Visiting Scholar Program

Tackling Informality: Comparing Approaches and Strategies in South Korean and Latin American Cities

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Abbreviations

COFOPRI	Commission for the Formalization of Informal Property
CORETT	Comisión para la Regularización de la Tenencia de la Tierra
IDB	Inter-American Development Bank
ISI	Import Substitution Industrialization
JRP	Joint Redevelopment Program
KLDC	Korea Land Development Corporation
KNHC	Korea National Housing Corporation
KLC	Korean Land Corporation
NTs	New Towns
PROCEDE	Programa de Certificación de Derechos Ejidales y Titulación de Solares
PMD	Public Management Development
TMHD	Two-Million Housing Drive
UNHRP	UN Housing Rights Program
USAID	United States Agency for International Development

Preface

Andres G. Blanco, Hyuna Lee, David Razu Aznar

The Visiting Scholar Program (VSP) is a joint effort by the Inter-American Development Bank (IDB) and the Korea Research Institute for Human Settlements to bring together knowledge about strategies, experiences and lessons learned both in Korea and the Latin American and Caribbean countries (LAC) in matters of housing and urban development.

Comparison between Korea, and more generally, East Asian countries and LAC has been widely studied because as Birdsall and Jaspersen (1997) assert, despite having very similar economic structures after the World War II, each region engaged in a different development strategy and thus reached very distinct results. To numerically illustrate this, according to the World Bank data, Korea went from a GDP per capita of $158.2 USD in 1960, to $27,538.8 in 2016 while in the same period LAC went from $368.5 USD to only $8,311.4. This difference in GDP per-capita has its reflection in all kinds of indicators: From poverty eradication to literacy, and from health provision to labor productivity, both regions have attained diverging results, and urbanization, informal settlements and slums are not the exception to the rule.

Even though the urban informality of Korea and LAC followed similar paths and patterns in the 1960s, the conditions and provision of affordable housing for the urban poor in LAC countries and Korea are different now. This volume reviews the institutional framework and implementation process of the provision of housing in quality and quantity as well as of affordable housing in a chronological order. In addition, it includes the main factors which have led to shaping urban informality differently in both LACs and Korea, and discusses the possibility of application of the model of providing affordable housing of Korea to the LAC countries.

Very much in line with the Birdsall and Jaspersen assertion regarding the similarity in economic structures of both regions after WWII, in terms of urbanization there were also very important resemblances. Both Korea and LAC went through a process of very rapid urbanization from 1950 onwards that redounded in an increasing presence of slums and irregular settlements in the main cities by the 1960s. However, in the same way Korea transitioned from the Import Substitution Industrialization strategies to an export oriented economy (Dornbusch and Park, 1987), it also designed and implemented a much more proactive approach to dealing with the increasing number of slums that urbanization brought about.

Results in both regions have been very different as well. While in Korea the number of people living in slums is now marginal dropping from 13 percent of the population in 1987 to less than 1 percent of the metropolitan population in 2011, as cited in Abramo and Rodriguez, in LAC this proportion has only decreased from 33.7 percent in 1990 to 23.5 percent in 2010. However, despite the proportion of slum dwellers decreased as a share of the urban population, the absolute number continued to grow reaching more than 110 million in 2010, according to UN-Habitat (2012). As Abramo and Rodríguez point out, this situation makes irregular settlements to probably be the most pressing challenge of the LAC rapid urbanization process.

From the comparison the authors make of both Korea and LAC, it is possible to find certain similarities in the initial stages or phases of the policy, especially when studying the slum clearance and housing redevelopment, incipient solution taken in both universes with very limited results. However, as we follow the authors along time, we will find the Korean case to be more active in the search for effective solutions and so, in the design of more complex policies to address the issue. This is the case of the very original Joint Redevelopment Program, which tried to bring the private sector to finance an important extent of the housing for the very poor in a kind of private-public partnership.

Special mention deserves the analysis of the Two Million Housing Drive and New Towns (TMHD) by which the Korean state made a step forward to resolving the informal settlements issue. This policy by which the government became a monopolistic land bank and a very effective central planner, allowed for the allocation of an unprecedented number of housing units and put Korea in the path of not only meeting the housing demand but surpassing it. The description the authors make of the TMHD program allows for dimensioning the very important effort required from a state to achieve this goal and the relevance of having the proper regulations and the commitment to enforce them.

The different results between Korea and LAC after half a century however are not only a result of the different approaches in urban planning and policy making. As Abramo and Rodríguez explain, there are also macro-structural factors that very specifically shaped urban informality in LAC and that very much to the interest of the reader are well identified and characterized in their work. These are economic growth, economic informality and the development of the welfare state.

Regarding the first, the development models adopted by both Korea (exported oriented economy), and LAC countries (import substitution industrialization) resulted in different levels of economic growth favoring by and large the Korean approach. These differences impacted the nature and more importantly the scale of public investments and spending, particularly regarding land and housing policies.

Second, the high relevance of economic informality fosters urban informality as they are positively correlated. Opposite to Korea where there is a strong regulatory and public policy presence for the production of urban spaces, in LAC the state maintains, as the authors put it, an ambiguous position between enforcement and tolerance to the transgression of urban regulations. This situation privileges patterns of exclusion that make the informal sector the only viable alternative for the production of living spaces for wide segments of society.

Regarding the third factor, the development of welfare state, unlike Korea where there is a somewhat inclusionary model (Krugman 2007, cited by the authors), the LAC model privileged the concentration of wealth and the correlated high levels of inequality that make slums the only living option for the most disadvantaged.

As a corollary of the comparison, it is important to underscore that, as the authors in a way point out, it is not one particular program or another what makes the difference in the outcomes: the effective formula that can bring about a true abatement of precarious housing in the urban place implies the proper articulation of the right regulation and policies and, more importantly, the involvement and commitment of the state in actively planning and

implementing such plans.

Despite the very different conditions between Korea and LAC countries, the analysis of the cases and policies can allow this comparative study through the joint research program to mutually understand and provide some elements for finding that “effective formula” and increasing the living standards in the cities of the region.

Tackling Informality. Comparing approaches and strategies in South Korean and Latin American cities.[1]

Pedro Abramo
Arantxa Rodriguez

Introduction

This paper is divided in four sections. After a brief description of the situation of urban informality and the major policy approaches to tackle it from a global perspective, the analysis focus on the experience of South Korea and its major policies, its institutional and legal tools, to address slums and informal settlements. We then turn our attention to the situation in Latin America. We conclude with a comparison of the Korean and Latin American cases to draw some lessons and recommendations for future efforts at tackling informality.

Access to adequate and affordable housing for the urban poor remains a major challenge for the 21st century. In contemporary cities, particularly in the developing world, the widespread growth of slums and informal urban settlements has been a structural component of accelerated urbanization processes since the 1960s when rapidly increasing urban populations came up against a limited capacity of authorities to respond to demands for affordable housing and basic urban services.

Tackling shelter problems has revealed two contrasting approaches: upgrading versus clearance and redevelopment. The former strategy was largely popular among those who were in favor of housing improvement set in local contexts, emphasizing residents own initiatives for the mobilization of their own skills, knowledge and resources. This has been the most common approach followed in the Latin American context.

In South Korea, clearance and wholesale redevelopment has been the dominant policy option whereas upgrading only occupied a marginal position. Starting in 1983, Korea has implemented an ambitious urban renewal policy that includes various instruments and regulations, notably Joint Redevelopment schemes that encourage property owners to participate in urban renewal projects.

