential, and for citizens it is important to enjoy prominent urban scenery at an inexpensive cost.

The fundamental differences in ways of thinking ask for legal and institutional assistances in these private redevelopment. The characteristics of development should be changed to the public rather than the private operation, and redevelopment site size should be large enough to improve

socio-economic circumstances and conditions of the infrastructure in the area.

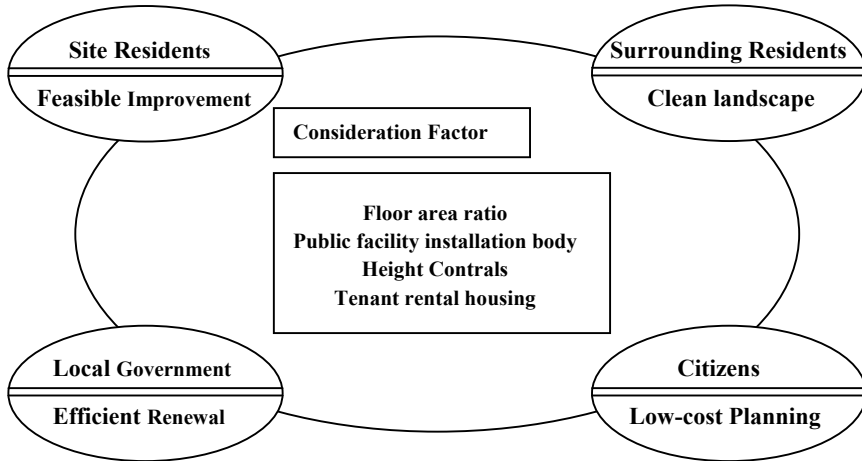


Figure 5. Factors of Consideration and Development Bodies for Redevelopment

2) Institutional Changes in Treatment of Tenants

There is no disagreement that residents are entitled to make decisions for housing redevelopment in their deteriorated areas. Literal definition of residents includes owners and tenants, regardless of who owns the buildings and land. But, many people have doubts about the fact that tenants have a right to choose the change of the current residence. It produces various forms of disputes about how to get the best result for tenants. Treatment of tenants has been varied by the social perception on the welfare aspect of low-income households. In the early stage, it was a form of charity from individuals and later it was understood as a protection scheme.

The first measure for tenant treatment was announced in 1986. It was so

late in consideration of the redevelopment history. The form was the payment of housing costs for two months to tenants living in the sites longer than one month after the project development decision had been announced officially from the local government. The legal base was not on 'Urban Redevelopment' law, but on the enforced regulation of 'Special Law of Public Land Possession and Loss Compensation.' The housing costs were based on the average household expenditure of urban workers.

In 1987, the right to purchase one room of small-sized apartment was allowed in addition to payment of housing costs. The right of one room was not enough to be an owner since possession of three of them was necessary for housing purchase. Hence, the option of room provision was not fully effective to the resettlement of tenants since they had poor financial abilities and sold their right to housing investors for capital gains.

In 1988, another option for tenants was prepared to minimize social problems associated with sale of the right to one room. The option was a right to purchase a small apartment of 7 pyong (23m²) for exclusive use. In 1989, the measure was amended to enforce strong payment standards for payment of realistic housing costs and exclusion of intentional illegal attempts to obtain the housing costs. The legal duration for the housing costs was changed from one to three months and the payment period for housing costs was extended from two to three months

In 1989, the governmental policy for tenants was totally changed to Permanent Rental Housing provision of 7-12 pyong for exclusive use. The

measure made the Seoul government purchase the Permanent Rental Housing units constructed by cooperatives of housing redevelopment. The housing price of sale was under the market value since it was based on the standard construction costs for small houses, which was established by the government.

The scheme of providing Permanent Rental Housing to tenants had merits in that it provides comparatively ample residential space and stable living occupancy for low-income households. On the other hand, it produced project financial problems since housing units were purchased at a under-market price and there was little assistance for the local governments to purchase the units. Hence, the housing redevelopment fund of Seoul city was exhausted. It was a turning point for the Seoul city to raise necessity of rental housing management and to establish the Comprehensive Plan of Housing Redevelopment on the citywide scale.

3) Compulsory Ratio of Small-sized Housing Construction

HR and REI for multi-family housing construction are required to construct small-sized housing for the residential improvement of deteriorated areas and low-income residents. This requirement has merits of reflecting housing demand of the areas whereas the place would be collectively formed of small-sized housing units and could be stigmatized as low-income residences.

Historical development of the compulsory ratio of small-sized housing

construction was started in 1984. It was set by the Seoul city regulation that more than 50% of newly constructed houses should be less than 85m² for exclusive use. In 1986, the ratio was continued and another factor was added that more than the number of cooperative members should be housed. In 1988, the compulsory ratio of 50% for the housing size less than 85m² was increased to 60%. In 1989, the term of 'more than the number of cooperative members for housing sale as well as more than the number of tenant households' was included. In 1991, the compulsory ratio for the size less than 85m² was changed to 80% and another obligation for the ratio was added, which was to construct more than 50% for houses less than 60m². Although housing controls has been relaxed after IMF, the ratio is constantly applied. For the reference, the ratio for the size of less than 85m² in REI program is 90%.

4) Task to be solved: Community-Based Housing Renewal

Current housing redevelopment has mainly produced multi-family housing for the efficient land use and the problem solving of quantitative housing shortage. Many research analyses on housing redevelopment indicate that site-oriented multi-family housing provision has neglected community development. The concept is hardly applied to the development of single-family detached houses and the houses are substituted for multi-family housing through MHR program. The planning aspect of urban residential redevelopment has concentrated on the physical improvement and has ignored creation of comfortable and livable environment. Because of main interests in the housing provision, community facility installation and

public facility construction are left to the satisfaction of the minimum level and it is not paid attention to socio-economic considerations. Hence, it is very hard to find regional plans in consideration of community. As a result, previously existing unique characteristics are disappeared after urban residential redevelopment and construction of newly developed buildings has a tendency to show unbalanced with the surroundings.

Table 4. Main Interests and Neglect in Housing Redevelopment

	Main Interests	Neglect Aspect
Housing Type	Multi-family Housing	Single-Family Houses
Planning Aspect	Physical Environment Building Construction	Comfortable Environment Qualitative Standards
Construction Object	Housing Provision Site Improvement	Community Improvement Public Facility Installation
Facility Level	Minimum Facilities (Parking, Green space)	Acceptance of Various Tenants' Demand
Planning Area	Current Site	Community Area

4. Emergence of Planned Development in Urban Residential Renewal

1) The Comprehensive Plan of Housing Redevelopment

(1) Site Selection Criteria for the Comprehensive Plan

The comprehensive plan of housing redevelopment was established in 1998 to minimize urban residential sprawl in redevelopment sites. The housing redevelopment has been criticized by destructing urban landscape and residential structure, reckless public rental housing construction, and high density building in mountainous areas. The Plan uses selective criteria for site designation of housing redevelopment. The sites to be redeveloped

should be satisfied with combination of four aspects: over-crowded residences of more than 70 houses per ha in aggregated substandard housing areas; sites in which the number of below-minimum parcels are more than 50%; illegal houses in which government land is more than 50%; sites in which the ratio of roads adjoined with more than 4m is less than 50%.

(2) Land Use and Density Plans of the Comprehensive Plan

The Comprehensive Plan is mainly consisted of three plans in terms of land use, density, and public facility installation. The land use plan categorizes housing redevelopment areas into four types. They are areas requiring special management; areas for residential environment improvement; areas maintaining the residential function; and areas for housing provision stimulation. The first one is to preserve urban landscape and natural environment protection and the second one is to redevelop houses collectively in the general residential area. The third one is for keeping current residing population whereas the fourth one is for areas with satisfactory traffic flows in subway station territories.

Table 5. Allowable FAR by Land Size of Public Facility

Planned FAR	Size of Public Facility			
	10%	15%	20%	25%
180%	200%	212%	225%	240%
200%	222%	235%	250%	267%
220%	244%	259%	275%	293%

The density plan suggested in the Comprehensive Plan is in accordance with the land use plan and has three types. The first one is the planned FAR of 180% for areas to be protected for natural environment and urban

landscape. The second one is the planned FAR of 200% for areas to be preserved for residential environment improvement and the third one is the planned FAR of 220% for areas where residential functions ought to be maintained. The FAR of three types can be varied by how much land in the project site is dedicated for public facility installation. This induces active contribution to the creation of public space and facilities such as small sized parks, playgrounds, community facilities.

(3) Public Facility Plan of Comprehensive Plan

In general, housing redevelopment projects have devoted part of their land for the public use and surrounding road expansion. The dedication is not enough for the increased population by the project. Hence, the most important aspect is how to preserve school sites and demanded construction of roads in the public facility plan of the Comprehensive Plan. The site criteria to be selected for preservation of elementary school sites are as follows: areas out of commuting influence (500m radius), areas with many students per school where the ratio is 10% higher than the average; and areas to be expected with lack of school facility. The facility plan asks for positioning school sites as well as ensuring financial resources. In reality, it is almost impossible to position schools in proper places.

2) Urban and Residential Environment Renewal Law

The newly suggested law was enacted in December of 2002 and is effective as of 2003. This law unifies renewal programs of commercial, business, and residential uses. It also puts three different redevelopment

programs operated under individual laws into one legislation. This could be one of structural problems of the law since three different housing programs have been operated by their unique legal base, operation body, and operation manners.

The consolidated law is composed of urban and residential environment renewal programs. The former includes central redevelopment, industry redevelopment, and market redevelopment, especially for conventional markets. The latter is for REI, HR(including CHR), and MHR. The law has three important changes and provides paradigm shift in the residential redevelopment history.

The first change is to devise the Comprehensive Plan of Urban and Residential Environment Renewal every 10 years, which is similar to the Comprehensive Plan of Housing Redevelopment. The comprehensive plan includes various renewal aspects. They are urban conditions of sites and surrounding areas in terms of population, buildings, and land use; coverage of designated areas for residential improvement; land use related plans; density plans for FAR and household number in each site; installation plans of social welfare and cultural facilities for tenant use; and residential stabilization plans for tenants. The Plan will stimulate the movement of urban renewal emphasis from physical oriented planning to more attention to the socio-economic aspects of the community.

The second one is to designate renewal sites in accordance with the Comprehensive Plan and to prepare the Renewal Plan for those sites.

When the Renewal Plan is drawn up, it is taken for granted that the District Unit Plan is prepared. The Renewal Plan contains size and boundary of sites, urban planning facility related plans, FAR and housing size ratio, expected time schedules. The Renewal Plan is a subordinate of the Comprehensive Plan in the aspect of scale.

The third one is that architectural variations for REI are excluded because it has been criticized as a main factor for the decline in residential environment. In addition, free transfer of government owned land and financial assistances from government for infrastructure installation are strengthened. One more important thing to be mentioned worthy is that MHR projects of more than 300 households should be included in the Comprehensive Plan. It means that larger MHR is treated as an urban planning project rather than citizen-suggested projects that used to be in the past.

3) New Town-in-Town Project

The concept of new town-in-town is quite an extraordinary approach under the current urban renewal system (especially CHR, REI, MHR) since it accepts detached single family housing which is deteriorated, but over-standard. If current standards of residential renewal programs are applied, the housing could be impossible to be an object for renewal in two reasons: one is above the legal standard for the residential renewal and the other is strictly forbidden for conversion of single family residence to multi-family housing site.

As a matter of fact, the growing deteriorated housing is a urgent task for housing policy makers since there should be something to be done, but there is no active program for that. The only current program is to assist homeowners financially to repair their houses for their own good. It takes much time and requires collective action for the whole site. In reality, it happens individually and spontaneously. Hence, it is always impossible to accomplish the fixed goal within a certain time.

To avoid the current institutional constraint, Seoul metro-government suggests to use the Urban Development Law with special exception, which used to be the Land Readjustment Law. In addition, Master Architect program is introduced in order to increase effectiveness of urban renewal and systematic urban design. With this program, the new town-in-town project is able to be a mixture of demolition and rehabilitation. But it is still a task to be solved.

However, the New town-in-town scheme has generic problems. The Urban Development Law was established to increase developable land provision instead of housing construction. In order to carry out its main legal purpose, the proportion of land without any building structure is set to be more than 50% and its application is usually beyond the built-up area. Hence, it was impossible to find any urban and residential renewal sites that satisfy the condition of vacant land. In order to apply this law to renewal sites, the government devised an exceptional article. The vacant land restriction is not applied if consultation has been made with the Minister of Construction and Transportation. Another problem is how and where to

build houses with the law for land provision. This made it possible by introducing three-dimensional land substitution in an area of land secured by the authorities in recompense of development outlay. The government allows the proportion of the deducted land for the development cost compensation to be less than 70%. With these modified legal articles, multi-family housing units can be provided by the Urban Development Law in residential renewal sites.

Modification of the legal system in residential renewal does not solve procedural hindrances. The problems faced with current new town-in-town projects are who to be in charge of the project and how and what to do with different land uses and various steps of project progress. Typical renewal sites have all kinds of land uses: commercial shops, business buildings, single-family and multi-family houses, even conventional markets. Some sites are in progress of CHR, REI, or MHR.

Hence, the Seoul government introduces and attempts to find a vicarious execution body that perform the rest of the New Town project when the master architect appointed by the borough of the Seoul government devises the land use plan. In the land use plan, three different districts are proposed for the renewal method: self-control improvement district, improvement project district, and urban development project district. The first one is to target the area which needs maintenance and gradual improvement. The District Unit Plan and urban planning facility projects can be applied to the district. The second is to target conventional residential renewal sites which include CHR, REI, MHR. The third one is for the rest of the area.

The area is usually single-family houses with high density and serious physical deterioration. For this district, there are only applications of land and three dimensional substitutions. Unfortunately, rehabilitation methods have not been developed yet for the adaptive use of their houses instead of demolition.

5. Conclusion and Policy Implications

Until now, various urban and residential renewal methods have been introduced to improve residential living conditions. Some are successful and others have failed to meet the expectation of residents and policy makers. CHR is an example that shows residential improvement can be accomplished by the mixture of planning and market mechanism in the provision of housing and residential environment at an inexpensive cost. On the other hand, the mechanism of CHR is highly criticized that it takes too much advantages of the real estate speculation. It is also blamed that low-income households are forced out from their living places by this program.

Current new legislations attempt to accommodate these past trial errors and to suggest new ways such as provision of balanced landscapes with surrounding areas, preservation of sound living environments, and systematic blending of housing provision and urban planning. These changes come from the retrospect that the urban residential renewal was not performed by the thorough preparation of housing provision in the urban planning. Urban renewal was not the only sector that fails to consider whole planning system in a simultaneous way. Because of that, we created urban sprawl and urban sprawl gave us unbearable increase of housing prices.

It should be understood in the planning stage that the urban renewal moves and responses spontaneously to our system by the market mechanism.

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CHAPTER 3

The Roles of NGOs in Squatter Redevelopment : Korean cases¹⁰

By Seo-hwan Lim

1. Introduction

NGOs have grown both in terms of their numbers and influence on the government policies along with the changing power relation in Korea which had long been characterized by strong state and weak civil society. The relation has changed in favor of the latter since the late 1980s when the authoritarian government yielded to the increasing pressure from the people for constitutional reform towards more democratic system.

Squatter redevelopment is one of the fields in which NGOs actively involve often escalating troubles associated with redevelopment beyond

¹⁰ Most data in this paper are based on documents obtained from KNHC, the Daejeon City government and the Joint Campaign of Displaced People against Squatter Redevelopment In Daejeon, and a research report of Lim and Jin (2003)

what can be managed at a project level. This paper examines an instance of how NGOs act in squatter redevelopment projects in Korea.

2. NGOs

There are a variety of types of NGOs: Community-based NGOs(CBOs), City-wide NGOs, National NGOs, and International NGOs¹¹. Some of these have state and city branches and assist local NGOs.

In Korea, many national NGOs are involved in urban squatter redevelopment. They range from politically neutral traditional charitable or religious bodies including churches and human right organizations to politically or ideologically motivated militant organizations. The latter group includes Korea Displaced People's Union, Korea Displaced People's Conference (National Council for Crumbly Man), and Korea Federation of Student Association. Korean Federation of Trade Unions and radical environment organizations often join them. It is this second group that often stirs up public sentiment and makes it very difficult for public agencies to carry out redevelopment works.

Friedman¹² noted that Latin American NGOs tended to be more political than their Asian counterparts. But in my view, Korean NGOs in these groups are no less political than Latin American NGOs; they often become even militant. The militancy is originated from student activists' involvement in squatter redevelopment in the late 1980s. Although the students were split

¹¹ Cousins William (1991)

¹² Friedman (1992)

into several factions according to their interpretation of the nature of Korean social formation, they broadly shared a common premise: that Minjung (connoting oppressed people) must be the central force for social change. A major objective of the student movement was to help Minjung to organize and be conscious of what to struggle for became. Many students, either leaving school by their own will or expelled from universities, went to work in factories to help organize labor movement. They were also increasingly involved in the struggle of urban squatters. It was the time when the struggle of the urban poor for shelter in squatter redevelopment intensified and, as it became a political issue, political parties, government agencies and human right groups competed to hold public meetings and conferences to discuss housing problems of low-income households.

The student movement aimed not just at realizing a 'liberal democracy', a traditional objective of opposition movements, but to change the whole social system into a socialist one. So their objective in squatter redevelopment was not simply solving housing problems of individual residents but reform of the entire social system, which, they believe, produces squatters in the first place. Many NGOs involved in squatter redevelopment were influenced by student activists in terms of the perception of problems and the patterns of actions.

The NGOs have their own political or ideological motivations and tend to exaggerate local conflict that occurs in a redevelopment project. They focus on the social hardships of the poorest or the most marginalized section of residents in a redevelopment project, which are otherwise likely to be

disrespected. They often go to excess by generalizing the particular circumstances of the poorest section and accordingly by demanding far more than what the local communities and public developers or the government can afford. They may motivate or press the government to reform the whole redevelopment system in favor of the most vulnerable people. From the viewpoint of public development agencies, this makes squatter redevelopment a very difficult job. In addition, they have some limitation in responding to the particular needs of individual resident. They are unable to give attentive consideration to the individual needs as their main concern is not to help individuals but to improve general social conditions of the lives of those in poverty and tend to be ideological.

Community-based Organizations (CBOs) are NGOs that arise out of people's own initiatives at community level. They are mostly small self-help organizations often supported by charity organizations, churches, volunteer workers or student voluntary services. Examples in Korea are Study Room for Children, Night Class, Self-help Medical Cooperatives, etc. Many of them are dependent on outside help. Some outside NGOs are devoted to rising the consciousness of the urban poor or helping them to understand their rights in gaining access to needed services. Nowadays, local governments run programmes to assist them.

The CBOs tend to be politically neutral and practical as they focus on the interests of local residents rather than those of wider society. But they often act for the interests of main-stream faction. In squatter redevelopment, for example, CBOs acting for the majority in a community tend to regard the

most vulnerable minority group as a group to be persuaded to cooperate with the majority and to be appeased with some cash.

We will see how national NGOs act in squatter redevelopment through the case of Yongdu redevelopment project compared with the case of CBOs in Nagok squatter redevelopment in the following. I would like to begin by briefing on squatter redevelopment programmes in Korea.

3. Programmes for in squatter redevelopment in Korea

Squatter redevelopment in Korea is carried out in accordance with the Urban and Housing Environment Improvement Law, which prescribes on two types of programmes: Cooperative Housing Redevelopment Programme and Residential Environment Improvement Programme.¹³

In the Cooperative Housing Redevelopment Programme, the residents first organize a cooperative, which becomes the project proprietor. A private construction firm is then invited to join the cooperative as both an investor and contractor. The firm finances all the expenses for redevelopment including loans for temporary housing for the residents who have to vacate their houses for one to two years, construction costs and compensation for demolished properties. The city government sells state land to the residents at subsidized prices, often half of market prices.

¹³ Three papers discussed Korean squatter redevelopment programmes in previous workshops. See Bae (2001), Lim(2001) and Park(2002). In the papers, each author used different English names for the programmes. Here I adopt Dr. Park's naming.

After the residents vacate houses, the construction firm demolishes them and rebuilds new houses, mostly high-rise apartments. The new housing units are usually 1.5 to 2 times as many as that of demolished units. Each household is allocated a new unit. Extra units are sold in the market. The revenue from the sale is applied to the payment of development expenses that the Construction Company paid in advance. Surplus revenue is to be distributed among cooperative members. Cooperative members get new houses often at no additional expenses as their shares of the revenue are normally more than the redevelopment costs. In this process, many low-income households sell their houses at market prices and move to other areas. Many cooperative members sell off their right to new housing before the completion of redevelopment mainly because of their inability to pay for new apartments.

This has been the most dynamic programme for squatter redevelopment in Korea. Tenant households are hit hardest in this type of housing redevelopment. Squatter homeowners and tenants are basically in the same category of social classes. They share same social networks within which they were interdependent for jobs and daily lives. A sense of community or a spirit of mutual help seems well developed among the residents.

However, as an author observed, 'community is not a monolithic, single entity, with completely shared visions and goals'.¹⁴ Residents in squatter settlements in Korea are divided into various interest groups according to property ownership, types of property (commercial/residential), residency,

¹⁴ Bratt, Rachel G.(1996): pp 179

jobs (commuters or workers in the place) or compensation amount. The heterogeneity is disclosed in form of open conflict among them when their area is redeveloped. Since the late 1980s, when squatter redevelopment under the Cooperative Housing Redevelopment Programme became profitable business and profit-making and distribution became the main concern of the residents, squatter redevelopment has stirred up troubles. Major conflict often arises between tenant households and squatter homeowners. Squatter homeowners make capital gains by reselling their properties once they bought land at subsidized prices while tenants, with no legal property rights and thus insufficient compensation for their removal, often refuse to vacate their shelters. What normally happens in urban squatter redevelopment in Korea is physical collision between tenants and demolition squads resulting in casualties.

As the bloody eviction of tenants in the private-initiated scrape and rebuilding programme, i.e., Cooperative Housing Redevelopment Programme brought on public criticism, the government formulated a public-initiated programme, that is, Residential Environment Improvement Programme (REIP), and enacted the Provisional Law for Residential Environment Improvement in 1989. This law prescribing on the REIP was incorporated into the new Urban and Residential Environment Improvement Law in 2003.

Korea National Housing Corporation (KNHC) and local governments carry out REIP. There are two types of implementation: scrape and rebuilding and upgrading. KNHC undertakes scrape and rebuilding projects:

it buys off all the properties (normally low-rise but densely built substandard housing), makes development plan and redevelops the area on the approval of development plan from local government and rebuilds them into high-rise apartments. Local governments do the latter improving infrastructures while residents are responsible for the improvement of their own houses

Both CHRP and REIP are primarily targeted at improving the physical environment of squatter settlement rather than the living conditions of people living there. It regulates the redevelopment works with uniformly standardized legal procedures and criteria and planning and development guidelines. Problems associated with this are not only architectural, i.e., producing unimaginative and monotonous landscapes. A more serious one is that the programme is not flexible enough to attentively consider the needs of people that are very much particularistic and local.

The troubles with REIP arise mostly between KNHC and the residents, particularly those with insufficient compensation amount. This brings NGOs as external agents into redevelopment projects. Yongdu Residential Environment Improvement Project provides a good case in which we can see how hard line NGOs act in squatter redevelopment. In the project, troubles between KNHC and NGOs speaking for some residents aroused public criticism on squatter redevelopment. We will see first Yongdu case and then Nangok Squatter redevelopment. The latter shows the role of CBOs in squatter redevelopment and contrast to that of national NGOs.

1) Yongdu Residential Environment Improvement Project, Daejeon City¹⁵.

Yongdu squatter area was created by Korean War refugees in the early 1950s and since then remained a substandard housing area lacking proper city waters, sewerage and other urban utilities. Redevelopment of the area was long-cherished desire of the city government.

Between January and March 1994, Joong-gu District Office (the Borough Office concerned) conducted a survey on the willingness of the residents to agree upon the redevelopment of their area in accordance with Residential Environment Improvement Programme. According to the Urban and Residential Environment Improvement Law, the city government needs to obtain the approval of two thirds or more of property owners and one half or more tenant households in order to designate the area for Residential Environment Improvement Project.

Daejeon city government officially obtained approval of 69.2% of landowners, 75.1% of homeowners, and 73.6% of tenant households by March 1994, and it made a draft plan for the redevelopment and exhibited it before the public for a month. It then designated the area as Residential Environment Improvement Area in 1995. The total project area was 59,986 m² with 511 buildings including 290 illegal ones. All 744 households including 411 homeowners and 363 tenant households with a total population of 2,355 were living in the area. Those who had rights to properties in the area were 587. This meant that there were many absentee

¹⁵ Daejeon is the fifth largest and a fast growing city in Korea with a population of 1.4 million. It is located 200km south of Seoul.

landlords.

