

## 도시재생 활성화를 위한 근린재생형 기금지원 프로그램 개발

Development of Neighborhood Regeneration Fund Support Program to Revitalize Urban Regeneration

서수정 Seo, Soo Jeong  
윤주선 Yoon, Zoo Sun

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This research was initiated against the problem that urban regeneration projects, supported by the 2013 「Special Act on Promotion of and Support for Urban Regeneration」, cannot depend on government subsidies alone to ensure sustainable urban regeneration revitalization. It is well-known in countries with a long history of urban regeneration projects, such as Japan or the U.S., that while public-led and government financed urban regeneration projects can precipitate revitalization, it is difficult to assure longevity and self-sufficiency. Therefore, it is common in other countries to encourage private sector participation in operating urban regeneration projects.

In Korea – with the establishment of the 「Special Act on Promotion of and Support for Urban Regeneration」 and the changeover from the National Housing Fund to the National Housing Urban Fund – a funding resource, the city government account, has been arranged for urban regeneration projects. This has been first applied in the urban economy-based project of Cheongju and the private investment encouraging project of Cheonan. However, it is still a common perception that neighborhood regeneration projects should run largely based on public assistance. Considering the past three years of the urban regeneration leading area project, while public projects have shown certain results, it was found that the local community and businesses do not actively invest or participate in improving housing conditions or revitalizing the business areas. Furthermore, how to operate local core facilities, which are being built in most neighborhood regeneration areas, is unclear. Some areas

actively search for other forms of government funding after the initial support is finalized, however, this is yet another means of depending on government subsidies. Against such background, this research emphasizes private sector participation and the role of funding in order to ensure such participation. In this sense, the research puts forth the role of the private sector as a new agent which carries out public objectives in neighborhood revitalization areas, and the study develops a funding support program and an operation model based on the framework of ‘private corporation – public support.’

The research highlighted the following reasons for creating funding support for neighborhood revitalization. First, various scales and creative forms of private investment are needed. Second, it is possible to alleviate pressure on public expenditure by building and managing public facilities under a private and public partnership framework. Third, the support for community business owners can lead to new jobs and a vibrant local economy. Fourth, voluntary improvement of the built environment can be induced through financial aid for deteriorated homes and businesses. Last, a self-sufficient financial basis of the Urban Regeneration Support Center can be made possible.

In order to suggest an appropriate form of funding and its operation, the research conducted focus group interviews and surveys of young startup groups and private business owners among others. The results showed that there were diverse funding needs for neighborhood regeneration projects. There was high funding support demand for purchasing property or land, building costs and rent deposits, remodeling, and initial business operating costs. Additionally, there was also need for low-interest long-term borrowing, and investment products. The research comprehensively investigated the survey results in conjunction with relevant domestic and overseas funding models, by which the research proposed a neighborhood regeneration funding support program and an operation model. The following principles were put forth. The publicness and business feasibility aspects should be balanced, while matching funds should be encouraged. Funding should be of supplementary nature based on project outcomes, and should be long-term.

The main outcome of this research is the recommendation of funding programs and its operation which are suitable for neighborhood regeneration projects. Loan, investment, and warranty products were suggested. As loan products, the research proposed built environment improvement projects, social housing projects, and loans for social enterprises and urban regeneration startup companies. For local governments, loan products for policy funds, such as land costs for public facilities, Urban Regeneration Special Account, and the establishment funds for Urban Regeneration Support Centers were recommended. As investment products, public-private partnered urban regeneration projects, and empty homes and businesses utilization projects were suggested. The operation of each funding program was put forth in terms of interest rates, funding limit, and duration.

This research is limited in that demand for funding support were surveyed although a wide base of competent private sector stakeholders, and professionally assured well-functioning Urban Regeneration Support Centers were lacking. Also, the funding program and operation model have been suggested based on overseas models. Hence, the recommendations of the research should be tested through pilot projects and developed further to ensure effectiveness. In this sense, public organizations should be able to use their social contribution funds to run, evaluate and monitor pilot projects even before a neighborhood regeneration funding support is properly established. Once the funding models are tested through pilot projects, in future, the evaluation criteria for funding support and an outcome index, diverse financing systems supported through intermediary organizations, and grounds for establishing an urban regeneration corporation (tentative name) can be developed.

This research anticipates that private business holders such as community companies will fulfill public roles to ensure sustainable urban regeneration projects, and ensure competency and self-sufficiency.

**Keywords : Urban Regeneration Works, Neighborhood Regeneration Works, Neighborhood Regeneration Revitalization Area, Urban Regeneration Special Account Investment, Urban Regeneration Center, Urban Regeneration Company(tentatively named), Policy Funds-Loan Product**