1. Urban slums and policy choice in a global perspective

Today, slums, squatter areas, shantytowns or informal urban settlements – to use only some of the terms used to describe substandard settlements established by people who have spontaneously occupied an area of land and build their houses upon it through self-help processes–are a global urban phenomenon, particularly in developing regions[2]. In some cases, they date back to the 19th century, but in cities in developing countries most have much more recent origins related to

[1] Disclaimer: the views presented in this paper do not reflect the views of the Korea Research Institute for Human Settlements (KRIHS) and the Interamerican Development Bank (IDB), but are solely those of the author

[2] Squatter settlements are generally found in the towns and cities of developing countries although substandard living conditions and housing informality also exists in more industrialized countries. According to UN-Habitat (2003), in 2001, an estimated 6 percent of the urban population in more developed regions lived in slums, compared with 43 percent in developing regions.

accelerated urbanization processes since the 1950s. They are primarily, though not exclusively, built on public land and the result of organized land 'invasions' but also the result of a gradual process of occupation and incremental growth and, increasingly, "formal" market operations by informal developers (Abramo, 2006; 2009; 2011). Slum settlements exist in urban contexts all over the world, in various forms and typologies, dimensions and locations but they are distinguished by the poor quality of housing, overcrowding, poor access to public and private services, poor access to city functions and employment opportunities and poor integration of the inhabitants into the broader community and its opportunities (UN-Habitat, 2003).

According to UN-Habitat (2016), in 2014 the number of people living in slums in developing country cities reached 881 million. Although the proportion of the urban population living in slums is gradually decreasing, from 46.2 percent in 1990 to 39.4 percent in 2000 and to 29.7 percent in 2014, the absolute number of slum dwellers continues to increase: a 28 percent increase from the year 2000. If current trends continue, it is likely that by 2025 another 1.6 billion will require adequate, affordable housing (UN-Habitat, 2016:51). Shortages in quality would render this picture even more dramatic.

Table 1: Urban slum population by region (thousands), 1990-2014

Region	1990	1995	2000	2005	2007	2010	2014
Developing Regions	689,044	748,758	791,679	830,022	845,291	871,939	881,080
Northern Africa	22,045	20,993	16,892	12,534	13,119	14,058	11,418
Sub-Saharan Africa	93,203	110,559	128,435	152,223	163,788	183,119	200,677
Latin America & Caribbean	106,054	112,470	116,941	112,149	112,547	112,742	104,847
Eastern Asia	204,539	224,312	238,366	249,884	250,873	249,591	251,593
Southern Asia	180,960	189,931	193,893	195,828	196,336	195,749	190,876
South-eastern Asia	69,567	75,559	79,727	80,254	79,568	84,063	83,528
Western Asia	12,294	14,508	16,957	26,636	28,527	31,974	37,550
Oceania	382	427	468	515	534	563	591

Source: UN-Habitat, Global Urban Observatory Urban Indicators Database 2015. UN-Habitat (2016)

The slum challenge continues to be one of the most conspicuous faces of poverty, inequality and deprivation in many cities in developing countries. People living in slums are among the most disadvantaged and their incomes are generally too low for formally regulated markets to provide them with affordable housing. However, not all the urban poor live in slums, nor all slum dwellers are always poor but, compared to other urban dwellers, residents in slums and informal settlements, generally, suffer more spatial, economic and social exclusion.

The continuing growth of informal settlements since the 1950s[3] is the result of a combination of interrelated factors including rapid population growth, failed policies, poor governance, corruption, inappropriate regulation, dysfunctional land markets, unresponsive financial systems, and a

[3] While poor neighborhoods and deprived areas have always existed in cities, it is only since the 16th century that there have been slums, that is, places that are "squalid, overcrowded and wretched." In the more advanced industrial countries, irregular settlements and slums expanded rapidly since the mid-1800s in parallel to industrialization processes as the only large-scale, self-built, housing solution for lower-income groups. Irregular settlements also popped up in many European cities in the aftermath of war and major economic upheavals. However, in the more advanced economies, (re)housing the poor and removing "slum areas" was the focus of important policy initiatives from the 1930s till the late 1970s.

fundamental lack of political will (UN-Habitat, 2003: xxxii). In a context framed by the failure of market forces – formal and informal – to provide affordable housing coupled with the inability of public housing policies to effectively respond to the needs of the population with the lowest incomes, slums have been the only large-scale, self-produced, housing solution for low-income groups; i.e., the only type of housing that is affordable and accessible to the poor in cities where the competition for land and profits is intense.

Policy responses to slums, and to informal settlements in particular, have evolved over time reflecting the changing context and priorities of urban development both at the local, national and international scale. In most developing countries, a combination of policy approaches emerged to address the expansion of slum areas and have generally shifted from negative policies – such as forced eviction, benign neglect and involuntary resettlement – to more positive policies and pro-poor and inclusive approaches such as self-help and in situ upgrading, enabling, regularization and rights-based policies and city development strategies (UN-Habitat, 2003: 119-192).

In most developing countries, until the early 1970s, slum areas were most often ignored and neglected under the assumption that they were a transitory phenomenon that would eventually fade away with economic development in both urban and rural areas. In this context, from the 1950s to mid-1970s, many developing countries tried to meet the expanding shortage of housing by implementing policies that had also been applied in more advanced industrial economies, based on large-scale public schemes to build low-cost housing for the newly arriving urban migrants, often in high-rise blocks, to replace existing slum areas. However, the fast pace of population growth and the monumental financial resources required soon evidenced the inability of public housing production to keep up with demand. In most cases, supply fell dramatically short of demand and the neediest continued to be left-out.

The only places where large scale subsidized or public housing provision succeeded in making a significant impact on total housing stock were in the tiger economies of Asia (Singapore, Taiwan and Korea) and the oil economies of the Middle East (and, more recently, in China). But for many developing countries, this strategy came up against mounting difficulties to configure a public delivery system resulting from a combination of factors such as political interference, inefficiency, inflexibility, corruption, unfair allocation and extensive delays (UN-Habitat, 2003:125). Besides, despite rhetoric, housing policy did not rank very high among political priorities and resources available were utterly insufficient to make a real impact in view of mounting and rapidly expanding housing needs. In this context, the large-scale public (or non-public) housing provision paradigm was rather the exception than the norm applied by most developing countries: the aided self-help paradigm.

In the 1970s and 1980s, slum clearance became a major response to slum areas particularly under authoritarian political regimes and centralized decision-making environments. The demise of subsidized or public housing production as a primary policy option and the retreat of the state from the forefront of housing provision in the context of spreading neoliberalism, made affordable housing for a rapidly expanding urban population increasingly scarce. As the focus shifted away from public housing construction towards more demand-side subsidies and market enabling mechanisms to enhance the private sector role in housing provision, adequate and affordable housing for lower-income groups became unattainable in many developing cities. Informal occupation of public and private vacant lands, hills, swamps, environmental reserves, etc. became the only self-produced

housing alternative of the urban poor in cities in developing regions. As slums continued to spread, benign neglect and tolerance gave way to active removal through forced eviction and slum clearance.

Evictions were usually justified by the construction of urban infrastructure of the implementation of urban renewal projects or for health or security reasons and they affected in particular prime locations for development such as inner-city slums and city centers. But despite the high costs of evictions for slum residents – who rarely received any compensation – slum clearance did not solve the problem and only shifted them to the periphery of cities where new slums would rise in response to evictions. During these two decades, as demand for land and housing for the urban poor continued to increase, informal land occupations gave way to rapid development of informal markets and the commodification of all informal housing provision systems including those in squatter settlements; informal settlements continued to expand in quantity, size and density through "regular" market operations by informal developers (Abramo, 2006).

By the late 1970s, growing awareness of the resilience of informal urban settlements and the enormous cost – social, political as well as financial – and ineffectiveness of forceful eviction and slum clearance led to a search for alternative strategies. As slums began to be viewed as enduring and structural phenomenon, resulting both from the failure of repressive strategies as well as the failure of private market and public policies to respond to a chronic shortage of affordable housing for low-income groups, the focus shifted to assisted self-help and in-situ upgrading as an affordable and less authoritarian and exclusionary alternative to clearance and relocation. In sharp contrast to the consideration of slums dwellers as illegal squatters that permeated the slum clearance logic, improvement and in-situ upgrading reflected an increasing awareness of the right to housing and protection against forced eviction that started to infuse national and local political agendas. Moreover, interventions through sites-and-services schemes and slum upgrading projects were also encouraged by international agencies like the World Bank and UN-Habitat that integrated this approach in their global urban development agendas. Over the following decades, upgrading became the dominant form of intervention in slum and informal settlement areas in developing countries.