In November 1996, the City government announced Residential Environment Improvement Plan for the area and Joong-gu District Office concluded an agreement with KNHC on the redevelopment of the area; the District Office was to build infrastructures while KNHC was to undertake scrape and rebuilding of houses. The Daejeon city government then designated KNHC the formal developer in November 1998.

KNHC prepared a redevelopment plan and briefed it to the residents in October 1999. The development plan was approved by the Daejeon City government in October 2000. It planned to build 1,135 units of apartments; 761 for-sale and 374 rental. Demolition and reconstruction works were to begin at the end of 2001 and to be completed by the end of 2004.

Up to this point of time, all the works seemed to be progressing easy. However, when KNHC published its compensation plan and started to negotiate with residents and owners in February 2001, the project came to trouble. KNHC decided to buy land at appraised values ranging between 890,000~2,990,000 won/pyong (in average 1,123,000). The prices were the arithmetical means of values appraised by a KNHC-appointed appraiser and that by residents-appointed one. These were above the government-published prices¹⁶ by 30%.

Land prices for compensation were to be appraised by adjusting the

¹⁶ MOCT periodically conducts surveys on land prices and announces them publicly. Then the prices, the government-published prices, become references for any appraisal when public bodies buy the land.

government-published prices by appropriate price indexes for the period between the time of notification and the time of land purchase. The purpose was to exclude any future development gains from the compensation prices of properties that are to be expropriated. For landowners, 'reasonable prices' meant prices of land actually traded in the market as affected by new development plans. It thus meant prices including a part of future development gains.

It seemed that until the publication of the compensation plan, most residents did not give any serious thought to the redevelopment plan; they just expected a good development gains.¹⁷ Until the mid-1990s when the area was designated for redevelopment, property markets in Korea were rather prosperous and one could normally expect a good development gains in urban development and redevelopment. However following the economic crisis of the end of 1997 all the property markets were nearly collapsed and the economy and housing markets were not recovered from the crisis by the time when KNHC began to redevelop the area. And land and houses could not be appraised at high prices as the residents expected before.

Among the 744, 445 were given 20 million or less for each for compensation. Out of 587 property owners, 385 were given 20 million or less for each for compensation. At that time, Chonseil¹⁸ prices of apartments in the vicinity were around 2.3 million for 15 pyong, 2.7 for 17 and 4.5 for

¹⁷ When KNHC and the Joong-gu district Office argues that they got approval of more than 2/3 residents for redevelopment, the Joint Campaign against the redevelopment refuted that the approval was obtained by cheating the residents and thus was ineffective.

¹⁸ The most popular private rental system in Korea, in which tenant pays a lump sum of deposit money at the time of occupancy instead of paying monthly rent. Interest of the deposit becomes monthly rent.

22. In other words, compensation it was virtually impossible for some of the residents to find alternative housing other than the present shacks. KNHC thus amended the eligibility criteria for the Permanent Rental Apartments¹⁹ to accommodate those who could not afford alternative housing with their compensation money.

Frustrated at the compensation plan, more than 200 property owners and residents refused to accept KNHC's compensation plan. Even the poorest groups refused Permanent Rental Apartments; they argued that they lived in their own houses though they are mostly squatter shacks and did not want rental houses. In March 2001, they formed an urgent conference of residents for environmental improvement project, and began a campaign for what they called 'fair compensation'. They demanded land prices at 4 to 6 million won/pyong plus free apartments for home-owning residents and preferential rights to shop keepers to buy new shops and new apartments for landowners at same unit prices as unit compensation prices for land.

As KNHC did not (and legally could not) accept this request, 198 landowners (out of 467) and 218 building owners (out of 516) raised formal objection to the plan and asked for the judgment of the Land Expropriation Arbitration Board. By May, 2001, 318 out of 587 who were eligible for compensation accepted KNHC's offer but the remaining 269 were demanding raises in compensation prices. In the meantime, they staged street

¹⁹ Permanent Rental Housing was designed for people in the lowest income bracket, namely Residential Protection Target Groups and Self-support Protection Target Groups as defined in accordance with the Livelihood Assistance Law. They are households who are unable to make a living, due either to wage earners too young or too old. Rental prices were usually 25 percent of market prices.

demonstrations at Chungchung Branch Office of KNHC and the head office of KNHC in Seoul and the District Office protesting the ‘unfair compensation plan’. These rallies and demonstrations continued until September 2001.

In November 2001, the Central Land Expropriation Arbitration Committee rejected all the objections. However, until December 2001, out of 587 who had rights to properties in the area, some 200 were still refusing to accept KNHC’s compensation prices. There were 482 houses to be cleared and among them 349 were already demolished and 93 homeowners and 40 tenants were still living in 133 houses.

Among those who were offered only small amount of compensation money, 47 households lived in shacks built on land owned by a private Girls High-school. They lived on the land for more than 20 years and thus obtained the right of residence but could not claim compensation for land but only their shacks which were appraised at very low prices. These people were those who offered the most stubborn resistance to the redevelopment plan to the last.

KNHC deposited their compensation amount with the Land Expropriation Arbitration Board and gave them warnings for demolition several times as they refused to receive their compensation money. Then KNHC started to clear existing shacks and buildings to break ground for reconstruction in January 2002, a few months behind schedule. On March 21 2002, all 50 houses were demolished including 19 houses whose residents were still

refusing to leave. KNHC had a demolition firm to clear the houses evicting the residents by force.

Enraged with the eviction by force, they presented petitions to the city government and the Ministry of Construction and Transportation (MOCT). At the same time, they organized a campaign against the redevelopment plan itself and turned the campaign into a public commotion. Daejeon branch of National Council of Churches came in and investigated the details of the eviction. And the incident was reported in local new papers in somewhat sensational manner and broadcast on local television in a series of special edition. This brought about public criticism on inhumane eviction of squatters and attracted attention of NGOs.

Korea Displaced Peoples Union, the most militant organization of displaced people, immediately came in to support those under the threat of forced eviction and this escalated the campaign beyond what could be managed at the project level. Korea Federation of Student Association, the largest activist student organization also joined the campaign. These two groups were the extremist actors in urban squatter redevelopment helping and sometimes instigating the residents to carry out their struggle for shelter in a well organized and often violent ways. Bloody fighting between the coalition of residents and students on the one side and the demolition squad on the other reappeared in Yongdu redevelopment projects.

In May 2002, KNHC proposed to redesign some of the 411 apartments with floor areas between 21 to 24 pyongs into smaller and thus cheaper units and provide them to those residents who had difficulties in finding

alternative houses after leaving the area. But this could not appeal to the residents.

In June 2002, civil organizations, political parties, activist student organizations came in to form a joint campaign against forced eviction with the residents. They included Daejeon branch of the National Council of Churches in Korea, Socialist Party, and Democratic Labour Party. They then declared following resolution: to organize Daejeon Joint Campaign for Displaced People taking notice of all the squatter redevelopment projects in Daejeon; to hold public forum for the reform of the whole institutional framework for squatter redevelopment itself; to initiate the amendment of the law concerning REIP and promulgation of City Ordinances for fair redevelopment, i.e., ordinances that are more responsive to the needs of the poorest; and to raise funds to assist displaced people and so on.

They argued that they were not fighting simply for the individual interests of the residents; what matters to them, they claimed, is menacing by what they called 'the anachronistic' programme of squatter redevelopment of the urban poor's right to live and the right to property. They also claimed that the same problem could be repeated in coming redevelopment projects and decided to develop the Joint Campaign into a permanent organization to fight for the complete reform of the squatter redevelopment system.

In the meantime, KNHC continued demolition works. On 18 July, the second forced eviction was carried out. There were 28 households who did not leave and 9 tents where some people evicted in March returned and lived. All 19 houses and all the tents were cleared including 17 houses where

people were still living refusing to leave. The people joined by activist students resisted against demolition of their houses. There was thus a serious physical collision between the demolition squads on the one side and students and residents on the other resulting in several casualties.

A few demolition workers were seriously wounded and several residents were arrested for the use of violence. Both sides brought suits of violence against each other. Some residents set up tents and went on all-night sitting demonstrations in front of KNHC branch office, District Office and staged rallies denouncing the forced eviction.

Some 30 residents, students and people from Korea Confederation of Trade Unions staged violent demonstrations against the redevelopment project. Tens of residents and some hundred students gathered at Daejeon Railway Station Square, government offices in Gwacheon²⁰ and so on demanding the punishment of those responsible for the forced eviction, the right of residence in the place, the release of residents in custody in charge of violence. They since then sit at the negotiation table with KNHC on behalf of the residents.

As of August 2002, some 20 organizations constituted the Joint Campaign, which began to speak for the residents. They included Daejeon Construction Workers Union, Daejeon-chungnam Green Korea, National Movement for Unemployment Policies in Daejeon, MINKAHYUP Human Rights Group, Street Vendors Association, Socialist Party, Democratic Labor Party, NCC,

²⁰ A New Town built in an outskirts of Seoul in the early 1980s to accommodate government office buildings relocated from the downtown Seoul

Korean Confederation of Trade Unions, a local Church, Regional Joint Conference of Students in Daejeon, etc.

After the Joint Campaign began to support them, the residents added to their demand. They requested KNHC to sell them 20 to 25 pyong apartments at the same unit price as unit compensation prices for their land. In other words, KNHC was asked to sell new apartments at a unit price of 1.23 million won per pyong in average (between 890,000-2,990,000) while KNHC needed 3.4 million per pyong in order to cover development expenses. They went further by claiming that, when residents wanted to buy larger apartments than they could buy with their compensation money, they would pay for extra floor area at cost prices, which was in their estimation 2.7 million won/pyong while KNHC's estimation was 3.6. In addition, the residents wanted the prices for new apartments to be paid in ten years with a grace period of 20 to 30 years free of interest. They also requested temporary housing within the area during the redevelopment works refusing to move to public rental apartments KNHC provided in the vicinity of the project area for temporary relocation.

Not only that. The Joint Campaign demanded extra compensation money of 20 to 30 million won for each household to make up for the losses of their working days during the time of their fighting against demolition works, compensation for the damages inflicted on their furniture during the demolition works, punishment of those responsible for the forced eviction and police officers, immediate suspension of forced eviction and adoption of measures to prevent forced eviction from happening again, release of representatives of the residents and NGOs who were placed under arrest in

the charge of assaulting KNHC staffs, establishment of fact-finding mission comprising both parties to reveal the truth of the whole redevelopment process.

By this time, 693 households out of the 774 accepted the compensation prices. The others persisted in their demand. KNHC made some concession to the demand. It reduced sales prices of new apartments from the original 3.6 million won to 3.4 million won per pyong and provided public rental apartments including National Rental Housing 21 for relocation and temporary housing in the vicinity of the redevelopment area. The corporation decided to build 75 units of apartments in smaller sizes (15 pyong) than originally planned (20 to 24 pyong) to make easier for poor residents to resettle in the area though smaller units are more expensive in terms of unit cost of construction but cheaper in selling prices.

It relaxed one of the eligibility criteria for compensation. Only those tenants who moved into the area before the date of the designation of the area, April 1995, for REIP were entitled to any compensation. KNHC changed the date to that of the public notice of REIP, November 1995. The corporation also planned to provide those who lacked money and thus unable to move out with loans up to 280 million won at annual interests of 3 to 4%.

However, in September 2002, a talk between KNHC and the residents and

²¹ A new type of public rental housing designed by the present government for low-income households. Those who do not own houses and whose monthly income is no higher than 50 or 70 percent of the average urban wage earners' income are eligible for National Rental Housing. Priority is given to those who subscribe with Housing Subscription Saving System. The government is planning to build one million units between 2003 and 2012.

Joint Campaign was broken. KNHC could not such demands as that to sell new apartments at the same unit prices as unit compensation money for land and that to compensate lost working days. What made the negotiation even more difficult was that the Joint Campaign insisted upon a package settlement while KNHC proposed to solve problems one by one.

By December 2002, there were still 43 households who did not leave the area refusing to accept KNHC's plan. 40 homeowners and 3 tenants. They with the support of the Joint Campaign continued street demonstrations. Petitions and appeals to authorities as well as negotiations continued for almost one year. This was dragging on the whole development work.

As the whole redevelopment work dragged on, it cost both KNHC and the city government as well as residents who were involved in demonstrations. The delay would frustrate also those who accepted compensation plan and left the area earlier and were waiting to move into the redeveloped new apartments. Another problem was that the site area covered with broken pieces of building materials and wastes was inflicting inconveniences on people in neighboring areas. Demonstrators were making tremendous noise using speech amplifiers. Between May 2001 and November 2001 (186 days), they staged such noisy demonstrations and continued during the whole year of 2002 at the City Hall plaza, West Daejeon plaza, MOCT office and KNHC offices, and even in front of the Presidential Office, Blue House. Noises of high pitched tone through the speakers of demonstrators caused public enmity among office workers and residents in buildings around those offices.

Daejeon city government, so far watching the development of the situation rather calmly, intervened to mediate between KNHC and the residents. In March 2003, officials from city government and KNHC, representatives of residents, some people from the Joint Campaign met three times for working level negotiation, but without success. The Joint Campaign demanded KNHC to state in detail what constitutes the sale price of new apartments. This was not accepted by KNHC. The city government persuaded KNHC to lower the prices and KNHC reduced the price from the planned 3.65 million to 3.4 million won per pyong. Representatives of residents and the Joint Campaign demanded special favor for those participated in demonstrations sacrificing their work for living. This was also not accepted.

The Joint Campaign, in a meeting with City government and KNHC, still claimed for the reform of REIP itself, opening up of the details of construction costs, KNHC's apology for all the irrationalities its squatter redevelopment and troubles it made to the residents, observance of the principle of compensation in kind.

Not only that, the residents entrusted the negotiation to the Joint Campaign. This made the negotiation virtually impossible as the Campaign declared that the residents gave up all their previous demand and wanted a comprehensive reformulation of REIP itself. The chairman of Joint Campaign at a press interview on July 9, 2003 told that the residents gave up all the individual material gains but decided to fight for a complete reform of squatter redevelopment system and thereby to win their self-respect and to

let the public know the true meaning of their struggle. In other words, he, a church minister, meant that the residents were sacrificing their individual gains to achieve a complete reform of the squatter redevelopment system.

The Campaign argued that it was not a matter of the amount of compensation but a matter of the right of surviving and squatter redevelopment system must secure the right to live at the place. KNHC and the District officials suspected that the NGOs involved attempted to increase their power at the cost of residents. For them, the residents' demand for compensation was excessive and the Joint Campaigns' demand for complete reform of redevelopment system was unrealistic as the reform of redevelopment system needed an in-depth study and could not be done instantly and thus.

July 18 2003, Daejeon city government organized a special team to solve Yongdu Problem and also formed a working level conference of concerned parties, namely the city government, District Office, the Joint Campaign, the representative of residents and KNHC. They had meetings several times but without any productive agreement.

Residents were almost exhausted due to long outdoor- sleeping demonstrations. The residents had difficulties in going for everyday work. As a result, residents one by one left the campaign accepting KNHC's proposal for compensation. By July 2003, 727 households out of the total 774 (94%) accepted the compensation plan. 29 still refused any proposals for compensation and 19 instituted law suits which was pending in court. As the

residents who were still participating in the campaign decreased in numbers, their action became more violent and relied more on the Joint Campaign. President candidates of Democratic Labour Party and Socialist Party paid visits to the place to encourage people to take hard-line attitude against the KNHC plan.

As the protest against the redevelopment dragged on though the number of residents participating in demonstration was decreasing, the city government raised a lump sum of 160 million won. Among the amount, 100 million was a donation from a construction company. With the money, the Jung-gu District Office arranged 10 public rental apartments with deposit money exempted for those who refused the compensation to the last. By October 2003, as the residents one by one left the fighting squad, the campaign virtually came to an end.

What NGOs as external agents did in Yongdu project was more than half year's delay of the redevelopment work and a little more cash and public rental apartments at free deposit money for those who were involved in the campaign against the redevelopment to the last.

An official from the city government who were in charge of the project and interviewed for a research represented a critical view (of the local authorities and the development agency) on the role NGOs in squatter redevelopment.

‘The reason that the protest of residents (although as small as 29 at the

final stage) against the redevelopment is that there were too many households who were given very small amount of money. They were paid only a petty sum for their properties. Their protest is thus understandable. It was a mistake that KNHC carried out eviction without temporary housing. But the problem could be solved through dialogue and negotiation. A problem was NGOs. Their intervention made the problem unmanageable'. And he regretted that Daejeon city government brought up Korea Displaced Peoples Union. In his view, Korea Displaced Peoples Union could promote their influence through the campaign in Yongdu project.

2) CBOs in Nankok Cooperative Housing Redevelopment Project

This contrasts to the case of Nangok redevelopment project²² that underwent rather quietly despite the fact that Nangok had a much larger area and population.

Nangok was a relocation settlement created for displaced people from the inner-city squatter redevelopment projects in Seoul in 1967. Its total area was 171,770 m², almost three times that of Yongdu. 159,061m² was state-owned land and 12,709m² was owned by the Seoul city government. There were 2,502 houses, of which legally built houses were only 20. The remaining 2,482 were illegal ones.

There were all 2,175 tenant households. Among them, 1,351 were entitled to compensation for removal while the remaining 824 households were not

²² As I wrote about Nangok squatter redevelopment in some detail in previous workshop, here I am describing only briefly. See Lim(2001)

as they were not able to prove that he or she has been resided in the area since at least three months before the designation of the area for redevelopment. It was some of these 824 who refused to leave to the last demanding for 'fair' compensation.

The area was first designated for housing redevelopment in May 1995 but remained untouched as private developers hesitated to come in as the whole property market collapsed after the economic crisis in 1997. On the request of Seoul city government, Gwanack Distirict Office and property owners Korea National Housing Corporation (KNHC) entered into an agreement with the residents to redevelop the area. KNHC was formally designated as the development agency for the area by the Gwanack Distirict Office in June 2000.

KNHC prepared a plan to clear the area and to build 3,322 apartment units. The plan was on exhibition to the public from 20 July to 24 August 2001 and Gwanack District Office, the competent authority for the area, approved Nangok housing redevelopment plan in September 2001. Demolition works began in July 2002.

Those who have property rights in the area were 2,519. 400 were living in the area and 2,119 were absentee landlords. KNHC lent up to 20 million won at no interest to resident property-owners for removal expenses and up to 10 million won to absentee owners who had to refund Chonseil deposits to turn their tenants out of their houses. Those who want to move in public rental apartments are not given loans for removal expenses. Qualified tenants were

given an option: they can choose moving into new public rental apartments provided by KNHC in another redevelopment project nearby or compensation payment in cash.

As always, compensation for removal became a problem in Nangok too. Moreover, Nangok was the largest squatter settlement remained to be redeveloped and many people expected KNHC would face a very tough resistance from the residents. However, Nangok redevelopment work underwent rather quietly. This is contrasted to the case of Yongdu .

As is the case in Yongdu, what normally happens in squatter redevelopment is that NGOs, particularly organizations of the urban poor such as Korea Tenant Association, Korea Displaced People's Union come in and encourage the residents to organize systematic resistance to the redevelopment plan demanding full compensation or alternative housing. In that case, the redevelopment work most likely drags on. Both the development agency and residents suffer a loss. In Nangok too, Korea Displaced People's Union sounded out the residents on their help to organize a systematic fighting against the redevelopment.

In Nangok, there were indigenous organizations, Dream-tree Childerens Study Group, Nakgol Study Group, Nangok Residents Library, Nangok Residents Association, Nambu Night School. These organizations formed Nangok Community Association with Nakgol Church, in May 1988 and was renamed Nankok Regional Societies Conference. This Conference worked to help residents in many ways: to assist households with unemployed heads by

running free schools for the children and younger generation, helping people find employment, providing meals for children without lunch, arranging jobs for housewives with unemployed household heads (e.g. in preparing lunches for children), organizing study tour for children, supply of manpower for relief works for unemployed. The conference played a major role in the redevelopment of Nankok. It invited KNHC to redevelop the area, organized meetings to discuss the redevelopment of the area, held public hearings on redevelopment plan and meetings with KNHC staffs.

KNHC convinced the conference and also Kwanack Branch of the Association of the Handicapped that the involvement of outside NGOs would make the matter more complicated and thus make the work drag on imposing more cost on both KNHC and the residents. And Kwanack Branch of Association of the Handicapped persuaded Korea Displaced People Union and other outside NGOs not to intervene in Nangok redevelopment. It also guarded the area from people moving into the area for compensation money.

Another problem that public bodies face in squatter redevelopment is that there is a tendency for residents not to trust public agencies. As they are ignorant of the technical procedures, financial process, calculation of cost and profit of the project, technical matters such as making site plans, architectural plans and development plans, they are worried that they may not be compensated rightly. KNHC could overcome this problem by hiring a private consulting firm recommended by the residents. With the support of the community organizations and the role of the third party consulting firm, KNHC could avoid any serious violence in Nangok.

However, in Nangok too, there were some 60 households who refused to leave the area because they were mostly moved into the area after its designation for redevelopment and thus were not qualified for any compensation. And again, Korea Displaced Peoples Union attempted to join them at the final stage of the negotiation. It was worried that eviction of the remaining residents by force became unavoidable as KNHC could not wait indefinitely.

Nangok Regional Societies Conference, in cooperation with the District Office, arranged them to receive benefits from welfare programmes of the District Office, helped elderly people living alone to find relatives who would take care of them. Demolition contractors also paid some money. By Decemember 2002, there were only several households who refused to leave their place but were evicted rather quietly. These people were not supported by any external agents. This contrast to the Yongdu case in which the most marginalized groups could exert certain power because of the support of external agents, NGOs. In Nangok, they were regarded by the Community Conference as annoying people who should be appeased with some cash to leave the area without making any trouble.

4. Concluding remarks

The present programs for squatter redevelopment primarily concern the improvement of physical environment and very little the social and economic conditions of the lives of residents. As a result, clearance and

rebuilding approach has become dominant. And as far as the clearance and rebuilding approach is maintained, compensation for the existing shacks and land becomes most critical. Residents are here regarded as objects of material compensation. It inevitably produces those who become worse off by being unable to get alternative shelters better than their present shacks. They thus have no choice but to resist against the redevelopment. But they are in a very weak position and without help from outside their resistance cannot be effective.

National NGOs armed with morality and credibility help this most vulnerable section of residents in squatter redevelopment. They sided with those with the smallest compensation in Yongdu project. National NGOs thus protect the interests of the poorest or the most marginalized section of residents that are otherwise likely to be disrespected in squatter redevelopment. In this respect, their activities have moral justification.

Another contribution of NGOs to squatter redevelopment is that they continually point out problems of the redevelopment system, arouse public opinion on that and put pressure on the government to rethink and reform the entire squatter redevelopment system.

On the other hand, as their ultimate objective is to reform the whole system and is not a particular redevelopment project, they tend to be ideal and political and have limitations in responding to the specific needs of local people. They demand the government or public bodies to realize such hoped-for value as equity and equality or human dignity often disregarding

the ability of our society to afford them. It seems in this sense that they are criticized (mostly by government officials and KNHC people) for trying to increase their ideological and political influence over the society by sacrificing squatter residents who are in difficulties.

And their support of people in squatter redevelopment is temporary. As they are not community specific or community based organizations, they join the residents only during the period of development, particularly the period of struggle. After all the disputes over compensation end and construction works for redevelopment began, they leave the area. It also should be noted that as the external agents took initiative in negotiation with the authorities, residents acted as dependents in Yongdu project.

In this respect, CBOs, as seen in Nangok case, are more helpful for the residents to cope more practically with and have initiative in squatter redevelopment. They act for the interests of their community rather than for the whole society. They are thus more realistic and can be immediate help to the residents.

In order to minimize or avoid conflicts, redevelopment programs need to be redesigned to address the problem of social and economic conditions of the residents' lives as well as that of physical environment. The major objectives of squatter area redevelopment should include the improvement of employment opportunities by providing job training, assisting them to run common workshops and so on. Residents including tenants themselves then should be main actors in improving their living conditions in their places

rather than merely targets of compensation for removal or dependents on external agents such as national NGOs. In this regard too, CBOs seem more efficient in dealing with the particular and diverse needs of people. They know well about the housing needs of its community members.

CBOs however tend to focus on the interests of residents but those of the main-stream faction. In other words, the minority, usually the most vulnerable section of residents, is likely to be disrespected; they are treated as a minor group to be persuaded to cooperate with the majority and to be appeased with some cash as seen in Nangok case.

