

A Study on Legal System Improvement and Supporting Policy for a Han-ok Revitalization

Sim, Kyung-Mi
Choi, Eun-Suk

This study aims to explore a national-level policy for supporting Han-ok revitalization, or a Han-ok Renaissance, recognizing the lack of a legal system and a government-level supporting policy for a variety of projects for a Han-ok Renaissance including conservation and utilization of Han-ok, and creation of Han-ok villages, which makes a contrast to active support for Han-ok revitalization by some local governments.

Han-ok and Han-ok villages have a public value in several terms: inheritance of the unique construction culture of our own, improvement in the territorial and urban landscape, diversification of housing types, and legalization of a green construction as eco-friendly housing. Taking this value into account, it is necessary to prepare supporting policy to encourage a Han-ok Renaissance at the national level. In fact, the issue has been consistently raised surrounding the controversy over the effectiveness of the proposed Han-ok Promotion Act, a law that lays the ground for the enactment of the Ordinance on Support for Han-ok.

In this context, the study aims to review and present national-level measures for supporting a Han-ok Renaissance, along with related measures for legal and institutional improvement. To achieve the goal, the study provides support measures in three aspects as follows: tax support, securing of public finance for supporting projects involving Han-ok, and cultivation of Han-ok specialists.

In Chapter two, the research overviews existing legal systems involving Han-ok. In addition, it looks at current trends in the revision of related laws

including the Building Act, and the enactment of the Han-ok Promotion Act. It also analyzes current status of the enactment of the Ordinance on Support for Han-ok, examining its major contents. Based on that, the study draws out the characteristics of the ordinance, and problems of laws and institutions related to Han-ok.

The research finds that revisions have been made, taking the uniqueness of Han-ok into account, to a total of 10 articles and items of laws that are related to Han-ok up to date. While the need for the enactment of the Han-ok Promotion Act was first raised in the mid-2000, as of 2011, the Act on the Promotion of the Architectural Services Industry is under promotion for enactment in which part of the Han-ok related stipulations are included. With this, it appears that the ground for the enactment of the Ordinance on Support for Han-ok will be prepared at the local government level while this does not fully provide the institutional base needed to comprehensively manage and promote Han-ok.

In regard of enactment of Han-ok related ordinances, presently a total of 33 local governments have in place the Ordinance on Support for Han-ok. Seoul Metropolitan City, Jeonju City, and Jeollanamdo Province, which are examined as case studies in this research, are all operating the Han-ok registration system. Under the system, the governments restrict arbitrary demolition, elimination and alteration of the usage purpose of Han-ok under the condition of support. Particularly, Jeonju City provides supports for those which contribute to landscape improvement such as walls and signboards. Recently the city has restricted support to Han-ok for housing use. Jeollanamdo Province operates a Han-ok development fund. Lastly, Seoul Metropolitan City uniquely provides tax exemption to those who meet certain criteria.

Existing Han-ok related laws and regulations are problematic in the following terms: first, it lacks a higher law that provides the ground to enact the Ordinance on Support for Han-ok by local governments; second, support regulations in the ordinance are limited, lacking stipulations for a Han-ok village-based support; lastly, it lacks a system for the Ordinance on Support for Han-ok which are required to effectively promote a Han-ok Renaissance.

In Chapter three, the study raises the need to prepare national level support measures for Han-ok, and analyzes Han-ok related projects and support policies by

central and local governments so as to provide relevant basic data.

First, the central government has been promoting the following measures: establishment of the legal and institutional base for Han-ok, development of Han-ok technology, support for local governments' Han-ok projects, tourism resources development based on Han-ok, Han-ok specialists nurturing, and Han-ok promotion projects. These measures center around the Ministry of Land, Transport and Maritime Affairs, which is emphasizing the distribution of Han-ok as housing, and the Ministry of Culture, Sports and Tourism, which has stressed a tourism-oriented approach to Han-ok. However, the study finds that, given current budget and support programs, these efforts by the central government have failed to serve as a driving force to lead or stimulate Han-ok projects by local governments.

Next, local governments have implemented a variety of projects based on their ordinances including support for improving and newly building Han-ok, purchase and utilization of Han-ok, tax reduction, and improvement in infrastructure and environment for Han-ok villages. Other initiatives include Han-ok promotion projects such as Han-ok Expo, and publication of Han-ok construction manuals. The annual budget reaches as much as 10 billion won on average while the budget scope significantly differs from government to government; for example, the yearly budget for Han-ok projects by Seoul Metropolitan City stands at one billion won whereas that of Jeonju City amounts to 15 billion won.

In sum, first, it is necessary to prepare a higher law to ensure budget consistency for local governments, which is significantly different from year to year; second, it is important to explore measures to secure finance for both central and local governments; third, measures are required for the central government to provide support for village-based environmental improvement projects, which are hard for local governments to implement due to budget constraints; fourth, it is essential to provide support measures to induce a Han-ok Renaissance apart from budget securing; and lastly, it is needed to revise related systems so as to ensure effectiveness of support regulations including tax reduction.

In Chapter four, in an attempt to advance a Han-ok Renaissance, the study makes a review of measures for revenue support as a national level effort for Han-ok

promotion, establishment and use of funds and special accounts as a measure for raising finance in the public sector, and a specialists nurturing system, recognizing that current roles played by the central government in developing and fostering Han-ok remains insignificant.