Generally, self-help and upgrading consists of a combination of elements that include regularization of the rights to land and housing and improving the existing infrastructure up to a satisfactory standard. Self-help and upgrading policies tend to focus on three main areas of concern: provision of basic urban services; provision of secure tenure for slum dwellers and the implementation of innovative practices regarding access to land; and innovative access to credit, adapted to the economic profile, needs and requirements of slums dwellers and communities. Upgrading projects often involve water supply and storage, sanitation infrastructure, sewerage, street lighting, drainage and roads. They also include the construction of collective infrastructures such as schools or clinics as well as actions for the removal of environmental hazards (UN-Habitat, 2003:130).

In the last decades, the notion of slum upgrading has expanded beyond a primarily physical and technical definition to include a combination of physical, social, economic, organizational and environmental improvements undertaken cooperatively among citizens, community groups, businesses and local authorities. From the 1990s, community-driven solutions together with government-led programs and slum-prevention initiatives have evolved in different contexts together with upgrading strategies. Today, the accepted best practice for housing interventions in developing countries is participatory slum improvement with de facto tenure security. Based on the

recognition of the need to include poverty reduction objectives and community involvement, interventions are intended to work for the very poor, often in situations where there are no markets. The best examples are holistic approaches to neighborhood improvement, taking into account health, education, housing, livelihood and gender. The government largely adopts a facilitative role in getting things moving, while maintaining financial accountability and adherence to quality norms. Communities are involved from the outset in the formulation, financing and implementation of upgrading initiatives, often through a formalized process. The more sustainable efforts appear to be those that are the main plank of a city development strategy with planned, rolling upgrades across the city and a political commitment to maintenance (UN-Habitat, 2003:132).

In the following sections, we discuss the contrasting evolution and policy approaches to tackle urban informality followed by South Korea (hereafter Korea) and Latin America. The two case studies reveal radically different approaches and paradigms on urban informality with very distinct paths and results. In Korea, an urban planning and area re-densification paradigm predominates and clearance and wholesale redevelopment has been the dominant policy option towards slums and squatter settlements whereas in-situ upgrading occupied a marginal position. In contrast, in Latin America upgrading has been, for several decades, the dominant policy approach towards slums and informal settlements, a strategy that gives greater consideration to self-help processes of urban settlement production and maintaining informal residents in their original residences and habitat.

Yet, for several decades, urban informality followed similar paths and patterns of development in Korean and Latin American cities. Rates of informality in the 1960s in Korea were comparable to those in Latin America revealing similar processes of urban land occupation by low-income populations. The proportion of population living in slums and squatter settlements varied from city to city but in Korea figures of 20-30 percent were common in the 1960s and 1970s, particularly in the capital city, Seoul (Ha, 2002). The 1980s, however, mark a radical digression in the urbanization paths between Korea and Latin America most notably in relation to irregular settlements and slums. While in Korean cities, the proportion of urban population living in slums and squatter settlements drastically decreased since, to the point of practically vanishing, in Latin America informality continued to expand well beyond the 1980s and consolidated as the single most pressing urban problem today.

Today, urban informality levels and rates continue to be very persistent in Latin America while in Korea there is little or no informality but the eviction and gentrification effects are highly significant. On the other hand, the persistence of urban informality in Latin America has led to the emergence of an important irregular land and housing market that is currently promoting a process of informal densification supported by a lucrative informal rental market.

In the following sections, we discuss the evolution of slums and squatter settlements in both cases and the emergence – and results – of two contrasting policy paradigms in relation to tackling urban informality and addressing the challenge of providing adequate and affordable housing for the urban poor and the disadvantaged.

2. Urban informality and urban policy in Korea: the rise and (almost) demise of Seoul's slum areas

Urban informality in South Korea (hereafter Korea) emerged in the 1950s and 1960s as a result of accelerated urban development processes driven by rapid industrialization and economic changes. Until the 1960s, Korea had been a predominantly rural country with an economy based on subsistence agriculture and had one of the lowest per capita income in Asia. At the end of the Korean War (1950-1953), the country began a process of structural transformation based at first on Import Substitution Industrialization[4] (ISI) and, after the military coup of 1961, by a state-guided export-based industrialization strategy that put the country firmly on a sustained growth path.

In the period of 1962-1979, Korea's real GNP grew at the average annual rate of 9.3 percent bringing with it a radical transformation in the country's economic structure. In less than two decades, the contribution of agriculture to GNP dropped from 40 percent in 1961 to 18 percent in 1980 while the share of manufacturing jumped in the same period from 18 percent to 30 percent of the GNP (Kim, 1991). A 34 percent average annual rate of exports also reflected the gradual transformation of Korea into a powerful export-oriented economy purposefully guided by the state industrialization policies and plans[5] (Frank et al, 1975; Kim, 1991). By 1980, Korea was fully on the way to become an industrialized nation and one of the four Asian Tigers. Economic growth also translated into spectacular growth in real per capita income with an 18-fold increase from US$ 87 in 1962 to US$1,481 in 1980 and, while income distribution trends during this period did not improve (with the overall Gini coefficient changing from 0.28 to 0.38) compared to most Latin American countries, Korean performance is considered to be far better (Kim, 1991:10-11).

Rapid economic growth since the 1960s was accompanied by accelerated urbanization as the proportion of population living in urban areas rose from 28 percent of the population in 1960 to 57 percent by 1980 mostly as a result of net migration from villages to cities. Indeed, adding to the enormous influx of migrants following the end of the Korean War and partition, industrialization became a powerful magnet attracting rural population to cities where the new manufacturing jobs[6] were overwhelmingly concentrated. As a result, the rate of urbanization jumped from 27.7 percent in 1960 to 40.7 percent in 1970 and 56.7 percent in 1980, a trend that would continue in the following decades[7] forming the basis of Korea's urban transition (UN-Habitat, 2011).

Seoul was at the center of this urban transition, receiving the lion's share: over half of all net rural-to-urban migration (Mobrand, 2008:5). The capital city's population grew from less than 2.5 million

[4] Briefly, Import Substitution Industrialization is a set of trade and economic policies that aimed at replacing foreign imports with domestic production on the premise that a country should reduce its foreign dependency and boost domestic industrialization. This policy became popular in the late 1950s and was adopted, at different pace and with different results, in several developing countries in Asia and Latin America.

[5] As Kim (1991:12), states it, after the military coup of 1961, Korean government followed Japan's example and focused on building a solid industrial base as the cornerstone of Korea's future development. The long-run strategy favored diversification into manufactured exports. To pursue the policy objective for industrialization, it was felt necessary that the state, given the initial weakness of the private sector, had to play a leading role in formulating and implementing trade and industrial policies. The basic strategy to develop industry called for targeting a few sectors of the economy that were expected to perform well in International markets. Those firms entering them would be granted special incentives.

[6] In two decades, the proportion of labor employed in agriculture dropped from over 80 percent in 1958 to 50 percent in 1970, and to 34 percent in 1980 (Mobrand, 2008, based on World Bank data); in the same period, the share of manufacturing grew from 5 percent to 14 percent and 23 percent of total employment.

[7] The rate of urbanization would reach 74 percent in 1990, 80 percent in 2000 and 83 percent in 2010.

in 1960 to 5.43 million in 1970 and 8.36 million in 1980 (10.61 million in 1990). The population of Seoul's Metropolitan Area (Seoul City, Incheon City, and Gyeonggi Province) multiplied by 4.8 times that of the 1960s. By 1980, about half of the total population in Korea was living in Seoul Metropolitan Area.