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CHAPTER 4

ESTATE REGENERATION IN TOWER HAMLETS, EAST LONDON

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1. Introduction

This paper presents and contextualises empirical case studies of two differing approaches to estate regeneration in the London Borough of Tower Hamlets; the Tower Hamlets Housing Action Trust (HAT), one of six HATs in England, and Poplar HARCA, a Local Housing Company established with Estate Renewal Challenge Fund (ERCF) resources. The paper comprises six further sections: a brief history of estate regeneration in England; a description of the HAT and ERCF programmes; an introduction to Tower Hamlets; the Tower Hamlets HAT case study; the Poplar HARCA case

study; and, conclusions linking the case studies to on-going debates on estate regeneration in England.

2. Estate regeneration policy in England

The aims and activities of the regeneration of social housing estates in England have undergone numerous changes in the past two decades.

Initially, the problems of estates were not interpreted in a structural social and economic context. Improved local housing management was the key priority, as in the Priority Estates Project.

In the 1980s, regeneration was dominated by a physically deterministic approach. Programmes such as Estate Action (Pinto, 1991, 1993) and Design Improved Control Experiment (Coleman, 1985) prioritised physical ‘bricks and mortar’ style housing regeneration.

In the 1990s, a more ‘holistic’ approach, that sought to reconcile social and economic questions, was advocated by government (Oatley, 1998; Hall and Mawson, 1999). Estate regeneration became incorporated into generic, area-based policies such as City Challenge (Atkinson and Moon, 1994; Oatley, 1995) and the Single Regeneration Budget or SRB (Hall, 2000; Rhodes et al, 2003), which addressed economic development, employment, ethnic minority needs, crime, environmental improvements, and community infrastructure as well as housing problems. Large-scale estate-based physical regeneration was the exception rather than the norm during this period. One

such exception was the Housing Action Trust programme (see below).

From the mid 1990s, a parallel estate-based regeneration focus was introduced, oriented around the transfer of local authority housing stock to housing associations, through programmes such as Large Scale Voluntary Transfer and the Estate Renewal Challenge Fund or ERCF (see below). This permitted significant levels of private finance to be secured for estate regeneration, in addition to measures to tackle broader economic and social issues such as unemployment and crime (HACAS Chapman Hendy, 2002).

In the mid 1990s, much media and government debate focused on the problems of the 'worst estates' (e.g. joy-riding, concentration of single parents). The Labour government's National Strategy for Neighbourhood Renewal was launched in response to these pressures and seeks to address problems related to employment, housing, education, health and crime, through improved planning and provision of public services (Tiesdell and Allmendinger, 2001; Hall, 2003).

The organisation of policy and range of participants has also changed over time.

Estate regeneration policies in Britain are, typically, formulated and funded by central government, but implemented locally. A defining characteristic of regeneration during the past two decades has been the increasing array of participants in the partnership-based process.

The participation of local residents in estate management has been a priority

of regeneration programmes since the 1980s. More recently, local residents have become involved to a greater degree in the formal decision making process of regeneration programmes through participation in representative forums and other activities such as ‘Planning for Real’. Attempts to involve local people in estate regeneration have met with uneven success (Hastings et al, 1996; Taylor, 2003).

During the past decade, the private sector has become an important player in estate regeneration, with the banking sector providing significant levels of finance for housing renewal programmes, following the transfer of local authority housing stock.

3. The Housing Action Trusts and Estate Renewal Challenge Fund

The Housing Action Trust (HAT) model was introduced in the Housing Act 1988 – which also included measures such as Tenant Choice and the extension of Compulsory Competitive Tendering to housing management – and, thus, form part of the Thatcher government’s project to ‘de-municipalise’ social rented housing (Evans and Long, 2000; Tiesdell, 2001). However, the HATs became operational in the early years of the Major administration and evolved into a more inclusive, holistic regeneration scheme (Evans and Long, 2000; Tiesdell, 2001).

HATs are ‘Non Departmental Public Bodies’ (NDPBs) designed to regenerate disadvantaged housing estates deemed beyond the modest resources and competencies of local authorities. The housing stock on these

estates is transferred to the HAT, which assumes responsibility for its regeneration and management.

HATs were, initially, to be imposed on estates selected by central government. However, the legislation was amended to enable tenant ballots to sanction the initial transfer and determine the choice of post-HAT landlord (Tiesdell, 2001). Early (1988) proposals to establish HATs in London, Sandwell, Sunderland and Leeds were defeated in tenants' ballots, because of suspicion that HATs represented a vehicle for the 'privatisation' of council stock (*ibid.*).

HATs were, duly, designated in 1992/2 in Birmingham, Hull, Liverpool, and London (Stonebridge, Tower Hamlets, Waltham Forest). They are all located in inner city areas except Hull, which has a peripheral location. Hull is unique in terms of the nature of its stock (inter-war 'cottage' style housing). The other HATs had a far more diverse housing stock (Evans and Long, 2000), the size of which varied from 1,600 dwellings in Stonebridge and Tower Hamlets to 5,500 in Liverpool. The HATs received government grants of between £115 million in Hull and £260 million in Liverpool (Tiesdell, 2001), far larger than is typical for regeneration schemes in England.

HATs are, ostensibly, agencies designed to develop estates in a 'holistic' fashion. However, the bulk of their efforts have been channelled into physical housing regeneration, involving very substantial demolition and rebuilding programmes, except Hull where the emphasis was on housing

refurbishment (Evans and Long, 2000; Tiesdell, 2001). All HATs were characterised by the above average standards of new-build housing and intensive consultation of existing tenants (Evans and Long, 2000; Tiesdell, 2001).

HATs were also given powers to facilitate the provision of local amenities and provide support to local business (Evans and Long, 2000). They have also sought to boost local employment through support for arm's length regeneration projects and introduced initiatives to reduce crime (ibid.).

HATs have proved a very expensive regeneration vehicle (Evans and Long, 2000) with an investment per dwelling of £65,000 compared to £11,000 for the ERCF – see below – (Tiesdell, 2001).

The Conservative government was an active supporter of the transfer of local authority housing stock to housing associations as a vehicle for the de-municipalisation of social housing and for raising private investment finance. Housing associations are not constrained by the same restrictive public sector borrowing regulations as local authorities. The 1985 and 1988 Housing Acts permitted local authorities to dispose of their stock and to use the capital receipt to invest in housing improvement (NAO, 2003). Stock transfers were encouraged through HATs, Large Scale Voluntary Transfer (LSVT) since 1988, and the ERCF since 1995.

Transfer is an important element of the Labour government's objective of ensuring that all social housing is of a suitable standard by 2010 (NAO,

2003). The government have disbanded ERCF and transferred finance to the Housing Investment Programme (HIP), which will support the transfer of up to 200,000 dwellings annually (Murie and Nevin, 2001).

By 2003, local authorities had entered into transfer agreements resulting in the transfer of over 740,000 dwellings, or 18% of the total local authority stock (NAO, 2003). However, prior to 1998, only two transfers, accounting for a mere 2,900 units out of the 260,000 thus transferred were located in disadvantaged urban areas (Nevin, 1999). The degraded stock in these neighbourhoods would not generate a sufficiently large capital receipt to clear the outstanding debt and fund future investment. The majority (i.e. 90%) of early transfers have been self-financing, located in southern England, and pursued through LSVT (NAO, 2003). The ERCF provides a government dowry to cover the negative value of the housing stock in disadvantaged areas.

The National Audit Office estimates that stock transfers have raised £11.6 billion of private finance (NAO, 2003). These figures must be interpreted in the context of an estimated repair backlog of £19 billion nationally (ibid.).

Tenants are most empowered through the ballot process. After transfer, their influence is much reduced (Tiesdell, 2001). However, the majority of agreements have involved the transfer of the entire stock of a local authority to a new housing association designed explicitly for this purpose. Tenants have not, therefore, been presented with greater choice as the rhetoric implies (NAO, 2003).

1) The London Borough of Tower Hamlets

The Borough of Tower Hamlets is located immediately to the east of central London. Tower Hamlets represents clearly the paradoxes of London's 'world city' status with its concentrations of socio-economic problems adjacent to the world-class real estate of The City and Docklands (Fainstein et al, 1994; Buck et al, 2002). Tower Hamlets is recognised in the government's Index of Multiple Deprivation (2000) as the most disadvantaged local authority area in England (average of ward level averages). All Tower Hamlets 19 wards are in the most deprived 10% of wards nationally and 17 are in the most deprived 5%. However, the Borough is also characterised by extreme levels of housing demand. The average ratio of house prices to household income, at 5.27, is the 15th highest of any local authority area in England (Wilcox, 2003). This compares to an average ratio in London of 4.8 and a national average of 3.4 (ibid.). Local residents are effectively disenfranchised from the Borough's private housing market.

The two case study neighbourhoods, Bow and Poplar in the east of Tower Hamlets, are traditional working class areas and form part of the declining industrial sub-region known as the Lea Valley. However, the adjacent sub-region is employment rich. Immediately to the south is the Canary Wharf development in Docklands. To the east, in the neighbouring Borough of Newham, is the development area associated with the Channel Tunnel rail interchange. The commercial and financial centre of London is located only two kilometres to the west.

A basic statistical profile of Tower Hamlets, Bow and Poplar is provided in Appendix A. The Borough has a younger age profile; more significant black and minority ethnic population, lower employment and higher unemployment rates and a far higher proportion of social housing and flatted accommodation than is the norm for London (itself atypical in these respects) or England and Wales.

2) Tower Hamlets Housing Action Trust

Introduction

Bow is located in the north east of Tower Hamlets. Much of the housing stock was built during the Victorian period and the west of Bow is heavily gentrified. However, Bow also has several post-war social housing estates. The area is bounded by numerous physical barriers in the form of canals and trunk roads.

The Bow estates are inhabited predominantly by white working class residents. This is a product of past housing allocation policies. Prior to the introduction of equitable allocation policies, white families tended to be allocated to the most modern housing, in the east of the Borough, especially Bow. Black and minority ethnic households found themselves concentrated in older stock in the west.

Three Bow estates (Lefevre, Monteith, Tredegar), formerly belonging to the London Borough of Tower Hamlets (LBTH), were transferred to Tower

Hamlets HAT (“THHAT”) in 1993 (following a ballot of tenants). A government proposal to designate a HAT elsewhere in Tower Hamlets (the Ocean Estate in Stepney, now the site of a New Deal for Communities programme) was rejected by tenants. THHAT’s original stock numbered 1,575 units, comprising mainly high-rise units constructed in the 1960s and 1970s.

The objectives of THHAT are to bring about lasting regeneration of the area, empower residents to make informed decisions about their housing choices and give them a stake in the community, by:

- Building new homes or improving existing homes for all residents, to the highest standards of quality, amenity, internal and external space standards that available resources will allow.
- Ensuring the effective, sensitive and responsive management and maintenance of its homes.
- Providing a wider choice of tenure and forms of homes ownership to its residents.
- Improving the social, living and environmental conditions in its area, in part through improved job opportunities and youth and community facilities.
- Providing the best possible value for money and most effective use of resources in all its work.

The majority of the HAT’s efforts, in practice, have been devoted to housing renewal. This is reflected in the proportion (80%) of its budget

(£142 million between 1993 and 2003) devoted to housing development and management. By the end of the programme (2004/5), almost all the pre-existing stock will have been demolished, approximately 1,000 new homes will have been built, in a low rise traditional 'neighbourhood' format, and a further 150 improved.

In 1995, the HAT estimated the lifetime cost of its development programme to be £175 million. However, in 1996, the government fixed the HAT's lifetime grant at £123 million. As an NDPB, the HAT could not borrow additional resources to make good the shortfall. It, therefore, entered into partnership with Circle 33 Housing Association and jointly established Old Ford Housing to complete the remainder of the physical regeneration programme and manage the new stock.

In 1998, the HAT established a Community Development Trust, Bow People's Trust (BPT), to undertake community and economic regeneration. The HAT committed to provide £4.4 million in grant in aid to BPT, over a seven-year period, to be supplemented by other sources (e.g. National Lottery, European Social Fund).

As a result of the establishment of Old Ford and BPT, the HAT has become a smaller organisation than originally envisaged. Indeed, its role changed from one of landlord to service purchaser and contract monitor.

The HAT has, more recently become engaged in a wider spectrum of activity in partnership with the local authority and other bodies, in the

context of the National Strategy for Neighbourhood Renewal.

A basic statistical profile of Tower Hamlets, Bow and Poplar is provided in Appendix A. Bow has an older age profile; less significant black and minority ethnic population, and an even higher proportion of social housing and flatted accommodation than is the norm for Tower Hamlets. Employment and unemployment rates are comparable to those for the Borough.

Housing and physical regeneration

The basic physical characteristics of the estates at the time of HAT designation may be described as follows:

- Monteith, built from 1968 to 1970 and comprising three 22 storey tower blocks, four smaller blocks, plus sheltered accommodation and an old people's home, housed mainly an elderly population. At designation, it was described as having 'no redeeming characteristics, indeed no character of note at all'. However, the estate is conveniently located for Victoria Park, immediately to the north.
- Lefevre, built between 1969 and 1971 and comprising four 10 storey blocks forming a physical 'wall' between the adjacent urban motorway and the rest of Bow plus five smaller blocks and a community centre, had a mix of ages among its tenants and was in a reasonable state of repair at HAT designation.
- Tredegar, the newest of the three estates completed in 1977 and comprising 16 medium and four low rise blocks plus a shopping and

community centre block, had a younger population with a reputation for anti-social behaviour. The smaller units were of a traditional, rather than systems built, construction and have remained in good condition.

The designation of the HAT was essentially driven by the condition of the housing stock in the early 1990s, which was, the worst in Bow, although, not necessarily, in Tower Hamlets. The estates had not been significantly improved since construction and had been the subject of failed Estate Action bids. Many blocks suffered from classic symptoms of obsolescence and decline: inadequate insulation, poor windows and fittings, leaks, inadequate lifts, poor bathroom facilities, inadequate drainage, poor rubbish disposal facilities, condensation, and, cockroach infestation. In design terms, the long corridors inherent to the deck access design of some blocks made convenient escape routes for muggers, burglars, etc.

The HAT Masterplan described the housing component of the programme as a 'new start', the objectives of which were:

- The demolition of all the existing housing with the exception of a tower block containing 130 flats, a sheltered housing scheme of 30 flats and nine existing homes.
- The development of 1,097 new homes, of which 49% are to be houses with gardens.
- Improvement of the remaining housing.
- The development of a further 60 homes as a mixed tenure scheme in

partnership with the private sector.

The HAT's housing renewal programme started in spring / summer 1995 with the demolition of a tower block on the Lefevre Estate and multi-storey car parks on Monteith and Lefevre. The initial renewal programme envisaged discussions with tenants on Tredegar about their re-housing options in January 1995 with a move to their new homes in October 1996 and demolition of their old accommodation by February 1997. The development programme was due to be completed with the demolition of Block H, Lefevre Estate in October 2003. However, a significant amount of work remained, to be completed by Old Ford, at the time of the HAT's exit in summer 2004. The HAT's first new homes were completed in September 1996. A proportion of the housing stock was kept empty prior to HAT destination to provide land for demolition and new build so that tenants would only need to be moved once (i.e. directly into their new homes). There has been no 'decanting' typical of large-scale clearance schemes in England.

The HAT is able to provide new housing built to a higher standard than can be achieved through Housing Corporation grants elsewhere. The largest proportion of new build properties and three bedroom dwellings (the largest has nine bedrooms). The HAT's allocation policy is also more generous than elsewhere locally. All adults of 16 years and above are entitled to a double bedroom. HAT tenants are, therefore, privileged in a Borough, which suffers from the highest levels of over-crowding within the UK.

Not surprisingly, the HAT's most recent quality of life survey (THHAT, 2002) indicates a high degree of satisfaction with the newly built housing stock, especially size and number of rooms, the residents' choice process, and, the quality of the workmanship. However, the replacement of tower blocks by traditional housing has entailed a far greater degree of social interaction between tenants. Many miss the privacy afforded to them by their former housing circumstances.

The HAT has operated a generous allocation policy towards 'hidden households', especially tenants' children, within its existing resident population. The HAT has sought to keep families and communities together, and has seen re-housing hidden households was one way of achieving this. This is a contentious issue in the context of the acute levels of housing need that exist in Tower Hamlets. However, these new tenancies are a very small proportion of overall lettings. The majority of new lettings in the past decade have been the result of direct applications to Old Ford for Assured Short Hold Tenancies (ASHTs), often to key workers, in stock earmarked for demolition.

A number of tenants had exercised their 'right to buy' their home, introduced in the 1980s Housing Act prior to designation. As the local housing stock comprised mostly flatted accommodation, earmarked for demolition, the HAT was obliged to operate a leaseholder buyback scheme to ensure the smooth running of the development programme. In addition, it operated a Cash Incentive Scheme, with grants of up to £22,000, for those tenants that wish to forfeit their tenancy to buy a home on the open market.

The designation of the HAT essentially ‘ring-fenced’ the estates. There were no new allocations to the area following designation. This means that the demography of the estate has been ‘frozen’ during the past decade, which has, thus, seen considerable physical renewal but very little social renewal. This is in contrast to events in Tower Hamlets, generally, which has witnessed rapid social change with gentrification in the private sector and increased proportions of minority groups, especially Bengali community, within the social housing sector.

Economic and social regeneration

The HAT estates experience a variety of economic and social problems.

There are no significant employers within the Bow area. The local manufacturing employment base has declined dramatically and many of smaller workshops have been converted into flats.

Educational attainment levels locally are low. There is a lack of choice of good schools locally and many parents place their children on waiting lists for schools in nearby Bethnal Green. The local boys’ school is particularly problematic. In the recent past, there has been racial tension and high levels of truancy. In terms of further or higher educational aspirations, there are very few university applications from Tower Hamlets or the estates. There is a lack of aspiration to want to go to school let alone college or university. For many local people, therefore, work is low skilled occupations: childminders, cleaners, school assistants, and dinner ladies.

In addition, physical and social mobility is low. This is particularly the case for older residents and minority communities. The problem is not necessarily one of physical access to external job opportunities, as public transport connections are good, but that local people are very parochial and do not want to travel to work outside the area. It is, generally speaking, younger residents that travel out of the neighbourhood to work. Most of these are employed in low pay, low status occupations in Docklands, the City and West End.

There is a high level of entrepreneurial expertise within the East End. However, the process of social betterment invariably means successful residents leave the neighbourhood, often moving further out of London to Essex and the North Eastern suburbs. It is difficult to retain aspirational households within East London.

The centre of Bow is dominated by the historic Roman Road Market. However, this area has been characterised by physical decline in recent years and does not, generally, meet local shopping needs adequately. For most consumer durables, residents are required to travel outside the neighbourhood, for example to the Isle of Dogs, the West End or even as far as Lakeside Shopping Centre in Thurrock, Essex.

Tower Hamlets has high concentrations of chronic long-term illness, single parents, mental and physical health problems among its residents. The most important local health issues are high levels of under-age pregnancy –

the conception rates for females aged between 15 and 17 in Bow's Park Ward are the highest in Tower Hamlets and twice the national average (EDAW, 2003) – drug addiction, and asthma. There are many local people permanently on sickness disability benefits.

In terms of crime, ward level data indicates that robbery (mugging) is a significant problem in the Bow area. The robbery rate in Park Ward is nine times the national average (EDAW, 2003). There exists, within the East End, a very materialist culture of 'public show'. Local people spend a high proportion of their disposal income on their appearance and this culture contributes to the vicious circle of crime (e.g. teenagers are mugged for their expensive footwear).

The East End of London has a long-standing association with gangs and organised crime within the white working class community. More recently, local black youths and younger elements of the Bangladeshi community have organised into gangs and have a keenly developed territorial rivalry with gangs from neighbouring Hackney.

The HAT's four strategic objectives in economic development are:

- To increase job choice and provide training for residents.
- To enable residents to have more money in their pockets in the short term.
- To enable residents to access money that can be of collective benefit.
- To meet needs and maximise economic opportunities for those not

seeking or able to gain full time work.

The HAT has been able to use its own activities as a vehicle for providing jobs and training. For example, it has sought to exploit construction work through a Local Labour in Construction project and to ensure that local residents benefit from sessional employment, e.g. leafleting.

Bow People's Trust (BPT) has been the de facto delivery agent for economic and social regeneration projects. BPT's Employment and Training provides assistance with preparation of CVs and application forms, interview technique, plus specific vocational needs including: computing; basic skills (literacy and numeracy); and, English for Speakers of Other Languages (ESOL). BPT also runs a free job brokerage services for local companies that seeks to match job seekers with employment opportunities and provides support for community businesses.

The local authority has appointed a Town Centre Manager for the Roman Road Market area, using £90,000 of Neighbourhood Renewal Fund resources.

Bow Boys School is also the target of a number of Neighbourhood Renewal Funded projects with an aggregate budget of £730,000. These include: Accelerating Achievement at Key Stage 3, which aims to address the causes of under-achievement and barriers to progress in targeted schools through the provision of full time home – school liaison workers, evening ICT classes for families and parenting classes, plus literacy support projects;

Tower Hamlets Boys Schools, an action research project targeting schools in danger of failing government targets and includes an ICT strategy to support raising standards at Bow Boys School; and, Supporting GCSE Achievement at Bow Boys School, the objective of which is to improve educational attainment of Year 11 pupils at the school through investment in academic mentoring, additional staff, ICT equipment and books, plus revision classes.

A Neighbourhood Renewal Fund supported project, St Paul's A New Heart for Bow aims to create a 'Healthy Living Centre' for Bow. This will include an exercise centre, community hall, healthy eating café, and community art space. The project has a budget of £250,000 and targets disabled people and the elderly. It is led by the Church of St Paul with St Mark.

The Police are involved in community issues and hold a forum for residents as well as attending the Neighbourhood Renewal Local Area Partnership meetings. In addition, knife workshops are offered to local children about the dangers and implications of people carrying knives and guns.

Partnership and community involvement

For the past decade, Bow HAT has had formal responsibility for the regeneration of the three estates. It has sought to achieve some of its objectives in partnership with its successor organisations: Old Ford and Bow People's Trust. The HAT will bequeath a trust fund endowment, on exit, the resources of which will be generated through the sale of surplus land. BPT,

Old Ford and other local groups will be eligible to apply to the trust for funding.

Local residents have been involved in the regeneration programme in a variety of ways.

The designation of the HAT was subject to ratification through a ballot of tenants. In spring 1993, tenants were balloted on the HAT proposals. The turnout was 76%, with 65% of tenants voting for HAT designation. Residents also have the right to choose their landlord after the HAT has ceased to exist. Overwhelmingly, they have chosen Old Ford Housing.

The key strategic decision-making body is the HAT board. This comprises 12 appointed members, of whom three are residents. There are four sub-committees that cover the work of the HAT's directorates: housing management; development; community and economic development; finance and administration.

The HAT Masterplan was formulated by consultants, under HAT supervision, with close involvement of residents. Tenants were involved particularly in the design stage of the programme. Consultation methods included: open meetings, resident design group meetings, surgeries for consultations with architects, open days, 'Planning for Real' sessions, coach trips to existing housing schemes, newsletters, comment books in estate offices, preference indicators 'stick a dot' against options, 'awaday', questionnaire on the Masterplan. Residents were involved in choosing the

internal layout of their homes (including fixtures and fittings and colour schemes in kitchens and bathrooms) and the external appearance of the home, including street layout.

The HAT programme has, thus, prioritised the needs and aspirations of existing tenants. Many of these were resident in the Bow area at the time of the construction of the estates in the 1960s. This was a period when public consultation and engagement were uncommon.

The East End of London has a well-developed community and voluntary sector infrastructure, particularly that related to the relief of poverty. Much of this is partly a product of the philanthropy of the Victorian age and is concentrated, in particular, in the west of Tower Hamlets. There is a general paucity of faith, community and voluntary sector organisations in Bow. Much of the community activity within the HAT estates has been housing-oriented. This is, perhaps, not surprising as poor housing has been the driver for the regeneration of the estates and local organisations, e.g. tenants' associations have prioritised this single issue. In April 2000, a new forum, TML, which represents Old Ford tenants on the three estates, was established. However, it has reduced its general level of activity, perhaps because its immediate housing needs are in the process of being satisfied. There is a problem with integration on the estates. It is difficult to secure the participation of some minority ethnic groups (e.g. within TML). This is especially true of the small Asian communities on the estates.

3) Poplar Housing and Regeneration Community Association ('Poplar HARCA')

Introduction

Poplar is located in the east of Tower Hamlets, immediately south of Bow and north of the London Docklands development area.

Poplar's diverse land use consists of light industrial premises interspersed by numerous small social housing estates. The area is bounded and intersected by major physical barriers including trunk roads, canals and railways. The main shopping centre is Chrisp Street Market, on the southern boundary. However, this is largely inaccessible from some of the more peripheral estates.

