

auri research brief

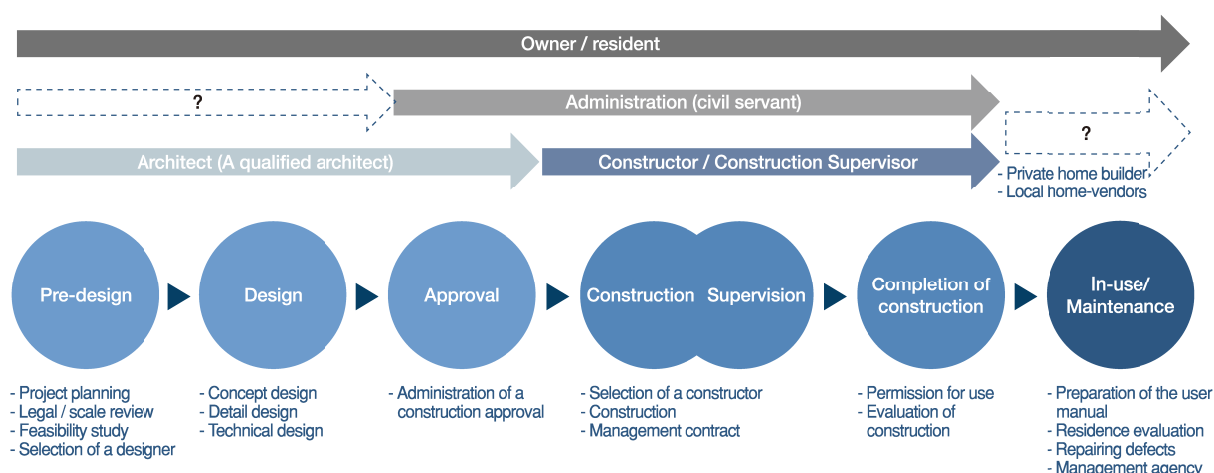
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Policy Proposals for the Quality Improvement and the Revitalization of Small Housing Constructions

Korean housing policies and housing market have come to center on apartment housings, because the country's rapid urbanization process has created a demand for a supply of mass housing units. Consequently, the quality of large complex apartment housing has improved over time, and people can now buy apartments with confidence since they are constructed through an institutionalized supply process that involves medium-scale to large-scale companies. On the other hand, small single-family and multi-family houses, each built on an individual lot by an architect and a builder at the owner's request, do not follow a systematic supply process, hindering the realization of uniform quality. Also, when these small houses encounter problems in their performance or require refurbishing and/or retrofitting, the owners (or the residents), often lacking in expertise, tend to have difficulty in finding solutions and are burdened with extra costs.



The process and the principal agents for housing constructions

While apartments in general are of good quality and are easy to manage, small houses, due to the lower standards of their residential environment, are priced lower, and thus provide dwellings for the working class. Therefore, appropriate policies must be created to establish a stable supply system and to encourage quality improvements of residential environments through the revitalization of small home construction projects.

A Policy proposal for the activation of small-scale housing constructions

Division	Policy
Strengthening the performance of housing	<ul style="list-style-type: none"> • Introduction of the house performance certification system • Strengthening the standards of plan reviews in licensing procedures for design and detail quality improvement • Reinforcing the disciplinary system and education to improve construction quality
Improving the quality of the neighborhood environment	<ul style="list-style-type: none"> • Support system for maintenance businesses for small-scale housing • Improvement of the infrastructure and neighborhood facilities supply system in detached housing areas • Introduction of a collective management system for detached house area
Improvement of housing production methods	<ul style="list-style-type: none"> • Housing construction support linking consumer and supplier: Operation of "(tentative name) security house building platform" • Operation of an architectural coordinator system for arbitration of complaints and disputes in the construction process
Reinforcement of Housing Management and Support Services	<ul style="list-style-type: none"> • Providing guarantees and a management system for small-scale housing • Fostering a small-scale housing management professional service industry • Strengthening the role of housing management support centers and preparing education and support programs • Establishing standards for expanding the small-scale housing remodeling industry
Activate the sale and rental market for housing	<ul style="list-style-type: none"> • Improving the housing finance and tax system related to detached house construction and renovation • Providing tax benefits for small-scale housing construction and renovation

In order to improve housing quality for the working class, more small houses of above-average quality and affordable prices need to be constructed, and the small housing market should be invigorated by quality and price competition as a result of the supply increase. For the construction of small houses to flourish in a reasonable manner, a variety of aspects such as architectural planning and design, construction, maintenance, and selling, etc., must be considered. This signifies that a careful consideration of “when to provide what kind of information” is crucial. The government needs to designate managers for small housing construction projects, and to establish an online platform that appropriately connects suppliers and consumers in a transparent process, and to support minimizing various risks that may arise from information asymmetry. These supporting measures must be defined from an informational or technical standpoint prior to a financial one.

Such a platform should deliver an integrated service that ranges from architectural planning to design and constructions, and more specifically, it needs to offer assessments on individual supplier’s transparency and technical competency. While they can be substantiated by certificates and/or verification documents, or be based on the records of previous projects, a neutral and fair method of managing projects must be developed. The most critical part of constructing this type of platform is gaining public confidence, and the system must be established in a way that only the suppliers who maintain the consumers’ trust and work in good faith can thrive.

It is anticipated that such a platform would revitalize local small housing markets, as consumers can obtain ample information from the initial planning phase derived from the records of actual projects and cases, and suppliers can meet potential consumers based on a fair evaluation of their previous projects. The activation of this platform is also expected to have a significant influence on the existing architectural services industry, as it can lead to the standardization of contracts and the rationalization of related unit prices.

Keywords: Policy Proposals, Quality Improvement, Small Housing Constructions