Rapid urbanization and the continuing influx of population to Seoul resulted in an acute housing shortage and mounting land and housing prices. By the late 1960s, housing shortage ratios were estimated at roughly 50 percent and affordable housing for incoming migrants was scarce, particularly for lowest-income groups (Bae, 2014:3). The housing supply ratio (which is the ratio of the number of dwellings to the number of households) shown in Table 2 reflects the situation quite clearly. Since the 1990s this ratio has increased significantly due to an expanding housing stock that exceeded the number of households by a wide margin. By the early 2000s, there were as many dwelling units as households in the country, and the housing supply ratio increased beyond 100 percent.[8]

Table 2: Housing stock, number of households, and housing supply ratio in Korea

NUMBER OF HOUSING UNITS	1970	1980	1990	2000	2010	2013	2014
Housing units (thousands) ≡ A	4,360	5,319	7,357	11,472	14,677	15,628	15,989
Households (thousands) ≡ B	5,576	7,470	10,167	11,928	12,995	13,395	13,395
Housing supply ratio (%) ≡ (A/B)•100	78.2	71.2	72.4	96.2	112.9	116.7	118.1
Housing supply ratio (new) (%)					101.9	103.0	103.5

Source: Kim and Park (2016)

Severe housing shortages was the most pressing housing problem in Korea since the mid-1950s but it became particularly acute in the 1970s as a result of increasing demand following the country's rapid industrialization and urbanization processes. The root cause of Korea's post-war housing shortage was in low average incomes and rapid urbanization, exacerbated by the historical circumstances of the Japanese occupation and the Korean War. During the Korean War, nearly 600,000 houses were destroyed and another 320,000 were left unfit for habitation. Thus, many families who moved to the cities from the 1950s onwards could only find accommodation in squatter settlements. In spite of state initiatives to promote house construction, particularly in the years after the Korean War, the sector had been under-financed largely as a result of government's priorities to maximize available financial resources for industrial development, restricting access to credit for housing (La Grange and Jung, 2004). In fact, underinvestment in new housing developments was a key factor in sustained chronic housing shortages in the 1960s and through the mid-1980s (Kim and Suh, 1991, cited in Kim and Park, 2016).

For a large proportion of the population, housing shortages took on a much more dramatic dimension. During the 1950s and 1960s, the growth of squatter areas and slums followed the chronic shortage of housing in Korea. Originally, squatter settlements had begun in Korea at the end

[8] However, originally, this definition was somewhat flawed, because the numerator used to count multi-dwelling structures registered under one owner as a single dwelling unit, and the denominator excluded single-member households. The definition was modified in 2005, and the 2014 figure of the new housing supply ratio was 103.5 percent, which is substantially lower than 118.1 percent that is presented in the table above.

of Japanese colonial control in 1945 when large numbers of repatriates from Japan but also from Manchuria and other neighboring countries resettled in the country. But, according to Ha (2001), mass spontaneous urban squatter settlements took off after the end of the Korean War in 1953, when over a million displaced refugees returned to the ruined cities, particularly to Seoul. Given the lack of affordable housing opportunities, many of them occupied vacant land in open spaces such as military reservation areas, hillside park areas and public open spaces near railroads and built temporary shacks made of wooden boards called "panjajib" (a temporary house with a timber-framed structure) and "panjachon" (a settlement consisting of a number of panjajibs). In Seoul, squatter settlements emerged on hillsides and low mountain areas (daldongnes and sandongnes) and along the city's streams, notably the Cheonggye stream.

Over the following two decades, 1960s and 1970s, as industrialization gathered momentum, migration of the rural poor to cities provided for an additional population inflow to urban areas intensifying the already pressing shortage of affordable land and housing in cities, especially in Seoul. As the housing shortage rate continued to increase in the 1960s, land and housing prices escalated rendering affordable land and housing unattainable for migrants and low-income groups. Consequently, illegal occupations of public and private land became the only available means of access to housing for the expanding urban poor resulting in an estimated 20-30 per cent of the population living in panjachon ("plank villages", named after the scrap material and wooden boards mostly used in their construction) in the 1960s and 1970s (Ha, 2004; Kim, 2014).

By 1966, there were, according to official records, approximately 136,650 untitled or illegal dwellings, over one-third of the total municipal housing stocks (Seoul Metropolitan Government; SMG, 1973:185 cited in Shin and Kim, 2016). Generally, slums in Korea were either established on hills and along waterways near the central areas of cities, or in the outskirts of cities. Those located in central areas, notably along the river, were built by migrants from rural areas during the industrialization process or by the poor already residing in the cities, whereas those located in the outskirts of cities emerged as a result of resettlement, that is, relocation sites that the municipal government provided for slum residents evicted from central city areas. In Seoul, slums were usually located in or near employment centers in the central city, mostly along the Cheonggye stream flowing through the heart of the city but also on hills near the downtown areas.

Addressing housing shortages and real estate price inflation became a critical concern in the face of rapidly expanding demand during the industrialization period. A number of land-related laws and regulations were thus launched oriented towards increased involvement of private developers. In 1962, the Korean State passed the Urban Planning Act that allowed the re-zoning of land. This Act included, as part of the urban planning measures, the "Land Readjustment Project", an instrument developed to exchange, divide or combine land in order to increase efficiency and improve public facilities in building sites, changing lot category or land quality, or installing and changing a public facility. The Land Expropriation Act, passed the same year, facilitated the incorporation of raw land for industries and urban infrastructure (KRIHS, 2013:15, La Grange and Jung, 2004: 565). In 1966, the Land Readjustment Project Act was enacted and expanded to include not only site utilities but also maintenance or public facilities while allowing landowners to engage in urban development. That same year, other important land instruments were also passed: The Land Compartmentalization and Rearrangement Projects Act, incorporating the use of replotting methods, and the Readjustment Land Act, allowing landowners to engage in urban development. In 1967, the Housing & Commercial Bank was established and, a year later, in 1968, the Korea National

Housing Corporation (KNHC). A decade after, in 1978, the Korea Land Development Corporation (KLDC) was set up to coordinate the massive development of land for the public sector. This key instrument was accompanied, in 1980, by the Land Development Promotion, reflecting the increasing relevance of housing shortages and real estate price inflation in the Korean urban policy agenda (Jung, 2014; Kim, 2014).

Between 1962-1971, Korea built 866,000 housing units, 12.5% of them by the public sector (108,250 units); another estimated 1,870,000 units were built in the following decade, between 1972-1981, of which 39% were by the public sector. Thus, in two decades, 1962-1981, from a total of 2,736,000 housing units, the public sector had contributed 837,550 (30.6%) (Park, 2013:20, 26). Nevertheless, these public housing projects were for sale and not for rent, bypassing lower-income people who could not access credit (La Grange and Jung, 2004:563). Indeed, the first housing policy proper, in accordance with international standards, according to Kim (2014:98), only began in 1989 with the permanent rental housing focused on public housing for rent. This policy followed critical economic and social transformation processes related to advanced industrialization trends based on knowledge-based products as well as economic liberalization policies but also as a result of increasing mobilization and social protest in the late 1980s.

Responses to spreading squatter settlements evolved over the following decades as city and government took action to address the problem of housing as a whole, and slums in particular. In the following section, we review the evolution of slum and urban renewal policies implemented in Seoul. Two distinct phases can be identified in relation to slums and squatter settlement policies: the first phase from 1961-1979, and the second phase from 1980-onwards.

2.1 PHASE I: From slum clearance and resettlement to housing redevelopment and urban renewal programs (1961-1979)

Policy responses to tackle informality and curb the growth of slums in Seoul did not begin until the early 1960s. During the 1950s, squatter settlements spread rapidly and were tolerated by local and national authorities, that were incapable of providing any housing alternatives to the large numbers of migrants coming to the city. Negligence seemed to be the dominant stance to a phenomenon that was truly overwhelming.