Poplar, due to its proximity to the Port of London, has historically been associated with immigrant communities. Tower Hamlets, previously a traditional white working class Borough, has been populated by a large Bangladeshi community since the 1970s. This change happened most quickly in the west of the Borough but has recently extended to Poplar

The area has been unique in east London for its 'monolithic' social housing stock. There has been very little private housing in the Poplar neighbourhood during the post war period. This position has been changing since the opening of the Docklands Light Railway (DLR). There is now considerable pressure for new private housing developments at DLR stations in Poplar. The area has experienced significant levels of 'right to buy' activity in the past and, approximately, 20% of residents are leaseholders.

Poplar Housing and Regeneration Community Association (HARCA) was

the first urban housing company to be established through the ERCF. Seven diverse and widely dispersed estates, comprising 6,360 units formerly the property of the London Borough of Tower Hamlets, were transferred to Poplar HARCA (PH) following three ballots: between 1997 and 2001.

PH has seven key objectives:

- Encourage and development investment in Poplar.
- Develop genuine partnerships.
- Develop successful and effective neighbourhood and housing services.
- Make Poplar safe.
- Encourage a culture that promotes ideas from local people.
- Fulfil people's potential through education and training.
- Resource maximization.

The physical regeneration programme (now complete) involved the demolition of some 10% of the stock and the refurbishment of the remainder using a £53 million dowry from the ERCF plus £91 million of private finance. PH's economic and social regeneration budget is £1 million per annum, raised from rent income and other sources. Each estate has a HARCA centre which is a multi-purpose building used for youth activities, training, health education, childcare, care of the elderly, English language tuition, literacy and numeracy training, sports and leisure activities, etc.

A key partner of PH is Leaside Regeneration, an urban regeneration

company, set up in 1999 to promote the physical and economic regeneration of the north east of Tower Hamlets and west of the adjacent Borough, Newham. It was funded via SRB round four resources and has, since designation, successfully bid for SRB round six monies to support a ‘Communities in Business programme.

Another key partner, the Bromley by Bow Centre (BBBC) is a community organisation which runs a variety of health, education and training, enterprise and family support projects, including a community care facility, arts projects, community café, employment and training courses, nursery, health centre, newly restored park area, and sports provision for local children.

PH is an active networker and has sought to develop a role in managing neighbourhoods in the Poplar area outside the estates for which it is the principal landlord. Accordingly, PH, in partnership with Leaside Regeneration and BBBC, has established the Poplar Area Network (PAN), which sub-divides the Poplar area into five discrete neighbourhoods. Partners include the Metropolitan Police, SPLASH, Sure Start, Poplar Partnership Excellence in Cities, Poplar Education Action Zone, and Tower Hamlets College.

A basic statistical profile of Tower Hamlets, Bow and Poplar is provided in Appendix A. Poplar has a younger age profile; more significant black and minority ethnic population, lower employment and higher unemployment rates and a far higher proportion of social housing and flatted

accommodation than is the norm even for Tower Hamlets.

Housing and physical regeneration

The Poplar estates were built over a long period of time; during the 1930s (London County Council), 1950s (Poplar Metropolitan Council), and 1960s (Greater London Council). The estates are very diverse in terms of their age of construction, predominant dwelling type, design and location. Therefore, residents experienced a diversity of housing related problems.

The basic physical characteristics of the estates may be described as follows:

- Aberfeldy comprises mainly three storey flats plus some new houses. The estate suffers from extreme physical isolation and is tightly bounded by major trunk roads plus the River Lea.
- Bow Bridge and Coventry Cross comprise four and five story flats built during the inter-war period. The estates have a large minority ethnic population.
- Burdett comprises mostly flats with some maisonettes and houses. It has a large Bangladeshi population.
- Lansbury comprises four and eight storey flats and maisonettes. A significant minority of the residents are pensioners. Part of the estate was built for the 1951 Festival of Britain. It has been described as one of the most popular and successful post-war housing schemes in London.
- Lincoln comprises flats, and cottages. The resident population is the most diverse of the HARCA estates.

- Teviot comprises three storey flats and maisonettes. It has a multi-ethnic population. The estate is extremely isolated and is cut off from the rest of Poplar by major railway lines.

The London Borough of Tower Hamlets (LBTH) had previously succeeded in securing Estate Action, Design Improvement Controlled Experiment (DICE) and SRB funds to improve the estates but need outstripped local resources. The original housing stock had a negative value of £53 million. This was underwritten by a £54 million ERCF dowry, in addition to which, PH secured loans from Abbey National (£69 million) and BNP Paribas (£22 million). Private finance was easy to secure given high level of demand for housing in East London.

The housing development programme was implemented in partnership with East Thames Housing Group, which did most of the physical work so PH could build up its competence in economic and social regeneration. The physical regeneration programme was completed in 2002 and all housing is categorised as ‘decent’. Some 10% of the original stock has been demolished, to be replaced with 500 new homes. The balance has been refurbished to give it an extended life of 30 to 50 years. The physical improvements included: new kitchens and bathrooms; central heating up-grades; door entry systems; new front doors; pitched replacement roofs; double-glazed windows; replacement or refurbishment of lifts; improved entrance areas; repainting and brick cleaning. New build housing (237 units) has replaced large blocks on the Aberfeldy estate.

The key issue at the time of HARCA designation was the ‘manageability’

of the housing stock. That is, problems such as benefit dependency and anti-social behaviour rather issues related to the housing stock itself. Indeed, the decision to designate the HARCA in those estates where it operates was related to maximising the number of housing units that could be improved using the ERCF grant. Some estates in the area with more profound structural problems (e.g. Leopold) were specifically excluded from the HARCA's stock.

The key problem in some estates is accessibility. This is a particular problem in Aberfeldy and Teviot, both of which are isolated from the rest of the area by major arterial road routes, railways and the River Lea.

PH has remained part of the LBTH Common Housing Register. As such, it accepts nominations from the local authority. Nevertheless, turnover has remained low; less than 5% in 2001 and 2002. This is a function of the extreme levels of demand for housing in the area. Housing is in such short supply that once allocated to a dwelling, tenants are reluctant to leave. Nonetheless, Poplar is considered to be one of the less popular neighbourhoods within the Borough's Choice Based Letting system. The majority of potential tenants (and especially key workers) prefer a location in the west of the Borough, with good arterial routes into central London, to Poplar.

Apart from the housing renewal programme, the major physical regeneration programme locally is the Limehouse Cut Regeneration Programme. This is a £1.4 million project, funded through Lease

Regeneration's SRB6 programme, to regenerate and improve the 1.5-mile Limehouse Cut Canal. The scheme is led by British Waterways London and supported by Leaside Regeneration and Lea Rivers Trust. It aims to make the Cut a safer, more accessible and exiting place for all members of the local community. The UK's first floating towpath was opened in July 2003, on the Limehouse Cut Canal. The innovative floating towpath has been installed under the busy A12 Blackwall Tunnel Northern Approach so that visitors to the canal will no longer have to enter an intimidating subway or cross a busy road to get from one side of the bridge to the other. The scheme will be of particular benefit to local residents who currently have to cross the trunk road to access local shopping facilities on the other side. The towpath is 242 metres long and two metres wide and is made up of 60 floating units. Colourful lighting has been installed in the pontoons and under the bridge to provide an attractive, safe and welcoming environment.

Economic and social regeneration

Poplar experiences a variety of economic and social problems.

The local industrial estates provide employment opportunities for many local white working class and black households plus commuters from neighbouring Newham and Essex. However, the local Bengali community have very limited access to these employment opportunities.

The local skills base is very limited. A PH commissioned survey (mbA, 1998) reported that two-thirds of respondents had no UK sourced academic qualifications and four-fifths had no vocational qualifications. Moreover, the

job search horizons of local residents are very parochial. Three-quarters of respondents reported that they would look for work within Tower Hamlets, but fewer than one-fifth in the City and West End. This parochialism is reinforced by the fragmented built environment of Poplar with its numerous physical boundaries, roads, canals, and railways.

The Poplar estates are characterised by high levels of poverty and benefit dependency. In the survey, two-thirds of respondents reported that someone within their household was in receipt of at least one form of benefit whereas one-tenth did not have use of any of the following: phone, washing machine, drying facilities, study space, cable or satellite TV, a lift, a private garden or a balcony.

Unsurprisingly, Poplar is characterised by significant health problems. The area has the highest number of amputees in London (due to diabetes and circulatory problems), Heart disease, strokes, cancer and diabetes also rank highly locally. There are many teenage pregnancies among young married Bengali girls, sometimes only 16-17 years of age and high incidence of mental health problems. Health provision locally is very poor. The majority of the small number of general practitioners are male doctors with no nursing support.

The survey (mbA, 1998) indicated considerable anxiety among local residents over crime related issues, some 42.7% of respondents reported that females within their household never went out alone after dark. A further 21.5% said that there were parts of the neighbourhood that they specifically

avoided. Burglary is a significant problem in the Poplar area. The burglary rate in Poplar's East India Ward is nearly twice the national average (EDAW, 2003).

The main shopping centre in Poplar is Chrisp Street Market on the southern boundary of the HARCA area. This is a thriving but low grade shopping area. However, it is inaccessible for many residents living in the northern half of the area. None of the HARCA estate possesses adequate local shopping facilities. For consumer durables, the more mobile residents are obliged to travel further afield, such as Lakeside in Essex.

PH has a dedicated community and economic regeneration department. Its mission statement is *'To work with local people to define and achieve their own financial and social aims and to create an environment where they want to live'*. Each estate has a Neighbourhood Centre, in which a Community Area Director (CAD), responsible for regeneration, is based. In partnership with Bromley by Bow centre, the CADs have formulated 'Community Plans' for each estate.

The local authority has appointed a Town Centre Manager for the Chrisp Street Market area, using £90,000 of Neighbourhood Renewal Fund resources.

There is a small Excellence in Cities (EiC) Action Zone in Poplar. Education Action Zones were established in the Schools and Framework Act 1998 with the objective of raising standards in schools. EiC Action Zones (small zones) are designed to address the educational problems of the major

cities where standards have been consistently low. They typically focus on a single secondary school and its associated primary schools. There are currently 109 EiC Action Zones in England. Each receives a grant of £250,000 a year for a period of three to five years. They are encouraged to seek business sponsorship, which is matched by government, to a maximum of £50,000 per annum.

Tower Hamlets-Poplar EiC Action Zone, began in January 2001, and target sLansbury Lawrence School and seven associated primary schools. These eight schools aim to develop and strengthen partnerships with parents, provide support to pupils (creating continuity between primary and secondary schools), and enrich the curriculum and people's lives. Specifically, the zone's objectives are: to secure a steady increase in parental attendance at school events, to enable teachers to identify pupils progress and areas of development; and, to ensure vulnerable pupils show no signs of deterioration on transfer, with 50% continuing any previous improvement. The key external partners involved are: Tower Hamlets College, PH, Sure Start, LBTH Local Education Authority, and Citigroup.

In 1998 the BBBC building was named one of the first leading examples of a Healthy Living Centre. The approach to health and regeneration involves promoting health in its most holistic sense, resulting in close working relationship with general practitioner partners and primary care teams. The Bromley by Bow Health Team now includes: complementary therapists, artists, community nurses, general practitioners, gardeners, multi-cultural youth, family and community care teams.

PH works closely on crime prevention with LBTH Youth Service, Police (including PH subsidies for Police overtime), Victim Support, Community Safety Unit, Social Landlords Crime and Nuisance Group, Crime Concern. A private contractor provides an estate ranger service designed to counter act crime and anti-social behaviour. Crime Concern has been commissioned to undertake research into a community safety strategy for Poplar. Informed by this work, the Poplar Area Network (PAN) Partnership community strategy has defined five major aims to: reduce crime and anti-social behaviour by and against young people; decrease fear of crime and reprisal; tackle and restrict the substance misuse; reduce domestic burglary; and, build the capacity of PAN partnership to reduce crime and fear of crime.

A variety of Neighbourhood Renewal Fund supported projects, with an aggregate budget of £560,000, are deployed to achieve these aims. These include: Creating Safer Communities (extending PH's neighbourhood 'ranger' programme to crime 'hot spots' elsewhere); Poplar High Street and Tower Hamlets College Safety in the Community, (installing Closed Circuit Television systems in Poplar High Street and in the local college); Poplar Youth Inclusion Programme (identifying and engaging 50 young people at risk of committing crime and providing them with alternative leisure pursuits such as football and cricket workshops); Drugs and Young People in Poplar (providing outreach work to support prevention and greater up-take of rehabilitation programmes; North Poplar Youth Engagement Project (engaging young people in positive community activities, e.g., local football teams, weekend activities, art, video and film workshops, weight training,

summer youth groups and outreach work); and, various small projects (e.g. removing abandoned cars promptly from estates, engaging ‘vulnerable’ young people in community filmmaking, local history courses, the arts, local football leagues).

Partnership and community involvement

The housing development programme was implemented in partnership with East Thames Housing Group. Other key partners include, as noted, Leaside Regeneration (an Urban Regeneration Company) and Bromley by Bow Centre.

Tenants are involved in the regeneration programme and neighbourhood management in a number of ways.

All ERCF programmes are subject to ratification by a ballot of tenants. Three tenant ballots were held prior to transfer. The first, (Lansbury North, Lincoln North, Burdett) had a 66% turn out and 72% yes vote. The second took place the following year. The third ballot failed. A small group of tenants joined PH independently in 2001.

The main PH board has 18 members, comprising five LBTH nominees, seven residents (6 tenants and one leaseholder) and six independents (including one from ETHG).

PH developed a comprehensive framework for community involvement in November 1998. A Community Involvement Support Team has been

established and is funded, partly, by the Housing Corporation's Community Training and Enabling grants programme.

Each estate has an Estate or Area Board, each of which nominates representatives to the Joint Estates Panel, which nominates seven representatives to the PH board. Estate Boards are responsible for dealing with immediate local issues, e.g., housing management and community regeneration, and have sub-committees and working groups for this purpose. Each Estate Board has 20 full members, including a proportionate number of tenants and leaseholders and these have a two year term of office. All residents are eligible for election. The Chair and Vice Chair of the boards also reflect the tenure split locally. Some 27% of the membership of estate management boards is from BME groups, who comprise more than half the overall population. The Joint Estates Panel is the main strategic body for local residents. Its purpose is to consider issues relating to the services provided by PH. The Panel comprises 12 tenants and six leaseholders

Tenants satisfaction surveys indicate increasing participation rates in estate management: from 7% in 1999 to 50% in 2001. Tenants were less satisfied with opportunities to get involved in 2001 (52%) than in 1999 (72%) but more satisfied with the extent to which their views were taken into account by PH: 52% in 1999 compared to 60% in 2001. PH performs better on this indicator than LBTH but less well than HC comparator group, although most members of this are not located in disadvantaged areas (Housing Corporation, 2001).

In general, East London has a well-developed community and voluntary

sector infrastructure. However, this has been under-developed in the eastern neighbourhoods of Tower Hamlets. Poplar is no exception. At the time of HARCA designation, there were no pre-existing tenants' associations. The only community and voluntary sector organisations were philanthropic (Bromley by Bow Centre, Salvation Army, Churches). There was no indigenous 'grass roots' activity.

4. Conclusions

The case studies of Tower Hamlets HAT and Poplar HARCA illustrate well a number of important and unresolved questions concerning estate regeneration policy in England.

First, the two case studies illustrate the continuing importance afforded to physical housing regeneration. It is now widely acknowledged that 'bricks and mortar' type investment alone (e.g. Estate Action) has not led to sustainable regeneration. There has, thus, been a shift in investment from physical to human resources during the past decade (Forrest and Kearns, 1999). City Challenge and the Single Regeneration Budget witnessed a diminution of estate-based physical housing renewal (Hall and Nevin, 1999). In this respect, the two case studies are both atypical, as they are fundamentally housing-led, and typical, as they have pursued parallel economic and social regeneration efforts. It has been argued the importance of housing has been neglected in recent government thinking and, particularly, in the National Strategy for Neighbourhood Renewal (Forrest and Kearns, 1999; Maclennan, 2000), which considers employment to be the

primary success factor (Hall, 2003). Nevertheless, the strategy acknowledges explicitly physical improvement as government priority and introduces a Decent Homes standard; a 'commitment' to bring all 'social housing up to a decent standard by 2010, with a third of this improvement taking place by 2004, over which half of which will be in the most deprived areas.' (SEU 2001, p40). More recently, the government's Sustainable Communities Plan (ODPM, 2003), which seeks to address the dual problems of the lack of affordable housing in London and the South, on the one hand, and low demand in parts of the North and Midlands, on the other, provides for substantial new build in the former and demolition and re-building in the latter.

Second, the two case studies illustrate the continuing importance afforded to stock transfer. This has been justified by governments on a number of grounds. For the Conservative government, the de-municipalisation of social housing was a self-justifying ideological objective. In addition, it has been argued that transfer brings added value to the regeneration process in that it: levers in private resources (and, thus, limits public borrowing); it offers improved organisational competence (as politicised, bureaucratic, multi-purpose local authorities are replaced by single-purpose bodies, e.g. HATS, or entrepreneurial housing associations); and, it provides choice for tenants. However, each of these arguments can be countered. Local authorities could be empowered by change in public borrowing regulations. The a priori argument that they are organisationally inferior is prejudicial rather than empirical. Tenant choice is limited if transfer is conducted en masse. Nevertheless, the process has continued under Labour government.

Local authorities can seek additional investment in their housing stock through three options but these all require a separation of housing strategy and management responsibilities: Stock transfer; Arms Length Management Organisations or ALMOs (the transfer of management responsibilities to independent ALMOs – although local authorities remain the legal landlords. High performing ALMOs are eligible for additional government housing investment funds); and, the Private Finance Initiative or PFI (the signing of contractual arrangements between local authorities and private consortia which refurbish and manage the stock for a specified period in return for a fee).

Third the case studies illustrate a crucial and unresolved question, that is, who are the intended beneficiaries of investment: existing residents, future residents, statutory agencies with fixed investments (e.g. housing, schools) and inflated managements costs (e.g. policing) in declining neighbourhoods, or, a combination of these? In the case of THHAT, the answer is atypical and unambiguous. It can be argued that the existing residents of the estates have led a privileged existence during the past decade. They have benefited from a uniquely well-resourced regeneration programme, resulting in the construction of new homes built (within limits) to their own (high) specification. In addition, HAT designation effectively excluded the possibility of more difficult tenants being housed locally and permitted a generous policy of housing the children of existing tenants. However, there are important questions arising about the sustainability of such an approach, not simply because of cost. The re-absorption of the estates into the broader housing market of Tower Hamlets in 2004, following HAT exit, will create

significant challenges in terms of an influx of new residents who may differ from the existing population in respect of age, race, socio-economic circumstances and lifestyle. The case of Poplar is more typical. The regeneration programme in Poplar has been less well funded, although the estates have still been fortunate to be in receipt of a significant renewal programme, and the estates have remained within the broader Tower Hamlets housing market. The entire housing stock has been refurbished during the past five years or so and is now classified as being of a statutorily 'decent' standard. However, it can be argued that physical housing conditions have not been fundamental problems in the Poplar estates. The key challenge has been 'manageability' (e.g. anti-social behaviour). The area is characterised by profound social and economic problems characteristic of many inner-urban neighbourhoods. These affect existing residents, deter future residents and impose disproportionate costs on the public services. Moreover, as in Bow, these problems have proved far more intangible and illusive than physical regeneration.

Fourth, the case studies demonstrate that urban communities may be peripheral in an economic and social sense, even when they benefit from a highly central geographical location. The government's approach to economic and social regeneration, embodied in the National Strategy for Neighbourhood Renewal, advocates improving the employability of residents of disadvantaged neighbourhoods through supply-side measures (Hall, 2003) such as those deployed by the HAT and Poplar HARCA (e.g. training, counselling, work incentives, childcare). This thesis has been criticised for neglecting demand-side considerations, especially the

long-term decline of the employment base of Britain's cities (Turok and Edge, 1999). However whilst, the level of employment opportunities and amenities accessible in the immediate vicinity is poor, both Bow and Poplar are located in a jobs rich sub-region due to their proximity to Docklands and Canary Wharf to the south, the City and West End to the west, plus the Newham development area to the east. Despite the strong aggregate level of employment demand in East London, almost insurmountable supply-side barriers exist in neighbourhoods like Bow and Poplar. A number have been cited in this paper: the low levels of educational attainment locally, adequate transport links that are not exploited because of concerns about security and access; and, a built environment that functions as a psychological barrier, reinforcing parochial attitudes and limiting social mobility, as well as a physical one.

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Appendix 1

Table 6. Demographic profile

	Bow Estates	Poplar Estates	Tower Hamlets	London	England and Wales
Under 16	19.2	30.4	22.9	20.2	20.2
16 to 19	4.9	6.6	5.5	4.7	4.9
20 to 29	20.6	17.9	24.1	17.0	12.6
30 to 59	38.8	32.7	34.9	41.7	41.5
60 to 74	10.2	8.5	8.6	10.5	13.3
75 and over	6.4	3.9	4.0	5.9	7.6

SOURCE: Census 2001²³

Table 7. Ethnic profile

	Bow Estates	Poplar Estates	Tower Hamlets	London	England and Wales
White	68.4	41.5	51.4	71.2	90.9
Asian / Asian British	15.5	41.5	36.6	12.1	4.6
Black / Black British	10.4	10.3	6.5	10.9	2.1
Chinese / Other	2.3	3.7	3.0	2.7	0.9
Mixed	3.4	2.8	2.5	3.2	1.3

SOURCE: Census 2001

²³ Census output is Crown copyright and is reproduced with the permission of the Controller of HMSO and the Queen's Printer for Scotland

Table 8. Economic activity profile

	Bow Estates	Poplar Estates	Tower Hamlets	London	England and Wales
Employed	50.3	39.0	49.1	60.2	60.6
Unemployed	7.3	8.1	6.6	4.4	3.4
Econ. active student	3.0	3.4	3.4	2.9	2.6
Retired	9.7	8.4	7.7	9.8	13.6
Econ. inactive student	6.2	8.8	8.9	6.6	4.7
Looking after family	9.6	13.7	10.3	7.2	6.5
Permanent sick / disabled	7.9	8.2	6.4	4.6	5.5
Econ. Inactive other	6.0	10.4	7.6	4.3	3.1

SOURCE: Census 2001

Table 9. Housing profile (tenure)

	Bow Estates	Poplar Estates	Tower Hamlets	London	England and Wales
Owner occupied	22.9	16.8	29.0	56.5	68.9
Local authority rent	38.6	45.2	37.4	17.1	13.2
Housing association rent	26.0	28.9	15.1	9.1	6.0
Private rent	12.6	9.1	18.5	17.3	11.9

SOURCE: Census 2001

Table 10. Housing profile (dwelling type)

	Bow Estates	Poplar Estates	Tower Hamlets	London	England and Wales
House	14.4	10.5	16.3	51.1	80.4
Flat (purpose built)	77.5	85.1	76.1	33.0	13.6
Flat (converted)	7.2	3.4	6.0	13.9	4.4
Other	0.9	1.0	1.6	2.0	1.6

SOURCE: Census 2001

CHAPTER 5

Governance as a new model for Maintenance of Residential Improvement

–With a focus on the changes in the roles of the public and
private sectors –

Chun, Hyeon-Sook

1. Introduction

With the launch of the local autonomy system in 1995, local authorities started to have reinforced its functions. This development resulted in increasing the need to introduce local governance as the main system to manage local issues. Governance is defined as a ruling approach or network system in which the public sector, private and various civil organizations voluntarily rely on one another or cooperate. The role of a local Government has switched from one that creates institutions and approves businesses to the one that promotes local development by encouraging cooperation and participation of different bodies such as residents and civil organizations. It is required for a local Government to support these organizations when it

comes to the issue of upgrading housing environments.

The main concept of the Maintenance of Residential Improvement program (hereinafter MRI) is based on sustainable development, growth management and participation of the residents (Hong, 1996). MRI is an inclusive term, including diverse programs that intend to improve residential environments. MRI should aim at improvements of the physical environment, the preservation and boosting of community and the creation of an environmentally healthy society. Cooperation between Government, civil organizations and residents is important for this to happen.

In the past, the Government, residents and private sector remained separate entities with little or no interaction. Today, organic interaction with the Government and private sectors are of great importance, and mutual supplementation is pursued through close cooperation with each other. The recent MRI is headed in a new direction moving away from the demolition and redevelopment approach of the past. Housing redevelopment (hereinafter CHR) and Reconstruction of apartment (hereinafter RA) is integrated now under the management of a single act, and the public nature of the project is getting stronger; as we have seen in urban planning management and the lowering of floor area ratios.