First, the study reviews the following types of tax for tax reduction on Han-ok: property acquisition tax, property tax, Comprehensive Real Estate Holding tax, transfer income tax, inheritance tax and gift tax, all of which arise in the stages of property acquisition, possession and transfer; corporate tax, income tax and value added tax for Han-ok related businesses; and land acquisition tax for Han-ok village formulation. The research examines current regulations for each type of the taxes, and investigates purpose and circumstances of similar tax reductions. Based on that, the study presents the validity and ground for Han-ok related tax reduction, as well as directions towards revision of related laws. The study reaches the following conclusions; inheritance tax and gift tax are not appropriate for tax reduction since they are significantly prone to tax evasion, and the other types of tax can be reduced in part after considering equity with similar cases.

As for measures to raise finance in the public sector, it is extremely difficult to newly establish funds and special accounts in reality. Considering this, the study reviews funds and special accounts that are currently under operation, drawing out the types that can be utilized for Han-ok promotion. Focusing on these types, the study analyzes the possibility to use this money. After reviewing a total of eight types of financial resources including the National Housing Fund, the Public Funding Management Fund, and special accounts for urban development, the study concludes that it is possible to use the Public Funding Management Fund, special accounts for area-wide development and special accounts for restructuring of farming and fishing villages without making any revisions to the regulations. For the other funds, it is possible to use them after partly revising the criteria or regulations.

Lastly, the study presents the following measures to support Han-ok specialists nurturing: expansion of training programs for Han-ok specialists cultivation, support for private-running of the Han-ok construction engineers training program, development and distribution of Han-ok manuals, establishment of a Han-ok specialized qualification system, strengthening of Han-ok education in colleges,

installation of a support center for overseas market, and hosting of Han-ok related awards ceremonies and open exhibitions.

In Chapter five, the study provides specific measures and promotion strategies for revenue support, securing of finance in the public sector, and support for specialists fostering, based on the support measures examined in Chapter four, along with conclusions and suggestions for future policy directions.

First, the study finds that for revenue support, it is possible to promote the following measures in the short term since the value and characteristics of Han-ok themselves provide high validity for tax reduction: acquisition tax exemption for Han-ok for tourist accommodation, property tax reduction for Han-ok in general, property tax reduction for the land annexed to Han-ok for non-housing purposes, tax reduction by excluding Han-ok from the list of the properties liable for summing-up taxation according to the tax base for the Comprehensive Real Estate Holding Tax, and corporate tax and income tax reduction for investment in Han-ok related productivity enhancement facilities.

In that it becomes possible to promote revenue support only after the practical aspects such as the validity and fairness of the ground for tax reduction are considered, it is necessary to take a strategic approach, setting goals and prioritizing certain tax benefits accordingly. In this vein, the study suggests that for the activation of Han-ok trade, acquisition and transfer tax be reduced first of all. For the popularization and industrialization of housing-purpose Han-ok, the research recommends it be strategically advantageous to give first priorities to reduction in corporate tax, income tax, value added tax, and acquisition tax for Han-ok related businesses.

In order to secure finance, first the research presents measures of utilizing existing funds and special accounts for supporting Han-ok related projects such as the National Housing Fund, the Tourism Promotion and Development Fund, special accounts for housing scheme, and special accounts for urban development; second, the research suggests the Han-ok Fund be newly established as a new source of financial resources, presenting eligible financial resources; lastly, for Han-ok specialists cultivation, the research provides short-term measures including expansion of

specialists training programs and manual development which are under implementation by the Ministry of Land, Transport and Maritime Affairs, and hosting of awards ceremonies and public contests. For long-term measures it presents establishment of the Han-ok specialized qualification system and an overseas support center for Han-ok export.

Lastly, the study suggests revising existing individual laws that are related to Han-ok, and enacting the tentative "Han-ok Promotion Act," a unified law for Han-ok, so that supporting policies for a Han-ok Renaissance can be institutionalized based on the support measures and promotion strategies presented above. The study also provides directions, major contents, and support-related items which should be included in the revised laws and the Han-ok Promotion Act.

The support measures presented in the study are limited to financial support for a Han-ok Renaissance and base construction in terms of human resources cultivation. This necessitates follow-up research on further support measures from expanded perspectives including establishment of a Han-ok maintenance system. In addition, it is important to continue research on each individual measure that are presented in this study. For example, specific studies on rate and period for tax credits, specific directions to law revision to use the National Housing Fund, measures to establish the Han-ok Promotion Fund, directions to revising the operating standard for the use of the special accounts for both housing scheme and urban development, and research on Han-ok specialists training and qualification system should follow in the future.

The significance of the research lies in the fact that it presents, as government-level financial support measures for a Han-ok Renaissance, items for tax reduction applicable in the short term, and types of funds and special accounts usable, which are based on experts' views and opinions. It is expected that the study will be referred to as meaningful basic data when the central government wants to formulate specific support measures for a Han-ok Renaissance in the future.

Key Words : Han-Ok(Korean Traditional House), Supporting Policy, Han-Ok Revitalization, Tax Reduction, Government Funds, Special Accounts, Han-Ok Specialists Training System