Tolerance and benign neglect of spontaneous land occupations during the 1950s gave way eventually to more active involvement by city and government agencies to contain their growth and consolidation. Following the military coup of General Park in 1961, slum and squatter settlements became the focus of various policy measures. Concerns about public health, social order, and the appearance of the city were ostensibly raised to justify city interventions to limit the size of squatter settlements through policies that included demolition and relocation as well as public housing schemes (Mobrand, 2008). For two decades, the coercive capacity of the authoritarian regime was directed at cracking down and forcibly removing slums without much capacity for resistance (Mobrand, 2008; Ha, 2001; 2004).

Over the periods 1961-1979, three distinctive phases and measures to clear slum can be identified: (i) a first stage, from 1961 until 1967, dominated by clearance of slums and squatter neighborhoods and resettlement of evicted residents to the urban periphery; (ii) a second stage, from 1967 to 1971,

focused on large-scale, low-income housing redevelopment projects mainly in suburban areas (satellite cities) and in the periphery of Seoul (citizen apartments); and (iii) a third stage, after 1971 till 1979, of self-help rehabilitation and in-situ improvement programs as policies became more responsive to conditions in slums.

2.1.1 Slum clearance and small-scale resettlement in cities (1961-1967)

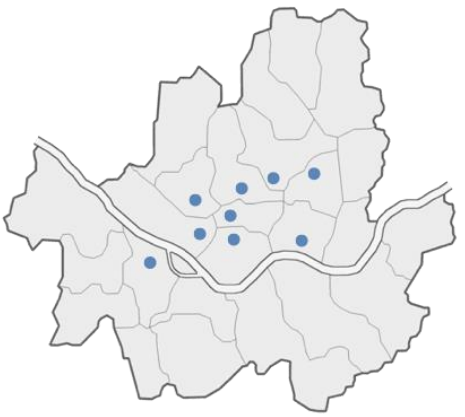
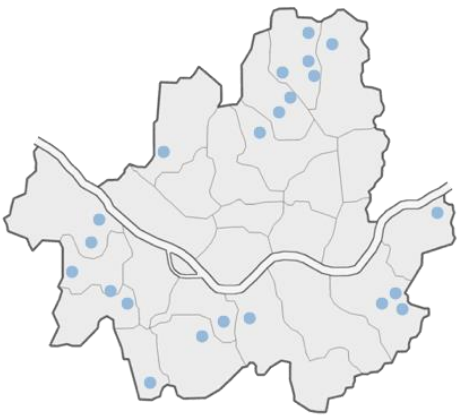
In the first stage, from the beginning of the 1960s until 1967, small-scale remedial measures were commonplace but the overall government's approach to squatter settlements was to demolish them, starting with those near or around major arterial roads and in the central city areas, and relocate residents to the urban periphery. The standard procedure was to bulldoze the settlements and send the evicted families to locations in the outskirts of the city while other surveillance measures aimed at preventing the establishment of new irregular settlements were implemented (Shin and Kim, 2016:545). However, this approach soon proved to be fraught as slums continued to spread under the pressures of rural-urban migration and the chronic –and expanding– shortage of affordable housing, particularly for lower-income groups coming to the city.

In an attempt to remove slum settlements from central city locations, the government launched a resettlement scheme for slum residents. The Resettlement Program started in 1955 and involved two consecutive initiatives: a) creating small resettlement areas in the periphery of cities; and b) creating extensive resettlement areas in the suburbs. These different initiatives of the resettlement program continued until the early 1970s.

a) Small-scale Peripheral Resettlement Areas in cities

According to Bae (2014), between 1955 and 1972, almost 62,000 slum houses were demolished in Seoul's central areas and new small settlements created in the outskirts of the city and the urban periphery to relocate the evicted residents. In the removed slum areas, new infrastructure developments were built to improve transportation flows into the city center. The municipal government lent serviced parcels of public land of around 33-50m^2 per household. When public land plots within the city were not available or were exhausted, evicted residents were offered to relocate to suburban resettlement areas into to very small (30 m^2) units by the government and were paid in very small installments (Yoon, 1996 cited in Bae, 2014). However, a considerable number of relocated residents chose to sublet these serviced plots and moved back to existing slums in or near the central city areas – where they were employed – or occupied new more central locations.

Figure 1: Slums and Resettlements in Seoul

Distribution of Slums in the 1950s	Resettlement Areas in the 1960s-1970s
	

Source: Jang, 1987, *A Study on Policies to Demolish Unpermitted Residences in Cities*, Master's thesis, Seoul National University, p.39; Lee, 1989, A Study on Construction Features of Unpermitted Residences where Groups of People Move to Live, Master's thesis, Seoul National University, p.9. Cited by Bae, 2014.

By the late 1960s, the limitations of slum removal became clear and so other initiatives were introduced. Notably, the return of the slum-dwellers to the city reflected the ineffectiveness and limitations of slum clearance and resettlement strategy to curb their development. Indeed, the number of people in informal settlements in Seoul expanded as population from rural areas continued to flow into the city. At the same time, as vacant public land for resettlement in the periphery of Seoul became increasingly scarce, the government moved away from small-scale resettlements towards the production of large-scale resettlements on more remote suburban locations. Increasing availability of public financial resources derived from rapid industrialization and economic growth contributed to steer the focus towards building large-scale new housing developments. Thus, from 1967 to 1971, the dominant approach to slum containment was through development of large-scale, low-income housing projects in the suburban periphery.

b) Large-scale housing in remote suburban areas (1967-1971)

Resettlement of large numbers of evicted slum residents was attempted through two main strategies: i) building "citizens' apartments" in the urban periphery and ii) creating extensive resettlement areas in the suburbs (satellite cities).

i) Construction of 'Citizens' Apartments'

In 1967, the government introduced a program to provide low-cost, small-sized apartments (called "Citizens Apartments") in areas where slums were demolished or near these areas and allowed people to live in the apartments. Under this program, almost 17,000 households were moved to 426 five-story apartment buildings provided in 32 districts from 1969 to 1970. About half of these developments, 17 districts, were located within five kilometers of Seoul City Hall and had good accessibility (Kim, et al., 1998:364). However, these results were quite far from the planned program

target of building 90,000 units in some 2,000 apartment buildings in 40 districts to relocate evicted slum residents. Problems in assigning the apartments played an important role on the limited impact. Families had been provided with tickets for the units and payments were made on a monthly basis, but many of the entitled residents were unable to move in because the city asked for a larger initial sum than previously indicated. An estimated one-quarter of those offered units were unable to move in and ended up selling their tickets to others. The apartments of those who could not afford to move in were sold publicly with the result that half to three-quarters of evictees ended up selling their apartment rights to others and moved out to cheaper locations (Mobrand, 2008). The Citizens' Apartments program also suffered from poor management that involved the use of cheap, low-grade and substandard building practices. The collapse of the Wawoo Citizens' Apartment building in 1971, resulting in 33 people killed, caused the government to stop the Citizens' Apartments program. Plans for the remaining 1,500 buildings were quickly erased and resources redirected, after inspection, towards demolishing or reinforcing existing buildings.

ii) the Gwangju Housing Complex

Public land availability for redevelopment and resettlement soon emerged as an important constraint in the government's resettlement strategy forcing a shift from small-scale resettlement in the city outskirts towards a policy of building large-scale resettlement areas in remote suburban locations. In 1968, Seoul's City Hall acquired land outside of the city to accommodate the large numbers of evicted residents from slum demolitions and waiting for Citizens' Apartments to become available. A temporary displaced residents' camp was established in Gwangju, an area 26 km from Seoul. However, the sudden end of the Citizens' Apartments Program, and, eventually the relatively limited number of evicted squatter families that were able to afford to move into the available units, created a large group of slum-dwellers without available housing options and no place to go. The solution was to transform the Gwangju camp into a new satellite city to house the displaced population.