Participation of residents has been reinforced by stepping up the conditions for consensus and the formation of the resident-focused community. Civil organizations play more important roles and have more influence over the enactment of laws and policy decisions. Community-focused MRI, which has recently been emphasized, can be achieved through the participation of diverse subjects and governance. Lots of NPOs (Nonprofit organization) were organized in the late 1990s, and

some NPOs focused on housing problems. These NPOs have played an important role in advocating new policy. The Government strengthens the public nature of MRI, and the participation of residents is considered important and the role of NPOs has increased. These aspects show the new paradigm of MRI. In this paper, I will examine the change and new direction of MRI.

2. History of MRI and Changes in the Roles of the Main Player

The ideal concept of MRI has changed. In the past, MRI was implemented in squatter areas by demolition and rebuilding. The role of Government was very restricted. Now MRI has shifted from squatter settlements to old and sub standard housing. In addition it has changed from clearance and demolition to the improvement of residential areas. The public role of Government can be strengthened through the expansion of public intervention.

1) Government-led Demolition and Redevelopment Policy (from 1950 to early 1970)

In those days All-out demolition and Migration (1950-1965) and People's Apartment Projects were major policies. Because of rapid urbanization, people moved into the cities from rural areas. They illegally occupied the public land and formed urban squatter areas. All-out Demolition and Migration (1950-1965) led by the Government happened on a wide scale during this period. People's Apartments were constructed (1965-1972) for those people who lived in slums, but it stopped after the collapse of the WOW apartment. Large-scale settlement projects were built side by side.

Those who had jobs downtown moved into Seoul after selling off their tickets of new settlement. Also, residential revolts broke out as the infrastructure was not built and social services for the residents were not supplied. Residents fought to maintain their livelihood. Therefore these projects turned out to be a failure. Urban squatters who had a job downtown moved to other areas in the city, so the squatter areas didn't decrease in spite of continuous demolition by the Government.

The leader of the MRI projects was the Government and the public was forced to follow Government policy. The Government's response to the demolition activities was temporary and didn't have contingency plans to assure proper housing for the people. The movement of residents' was spontaneous and temporary. Religious organizations and communities of the time were ill-equipped to deal with the looming social welfare crisis .

2) Activation, local Improvement and self-redevelopment (From 1967 to mid 1970's)

The Activation and Local Improvement Program (1967-1974) was a program that acknowledged the legality of poorly constructed illegal houses once residents upgraded them at their own expense. The Local Improvement Project started in 1970 and sought to improve the illegal houses. These policies were implemented in order to upgrade the illegally constructed development by recruiting the active participation of the residents. This program had advantages in which people could upgrade their housing without fear of losing their homes. It failed to achieve the intended purposes as the proper public facilities were not secured and the public land was not disposed of as planned.

With the Transitional Provision Act on the Promotion of Housing Renovation enacted in 1973, redevelopment and upgrade techniques were introduced that tried to improve the residential environment by long term planning. Self-Redevelopment led by the residents and HR based on loan was promoted (1973-1982). The Urban Redevelopment Act was enacted in 1976 and this policy aimed at pursuing a systematic urban environment upgrade by designating areas for redevelopment and carrying out projects based on the Urban Planning Act. Control of the urban redevelopment projects was transferred to the Urban Redevelopment Act from the Urban Planning Act. Redevelopment on Loans and Entrust Redevelopment (1976-1978) were introduced in order to solve the problem of insufficient funds, but they were put to a stop in a short period.

There were no changes in the basic Government policy on illegal settlement areas and the main request from the residents were for reductions in the price of public land and activation of illegal buildings. Other requests were made to delay the demolition to avoid wintertime and to raise the compensation levels for move-out to a realistic, fair market value level. Christian communities and some the educated people started to show interest in the slum areas (Kim, .1999; 224).

While continuous efforts were made to demolish illegal residential areas, other illegal housing developments kept showing up. It was a vicious cycle. This era featured the implementation of purely Government-led projects. There was no system in place to settle conflicts among residents and the Government, and only temporary demands of residents were met in the community. As civil society was still immature, the Government came up with policies on its own with no input from civil organizations. Because of

the temporary situation of residents, small-scale residents' movement could not be easily organized; it was impossible for them to exercise political power even when they were organized.

3) Promotion of the Market-led Redevelopment and the Formation of Residential Movements (1983-1987)

The introduction of the CHR scheme in 1983 provided momentum to the general housing redevelopment program. The scheme was utilized to upgrade residential areas and secure lands for house building. As the potential value of the outlying areas grew, there came more pressure to promote redevelopment activities. However, the resettlement rate of those people who originally lived in the place before redevelopment was very low as most of them moved out after selling off their tickets, which would have allowed them to move into the new houses once redevelopment was completed. The existing community collapsed. Even though the CHR project was a public project, the housing rights of tenants were not considered. It was pointed out that there were no housing welfare contingencies for tenants. The claims of people concentrated on countermeasures for tenants. Single rooms in apartments were provided to tenants in 1987. Starting in 1989 public rental housing was provided (Ha, 1998).

The RA approach started in 1987. It was used to upgrade the housing facilities, as the housing became dilapidated. As the apartments, which were constructed in the 1970s became obsolete; a scheme of improvement was required. Its method was similar to CHR in that the profit was shared between owners and developers, even though it was implemented in

apartment complexes. However it was used as a method to secure lands for housing construction as its potential value increased. During the period from 1995 to 2000, HR and RA functioned as the source of land supply. HR and RA accounted for 10% (HR: 3%, RA: 7%) a year of the total housing supply market (Kim, 2003:99). RA was a private project even though it was similar to CHR. Therefore there was no public regulation in RA. The Government did not intervene, other than giving approval of and permission for the projects, and the projects were operated totally by market forces.

The issue of how to handle tenant's concerns was raised in a systematic approach in the Mok-dong Public Development Project and long-term public rent housing for the tenants was offered for the first time. Because tickets to move into a new house after redevelopment were given to the owners only, this left the tenants nowhere to go. The main goal of the residential movement was to come up with measures for tenants, but no active measures were suggested by the Government. Local Government didn't consider the tenants opinions, so tenants opposed projects or requested public rental housing.

In the past, the residents had no part in the progress, and would sometimes resort to violent means to express their frustration. As demolition was carried out on a continual basis, more systematic and organized responses came from the people who lived in these urban squatter areas. This time, religious circles and students started to show interest in the areas for redevelopment. The movements of the people living in the demolished area combined with the social movements from time to time.

Market-driven HR and RA revealed that the urban development project depends on economic forces. As HR associations and construction firms

focused on profits and the Government was just interested in the physical changes of the urban space, the negative effects on the residents and neighborhood emerged. Opinions of the local residents and local communities were not reflected in the course of market-driven redevelopment and the Government had a laissez-faire attitude. They were complacent with residential improvements being made by market forces. Most owners' sold their tickets and left the community even though they were members of the HR association giving more power to the developers. Therefore the resettlement rate of those people who originally lived in the land before development project was very low. In addition, tenants had to leave the community after receiving a housing allowance. Therefore the reaction of tenants was severe, and sometimes raised a riot.

4) Emergence of the Residential Environment Improvement Project and the Organization of Residential Movement (from 1987 to mid 1990)

The Residential Environment Improvement (hereinafter REI) project was introduced in 1989. It focused on improving residential environments rather than profitability. It tried to promote resettlement in the local area by giving a free grant of public land, alleviating building code incongruencies, and providing financial funds from the Central Government. It was of great importance as a residential area improvement plan was established in advance and a social and economical redevelopment concept was introduced. There was a limit as the law was temporarily in force during a limited period until 1999. REI can be categorized into two sub categories: Site Improvement for Individual Buildings (hereinafter SII) and Multi-family

housing construction systems (hereinafter MHC). SII system is a project that was used to target those areas where old and inferior houses were concentrated. Here fire ways, community centers for the elderly, day care centers, and additional common parking spaces were established and improvements of ware supply and sewage were made in support of the local Government's budget. MHC is a method that was used by a project implementer to purchase existing real estate, including buildings, and then rent or resell apartments or condominiums after constructing additional buildings, community centers, and roads within the districts. From 1989 to 1999, on average, housing units increased by 117% compared to previous states and rates of ownership also increased.

REI has had some positive effects in the amelioration of facilities and an increase in housing size. Housing size for one person has increased to 13.9m² from 12.6m² (KRIHS, 1997; 73). Also the average income of residents is now 1,814,000 Won, it has increased 1.47 times compared to before move-in. (MOCT, 2000; 65-66) The REI project area has functioned as a growth position, and it has had the accompanying effect of improving neighboring areas. REI is valued as progressive because financial support is made from the Government. Socio-economic measures were considered and temporary dwellings were provided during project.

The area developed on this scheme was transformed into a densely populated region as the SII system was adopted. Little progress was made and areas remained that still required residential improvements. Even though the public nature of the project was emphasized more than CHR, profitability was still very important. Consequently, development profits were distributed unevenly even among those people who lived in the same

community as where the project was launched. The tenants could not afford to live in the new houses due to high rent in the upgraded houses (Kim, 1996, 1999).

○ Measures for the tenants

Some actions started to be taken for the tenants living in the area for redevelopment in 1985 and public rental housing was offered to the tenants in the Mok-dong Public Development for the first time. In addition it was institutionalized to provide public rental housing for the tenants, who lived in the area on which the CHR project was implemented, in 1989.

The chart below highlights citizen advocacy (or lack of) from the government in the periods described.

Table 11. Actions for the Tenants by the Government

Year	Actions
1970-early 1980's	No actions were taken for the tenants by the Government
1985	Single room or funding to get a place to live was provided for those tenants in the areas for HR
Nov. 29, 1986	Housing allowance for two months in proportion to the number of the family members was provided to the tenants of buildings that were demolished in a public development project
Jun. 1, 1987	Given an option of purchasing a right ticket for one room inside the area for redevelopment or housing allowance (two months)
Jan. 24, 1989	Housing allowance increased to cover three months from two months
May 1, 1989	Choice between the public rental housing or housing allowance

○ Formation of movement with regards to the demolition

Residential and demolition-related movements started to form in the late 1980's and then the Coalition of Crumbly Man in Seoul (CCMS) was formed in 1987. As Resident Associations (RA) were formed in 1990, these movements focused on long term housing rights. With the Citizen's Coalition for Economic Justice (CCEJ) being organized in 1990, civil movements started to focus on the creation of alternative civil societies. The National Council of Crumbly Man (NCCM) was formed in 1994 and it played the role as a headquarter organization of the residents' organizations from each area of redevelopment. With the presence of these organizations, the core problem had changed from demolition to national housing rights. They criticized present policies and advocated new MRI policies. They tried to continue as an independent civil organization and made long-term plans of action.

Participation by CCMS, Resident Associations, religious circles and academic and political circles, and a committee to enact a special law on the improvement of the urban squatter area was formed. Full-scale efforts started to be made to convert the movement for housing rights into one with the touch of a more generous social movement. Korean Private Forum for HABITAT II was formed and focused on housing rights movements as a universal social movement.

5) Enactment of the Law on the Improvement of Urban and Housing and the Increased Role of the Civil Organizations (since late 1990's)

Since the late 1990's MRI has managed to improve the quality of

developments. In case of Seoul, urban planning management was reinforced in CHR areas by restricting the floor area ratio. Also, the Act for the Improvement of Urban and Housing was introduced in 2002 and HR, RA and REI project were restructured into one act.

○ Reinforced urban planning management for the areas of redevelopment

In 1998, the standards for population density in the areas for redevelopment and reconstruction of apartments in Seoul were stepped up (SDI, 1998). This was intended to prevent the overloading of the infrastructure in the city and to promote environmentally friendly development. The role of the local Government for the MRI was improved and it was quite a meaningful development.

○ Implementation of the Act on the Improvement of Urban and Housing (2002)

Different MRI projects on urban residential areas were managed by various acts. The Urban Development Act was applied to CHR; the Housing Construction Promotion Act was applied to RA, and the Transitional Provision Act on the Residential Environment Improvement for the Low-Income Houses to the REI project. This situation led to inconsistencies in the application of policies. Implementation of different projects with no connection between them and without a master plan led to many urban problems.

The Act for the Improvement of Urban and Housing focused on the establishment of a comprehensive urban area management system based on the principle of planning first, then followed by development activities. Basic guidelines were required and implementation of projects were pursued

in these guidelines. In addition, the opinion of residents was fully reflected and had gone through the process to get approval from the local authorities. The REI projects, which were forced by temporary acts, started to be implemented on a permanent basis.

○ The launch of the Participatory Neighborhood Plan and Residential Participation

In the late 1990's, a new form of MRI program, "Participatory Neighborhood Planning" (hereinafter PNP) emerged, which represented the voluntary efforts made by the residents to upgrade their housing environment. Participatory Neighborhood Planning is implemented in smaller communities, achieving small-scale improvement such as upgrading pathways, demolishing fences, creating safe school zones, etc. However, it is an unsustainable movement as it is a voluntary movement led by the residents with no economic interests considered (KRIHS, 2000).

People living in a certain local community develop a strong sense of community and what is growing in a community is the interest in the creation of the economic base and the preservation of local cultural resources. PNP movements reflect these changes. In the PNP movement, efforts are being made to create space and facilities for the community and changes in people's awareness is seen and the possibility of making the movement a system will contribute to the active creation of other communities. Another important aspect of PNP is the recovery of the sense of community. In the urban life where people live a more independent life, recovering a relationship with the neighbors and realizing a good community is an important goal. Local agenda 21 also contributed to the MRI in communities. This led many cities to establish Agenda 21 at a private level and include

community-centered Residential Environment Improvement programs in their major agenda. Residents, enterprises and administration would share different roles with each other when it comes to the implementation of agendas.

○ Active Involvement of Civil Organizations in the Housing Movement

The late 1990s featured active involvement of civil organizations in the movement. Citizens for Decent Housing (2001), the Urban Reform Center of CCEJ (1997), Citizen's Solidarity for a Walkable and Sustainable City (1994) were formed. Also the Confederation Conference of the Religious and Civil Organizations for the Realization of Housing Welfare was formed (2002). They play the role of coordinating the opinions of civil organizations with the Government policies and advocating alternatives. The second feature is that a new paradigm for the MRI started to emerge. With increased participation of the residents, PNP was activated. With the maturing of civil society, lots of civil organizations were formed and the Government was actively involved in RII. The Government tuned the systems and reinforced the focus of the public interest by introducing the Act on the Urban and Residential Environment Upgrading.

○ Limits

However, civil activities such as PNP find themselves faced with limits in terms of the impact that they can wield as the programs are implemented on a voluntary basis without support from the public sector. Activities are highly influenced by whether they have an active leader or not and it is difficult to maintain the organization until pending problems are resolved.

An organization like the CDC (Community Development Corporation) in the United States could be an alternative model, that can support activities like PNP.

It is the local authorities that make the master plan for the MRI; however, neighborhood groups or civil organizations lead detailed activities to improve the residential environment. The resources required for this should be collaborated with the public sector. The Residential Environment Improvement needs to be pursued through public-private sector partnerships.

3. Changes in the Relationship between the Main Players for MRI Program

1) Government

The role of Government had switched from a passive regulator to an active player. The local Government made the basic plan, designated the areas for CHR, issued various permits and licenses, and sold off national or public lands. Seoul played an important role by making the construction of the public housing for tenants and managing the areas for HR and RA a systematic process. The central Government also pursued the creation of a comprehensive urban management systems based on the principle of planning first, followed by development. Planned maintenance of the program is emphasized, and the role of Government and its recognition to the public nature of MRI is important.

2) Neighborhood

In the initial phase of the MRI, residents were simply subjected to Government policies without input. Sometimes, in CHR or RA, residents played the role of the “leader” in title only. In the cases of PNP, however, residents became the actual main players in many cases. In 1960s and 1970s, the Government took leadership in implementing policies and the public had to accept them. Sometimes people presented their opinions through demonstration, but that was only temporary. The Government was strong and civil society didn’t have any power to balance or challenge the policies of the Government. It was switched to a Government-private-developer-people relationship in the 1990’s.

3) The advent of Civil Organizations

MRI was lead by the Government and private developers, which had profit-making goals until the middle of the 1990s. However PNP appeared at the end of 1990 and was done by people’s organizations and civil organizations, which were not motivated by profit. Civil organizations became more actively involved in movements as the awareness of the people improved and they were highly affected from the decentralization of the Government and democratization of the society in general.

4) Direction for Change

Due to the growth of a civil society, the range of the main players increased including the local Government, non-profit organizations, profit organizations and people in the neighborhood. MRI is heading in a new

direction that regards Government, civil organizations and residents equally important

Table 12. Main Programs of MRI and its characteristics.

	1950- early 1970's	1967- mid1970's	1980's	Mid 1990's	Since late 1990's
Main Programs	Settlement project for the people moving in Public apartments	Self-redevelopment Redevelopment on loan	CHR RA	CHR RA REI	CHR RA REI PNP
Main Laws Enacted	Transitional Provision Act on the Promotion of Housing Renovation (1973)	Urban Redevelopment Act (1976)	Transitional Provision Act on the Neighborhood Environment Improvement for the Low-Income Houses in Urban Areas (1989)	Term of Transitional Provision Act on the Neighborhood Environment Improvement for the Low-Income Houses extended (1999)	Act for Improvement of Urban and Housing (2002)
Led by	Government	Government Resident	Government Private construction firm Resident	Government Private construction firm Civil organization (Formation Phase)	Government Private construction firm Civil organization (Active involvement phase)
Role of Government	Unilateral regulation	Passive regulation	Laissez faire	Laissez faire Partial responsibility taking	Active regulation
Response of Neighborhood	Temporary response	Temporary response, Partial systematization	Systematic and organized response	Systematic and organized response	Active participation in Residential Environment Improvement initiatives
Form of Social Movement	None	Coalition with some religious organizations	Coalition with religious organizations and student movement	Independent movement of civil organizations on housing	Active support of the neighborhood protest groups and participation of various expert groups

. Thanks to the balancing in power between state and civil societies; the roles of the state, civil organizations and neighborhood are considered all important in state-led or market-driven projects.

4. Governance as a New Model for the MRI

1) Changes in Environment

A new paradigm is required in MRI because socio-economic conditions and housing markets are rapidly changing. The number of people who live below the poverty line is declining due to economic growth and growing incomes. However the structure of distribution is deteriorating. Economic structures by free competition will deepen competition in every field and it will widen the gap between rich and poor. With the maturing of civil society, civil consciousness is growing. Therefore the importance of local areas is increasing and level of consciousness to the residential environment is also increasing. Also, characteristics of these people's demand are also changing to quality of housing from sheer quantity. Convenience of the residential environments and amenities are considered important. Housing rights are also regarded as a universal right.

The environment in urban spaces and housing markets has also changed. The problem of the housing shortage will be alleviated and the old, dilapidated housing areas will be reduced. The problem of housing shortages is alleviated; therefore the goal of housing policy has switched to quality from quantity. Affordability is the new housing problem instead of housing provisions. The necessity to upgrade dilapidated housing areas,

which are not illegal, is increasing. The focus of MRI policies has shifted from the promotion of supply to the maintenance of the existing old housings and upgrading of the urban districts. When it comes to MRI programs, not only the physical upgrading but also taking measures to improve social and economical circumstances have become important. Both continuous securing of income and the conservation of community is important. It has become more necessary to be active in communities. MRI is also affected by enhancing a sense of housing issues. Housing policy is importantly recognized as welfare policy.

2) Prerequisite to the Establishment of Governance for MRI initiative

○ Community-focused MRI initiative

MRI should be focused on the improvement of the living environment and promoting communities rather than profitability. Up to this date, MRI has had some problems; HR has caused speculation, breakdown of communities, conflict with tenants and associations, and insufficient public facilities. RA has caused a waste of resources, speculation, an unbalance with the view of neighboring regions, and an insufficiency of public facilities. MRI should implemented on community level and activate the potentiality of living environment.

○ Establishment of a new role model for residents, NPO, local and central Government and formation of partnership

The central Government provides funds through the MRI Fund, which is managed by them. The local Government plans, adjusts and manages local

MRI initiatives. Local Governments adjust the relations of various interested parties, and ensures that the development by land plot and business area is pursued within the context of the consistent blueprint of the city. Residents should play the role of the leader taking responsibility for the issues of the neighborhood. Non-profit organizations like the United States' CDC (Community Development Corporation) have been created to handle the issue of MRI in a certain neighborhood. The Neighborhood's responsibility for the local issues should be emphasized. Nonprofit organizations should access MRI as a whole urban environment as well as from resident's standpoints. Cooperation between different players is the most important factors.

3) Detailed Implementation Strategy

○ Switch to Neighborhood or Community-focused Upgrading from designated area.

Communities need to be developed in a way that the overall living environment is improved in balance with the surrounding environment. This can be achieved by building a network in which close cooperation and partnership among different players in a local community is present. Also they have organic characteristics as they try to exist as individual realities. Therefore communities should develop in the direction where diverse subjects make a close partnership so as to consider neighboring environment and improve current living environments.

In addition, by expanding project areas to cover neighboring regions, the concept of the upgrade should be changed to focus on the 'community' and the project should be in line with the existing life cycle of the region in

social, economic and cultural perspectives. Through the network-type development approach that combines neighboring areas in different forms, upgrade initiatives should focus on ‘neighborhood’ or ‘community.’

○ Proper urban facilities layout, coalition of residents and improved local identity

The local infrastructure needs to be installed and upgraded in line with the size of the community in order to relieve traffic and maintain proper infrastructure in place. Residents need to have a leadership role in neighborhood upgrade initiatives. Also, creating public spaces such as plazas, resident’s halls, nearby sports facilities and kids playgrounds, allows the residents to contact each other all times. That means actively securing the public space for the residents could create the conditions for the community life. Partnerships between the residents and Government should be formed, pursuing a healthy growth of cities and improving the quality of life by not focusing on selling houses or generating more profit.

○ Securing basic self-reliance by maintaining the economic basis in the local community

In order to create a true community, not only the physical infrastructure needs to be dealt with, but also some basis on which income can be generated should be built. When pursuing an MRI, not only the physical aspects of the area but also social and economic aspects of the residents should be fully considered. By locating small-scale businesses and industrial facilities inside a complex, basic self-reliance is secured and working places are provided near homes. For job creation and income, joint working spaces or credit union federations or small industrial facilities representing the features of the region should be secured to enable community economic

sustainability and allow working places to be near homes. Self-reliance and proximity of housing and office, and a sense of community are all important to activate regional community.

○ Environmentally friendly upgrading considering the urban ecosystem

Up to now, MRI has focused on improving the physical environments of designated areas, so it hasn't been concerned with about the effects to neighboring areas. However, an environment friendly urban upgrade is required, minimizing the negative impact on the areas for development and its neighboring area while achieving the planned purposes. Away from the very approach of cutting hills and damaging the riverside, an approach that allows the region to be in harmony with the natural geography of the area while maximizing the usage of the land should be pursued.

It is quite possible to have cities that look alike when an all-out demolition approach is adopted and it is not possible to curb the deterioration of the urban environment. Thus, re-adaptable and recyclable residential area upgrade approaches (redevelopment approaches that ensures longevity and happiness of people) needs to be utilized. To minimize the production of waste, using recycling resources that minimize the effects on the environment have become an important theme in the newly development project as well as existing urban areas.

○ Creation of Proper Urban Management System

In order to maintain the proper infrastructure, we need to cut costs by jointly utilizing public facilities and installing principal facilities. To prevent disorderly development, it is necessary to integrate the regions for upgrade

and establish plans for these integrated regions. This process should be pursued by forming a real and heartfelt cooperation system among the residents, enterprises, civil organizations, and administrative institutions (central and local Government). The MRI initiative must be based on partnership among resident organization, Government, civil organization, and enterprises. Mutual supplementation and cooperation of the players is required and its cooperation should develop to one that pursues a total profit.

○ Combination of project and program approaches

MRI projects in the past tended to plan one-time programs targeting a certain region, evaluate their input and output, and then wrap up. As a result, connectivity with the neighboring regions was not fully considered and costs and profits were the important element that determined whether an initiative was to be carried out or not. A project implemented on the community level is different from the existing redevelopment system.

In order to activate communities by encouraging the participation of residents and for improvement of residential environment, a programming course that creates detailed and various implementation programs is required. In the past, the all-out demolition approach was adopted such as CHR, and RA for dilapidated housing. In the future, a new program for environmental upgrade should include all the residential areas that require upgrading.

While the MRI schemes in the past adopted a project-type approach, the community development should be implemented in a programming approach in which opinions of the residents are reflected in the development process and related initiatives are organically connected and implemented.

Examples of program-type approaches include the ones allowing people to

feel or have a regional identity, a sense of community, resident festivals, etc. The program approach attaches great importance to the continuous implementation of a program in which the feedback of the outcome of implementation is fully reflected to modify the program in a fully continuous cycle. This program approach can be used to form leadership in a community.