Gwangju was planned to become a self-sufficient community of 350,000 people by 1973. The overall plan included also the development of an industrial complex with 100 factories and 45,000 jobs, as well as schools, public health centers, services and transportation infrastructures. Between 1969 and 1971, an estimated 115,000 people were relocated to Gwangju but the original development project had drastically changed in the process. In a context marked by intense economic growth and a chronic housing shortage and skyrocketing land and housing prices, the Gwangju Housing Complex appeared as a highly attractive solution for the better-off residents from Seoul transforming it into a profitable business operation. Land speculation priced resettled squatters out of Gwangju's in order to build a new city about 10% the size of Seoul at the time. Moreover, government infrastructure investments lagged and the location of manufacturing activities and jobs did not follow. By the end of 1971, the town had a population of 200,000 but its industrial base consisted of 1,500 teenage girls working in 4 factories. By then, 3% of Seoul's population had moved to the complex (Kim, 2010). High housing prices, lack of available in-situ jobs and insufficient services and infrastructure drove resettled squatter back to Seoul: an estimated 80 percent of the relocated households opted for selling their housing tickets to middle and upper-class families from Seoul and returned to the city (irregular settlements) where jobs were available (Bae, 2014:6). At the same time, attempts on the part of Seoul City Hall to capture part of the real estate gains from land speculation and resold housing tickets, met with frontal opposition from Gwangju's new better-off residents. As a result, Seoul's authorities pulled out of further development in the area and, under

the authority of the province, Gwangju became a new city on its own (Seongnam). After that (end of 1971), the large-scale resettlement program was abandoned even though it remained part of the plans for the development of satellite cities around Seoul.

During this relocation and eviction period, famous squatter areas of downtown Seoul were demolished in favor of the construction of modern housing and infrastructures and an estimated 10% of Seoul's residents were involuntarily removed (Kim, 2010).

2.1.2 Upgrading and self-help rehabilitation (1971-1979)

Over the course of the 1960s, awareness that slum clearance would not do away or even halt the growth of informal settlements contributed to a search for more permanent solutions. As presented above, demolitions and resettlements were largely unsuccessful in accomplishing substantive reductions in squatter settlements in the 1970s. At the same time, in light of this, policies towards squatter settlements and unlicensed housing grew progressively more responsive to living conditions in slums. Concurrently, the failure of the Citizens' Apartments program and the Gwangju Housing Complex to deliver affordable housing to evicted squatters, led to the withdrawal of the state from large-scale housing provision schemes. From the early 1970s till the 1980s, Seoul's approach to slums and informal and sub-standard housing settlements was limited to "tinkering on the margins instead of trying to reshape housing markets" (Mobrand, 2008:379).

In 1972, the city announced that it would not demolish any squatter settlements established before the end of the previous year. Only new settlements would be demolished. An aerial photograph survey revealed that, at the time, there were almost 174,000 irregular units (Mobrand, 2008: 379). The focus was now on renovating and improving those areas. Residents in designated areas would be asked to upgrade and offered some support, and only evicted if standards were not met. Thus, whereas in the late 1960s slum policies aimed at eliminating all unlicensed shacks in the city, in the 1970s squatter settlements were approached on a neighborhood-by-neighborhood basis (Mobrand, 2008). In 1973, a key regulatory instrument, the Temporary Measure Act for Housing Improvement Promotion, was approved granting tenure rights to squatters and encouraging improvement of their sites, marking an inflection point in the orientation of squatter policies away from demolition and relocation towards stabilization and self-improvement (Kim, 2010). Legalization and improvement became the dominant approach in the following decade (1973-1982).

a) Legalization, Stabilization and Self-help Rehabilitation Program

A self-help scheme for squatter areas was already established in 1968 in order to minimize forced slum clearance and relocation by subsidizing improvements in untitled housing that were subsequently legalized. But, it was only in 1973, that the Self-Help Rehabilitation Program was adopted as the city's primary instrument for addressing squatter settlements. Under the Housing Rehabilitation Act (1972), the city planned to demolish all irregular settlements built after 1970. Those remaining (an estimated 160,000 units) were required to renovate or else face clearance by 1982.

Under this scheme, residents were to undertake the demolition of existing unpermitted houses and rebuild them on their own. Depending on city plans, slum residents were offered either a mix of

cash and housing loans in exchange for vacating their unit or licensing conditional on certain improvements. In cases of renovation, the city was to pay 70 percent of the cost and the residents the remaining 30 percent. Redevelopment areas would also see improvements in infrastructure and services (Mobrand, 2008:80). The majority of slum settlements at that time were irregular and small and land readjustment measures were required by the municipal government in order to build infrastructure, including roads four to ten meters wide. The government also allowed co-ownership of land and municipal tax exemption in order to promote the merger of small-sized lots to a minimum size of 165m^2. However, the participation rate of residents was extremely low, mainly because the program left much of the financial burden to residents who could not afford to bear it (Bae, 2014).

Nevertheless, while the Self-help Rehabilitation Program was a significant step forward from clearance and forced evictions of the previous decade, its impact was severely undermined by a number of critical limitations, including: lack of resources on the part of slum residents to afford the costs of self-help rehabilitation and, on the part of local authorities, for infrastructure improvements; resistance to the municipal government's plan to land readjustment requiring demolition of a substantial portion of existing slum housing; and the slow pace of the process that meant that the property rights of residents were restricted for long periods. The impact of this program was, therefore, very limited and their capacity to curb the growth of informal settlements nil.

b) USAID Self-help Rehabilitation Program

In an attempt to address the squatter residents' financial difficulties to carry on subsidized improvements, as well as the local government' budget limitations of the Self-Help Rehabilitation Program, the government established the AID Self-help Rehabilitation Program in 1976. Loans from the USAID (United States Agency for International Development) were used to allow residents to purchase lands and renovate buildings and finance the costs of infrastructure. However, the highly restrictive conditions set by USAID for allocating these loans limited the program implementation considerably. These restrictions included: allocation to sites with over 70 percent public ownership and a proportion of low-income families above 75 percent; the obligation to maintain all existing housing with no demolition; and a precondition of 90 percent participation of residents. As a result, the program could only be implemented in a restricted number of areas and rehabilitation was limited to the individual housing units without substantive improvement on the spatial structure of settlements. The USAID loan program lasted only two years and it affected 10 districts on an estimated 76 ha resulting in almost 7,000 housing units refurbished and improved.

In sum, between 1961 and 1979, slums and squatter settlements policies in Seoul evolved from slum clearance to large-scale resettlement schemes and to self-help and improvement approaches. Table 3 below shows the evolution of informality in Seoul from 1949 till 1980 reflecting the drastic drop in the proportion of illegal housing in urban areas since the mid-1960s, particularly between 1966-1976 and the continuing decrease till the early 1980s. By 1980, the proportion of population living in slums, squatter settlements or substandard housing had fallen from almost 38 percent in 1966, to 15.5 percent in 1980.

Table 3: Evolution of "Illegal Housing" units in Seoul, 1949-1980

NUMBER OF HOUSING UNITS	1949	1960	1966	1971	1976	1980
Total Housing Units (A)	193,204*		361,945	625,650*	813,000	993,661
Illegal Housing Units (B)	30,000	n.a.	136,650	168,300	134,900	154,047
Ratio of Illegal Housing (%) B/A	15.7	16.4	37.75	26.9	16.6	15.5

Notes: n.a., not-available. * estimated from known share
Sources: Data 1949 and 1960 from Lee (1990:21-22); 1966-80 from Ha (2004, 2001).

Demolitions, by themselves, did not produce a substantive decline in the number of irregular housing units and since the late 1960s they were replaced increasingly by other policy options such as large-scale, low-cost housing construction and resettlement. But neither clearance nor the supply of alternative housing options through resettlement projects, public housing programs and the designation of apartment units for evicted slum residents, represented a viable alternative for the urban poor of Seoul. Squatter settlements remained the main/only choice for most. Self-help improvement programs were, to some extent, a response to the failure of previous initiatives to solve the housing problems of low-income and disadvantaged populations.

Still, slum clearance remained a relevant strategy in Seoul till the early 1970s with an average of 15,000 demolitions yearly during the 1960s. By 1972, the number of demolitions had declined to 7,000 and to 3,500 in 1973. After 1973, the number of demolitions declined drastically. In the following decade, and particularly after the Self-Help Housing Rehabilitation Program was adopted, demolitions did not produce a decline in unlicensed housing. Moreover, given that the growth of total housing stock did not register massive increases during the first half of the 1970s, the substantive drop in the share of illegal housing relative to total housing stock, from 26.9 percent to 16.6 percent, in the period 1971-1976, seems more likely to have resulted from residents upgrading and government regularization[9] initiatives (Mobrand, 2008; Ha, 2004).

Nevertheless, by the mid-1970s, while improvement and self-help rehabilitation were formally within the housing policy agenda, they became more and more residual. These programs, overall were not very successful and had serious financial problems and by the end of that period had shifted towards urban renewal and redevelopment. In the following section, we discuss this radical turn in urban renewal policies as a more affirmative property-led development approach was adopted to housing and land development. Two instruments are given particular consideration: The Joint Redevelopment Program (JRP) or *Hapdong*, and the New Town (NT) policies integrated within the massive housing production scheme of the Two-Million Housing Drive (TMHD).

2.2 PHASE II: Property-led redevelopment: the Joint Redevelopment Project, re-densification and urban renewal (1980-1995)

While large-scale squatter settlements decreased substantially in the decade between 1966 and 1976, housing shortages continued to be a critical problem in Seoul. In many ways, the problem intensified, since the mid-1970s, when land and housing markets boomed under the pressures of

[9] Seoul's officially recorded drop in illegal shacks as a percentage of all housing between 1966 and 1971 is probably driven in large part by a 1970 announcement legalizing all shacks built before 1966 (Park, 1985, p. 260). A similar measure was taken in 1973 to legalese those constructed before 1970. (Mobrand, 2008: 380-381).

increasing demand caused by an expanding urban population and rising incomes. Land and housing prices skyrocketed with supply lagging consistently behind. In this context, government intervention in housing became more proactive.

In the 1970s, the Korean government had addressed the problem of housing shortages through a 10-year plan for housing construction aimed at increasing supply and stabilize prices. New institutions were created and a regulatory framework set up to promote housing production by public sector developers. Two housing and land development laws and institutions were crucial: the *Housing Construction Promotion Law* (1972) and the *Korea National Housing Corporation* (KNHC) (1973); and the *Land Development Promotion Law* (1980) and the *Korea Land Development Corporation* (KLDC) (1979). Vested with the power of eminent domain in land acquisition, the KNHC and the KLDC played a crucial role in land development and housing production in the following decades (Kim and Park, 2016:14). Housing production expanded substantially[10] during this decade but with rising housing prices that reproduced chronic shortages, particularly of affordable and adequate housing, which hit harder low-income and disadvantaged households.

In the early 1980s, housing redevelopment and urban renewal took a radical turn as government embraced a full-fledged land and housing redevelopment strategy through a series of innovative regulatory and planning instruments that eventually succeeded in forcing residents from these areas out of most parts of the city. The 1988 Olympic Games bid also contributed to a shift in focus as slums and squatter settlements in central Seoul became intolerable for public authorities. New institutional mechanisms were established to encourage redevelopment and, specifically, a more active involvement of the private sector within a regulatory framework. These instruments included: the provision of land for development on a large scale through public sector developers, extended financing through the *National Housing Fund*, new regulations regarding the production and allocation of new housing, and tax incentives and subsidies to suppliers and consumers. In 1983, the government launched a new tool for housing redevelopment: the *Joint Redevelopment Program (JRP)*, or *Hapdong*, grounded on the notion of public-private partnership for substandard area projects. In such a scheme, construction companies and landlords of unlicensed buildings (those holding tenure rights) jointly executed the redevelopment business projects. In this program, squatters were effectively included in the ordinary housing market (Chang, 1998, cited in Kim, 2010). An association composed of owners and a private construction company assumes the leadership of urban renewal without public assistance; squat occupants were given the rights to apartments prior to construction, with much of the building cost responsibility carried by construction companies. The city, on the other hand, controls the maximum density that can be authorized in these projects, in order to guarantee that each project will obtain sufficient capital gains for the participants (owners and private companies).

2.2.1 The Joint Redevelopment Program (JRP)

The core feature of the JRP was its project financing and management structure, which largely depended on real estate developers' participation in partnership with dwelling-owners (irrespective

[10] Between 1962-1971, Korea built 866,000 housing units, 12.5 percent by the public sector (108,250); 1.870.000 units were added between 1972-1981, 39 percent by the public sector. In total, 2.736.000 housing units were built between 1962 and 1981, of which 837,550 (30.6 percent) were built by the public sector (Park, 2013:20, 26). Public housing projects were for sale and not for rent, bypassing lower-income people who could not access credit (La Grange and Jung, 2004:563).

of their possession of formal land tenure) (Choi, 2002). The key to its success was to transform low-rise substandard neighborhoods into high-rise commercial housing estates built to the maximum density permitted by planning regulation. All the remaining flats after allocation to participating dwelling owners could be sold on the new housing market to recover development costs and make profits. This in turn was aimed at minimizing dwelling-owners' financial contribution to JRP projects (Shin, 2009).

In JRPs, the government designates clearance areas and authorizes building removal. Homeowners form an association, which contracts with the construction company and takes responsibility for the project. A redevelopment association is created to obtain the required approval of two-thirds of the landlords. Large construction companies provide the capital. The government allows high-density development to ensure reasonable profits for all participants. The city government provides no public assistance. However, the key difference in a JRP is its independent financing scheme. In practice, construction companies have the initiative. The JRP program depended largely on the use of joint contributions from local property owners (mostly dwelling owners) and builders that supplied development finance and carried out construction and marketing (Ha, 2001; Shin, 2009). Unlike in the 1970s, the JRP was to substantially increase the scale of reconstruction, facilitated by the growing popularity of high-rise apartments among the emerging middle classes for both consumption and investment.

This method was based on the concept that once a renewal site was located and a major construction company (developer) agreed to participate in the project, then a housing corporation representing residents (homeowners) was set up for the selected site. At any project site, the primary responsibility of the housing corporation was to obtain the required two-thirds vote for approval from its members who reside in the area. Based on this initial approval, each member of the corporation was then provided with the right to own an apartment unit. It was initially agreed that the construction company was allowed to build more units than was required to house all available members of the area and that any excess units beyond the total required were allocated to any buyers in the market. This arrangement justified allowing reasonable profits for the developers involved in the project. By selling the remaining units, the firms recovered their renewal costs. Once the buildings and related facilities were built by the developers, they were sold to landlords in lots and houses according to their original portion, and the remaining units sold for compensation of the development costs.

In substandard settlements subject to the JRP, the majority of dwellings were without *de jure* property ownership since they had no land titles (SMG, 1998: 20–21). As the 1973 Temporary Act prohibited any upgrading of existing dwellings to prevent the spread and expansion of such settlements, owner-occupiers in these settlements faced unfavorable conditions in terms of investment in their own properties. This condition also prevented the arrival of middle class households as individual gentrifiers and, in turn, discouraged the rise of 'first-wave' gentrification. The suppression of development, however, created a massive rent gap (Shin, 2009), thus impeding opportunities for reaping profits once these settlements became subject to commercial redevelopment and closure of the rent gap.