○ Organization and specialization of residents

Resident's organizations are required to induce the participation of the residents in the full process of planning, installing and operating community facilities. In the political perspective, community development should evolve in a way that self-rule of the residents is promoted by guaranteeing the power of self-resolution not forced by the central Government or large enterprises. In the process, organization and specialization of resident's organizations become very important as agreements can be reached on the social issues in a community once the resident organization is formed and work in cooperative relationship with the administrative authorities. Furthermore, it can aim at making a professional resident organization that allows the residents to resolve problems of the community with the expert and skills that they have learned themselves.

For this end, a non-profit organization that educates residents is required. It is desirable for experts in the areas of urban planning, urban society issues and urban culture, etc to participate in neighborhood organizations to help educate people. Promotion of civil movements and activities of non-profit organizations are essential for this.

Table 13. Example of the Residential Environment Improvement Program

Classification		Details	Subject
Neighboring Commercial Sector	Put commercial sector in good operation	Enhance commercial facilities near the supplementary trunk roads	Public Resident
	Put traditional market in good operation	Improvement street vendors near markets	Public Resident
Improvement of Residential Environment	Secure open space	Secure playgrounds for kids and pocket parks	Public
	Improve traffic facilities and flow	Establish and carry out Traffic Improvement Plan (TIP) by district	Public Resident
	Secure and enhance green area	Utilize the sidewalk as a green space	Public Resident
	Secure parking lot	Let the City Authority purchase the parking lot area and recover the original functions of the roads	Public
	Housing renovation	Partial renovation, painting, expansion	Resident
	Secure sidewalk	Use the wide roads as roads for cars and others as sidewalk	Public Resident
	Pull down fence, Create shared yard	Induce people to pull down fences and create a shared yard	Resident
	Embellish pathway	Pathway decoration and gardening, wall painting on the fence	Resident
Public and Welfare Facilities	Community center, Daycare center for the elderly or pre-school children, Nursery school, After-school center	Government support to secure the space but let the residents operate the facilities in cooperation among themselves. Utilize the human resources in the neighborhood as teachers for the daycare center and after-school centers	Public Resident
Social Economic Sector	Secure cultural and sports facilities	Creating a waterfront space at river to use as recreational space, Making a sports center	Public
	Resident festivals	Hold resident festivals on a regular basis	Resident
	Secure shared working space	Secure working space to allow people to work near home	Public

	Establish employment agency (non-profit)	Establish employment agency that recommends maintenance workers to those people who need their skills	Public Private
	Create self-governing organizations for residents	Promote resident-led Residential Environment Improvement	Public Resident

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CHAPTER 6

Nonprofit Organizations and Housing Rights in Urban Redevelopment in S. Korea

Mun Su Park²⁴

1. Introduction: a Problem of Values

Allow me to begin by relating a personal experience. In 2003 the head of the Ministry of Construction and Transportation invited members of housing rights organizations to comment on the ministry's new plan for housing construction. We were first given an outline presentation of a mammoth long-range plan that would purportedly reduce housing poverty in Korea. The head of the ministry then invited us to make recommendations on how to better implement the plan. Due to the tremendous scale of the plan we were all put in a difficult situation. The author was the second speaker. When I began my statement with a reference to the history of

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violence in urban redevelopment the head of the ministry interrupted me and requested that I limit my remarks to practical suggestions for implementation. I wanted to stress the need for participation of all the affected local residents, but I lacked the expertise necessary to express this need in terms that could be called "practical suggestions for implementation."

The author perceives his lack of expertise to be symptomatic of a broad problem. Voluntary nonprofit organizations in the housing rights movement promote values of local community, common good, fairness, and human rights. The legal framework for urban redevelopment, on the other hand, limits its basis to efficiency in land use and public services, and protection of property rights, narrowly perceived.

The author believes that failure to incorporate concepts of local community, common good (especially, here, the concept of housing rights), and fairness into the urban redevelopment law allows the projects to become more contentious and even violent. There is a need to incorporate such concepts into the legal framework and the implementation of urban redevelopment projects.

In this research the author has chosen for analysis three case studies where voluntary nonprofit organizations intervened in urban redevelopment projects to promote housing rights. The purpose in analyzing these case studies is to see in what ways the organizations and the mobilized residents felt that residents were being treated unfairly, to see how the government tried to resolve the disputes, or failed to try, and to show how the lack of a legal expression of the 'common good' in terms of 'housing rights' hindered the government from acting as an arbiter in the disputes. Two of the case

studies were recommended by a researcher at the Korea Center for City and Environment Research as having been objectively researched and summarized. The third case has no published research, only a copy-machine production of the documents relating to the renters organization. The author has been a participant observer for the whole course of this redevelopment project.

2. Concept Definitions

1) Local community/ neighborhood

Local community has been variously defined in the social sciences, but a thorough comparison of the definitions, shows three common points of agreement, namely, a sense of identity, cooperation, and residence in a common locality. The weakest binding force among these characteristics is the locality. (Hillery, 1968) On this basis, it would be misleading to consider local community to be a territorial unit. It is much more true to the data to understand local community to be an ideal that is created and maintained through intentional action. The ideal may become apparent through the spoken myths of community identity, making a neighborhood a combination of myth and reality, the reality being the array of public and private services that are located nearby. (Angotti. 1993) Emphasizing the aspect of conscious intention even to the point of highlighting protest action a neo-Marxist view sees communities as ideologically formed as a defense against the community scattering forces of capitalism. (Mollenkopf, 1983)

In this research the author defines local community to be the sense of

identity that at least some of the residents of a given area maintain among themselves through cooperation and intentional action. This definition considers local community to be a kind of intentional community that has residential area as a part of its sense of identity. It also distinguishes local community from local complexes of public and private services resulting from urban planning and administered by local government. Local communities certainly rely on such services and their identity and interaction is aided by such services, but it is much clearer to conceptualize the phenomenon of local community by the sense of identity and the interpersonal relationships among the members. Thus there may be many local public services and a local administration that people may call a 'neighborhood' , but if there is little interaction among neighbors and no sense of identity as belonging to a neighborhood it is best to say that the phenomenon of local community is very weak, at least temporarily. In the third case study of this research, for example, there was almost no neighborly cooperation among renters in the area until the urban redevelopment project came. The threat to their homes from urban redevelopment helped create a 'defended neighborhood'. (concept taken from Suttles, 1972) From the viewpoint of housing adequacy the lack of local community should be regarded as a deficiency in security and a drawback to pleasant environment. Middle class apartments with restricted access and 24-hour security guards exemplify a technological response to the difficulty of maintaining local community in an urban setting.

A neighborhood is a relatively small local community based on relationships among persons who have a sense of living in close proximity. In neighborhoods face-to-face relationships play a very

important role. In the case of cooperative urban housing redevelopment projects" (those regulated by the hapdong jaekaealbob) the mere designation of an area for urban redevelopment should be assumed to instigate neighborhood phenomena.

Distinguishing in this way the concept of neighborhood from the structured facilities and services of a local administration allows one to consider various models of citizen participation in urban management (for example, Abbott, 1996; Schmid, 2001) to be scientifically developed ways of building local community in an urban setting.

2) Common good, housing rights, fairness

Are everyone's rights of equal validity? If in some public project the rights of all those affected cannot be assured, by what criteria can the ensuing competition for rights be resolved? The concept of the common good may be employed as an aid. In one strong tradition of social ethics, that of the Catholic Church, the common good may be defined as "the sum total of those conditions of social life which enable persons to achieve a fuller measure of perfection with greater ease. It consists especially in safeguarding the rights and duties of the human person." (Charles. 1982) This is obviously an ideal definition, and is useless until defined in a legal framework made applicable to a particular type of situation. In this research The author uses 'common good' only as a general concept expressing the ideal that public projects should have legal frameworks that safeguard as much as possible the rights and duties of the people affected by the projects. The particular legal framework that is absent from urban redevelopment

laws in S. Korea and needs to be adopted to safeguard as much as possible the rights and duties of the people affected by the projects is that of housing rights and local community.

It goes beyond the scope of this research to try to suggest legal frameworks for housing rights and local community. However, the elements that should be incorporated into such legal frameworks have been indicated in the "Habitat Agenda". The right to adequate housing is there described as

"an obligation of Governments to enable people to obtain shelter and to protect and improve dwellings and neighborhoods. We commit ourselves to the goal of improving living and working conditions on an equitable and sustainable basis, so that everyone will have adequate shelter that is healthy, safe, secure, accessible and affordable and that includes basic services, facilities and amenities and the enjoyment of freedom from discrimination in housing and legal security of tenure." (Paragraph 24)

The concept of local community is included in the Habitat Agenda's definition of 'sustainable human settlements.'

"Sustainable human settlements are those that, inter alia, generate a sense of citizenship and identity, cooperation and dialogue for the common good, and a spirit of voluntarism and civic engagement, where all people are encouraged and have an equal opportunity to participate in decision-making and development." (Paragraph 30)

Since S. Korea is signatory to the Habitat Agenda it can be taken as a starting point for molding a legal framework for the relevant public projects in this country.

Since the context of urban development in S. Korea is democracy and since urban development affects many people of different interests the author will define fairness in a public project as the opportunity for all whose interests are affected by the project to participate equally in the negotiated outcomes of the project. The outcomes of the project should be decided through a negotiated process wherein methods of excluding affected persons are legally prohibited.

3) Urban Redevelopment

The author assumes that urban redevelopment should take account of local community. Therefore urban redevelopment is defined here as the restructuring of the built environment of the local community or communities in a designated urban area. The legal concept of urban redevelopment in Korea would designate a construction district ('gonggu', or 'jigu'), its land and buildings, and the affected persons, based on ownership criteria. The reason to add local community to this concept is that local community needs to be positively fostered in urban areas and because it is so gravely disrupted by the restructuring of its built environment. For example, just as large construction projects require an environmental impact evaluation before they are carried out, urban redevelopment projects could require an evaluation of the impact on the local communities. Under the present administration of urban redevelopment projects there is only a beginning of such an impact evaluation through the requirement of some fraction (e.g. 2/3) of the homeowners to agree to carry out redevelopment.

If one accepts the concept of urban development to apply to local

communities rather than merely to a set of buildings and infrastructure, then the projects may be considered in three phases: the preparatory phase (establishing acceptance by the local population and formation of a legally responsible body), the construction phase (planning, financing, construction proper), and the residential phase (taking up residence, fostering new local communities).

Using the local community concept of urban redevelopment the author has included in the research a case study that includes promotion of local community in public rental housing built in an urban reconstruction project.

3. The major types of housing redevelopment in Korea

Several different laws govern urban housing redevelopment projects in S. Korea. The two most commonly employed laws regarding redevelopment of housing districts are the Housing Redevelopment Law (Hapdong jaekaebal) and the Residential Environment Improvement Law. The latter law allows for two very different methods of implementation, the 'site improvement method' and the 'multi-family housing' (=apartment) method. The points of contrast in the two methods are as follows. Under the multi-family housing method the homeowners receive compensation for the land they own as well as a right to buy into the apartments to be built. This allows them to avoid competition for the right to buy, a competition that usually involves paying a premium for priority in the selection of buyers. They may also receive a housing loan if their apartment would be smaller than 85 sq. m. In contrast, under the site improvement method the city designs a network of roads that allow fire fighting equipment access to

all facilities. Owners of homes that must be demolished for new roads are compensated, while other homeowners may reconstruct their homes whenever it becomes financially feasible for them to do so. Although these two methods contrast on the above points they both have the local government or a government agency as the project director and they both restrict the building of spacious homes that would attract outside speculators.

The form of housing redevelopment that has been largely financed by outside speculators is the housing redevelopment form called 'cooperative'. Such projects are carried out by private developers, under contract to the homeowners association, proceeding with local government permission at each stage. The private developers provide the capital, and in order to gain a profit pressure the homeowners and the government to allow the construction of spacious apartments. In this type of redevelopment the rate of resettlement of the original homeowners has been only 10% to 15%. Most of the new apartment buyers are outside investors.

4. The case of Songnim-dong, Incheon. Local community versus the profit motive

1) The circumstances of Songnim-dong

This case study report is based on a summary presented as part of a report to a presidential commission on societal integration (President's Commission, 2003), and brought up to date through my own visit to the district. Songnim-dong is made up mainly of illegal housing occupied by some of the original inhabitants, who were refugees from N. Korea, and a later influx of poor migrants from S. Korea. The area officially defined for

redevelopment is 52,484 sq. m. with 462 households.

2) The issues that divided the residents

In the Songnim-dong, Incheon, urban redevelopment district the residents were divided over which method of redevelopment to pursue even very early in the process, between 1990 and 1995. However, the choice of method in 1997 occurred not by objective evaluation, but rather by the ability of a private developer and one of the local leaders of the residents to convince enough homeowners to pursue the cooperative redevelopment form. It may be assumed that the profit motive was the strongest factor in this choice. However, many residents, with encouragement from some key members of the housing rights movement, saw that under that law's provisions most of the residents would sell their land and houses to outside investors, as usually happens under that type of redevelopment. These residents wanted the redevelopment project to provide improved facilities for the local residents, rather than profit for outside investors.

In Songnim-dong there was clearly a clash of values, whether to pursue truly local development for infrastructure and housing improvements with little or no monetary profit, or to pursue development with more profit, most of it going to outside investors or the private developer. Most of the residents favoring improvement for local residents, however, had only a hazy notion of the concept. Their deeper commitment to oppose the officials of the homeowners' association grew out of the struggles over issues of transparency and voting rights in the association of homeowners. Raising these issues was good strategy that the

'pro-community' leaders employed to gain a legal advantage in their struggle for local community, since the law did not provide principles on which to settle the clash of values itself. The researcher of this case study has pointed out that the government did not take steps to clarify the different purposes of the various housing redevelopment methods, nor evaluate which method would be most appropriate for this particular district, most of whose residents were poor.

The residents who opposed the joint redevelopment project and wanted to change it to a housing environment improvement project received an opportunity to challenge the status quo when in 2001 the private developer that had in fact been the major promoter suffered financial setbacks and abandoned pursuit of the joint redevelopment project. The opposition at that time began to press for a change to redevelopment under the Residential Environment Improvement law. Since many of the original homeowners (30%) had by that time already sold their property to outside investors the homeowners association was already divided into two different factions of local residents and a third faction of outside investors with very different interests and cultural background. In terms of the phenomenon of local community some of the resident homeowners were hoping to gain some individual profit while leaving the neighborhood, while others felt they were protecting their community against outside exploitation.

3) The role of nonprofit organizations

In this case nonprofit organizations as such did not participate. Rather, certain key members of the organizations provided indirect support by

giving encouragement, advice, helping with publicity, carrying out research, advocacy with the local government, helping with educational programs, and the like. The link between nonprofit organizations and the residents was mainly one Presbyterian church whose minister has been a long-term leader in the urban poor movement and the housing rights movement, and a spokesman for human rights. Since he is a homeowner in the district he is a member of the homeowners' association and exercised his membership to promote local community and housing rights. He has often spoken of the need to build and protect local community against the threat of outside speculative investment. Although some of the nonprofit organizations involved had connections with a political party the organizations all believed in helping to form local resident leadership with the ability to make their own decisions, namely, 'empowerment of the local residents'. They did not try to pursue their own agendas. From this viewpoint, the strategy of legally challenging the authoritarian, non-transparent actions of the officials of the homeowners association (failure to provide clear financial reports) was not only a way to legally block progress of the joint redevelopment project, it was at the same time consistent with the goals of empowering a local community.

4) The role of local government

The law on cooperative redevelopment gives local government (in this case Dong-Gu, Incheon) responsibility to give permissions for each stage of the project based on its compliance with the legal requirements. According to the summary provided by the researcher of this case study the local

government interpreted its responsibility narrowly, that is, to wait for the homeowners' association to take decisions at plenary assemblies and provide the legally required applications for permission. There was no attempt to be 'proactive' through explanatory or educational programs, only a role of overseer, to know enough of the situation to pass judgement on its compliance or non-compliance with the law. However, the fact that the project was delayed for many years by lawsuits and counter lawsuits shows the local government was not active enough in its role of overseer. In contrast, the private developer, as is usual in this form of redevelopment, was proactive, actively promoting the residents to adopt the cooperative redevelopment method, and providing initial plans. This contrast in attitudes accords with the basic dynamic of the cooperative redevelopment type, namely a private developer provides the capital for the project motivated by the opportunity for profit.

5) The outcome of the clash of values

In 2002 the opposition group led by the minister of the Presbyterian church challenged the legitimacy of the homeowners association plenary assembly that had passed the project management plan. They charged the officials of the homeowners' association of failing to provide a transparent account of the plan for the use of funds, and of failing to reveal the results of the official land and housing evaluation. Before the court decision on this legal challenge the officials of the homeowners' association agreed to hold another plenary assembly, and in July of 2003 the opposition gained the majority of votes at the assembly, passing a resolution not to re-appoint the

association chairman, and to require a new project management plan.

After a year of lawsuits over the project management plan, and with no elected association chairman, the homeowners' association finally held a plenary assembly in July of 2004, and the opposition group's candidate was elected to be the new chairman.

The success of the opposition group in this election did not bring about a change in the type of redevelopment, however. During the long struggle against the association leadership about 100 of the opposition homeowners sold their rights to outside investors, leaving the opposition group in the minority. The group's candidate won the election nevertheless, based on the belief that he would more likely not fall into corruption. Given the large number of outside investors already members of the homeowners' association it was too late to try to change the type of redevelopment project.

5. Yongdu-dong, Daejeon. Forced eviction and the right to livelihood

1) Circumstances

This case study has been published in the bi-monthly journal of the Korea Center for City and Environment Research. (Park. 2003) The Yongdu-dong redevelopment district #1 was approved for redevelopment of the 'residential environment improvement' type by the Jung-gu local government of Daejeon in 1994. In 1996 the local government approved the redevelopment plan, a combination of the site improvement method and the multi-family housing method, and the Daejeon metropolitan government gave permission to build in October of 2000. The redevelopment district is 57,385 sq. m. in area with

571 structures and 744 households.

2) Conflict over compensation

The redevelopment plan proceeded without major incident and without involvement of nonprofit organizations until the plan for compensation was announced. The compensation was based on the land and housing evaluation carried out by the national government's official evaluation agency. The major shock to many of the residents was that the evaluation set a much lower unit price than the going market price of nearby property, and as a result the amount of compensation for small property holders was too small to continue residence within the city, forcing them to move far outside the city to find housing at lower cost. As a result 230 households out of the 587 households eligible for compensation banded together and formed an organization to press their demands. They demanded compensation for land at the current market price, setting the cost of the apartments to be built at the current market value, allowing all registered property owners to move into the new apartments at no additional expense, and to apply the above criteria even to those whose property ownership is unregistered. The Korean Housing Authority (KHA), the developer for this project, said it was impossible to accept these demands. The Korean Housing Authority does not have the authority to carry out projects where there is government investment without expecting a return on the investment. From that viewpoint KHA could hardly accede to the peoples' demands, since these demands allowed no way for the KHA to cover the costs of construction. This knotty problem between the residents and the

KHA directly demonstrates a severe limitation imposed by the redevelopment law that doesn't include the concept of housing rights, only that of property rights.

3) Involvement of nonprofit organizations

In March of 2002 the KHA decided to carry out demolition of housing by force. Two companies of riot police and 300 eviction agents were mobilized for the confrontation. The residents resisted but could not block the demolition. MBC TV was on hand to film the clash and broadcast the conflict on April 23, 2002.

Many civil society organizations and religious organizations became aware of the violent eviction in Yongdu-dong and formed a coalition in solidarity with the residents. After some months of planning the coalition was inaugurated at a cultural festival in the redevelopment district in September of 2002. Under the influence of the nonprofit organizations the residents modified their demands to play down the aspect of personal gain and stress the more general principles of the right to adequate compensation for property loss and the right to livelihood, namely housing rights.

4) Resolution of the conflict

After a second forced eviction in July of 2002 brought on a response of a continuing 24-hour sit-in demonstration at the KHA headquarters in Chungnam Province and at the Jung-gu government offices, the KHA offered some compromises while still claiming the legality of their actions,

and called for an end to the demonstrations. A continuing sticking point in the negotiations, however, was the residents' demand that the KHA reveal the actual construction costs of the project. The KHA responded that it couldn't do so because that would invite similar demands by other residents of KHA housing and would undermine their projects.

The sit-in demonstration dragged on for a year before a compromise was reached. Mediation by experts finally led to the KHA allowing an exceptional granting of project apartment purchasing rights to the demonstrating residents. The residents sold these purchasing rights on the undercover market, and their income was enough to allow them to obtain alternate housing within the city.

5) Reflection

This case study shows that the lack of a principle of housing rights in the redevelopment law limits the ability of the government to negotiate broadly, and invites resorting to forced eviction. Lacking a housing rights concept the authorities had to agree to overlook the illegal sale of apartment purchasing rights to reach a compromise. The case also shows the importance of the concept of fairness. The forced eviction shocked the nonprofit organizations into action not only because of the violence involved, but because the residents were patently being excluded from participating in negotiations over the level of compensation they were to receive. The refusal of the KHA to reveal actual construction costs is also a breach of fairness, in that it intentionally limits the information available in order that the residents may not truly become negotiating partners.

6. Renters' organization in the Muak-dong, Seoul redevelopment district. Community building, community fatigue, community rebuilding

This case does not have a published report, but it has been documented by the renters' organization and by the author, who has been an active participant on the side of the renters during the whole course of this redevelopment project, and still lives in the district. The presentation will focus only on the concern for local community, being careful at the same time not to distort the realities of the redevelopment project.

1) Circumstances

The Muak-dong urban redevelopment began with the public announcement of its designation in September of 1993 and the process of moving into the new apartments occurred early in the year 2000. There were 950 renter households in the district, of which 550 opted for the right to public rental housing, while the remaining 400 households received 4 million won compensation to cover moving costs.

2) The renters' organization

Under the law on cooperative redevelopment at that time renters were promised the right to move into public rental housing that the local government required the developer to build, and which would be administered by the city's development corporation. The city was not bound by law at that time to provide such rental housing, the promise was only

codified in directives to city officials. Also, the renters had rights only to move into the public rental housing which would be built in the redevelopment district. This would require them to make two moves, the first at the start of the redevelopment process and the second, five or six years later when the public rental housing would be completed. To avoid this hardship many of the renters formed an organization demanding that the city include on-site temporary housing in the redevelopment plan. Up to 200 households signed a statement of intent to join this organization, but when the renters organization was official launched on November 20, 1994 it was composed of 121 households. Many of the members at that time reported considerable pressure from their house owners to move out quickly, and this is the most likely cause of the decrease in membership. The character of this organization was therefore partly a self-interest group, but partly a group committed to defending their local community. The members for the most part had little personal contact with each other before forming the organization, but in the 6-month period of organization formation they had already developed close neighbor relations. Also, among their motives for demanding on-site temporary housing was the need to avoid loss of neighborhood advantages, such as access to their jobs and economic opportunities, the friendships formed among their children at school, and the like.

3) Nonprofit organizations

A leader of the housing rights movement had made his family home in this district in 1989, with a view to protecting housing rights when urban

redevelopment would be undertaken. Once redevelopment was officially announced he and a few members of his organization, the Korean Coalition for Housing Rights, began to make personal contact with renters to explain their housing rights in this redevelopment project. In 1994 members of three other nonprofit organizations, all affiliated with the Catholic Church, joined in the educational effort.

At that time the Korean Coalition for Housing Rights considered the demand for on-site temporary housing for renters in redevelopment districts to be one of their most important strategies. The first reason was that compensation to renters did not consider the hardships imposed on them by loss of neighborhood advantages or accessibility. The second reason was that on-site temporary housing would provide a good opportunity to strengthen local community that could carry over into the public rental housing. The third reason was that the promise of public rental housing had a weak legal binding force, and residence on the site would assure that the residents would not be deceived. These reasons provided strong motivation for many of the renter households. On the other hand some members of the nonprofit organizations and some of the renters organization leaders apparently made the unfounded claim that if the renters moved away they would not be able to claim their right to public rental housing. This claim, or the renters' misunderstanding that this claim had been made, led many of the renters to later feel they had been deceived, and that they had struggled vainly, when they saw that former neighbor renters who moved out before the struggle received the same public rental housing as those who struggled. This contributed to the community fatigue phenomenon described in the next section.

4) Community fatigue

Threats against the renters' organization made by members of the homeowners' association began as soon as education programs became public. Violent attacks began as early as August of 1994, three months before the formal launching of the organization. The violence, however, tended to increase the solidarity of most of the members in the short run, instigating the phenomenon of 'defended neighborhood'. Amid official refusals to authorize on-site temporary housing the local administration finally gave tacit approval in 1996 for the renters to cooperate with the developer to build the temporary structures, as a move to break a continuing sit-down demonstration in the administrative offices.

The renters gave the name 'Muak Maul' (=village) to their temporary housing, expressing the community identity they felt. However, the solidarity they had experienced diminished during their period of residence. The author will use the name 'community fatigue' for this phenomenon. The first aspect of this is that after two years of living under constant threat of violence many residents refused to take part in the housing rights movement or even in local community activities, saying they just wanted to have quiet and recuperate. The second aspect is that there were frequently rumors of corruption among community leaders, only a few of which were true, and this rumor-mongering coincided with the formation of factions, leading to disappointment with the community ideal. Thirdly, their living quarters were packed close to each other with little sound-proofing, creating conditions more appropriate to a military barracks than to a local community in an urban area.

This phenomenon of community fatigue became most evident when almost no households would cooperate with the plan the leaders made for preparing their move into the public rental housing. After the move into public rental housing one of the leaders, along with a Catholic Church-sponsored social center, tried to convince other residents who had come from Muak Maul to form a 'renters representative association' as provided by law, but the response was only "If you campaign to be chairman we will support you from behind."

5) Community rebuilding

The Catholic Church social center has as one of its goals to support the residents' efforts at building local community. This center became the recipient of funding for a Community Chest of Korea project in 2002. The project has four objectives: 1) To promote the 'renters representative association' in public rental housing 2) Help form a welfare network available to the renters 3) Improve the sense of identity and cooperation in the vicinity 4) Connect the renters with professionals who can be of assistance. In short, the objective is the empowerment of the residents of public rental housing, and at the same time building local community.

After two years of increasing welfare opportunities for residents, promoting more enjoyable contact among neighbors, and sponsoring educational programs, the project and the social action it sponsors are beginning to show results. In July and August of 2004 a movement to demand provision for a senior citizens meeting room in the public rental housing led to the formation of a senior citizens organization and the

establishment of their meeting room in October. A wives club has formed since then, and the residents have officially formed an election management committee to oversee the election of representatives for the renters representative association. Residents from Muak Maul are playing important roles, though not exclusive roles, in this development, perhaps indicating the passing of the 'community fatigue' phenomenon.

7. Summary

This research is based on the assumption that local community is a value that must be actively promoted in urban areas, and therefore that urban housing redevelopment projects should have a legal framework for assessing its impact on local community and on planning to promote and rebuild local community. It has also assumed that in order for the arbiter to have leverage in arbitrating conflicts of interest in urban redevelopment projects the legal framework should incorporate a concept of the common good, in this case best represented by protecting the housing rights of the residents. The research used case studies to exemplify the kinds of considerations that will be needed to construct such a legal framework. Therefore, it is not possible to draw conclusions from the study, only to indicate what the case studies have suggested.

The first two cases studied show the profit motive challenging, or overcoming, motivation for building community. This indicates that the legal framework should design a win-win situation where the benefits of local community can be enhanced in the project at the same time that participants are protected against loss, and the chance for outside investors to

reap large gains is minimized.

The Incheon case shows that the low income families could not hold out for long without enhancing their incomes, and therefore they abandoned local community by selling out to outside investors. Promoting local community requires that the project not be dragged out too long. Small-scale projects would seem preferable to large-scale projects.

The cases show that the residents share in the very strong widespread expectation of making landfall profits in land and housing. Unless the chance for such profits is much reduced even a good legal framework protecting housing rights would probably be manipulated to be used for profit-taking. Because people tend to judge their wins and losses based on the expectations they had when investing, as long as this expectation for large profits exists it probably would not be possible to design a win-win situation for both local community building and redevelopment project profit.

The cases show that people are powerfully motivated to protest when they perceive they are being excluded or treated unfairly or threatened. For an arbiter to be able to play a good role in arbitrating conflicts there must be not only an ideal of the common good that is defined by law, but also a procedure for carrying out the project that allows all affected persons to sense that they are included in the negotiation process. There is a consistent finding in the case studies that the local administration or the police do not take on the role of arbiter in redevelopment conflicts. The research here would indicate that since the law does not provide for the common good nor include a procedure that enhances fairness, the administrators and police lack meaningful ways to arbitrate conflicts. The assumption in this research has

been that urban redevelopment takes place in a democratic arena of negotiations. There is clearly a need to establish arbitration procedures other than the court system, which necessarily takes a long time. The arbiter could be an ombudsman or a commission composed of a variety of knowledgeable persons, or a part of local administration. This research does not indicate what body would best act as arbiter.

Since local community and housing rights have value for the common good but their benefits are not as apparent to individual residents as expectations of profit, when local community and housing rights will be included in the legal framework of redevelopment projects it will be necessary to have specially trained persons available, such as community organizers or community welfare workers, to aid in communications, information dispersal, education programs, consensus formation strategies and the like.

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CHAPTER 7

PRIVATE SECTOR HOUSING RENEWAL IN ENGLAND AND WALES: the impact of changing legislation

By Richard Groves

1. Introduction

An earlier paper in this series outlined the way in which housing and urban regeneration programmes had evolved in the United Kingdom up to new legislation proposed in 2002²⁵. The paper highlighted the distinctions between private sector housing renewal programmes and the much broader programmes of urban regeneration which have been taking place in the UK. It drew attention to the fact that private sector housing renewal programmes are increasingly seen as but one of a number of different policies necessary for the implementation of effective urban regeneration initiatives. Additional policies which are often seen as necessary for urban

²⁵Rick Groves and Christopher Watson, (2002) Housing and Urban Regeneration Programmes in the United Kingdom in *Urban Squatter Policies: the case of Korea and UK*, Korea Research Institute for Human Settlements in collaboration with CURS, University of Birmingham.

regeneration programmes are likely to include, training and local economic development opportunities, crime prevention measures, measures to eliminate fuel poverty and improve energy efficiency, a variety of social development programmes, community safety initiatives, etc. This paper focuses on measures for private sector housing renewal. In 2002 the two governments in England and Wales introduced significant changes in the way that local authorities should administer private sector renewal programmes. Accordingly, this paper not only seeks to update the earlier one by outlining the principles underpinning the ‘new’ policy, but also to compare these principles with those of the ‘old’ policy and finally, to draw some conclusions relevant to circumstances in Korea.

2. Principles underpinning private sector housing renewal programmes in England and Wales prior to 2002 – the ‘old’ system

The principles underpinning private sector housing renewal policies in England and Wales up to 2002 were relatively simple. For many years there has been a statutory minimum standard for the housing stock (both public and private) known as the ‘fitness standard’, (see Groves and Watson, 2002). This standard has evolved over time, but in recent years especially has been criticised for not having kept pace with public aspirations for an improvement in the quality of accommodation, particularly as the new millennium approached. Local authorities had a statutory duty to survey housing conditions in their area and to draw up policies for maintaining standards, not only in ‘social housing’, (owned by local authorities and housing associations or Registered Social Landlords – RSLs), but also in

accommodation which was privately owned (both owner-occupied property and that owned by private landlords). The latter now accounts for 80% of the housing stock in England. When a local authority housing department (LHA) identified 'unfitness', i.e. properties which failed to meet the 'fitness standard', the LHA had a statutory duty to tackle the problem without delay. The authority had three options, firstly, to improve the property using an array of different types of means-tested grant aid; secondly, to take 'enforcement action' over the property, (i.e. to require the necessary works to be undertaken through the use of legal procedures); or thirdly, to include the property or properties within an area-based initiative of one sort or another so that its condition was likely to be addressed within the foreseeable future. By bringing these different elements of their local programmes together, LHAs were compiling local private sector housing renewal strategies and these were included within the overall housing strategies which local authorities were required to produce annually in order to bid for funds from central government.

During the latter part of the 1990s especially, government funding for grant aid towards the improvement of private sector housing diminished quite rapidly and this had three consequences. Firstly, there was a movement away from area-based approaches to the improvement of individual properties. Secondly, the objectives of private sector renewal programmes were broadened to take on new concerns, such as the energy efficiency of the dwelling, or the installation of special measures (e.g. aids and adaptations) to encourage the elderly and disabled to remain in their own homes rather than move on to institutional accommodation. Thirdly, there

was a growing recognition that effective renewal programmes needed a ‘neighbourhood management’ focus in order to sustain levels of investment already made in an area. The impact of these trends was to create a situation where there were increasing demands on government for funds to help support private owners maintain their properties. This, the Labour government clearly felt was too costly and in reviewing its commitment to home-owners concluded that its objectives towards the private sector were as follows

- The government wished to encourage the opportunity of a decent home for all
- It recognised that by no means all home-owners were affluent, but that many were elderly or disabled and unable to maintain their properties without some form of assistance and that others lacked the financial means to keep their properties in reasonable condition – hence it recognised the need to provide support in order to sustain home-ownership, especially amongst some groups of the population
- It re-asserted the fact, however, that property-owners were responsible for the maintenance of their dwellings and not the government, and
- Concluded that the government was willing to intervene to assist owners financially in order to improve access to the sector, (for key workers, etc.); to protect the vulnerable; and to prevent the collapse of private markets in areas of falling demand.²⁶

²⁶ These observations were made by a senior civil servant from the Office of the Deputy Prime Minister (ODPM) in a formal presentation given at the University of Birmingham in November 2002

There were four elements to the government's new proposals for tackling the problems of private sector housing renewal. These were, firstly, the declaration of a programme of nine Housing Market Renewal Area Pathfinder projects (HMRAAs). These were much larger and more ambitious than previous area-based programmes aimed at addressing the issue of 'low demand' in parts of the midlands and north of England. A separate paper²⁷ will be presented outlining the aims and characteristics of these particular projects. Secondly, the government introduced new legislation in 2002 which gave local authorities a great deal of discretion in providing "assistance" to home-owners and private landlords for the purposes of maintaining and improving their properties. This legislation was called the Regulatory Reform (Housing Assistance) Order (RRO) and related to England and Wales. The third element to the government's new package of measures was the adoption of a new 'Decent Homes' standard. This will replace the 'fitness standard' and is outlined in Appendix 1. It will be accompanied by a new method of assessing the condition of a property, the Housing Health and Safety Rating System, (HHSRS) which is outlined in principle below. The final element of the government's proposals includes a new Housing Bill which is expected to be approved by government very shortly and to become law during 2005. The Housing Bill contains several measures which will strengthen local authorities' powers to assist private owners, but most significantly it includes measures to introduce a mandatory licensing scheme for private rented properties called Houses in Multiple Occupation (HMOs). HMOs are properties in which the facilities are shared by more than one household and these often

²⁷ See, Bailey, P. (2004) Housing Market Renewal: a strategic approach to changing housing demand.

constitute a high risk in terms of fire prevention. With the exception of the HMRA programme each of these proposals will be considered in turn.

3. The Regulatory Reform Order 2002

The RRO swept away much of the prescriptive legislation relating to grant aid and gave local authorities almost complete discretion in the way they choose to assist home-owners and private landlords. It introduced a general power enabling an LHA to provide assistance “in any form” to “any person” for the following purposes

- To acquire living accommodation
- To adapt or improve living accommodation
- To repair living accommodation
- To demolish buildings comprising living accommodation and to construct replacement accommodation

The general power was subject to a number of safeguards; firstly, that an LHA has not only adopted but has also published its private sector housing renewal policy. Secondly, local authorities were to ensure that individual householders received appropriate advice and guidance about the nature of the assistance available and thirdly, that any conditionality surrounding the availability of assistance was made in writing to the individual householder. These powers gave considerable discretion to LHAs over the use of what by now are very modest public funds to assist with the maintenance of private housing standards.

There were a number of key principles underpinning the RRO. First and foremost, the RRO saw a continuation of the principle of ‘enabling’ for local authorities. This follows the assumption that local authorities are best placed to provide a strategic policy framework for private sector housing within their local area, but other agencies are comparatively better placed to implement this strategy. The opportunity for local authorities to prepare local strategies for their area is undoubtedly a strength of the new approach and the fact that they now have greater discretion over the way in which they tackle local problems should also be an advantage under the new system.

Perhaps the second most significant principle was the notion of ‘leverage’ built into the RRO. As mentioned above, the public resources committed to assist private owners diminished rapidly during the 1990s and the government wished to see the majority of private owners taking full responsibility for the maintenance and repair of their properties. Hence, for some years now, successive governments have encouraged local authorities to try to generate more private sector investment into private sector housing renewal programmes. This may seem somewhat ironic, but the problem in the UK has been that private lenders (the banks and building societies) have often been reluctant to lend relatively small sums for repair and maintenance, or indeed to lend at all in some areas of ‘high risk’ housing (which may perhaps be 100 years old). One of the most important innovations introduced under the RRO was the emphasis on loans rather than grants – a very significant shift in policy. The key mechanism for encouraging more private investment was seen to be the ‘equity release loan’²⁸.

²⁸ ‘Equity release loans’ are loans which draw on the ‘equity’ (the proportion of the total value of a property which is owned by the home-owner). Various types of equity release loan exist but the

Unfortunately, private lenders have been reluctant to introduce these new forms of loan because they are deemed to be high risk and other 'not for profit' financial intermediaries are also taking some time to develop these products. The RRO aims to reduce the dependence on grants rather than abandon them completely, but local authorities have found the task of encouraging private sector loans alongside the availability of grants to be a very challenging aspect of the new approach

A third principle is that where public funds are employed they should be used in the most cost effective way by being targeted on 'vulnerable' households. This also constitutes an important change in approach because the previous system was based rather more on the condition of the property. The RRO requires local authorities to identify vulnerable households and to focus their efforts on these households, so that over time there is a marked reduction in the number of vulnerable households living in properties that do not meet the 'Decent Homes' standard.

From the initial premise that the RRO is to encourage an enabling approach it follows that local authorities must work in partnership with other agencies in order to deliver such programmes effectively. The most likely partners envisaged at the outset of the policy were the major lenders (banks and building societies) and Home Improvement Agencies (HIAs)²⁹. Many local authorities and RSLs have indeed established HIAs, but very few local

simplest type is administratively very efficient because it does not involve regular loan repayments and is repaid as a single sum on the sale or transfer of ownership of the property. In some cases this can be on the death of the owner.

²⁹ HIAs may be run directly by local authorities, but they are more likely to be 'not for profit' agencies set up by a housing association or RSL. HIAs usually provide services to the elderly or disabled and they are often jointly funded by central government and the local authority or an RSL.

authorities have been successful in forging partnerships with commercial lenders.

Because of the explicit requirement on local authorities to provide appropriate advice and guidance to householders, it was anticipated that a further strength of policies under the RRO would be a re-emphasis on preventive approaches. Hence, local authorities would be expected to encourage home-owners to undertake timely repairs to their properties and would encourage and develop publicity materials, guidance and training programmes that would enable owners to do so. These programmes would be introduced as a complement to more 'remedial' approaches involving major repairs and improvements and in some instances, where properties are badly deteriorated, clearance programmes.

Every five years the government undertakes a national survey of house condition. Consistently, over many surveys, the worst housing conditions in England and Wales have been found in the private rented sector (PRS). The last house condition survey in 2001 was no exception and it found that 49% of the PRS stock failed the 'Decent Homes' standard and almost a third of private tenants constituted 'vulnerable households' (ODPM, 2003a). For these reasons targeting improvement action on the PRS is a government priority. Even under the previous system where grants were available to private landlords, however, they remained the least receptive group to house improvement programmes. As a result, the government's 'new' approach is to encourage 'responsible landlords' but to introduce greater powers to deal with those who are less scrupulous. To deal especially with the latter,

the Housing Bill contains two proposals, firstly, powers to register accommodation in the PRS which is most at risk, i.e. Houses in Multiple Occupation (HMOs) and secondly, the discretion to serve a Management Order, (i.e. to take over the management of a private rented property), where the property is being inadequately managed by a landlord or his agent.

4. The introduction of the ‘Decent Homes’ standard

The Labour administration responded to criticisms that the ‘fitness standard’ no longer provided an adequate standard for housing in the UK in the new millennium and it introduced a new standard, the ‘Decent Homes’ standard in 2000. The new standard was first introduced into the public sector, but was subsequently extended to the private sector housing stock in 2002. The aim of the standard is to create a property, “.. which is wind and weather tight, warm and has modern facilities”, (ODPM, 2004a). The standard is outlined in more detail in Appendix 1, but broadly there are four criteria that a decent home is required to meet. These are

- It meets the current ‘fitness standard’
- It is in a ‘reasonable’ state of repair
- It has ‘reasonably’ modern facilities and services, and
- It provides a ‘reasonable’ degree of thermal comfort.

Henceforth, LHAs will be expected to identify properties which fail to meet these standards and to draw up appropriate local policies, either for clearing such properties, or for bringing them up to a standard which is

either equivalent to, or better than, the ‘decent homes’ specification. As far as government priorities regarding the expenditure of subsidies are concerned, however, local authorities are expected to target ‘vulnerable’ households living within the properties that fail to meet this standard.

5. The Housing, Health and Safety Rating System (HHSRS)

At the same time that the government is introducing a new standard it has also chosen to introduce a new system of assessment for the condition of the housing stock. Under the ‘fitness’ standard there were a series of nine criteria, (structural stability, freedom from serious disrepair, freedom from dampness prejudicial to health, etc), and these criteria were subjectively interpreted by Environmental Health Officers (EHOs) to determine whether a property was ‘unfit’ and therefore in need of action or not. Under the HHSRS, the aim will be, not simply to record these defects in a property, but to evaluate the effect of the defect on the inhabitants of the property. Hence, 29 potential hazards have been identified in connection with the residential environment and these have been grouped into four different types of hazard, namely, ‘physiological requirements’ including the impact of excessive cold (or heat), the effects of dampness and mould growth, etc; ‘psychological requirements’ such as overcrowding or the effects of noise; ‘protection against infection’ including food safety and domestic hygiene, etc. and ‘protection against accidents’ such as falls, the danger of fire, or the hazard posed by hot surfaces and materials. A full list of the hazards is set out in Appendix 2. Once a hazard is identified the EHO must assess how dangerous it is and what is the likelihood of the hazard causing harm to the

occupants. This is then scored by a software system and banded into different scores from A – J. Bands A-C constitute a property with ‘Category 1’ hazards and the LHA will have a statutory duty to address these hazards without delay, as in the ‘old system’. Bands D-J will constitute ‘Category II’ hazards and the LHA has discretion as to whether it wishes to take any action against such properties. A ‘decent home’ will be one that is free of all Category 1 hazards.

A range of actions will be available to LHAs in order to deal with Category 1 and Category II hazards. These will range from the serving of a Hazard Awareness Notice where an owner will be notified of the presence of a hazard but no further action will be taken, through to a Demolition Order, where, because of the condition of the property, it is deemed to be unsafe.

6. The Housing Bill

The final set of measures which constitute part of the reform of the statutory provisions for private sector housing renewal are those contained within the Housing Bill which is currently proceeding through Parliament. The Bill contains a number of provisions relating to the private sector, but the most significant are those dealing with the private rented sector (PRS). When the Labour government came to power in 1997 it included within its manifesto the commitment to introduce a mandatory licensing scheme for Houses in Multiple Occupation (HMOs) in the PRS. The Housing Bill finally fulfils that commitment. It intends to introduce powers which require landlords of HMOs, or their managing agents, to seek a licence in

order to let their premises. Mandatory licensing will apply to HMO properties of three storeys or more, occupied by five or more persons comprising two or more households. Discretionary powers will also exist for local authorities to adopt an additional licensing scheme for smaller properties but in these circumstances an LHA will have to secure the approval of the Secretary of State. The licence will seek to ensure that

- The licence holder is a ‘fit and proper’ person to manage the property
- The HMO must be reasonably suitable for the number of persons living there
- The management arrangements must accord with standards prescribed in an accompanying Code of Practice

The license would normally be for five years and conditions may be attached in respect of any of the above, or for additional reasons, (e.g. training for the landlord or the manager). It will be unlawful for the landlord to receive rent for the property if it is not licensed.

Where a local authority, or its agent, refuses to grant a license or subsequently revokes a license for whatever reason, the LHA has the power to serve either an Interim Management Order (for 12 months), or a Full Management Order on the premises. The local authority may then manage the property directly or pass it over to a qualified managing agent to manage on behalf of the landlord.

7. A comparison of the ‘new’ and ‘old’ systems of private sector housing renewal

These provisions, the HMRA Pathfinder programme, the RRO, the introduction of the ‘Decent Homes’ standard, the adoption of the HHSRS and, finally, the innovation of mandatory and discretionary licensing schemes for HMOs in the private rented sector, constitute the government’s new provisions for maintaining housing standards in the private sector. Whilst there are many technical and procedural modifications, the main strategic changes from the previous approach are as follows

- A much greater dependence on private funds than hitherto to secure improvements in the private sector stock. In 2001 the English House Condition Survey, (ODPM, 2003a), estimated that the total expenditure of all private owners on their properties was £24 billion and this compared with an overall estimated cost of £41 billion to make good the repairs necessary for all the non-decent housing stock in the private sector. The government clearly hopes that, through greater advice and guidance and the development of innovative financial products in order to ‘release’ the equity in the housing stock, a greater proportion of this private investment will help to remedy conditions in the ‘non-decent’ stock in particular.
- A greater reliance on partnership with other agencies than hitherto. Local authorities have always relied on private building contractors to carry out the actual building works, but up to now they have played a major part in the implementation of private sector house improvement programmes. It is clear by the encouragement and

funding being given by the government to independent agencies (HIAs) that, henceforth, local authorities will be expected to take more of a strategic role and less of a role in the implementation of programmes.

- Having said this, the government has strengthened local authorities' powers for dealing with recalcitrant landlords as far as high risk HMO properties are concerned. Unfortunately many authorities see these measures as highly problematic since they deal only with a very small part of the PRS rather than the sector as a whole. This is likely to mean that landlords seek to evade the legislation by arguing about the definition of an HMO, rather than being willing to acknowledge the merits of a licensing scheme.
- The government's continued emphasis on targeting vulnerable households in non-decent accommodation is likely to consolidate further the move away from area-based programmes. This would be of little consequence but for the fact that many of the larger urban authorities contend that the 'pepper-potting approach' (of scattering investment into individual properties) is a much less cost effective way of maintaining standards in the private sector than improving whole blocks or streets of properties at the same time.
- The RRO has re-focused attention, however, on the issue of preventative maintenance. This was an area of policy which was important prior to the changes introduced by the Housing Act of 1989, but was virtually excluded thereafter. The specific requirement in the RRO to provide advice and guidance to householders over the maintenance and repair of their properties,

however, was regarded as likely to ensure local authorities gave more emphasis to prevention as part of their local policies.

8. Progress so far: the initial impact of the RRO

The RRO was approved in July 2002 and actually came into force in July 2003. It is important to acknowledge therefore that it remains ‘early days’ in the implementation of the new legislation. What is clear already, however, is that it has involved a major change in the way that local authorities are expected to deliver their private sector housing policies. The RRO is a reform which embodies a significant change in the organisational ‘culture’ of local authorities and it is evident that this is likely to be extremely challenging.

At the core of the new policy is the expectation that local authorities will be able to attract a significant amount of private finance to their programmes. Without this increase in ‘gearing’ it is acknowledged that policy measures will only ‘scratch the surface’ of the problem of housing conditions for vulnerable households. This has presented difficulties at a number of levels for local authorities. Firstly, it was originally envisaged that private lenders would be willing partners in this venture. But the risks involved with the lending³⁰, the relatively high costs associated with the administration of modest individual loans and the need for product development, have all tended to dissuade ‘High Street’ lenders that this is likely to be a profitable area of activity for them. In anticipation of these difficulties, a number of

³⁰ Such risks include low-income borrowers; the fact that properties may fall in value over time; that properties may be subject to local authority policies, such as clearance programmes, etc

‘not for profit’ agencies have emerged acting in the capacity as financial intermediaries. These agencies have sought to borrow private finance on a ‘wholesale’ basis and to use local authority subsidies to offer low-cost and equity release loans to consumers via local authorities and their Home Improvement Agencies (HIAs). These financial intermediaries are relatively modest organisations, however, and are not yet able to offer a comprehensive service on a national basis. As a result, many local authorities have been frustrated in their attempts to secure private finance and are proceeding to offer loans using their own sources of public finance. Unfortunately, under current funding regulations this carries the disadvantage that they cannot increase the gearing of the funding available through the attraction of private finance. It also means that many local authorities are seeking to develop products and procedures for which they lack both the experience and the necessary resources.

The whole process of attracting private finance has therefore been much more protracted than originally envisaged and the requirement on all authorities to prepare and publicise their policies with the expectation that they would incorporate policy changes recognising the need for private finance has proved problematic. It has also meant that the scaling-up of resources, which was to have accompanied the availability of private finance, has yet to take place. This has exposed the fact that many authorities actually employ very few staff in this area of work, (Groves and Sankey, 2004). Hence, the scope for genuinely innovative programmes involving radical approaches and a scaling-up of activity has, so far, been limited.

Despite the slow progress, it is evident that many local authorities remain

supportive of the policy changes made by government. The recent rapid inflation in house prices has also tended to support the shift in policy³¹. But the challenge of delivering loans, or a package involving subsidised loans as opposed to grants, is clearly a significant one and there is currently something of a hiatus in the delivery of private sector renewal programmes. There is, nonetheless, some innovation taking place under the RRO, but these difficulties over private finance mean that this is generally in areas which remain subject to grant aid. Hence, the area of policy most actively pursued by local authorities is that involving measures to improve energy efficiency and to tackle fuel poverty amongst private householders. This is an area in which virtually all authorities are active, where partnerships are commonplace and energetic, and expenditure levels are high. The increased opportunities afforded by the RRO for providing re-housing have also led to innovative activity for the disabled in particular and for those affected by clearance programmes. Many local authorities have also used their increased discretion under the RRO to revise their grant policies and to seek to make them more adaptable and flexible to respond to local problems. A pattern has emerged, therefore, in which authorities are introducing small, but very flexible grants to cover a wide range of circumstances including small repairs works, energy efficiency top-up grants, security measures, grants to expedite hospital release for elderly people, etc. Local authorities are also exploring partnerships more thoroughly than they were, not only with RSLs, but often with neighbouring local authorities, to form consortia in order to access private finance, to deliver energy efficiency programmes,

³¹ Research undertaken by the IMF shows an increase in house prices in the UK between 1997 and 2003 at over 80% amongst the highest in Europe over the same period, (Financial Times, 23/09/2004). According to the article, the average price of a house in the UK at that time was £177,474.

to encourage the adoption of unified RRO policies and to tackle problems in the PRS. There is an increasing incidence of local authorities coming together to collaborate over the development and implementation of private sector policies.

There are also some less positive outcomes of the RRO. The most obvious of these is the likely shift in emphasis away from area-based programmes. Whilst the RRO has removed the requirement for local authorities to meet certain criteria in declaring Renewal Areas and ODPM guidance continues to advocate area-based approaches, (ODPM, 2003b), diminishing public resources may mean that LHAs are increasingly reluctant to consider area designations. Excluding the HMRA Pathfinder programme, the government's current emphasis on targeting vulnerable households, the increasing demand for the use of public funds for aids and adaptations for the elderly and disabled, and the need to negotiate financial contributions with individual home-owners, are all likely to mean that fewer resources are available for area based programmes. A second area where developments so far have been disappointing is in the promotion of preventative measures, (see above) . Some authorities had impressive programmes of preventive care before the RRO, but the development of a much more pro-active approach towards preventative measures has yet to be taken on board by most LHAs.

9. Implications of this discussion for Korea

These legislative and technical changes to the way in which private sector

renewal programmes are being undertaken in England and Wales do not intrinsically mean that the ‘new’ policy is more or less relevant to similar policies in Korea. At one level the greater discretion and autonomy available to local authorities in Britain is probably likely to have less relevance for local authorities in Korea, but in another important respect, the greater role envisaged for the private sector, or for other partners, in implementing private sector housing renewal in England and Wales, does suggest a measure of convergence in the nature of the policy between the two countries.

In our original paper (Groves and Watson, 2002), we highlighted eight areas of consideration for comparisons between the policies of the two countries, several of these issues would seem worth revisiting in the light of the discussions in the interim and as a result of the policy changes made.

1) Different approaches for different problems

The changes to policy in England and Wales outlined above give even greater emphasis to local authorities to analyse the problems of the local housing market in their areas and to devise appropriate local solutions. This is a major strength of these policies in England and Wales. It is also apparent, however, that local policies need to be located within the context of regional economic developments and other strategic policy instruments at city level. Hence, private sector renewal programmes need to be considered in the context of a local authority’s overall housing strategy and they need to link closely with other related areas of activity, e.g. policies for

increasing the energy efficiency of the residential stock, or strategic priorities for the care of the elderly. Housing issues cannot be considered in isolation and different approaches to different problems are both features of the 'new' as well as the 'old' policy in England and Wales.

2) The sustainability of low-income home ownership

Private ownership now accounts for 80% of the housing stock in England. Whilst the government appreciates that owner occupation is the preferred tenure of most of the population in England and Wales it is also aware that because of the age of the stock, demographic trends and income profiles the government is obliged to intervene in the market if standards are to be maintained amongst low-income home-owners. The recent policy changes in England outlined the government's willingness to invest heavily in failing markets through the HMRA programme in order to 'turn these markets round' and to help support vulnerable groups living in the worst housing conditions in the private sector. But, in essence, the government is seeking to minimise its interventions by re-affirming that home-owners are responsible for the maintenance and repair of their own properties and through the use of equity release mechanisms to try to ensure they assume an increasing responsibility for the costs associated with ownership. It remains to be seen whether this approach will be successful, but it does indicate that government support is essential to ensure the sustainability of low-income home-ownership and that where local markets are vulnerable, the role of the state becomes highly significant.

3) Lead agencies and partnerships

The changes to private sector housing renewal policies in England and Wales have also confirmed the government's wish that local authorities should assume a more strategic enabling role in relation to the housing market and rely increasingly on other partner agencies in order to oversee the actual implementation of maintenance and repair works. The exception to this is where the powers available to local authorities are being enhanced with respect to unscrupulous private landlords of Houses in Multiple Occupation. Whilst the encouragement of partnerships appears to be succeeding in the development of Home Improvement Agencies, in circumstances where RSLs and local authorities have now been working together for some years, it has been much more problematic over arrangements involving private finance. It is also the case that new partnerships often take a long time to work through in practice.

4) Upgrading and improvement versus clearance and re-building

Despite the fact that market circumstances in Korea and the UK are markedly different this remains a politically contentious issue in both countries. In England and Wales, those households subject to clearance activity retain a right to re-housing by a social housing agency (i.e. a local authority or an RSL) as well as financial compensation. In recent years, however, attempts have been made to ensure that owners are not disadvantaged by the clearance process and the RRO has strengthened the opportunities to provide some degree of re-housing choice to those affected

by clearance programmes by bridging the gap between the amount of compensation payable and the costs associated with a replacement dwelling of a similar kind but in better condition. This could well be difficult in a Korean context where tenants are often displaced as a result of clearance activity. It does mean, however, that there should be clear and transparent methods for decision-making about the choice of clearance programmes and their impacts on the disadvantaged.

5) Consultation and the involvement of the local community

Our earlier paper, (Groves and Watson, 2002), concluded, “Community involvement and capacity building have become integral features of area-based programmes in the UK. This is one of the main lessons from the UK experience ...” Whilst this remains true, it is conceivable (and a little ironic) that the RRO may result in less community consultation than hitherto because of the nature of the programmes and the fact that they give less emphasis to area-based programmes than to the improvement of individual premises which fail to meet the ‘decent homes’ standard. Nonetheless, it remains the case that community empowerment remains a key feature of area-based improvement and regeneration programmes in England and Wales.

6) Financial support for neighbourhood renewal programmes

The policy changes in England and Wales in respect of a mixed funding regime involving grant and loan packages in which loans would be secured

on the equity in the properties to be improved were forecast in our earlier paper, (Groves and Watson, 2002). But as indicated above, the collaboration of the financial institutions and the development of equity release products has not yet proved successful in securing the financial changes envisaged by the government. Of more strategic relevance is the question: how should urban renewal programmes be paid for? Under the 'old' system the British government was clearly concerned that 100% grant aid meant that residents were neither valuing the investment made to their properties as they should nor were they assuming sufficient responsibility for the maintenance and repair of their own homes. A mixed funded system was seen, therefore, not only as a way of securing 'leverage' by attracting additional private funds, but also as a way of enhancing the responsibility of owners for the care of their properties. As yet, however, this transformation has not been carried through in practice.

APPENDIX I

Definition of a 'Decent Home'

A decent home meets the following four criteria:

A – It meets the current statutory minimum standard for housing
Dwellings below this standard are those defined as 'unfit' under
section 604 of the Housing Act 1985 as amended by Schedule 9
of the 1989 Local Government and Housing Act.

B – It is in a reasonable state of repair

Dwellings which fail to meet this criterion are those where either:

- One or more of the key building components are old and because of their condition, need replacing or major repair; or,
- Two or more of the other building components are old, and because of their condition, need replacing or major repair.

C – It has reasonably modern facilities

Dwellings which fail to meet this criterion are those which lack three
or more of the following:

A reasonably modern kitchen (20 years old or less)

A kitchen with adequate space and layout

A reasonably modern bathroom (30 years old or less)

An appropriately located bathroom or WC

Adequate insulation against external noise (where external noise is a problem)

Adequate size and layout of common areas for blocks of flats.

A home lacking two or less of the above is still classed as 'decent' therefore it is not necessary to modernise kitchens and bathrooms if a home passes the remaining criteria.

D – It provides a reasonable degree of thermal comfort

This criterion requires dwellings to have both effective insulation and efficient heating.

APPENDIX II

Potential Domestic Hazards as defined by the Housing, Health and Safety Rating System (HHSRS)

A – Physiological Requirements

Damp and mould growth, etc

Excessive cold

Excessive heat

Asbestos

Biocides

Carbon monoxide and fuel combustion products

Lead

Radiation

Uncombusted fuel gas

VOCs

B – Psychological requirements

Crowding and space

Entry by intruders

Lighting

Noise

C – Protection against infection

Domestic hygiene, pests and refuse
Food safety
Personal hygiene, sanitation and drainage
Water supply

D – Protection against accidents

Falls associated with baths, etc
Falls on the level
Falls associated with stairs and steps
Falls between levels (e.g. from windows)
Electrical hazards
Fire
Hot surfaces and materials
Collision and entrapment
Explosions
Poor ergonomics
Structural collapse and falling elements

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CHAPTER 8

The Housing Market Renewal Fund A strategic approach to changing housing demand in the UK

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1. Introduction and Background

Much of the housing stock in the inner urban core of England's northern towns and cities is a legacy of its 19th and 20th Century industrial past. This stock is typified by the high-density, grid pattern, pavement fronted, two up two down, terraced property that often informs perceptions of life in the region.

In the mid 1990s, Local Authorities began to pick up on a new phenomenon in some of these areas. Properties that up until a few years earlier had been popular with a buoyant market began to sharply fall in value

and take longer and longer to sell. This weakness spread extraordinarily quickly and it was reported that the only market for properties soon came from private landlords looking for quick investment returns. In turn this led to further decreases in values, abandonment and increase in the number of empty properties. In Newcastle, for example, some whole neighbourhoods become abandoned over three years with houses being offered for sale for as little as £1, in areas of North Manchester private renting became the predominant tenure type compared to national levels of around 10% and in some areas of Liverpool vacancy rates rose to over 40%.

To compound this problem, at the same time as some private sector markets were failing many northern urban Local Authorities were also reporting falling demand for their social housing stock. On large peripheral estates in particular levels of turnover and voids had markedly increased whilst demand fell. Research carried out for Government by Edinburgh University estimated that in 2000 over 850,000 properties were in low demand.

The scale and pace of this problem was as unexpected as it was unparalleled. To better understand what was happening a collective of most severely effected Local Authorities, who were centred on the cross country M62 motorway, commissioned the Centre for Urban and Regional Studies at the University of Birmingham to research the drivers behind this market change and to try and examine its long term significance.

The CURS work “Changing Housing Markets and Urban Regeneration

in the M62 Corridor” was published in February 2001 and had an immediate impact on policy thinking. The “M62 Report” examined housing market change across 18 Local Authority areas and most significantly mapped areas at risk of future changing demand. It identified a number of factors and weakness indicators that appeared to be the significant drivers of area abandonment and falling demand using these to calculate the potential scale of the problem. Within this research area alone it was estimated that around 280,000 properties were at risk

The research confirmed the significance of the problems and large scale risk facing the core of older urban areas and identified that a new approach to regeneration and renewal would be needed. The M62 Report started the debate about the need for the creation of a Housing Market Renewal policy and for large scale funding to support structural regeneration in the older industrial centres.

This paper looks at how and why this policy has been developed and delivered with a particular focus on the North West of England.

2. Market failure

1) Causes of market failure

In addition to mapping the extent of the problem, Government and Local Authorities needed to better understand the causes of market failure to ensure that the solutions developed were appropriate.

A constantly heard view made by those visiting low demand areas was “If these houses were in (London, Bath etc) they would be worth millions” It is in answering this point that Professors Ian Cole and Brendan Nevin, in a reflective paper for ODPM (Pause for Thoughts – June 2004), argue there are the three main reasons for the differences:

- i) **Obsolescence of the stock** - demand for the characteristics of the dominant property type have been overtaken by changing tastes, aspirations and income levels. This does not just mean physical obsolescence - the property may be in reasonable physical condition, it simply cannot offer the facilities demanded by modern communities. Most frequently this means the property is too small, there is no parking or garden and there is a poor internal layout.
- ii) **Over supply** - a mismatch between supply and demand arises where the local population has fallen, often through the outward migration of economically active younger people.
- iii) **Neighbourhood characteristics** - where a complex range of negative factors, such as unpopular property type, poor environment, stigma, a fear of crime and anti-social behaviour, insecure tenure and poor local amenities interact to cumulatively reduce demand and increase the desire of residents to leave.

It may not be possible to disentangle cause from effect and a great many neighbourhoods suffer one of these characteristics but where the three come together, it is likely to lead to a fundamental market weakness and widespread neighbourhood abandonment.

2) Changing Policy Responses

At the same time these changes in housing markets were becoming apparent there had been a shift in urban policy thinking. This is a complex area of which the following provides only a fleeting overview.

Historically public resources for urban renewal had been focussed on making physical improvements on an area or neighbourhood basis. Successive renewal initiatives such as General Improvement Areas, Housing Action Areas, Renewal Areas, Estate Action and City Challenge were all capital intensive programmes to improve the condition of housing stock and local environments. Over time, sometimes relatively short periods, it was found, however, that whilst the appearance of these relatively small areas may have been temporarily improved the underlying long term problems of deprivation and sustainability remained.

Towards the end of the 20th Century there was a movement away from investing in physical improvements towards investing directly in communities. Programmes such as the Single Regeneration Budget and New Deal for Communities placed an increased emphasis on the provision of skills and training, improving education and health all aligned with greater community empowerment. Although it is difficult to argue that these are not vital to the regeneration of neighbourhoods, the problem facing areas with the three characteristics outlined above was that once residents improved their skills or found better employment they simply voted with their feet and moved to areas that better met their aspirations. (Kleinman and Whitehead, 1999).

3) The Sustainable Communities Plan

At the same time as the problems of low demand were manifesting themselves in the North of England, areas of the South were facing the converse problem – an acute shortage of affordable housing. The UK's most sustained period of economic growth in 50 years has been accompanied by even higher house price inflation leading to extraordinarily high house price/income ratios in some areas. In regions of economic strength, the South East in particular, demand far outstrips supply forcing prices ever higher and resulting in serious affordability problems for low and middle income households.

All of these factors: finding a balance between investing in people and “bricks and mortar”, appropriate scale and recognising regional variations have crystallised the thinking behind current Government policy thinking in the Sustainable Communities Plan. This is summarised well by the Office of the Deputy Prime Minister

(http://www.odpm.gov.uk/stellent/groups/odpm_communities):

“The Deputy Prime Minister launched the Communities Plan (Sustainable Communities: Building for the future) on 5 February 2003. The Plan sets out a long-term programme of action for delivering sustainable communities in both urban and rural areas. It aims to tackle housing supply issues in the South East, low demand in other parts of the country, and the quality of our public spaces.

The Plan includes not just a significant increase in resources and major

reforms of housing and planning, but a new approach to how we build and what we build.

This £22 billion programme of action aims to focus the attention and co-ordinate the efforts of all levels of Government and stakeholders in bringing about development that meets the economic, social and environmental needs of future generations as well as succeeding now.

Key Themes

The Plan consists of several key elements:

- Addressing the housing shortage, which is comprised of:
 1. Accelerating the provision of housing. This includes: ensuring that housing numbers set out in planning guidance for the South East (RPG 9) are delivered; accelerating growth in the four "growth areas" (Thames Gateway, London-Stansted-Cambridge corridor, Ashford, and Milton Keynes-South Midlands); and ensuring that the construction industry has the right skills to deliver.
 2. Affordable Housing. £5 billion has been allocated for the provision of affordable housing over the next three years (2003/4 - 2005/6). This includes £1 billion for housing "key workers" in the public sector, to aid recruitment and retention.
 3. Tackling Homelessness. Including ensuring ending the use of bed and breakfast hostels for homeless families by March 2004.

- Addressing low demand and abandonment. Around one million homes in parts of the North and Midlands are suffering from low demand and abandonment. Nine ‘Pathfinder’ schemes have been established in the areas worst affected to put in place action programmes to turn this problem around.
- Decent homes. The Plan sets out an action programme to ensure that all social housing is brought up to a decent standard by 2010, alongside targeted action to improve conditions for vulnerable people in private housing.
- Liveability. The Plan sets out how the Government intends to intensify efforts to improve the local environment of all communities. This includes cleaner streets, improved parks and better public spaces.
- Protecting the countryside. The Plan outlines how land will be used more effectively. The majority of new housing will be on previously developed land, rather than on greenfield. The area of land designated as greenbelt land will be increased or maintained in each area. Developments not meeting density standards in the South East will be called in.”

3. Housing Market Renewal

The Housing Market Renewal (HMR) forms a central part of the Sustainable Communities Plan programme and is the flagship response to the political, economic and social significance of the rapid changes to northern urban housing markets.

One of the most remarkable features of HMR is how quickly it has moved

from identification and analysis of a problem, through the development of policy thinking through to large-scale delivery. Many feel this pace of development of a programme of this significance to be unprecedented. Following the publication of the M62 report, throughout 2001/2002 a high level and highly energised partnership of academics, practitioners, senior civil servants, MPs, and local authority elected members and senior officers met to shape the policy framework. This enabled the Deputy Prime Minister to announce the creation of nine Market Renewal Pathfinders in April 2002 followed by the confirmation of Housing Market Renewal Funding (HMRF) of £500m in February 2003. Eight of these nine Pathfinders have now successfully submitted and negotiated prospectuses with ODPM

The 9 Pathfinders do not cover all the areas identified as being at risk of market failure, however, they do cover the greatest spatial concentrations of low demand where large scale intervention is likely to make the most significant large scale impact. The Government's Spending Review of 2004 has recognised the importance of tackling low demand outside the 9 areas, however, this work is at a very early stage.

Reflecting the importance placed on this element of the Communities Plan by Government, each Pathfinder was allocated an initial £2.6m to fund development and early activities as part of the 2002 announcement. In return, each Pathfinder had to establish a Board made up of key local and regional agencies, agree the precise boundaries for its intervention strategies and identify the timescale in which they would pull together their prospectus.

Understanding the framework in which the 9 Pathfinders developed their strategic thinking and delivery proposals in these prospectuses is important and there are a number of unusual features:

- Local policy and strategy development was “guidance free” and highly flexible – in recognition of the diversity of issues facing each Pathfinder and the need to develop tailored solutions, central Government did not issue guidance notes. This is in sharp contrast to other policy areas such as New Deal for Communities where partnerships had to show how they would deliver programmes to meet clearly defined outputs and to meet common outcomes or objectives but the freedoms offered are in keeping with the modernising local government agenda.
- Partnerships were encouraged to bring about transformational change through innovative and radical approaches. New thinking was actively supported to ensure strategy reflected the needs, demands and aspirations of future communities rather than simply reacting to current pressures.
- The Pathfinder intervention boundaries were determined by tenure blind housing markets rather than existing administrative ones. This led to unprecedented cross- local authority working and increased their regional significance.
- The programme is predominantly a capital one reflecting the costs of restructuring housing markets. Pathfinders were charged with ensuring mainstream revenue and other capital investment streams were aligned with this.

- No guidance was given on the scale of resources to be made available other than a figure for the whole of the national programme – each Pathfinder was expected to assess what they needed and could deliver in the first 2-3 years.

Working within this ideology each Pathfinder had to produce a prospectus that was able to demonstrate to Government that there was a clear understanding of local housing markets and that a deliverable transformational strategy had been developed with buy in from key delivery agencies and communities. This was a substantial piece of work requiring the establishment of dedicated teams, new partnerships and ways of working as well as probably unprecedented amounts of primary research and analysis. Government played a dual role in this process – supporting development through the provision of advice and information, establishing networks, commissioning cross-cutting research etc – as well as a regulatory negotiating role in assessing the adequacy of the prospectus to enable access to HMRF. Each prospectus was also independently scrutinised by the Audit Commission to ensure consistency. At the time of writing 8 of the 9 have been successfully negotiated – several are now available on Pathfinder websites.

In the majority of prospectuses and in broad terms, 3 typical spatial levels emerged:

- A Pathfinder wide area outlined the future economic and social vision, function and form for the overall area. This reflected its role in the wider sub-region or region as a whole and considers the result of proposed activity

on adjacent areas.

- Within each pathfinder, significantly sized and influential areas, typically the size of a small town, worked up specific development frameworks (ADFs). These reflected how proposed activity would impact on the lives of current and future communities in a wider context than simply housing conditions – looking at school, transport, employment and leisure provision amongst others.
- To varying degrees these proposals within the ADFs were then translated to a much smaller neighbourhood level identifying blocks for improvement or clearance. This varied depending on the level of community consultation and confidence in being able to take out sensitive proposals to a much wider audience who may be adversely affected.

1) Housing Market Renewal in the North West of England

The North West contains the greatest numbers of properties at risk of market failure in the country. Four of the nine national Pathfinders lie within this region containing a total of approximately 400,000 properties, all located within a 35-mile radius of the centre of the Greater Manchester conurbation. Over £330m of the initial tranche of £500m HMRF has been allocated in the North West. The four Pathfinders are:

- Manchester Salford - the first of the Pathfinders nationally to receive funding in October 2003 - £125m to 2006
- New Heartlands in Merseyside covering Liverpool, Sefton and Wirral received £86m in February 2004

- Elevate in East Lancashire covering Burney, Pendle, Blackburn with Darwen, Rossendale and Hyndburn received £68m in March 2004
- Oldham Rochdale received £53.5m also in March 2004.

The Sustainable Communities Plan also enabled the development of Regional Housing Boards (RHB) to create tailored housing strategies for regions (see http://www.odpm.gov.uk/stellent/groups/odpm_communities/documents). Sitting on the Board are the key regional agencies, NW Development Agency, NW Regional Assembly, Government Office, English Partnerships, Housing Corporation and NW Housing Forum. Between them these agencies have responsibility at a regional level for economic development, planning and representing Government. The Regional Housing Strategy therefore comes with teeth, partly through the joining up of these agencies but also because it brings with it resources that the Board influence and prioritise.

The North West Housing Strategy is widely consulted and publicly available on the website of the NW RHB (see - www.NWRB.org). One of its 4 priorities is urban renaissance to be spatially achieved principally through the activities of the 4 Pathfinders. Through this prioritisation the Board have allocated additional capital resources to further supplement HMRF. The North West Development Agency have prioritised support for the Pathfinder areas in their Housing Policy (see - <http://www.nwda.co.uk>). At the time of writing research is being undertaken by the Regional Assembly to consider how the revision of the Regional Spatial Strategy will take account of the significance of the Pathfinders.

4. Future Activity

Housing markets in the UK are extremely dynamic and in recent years prices have risen considerably – in the North West, for example, between 1996 – 2003 the average property rose in value by 86%. Even as HMR strategies were being developed to tackle areas where properties had been valued for as little as 50 pence the market was moving upwards nearly as quickly as it had fallen. Research carried out by CURS for the NW RHB, and available on their website, showed that prices in Pathfinder areas had risen but nothing like as quickly as in non-Pathfinder areas and that the structural weaknesses remained in the housing markets dominated by high density terraced stock. Some of the prices rises were attributable to short term investors looking to either rent out the properties or to make a quick capital gain in a rising market rather than being bought by owners looking to live in previously low demand areas. The results of this work published in September 2004 are yet to be fully analysed by the RHB, however, they are likely to strengthen rather than question the priority given to supporting Pathfinder activity.

Whilst the Government's Spending Review of 2004 announced in July that there would be continued support for the Pathfinder programme in the form of a further £500m funding package, one of the most significant developments has been the creation of a new pan-regional growth strategy – "The Northern Way". This is an evolving economic strategy led by the 3 Northern Development Agencies that was submitted to Government in September for detailed consideration.

Details of this can be found at <http://www.thenorthernway.co.uk/> – in essence the strategy is arguing that were economic activity in the North to be brought up to the national average it would be worth some £350b pa to the UK economy. From a housing perspective, the strategy considers that the relatively poor stock in the North acts as a barrier to economic development and requires restructuring beyond the scale envisaged by even HMR. The significance of this lies in the fact that the transformational nature of HMR has been adopted on an even larger scale and in the recognition of the importance of good housing to realising economic well being.

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