The redevelopment of substandard settlements was accompanied by the densification of existing low-rise detached houses in formal, established neighborhoods. House owners rebuilt their one or two-story detached dwellings to convert them into multi-household units that were usually three-

to-four-stories high excluding the basement. The municipal government contributed to this process by relaxing planning regulations (e.g. easing the requirements for a minimum distance between dwellings or the provision of parking spaces). Small-scale builders were naturally the main participants in this segment of the housing market. Each densified multi-household dwelling was sub-divided to be rented out. Usually a detached dwelling for one family was densified and then subdivided to provide living space for five households. Some estimates based on municipal government data suggests that about 750,000 multi-household units were produced between 1990 and 2001, accounting for about 66 percent of all housing units produced in Seoul in this period. Approximately 150,000 detached dwellings are estimated to have been demolished in this process. These multi-household dwellings contributed to the expansion of more affordable housing stocks with flexible tenure for low-income urban residents (Shin, 2008), but for a neighborhood, what prevailed were worsening living conditions due to inadequate provision of parking spaces, narrow streets and the absence of green or recreational spaces (Shin and Kim, 2016).

The number of JR projects mushroomed with the high level of national economic growth and market demand. By the end of 2008, the total number of houses demolished by housing redevelopment projects was about 124,000. Approximately twice this number, about 10 per cent of the total number of new housing units in Seoul, was constructed over the same period. Most of the squatter settlements in Seoul were eradicated and the nature of housing redevelopment programs has changed from squatter clearance to more general residential redevelopment. Under the widespread expansion of JRPs, the common housing type – a small-scale, single-story detached dwelling unit, occupied by multiple families – has been replaced by high-rise flats (Ha, 2011).

Table 4: Housing redevelopment projects in Seoul, 1973-2008

	Number of districts	Area ($1000m^2$)	Demolition (number of building)	New construction (unit)
Completed				
-Korea	379	16,178	140,483	292,288
-Seoul	314	13,891	124,343	273,628
In progress				
-Korea	179	10,716	65,278	166,809
-Seoul	102	5,514	40,286	85,430
Waiting				
-Korea	334	23,253	138,146	334,588
-Seoul	137	8,659	65,827	133,323
Total				
-Korea	892	50,148	343,907	793,685
-Seoul	553	28,064	230,456	492,381

Source: LHC (2009)

Now, while the JRP approach seemed to be a very attractive option to all parties involved in the project – the local community, the private and public sector – the reality has not been as effective as originally anticipated for the local community. The profit motive of the powerful developers does not mix well with the low socio-economic status of the affected residents. The needs of residents are not seen as the main considerations. When the JR program was launched, no account was taken of the vulnerable social and financial position of tenants in redevelopment project areas. Many tenants experienced harassment and eviction in the course of redevelopment. There were constant protests from tenants

who suffered loss of affordable rental units. It was in the late 1980s that the government revised the regulations to protect tenants in redevelopment areas.

The original purpose of the JR program – improvement of the living conditions for low-income families in the project areas – shifted because of housing speculation and it attracted more middle-income families into the projects (Ha 2004; Kim 1998; Kim and Yoon 2003; Kyung 2006; Shin 2009). The mechanism of this profit-making formula, as Shin (2009) argued, is well illustrated with the production-side explanation of gentrification, the rent-gap theory. There has been a high turnover of land ownership and the portion of the absentee landlord is believed to reach as much as 30 to 40 percent (SDI and KOCER 2003). Property-owners often choose to let the new unit or sell it in order to make a quick profit. According to SDI and KOCER (2003), only about 40 percent of property owners and 10 percent of tenants returned to the redeveloped areas. Regardless of the government's intention, the JRP has brought in gentrification. A social class change from the working class to the middle-class, through large-scale housing redevelopment, has been unmistakably revealed in the JRP areas.

In the mid-1990s, the pace of the JR program slowed down due to the government's implementation of a massive housing development plan, the Two Million Housing Construction Plan started in 1989. The requirement for the property-owners' association to build rental housing in JRP areas also contributed as it drove down profits for both property owners and developers (Kim and Ha 1998). The Asian Economic Crisis in 1997 contributed to make it difficult to continue many JR projects.

2.2.2 The Two-Million Housing Drive and New Towns

Aside from JRPs, in the late 1980s, the government initiated a program involving massive housing production to meet increasing demands for quality housing by the middle class, including specific measures for low-income households, called the Two-Million Housing Drive (TMHD). The TMHD was a plan to build 2 million new housing units between 1988 and 1992, including the development of five new towns in the suburbs of Seoul. The two critical instruments to implement the TMHD were large-scale provision of developable land by public sector developers, the Korea National Housing Corporation and the Korea Land Development Corporation, and the expansion of housing finance loans, through the National Housing Fund.

The TMHD plan also included an initiative to build 250,000 (12.5 percent of total units) of public rental units directed at low-income groups. It was also the first attempt to allocate housing units by target income groups according to their ability to pay (i.e., permanent public rental housing for the lowest-income households, small for-sale units and rental housing for low-to-moderate income groups, and larger for-sale housing for the middle class by the market. Besides, to secure access and steer new housing to the target groups, other mechanisms were also established, including mandatory savings for housing subscription, an application system for prospective buyers, and counter-speculation measures.

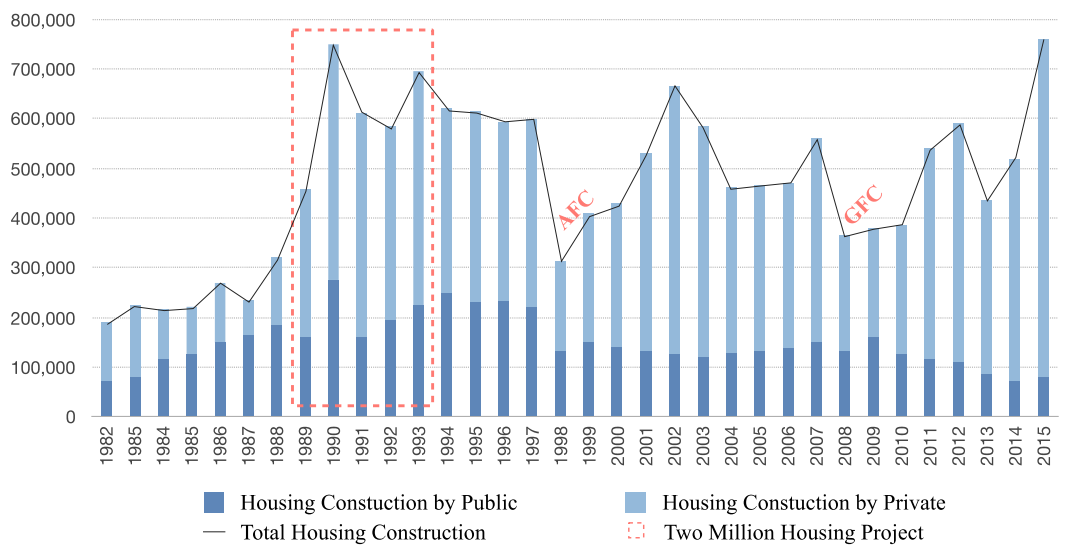
The TMDH was a major breakthrough in tackling Korea's chronic housing shortages by drastically increasing the annual volume of housing construction through direct housing state provision. Within 5 years (1988-1992), the TMHD delivered more than 2 million units, one third of them by the public sector. As a result, the total housing stock expanded by 38 percent between 1980-1990 and 56 percent in the following decade 1990-2000, improving significantly the housing supply (see Table 5).

Table 5: Two-Million Housing Drive Plan, 1988-1990

	Income groups	Goals	Achievements					Ratio
		1988-1992 (A)	1988	1989	1990	1991	TOTAL (B)	B/A %
Total (thousands)		2,000	317	462	750	613	2,143	107.2
Public Sector		900	115	161	270	164	700	79.0
Permanent rental units (20-36m²)	Urban poor	190		43	60	50	153	80.5
Houses for working class		250		39	61	37	98	39.2
Long-term rental units (33-50m²)	Potential middle class	150	52	79	65	15	171	114.0
Small-sized houses for sale (40-60m²)		310	63		84	63	289	93.2
Private Sector (60-85m² and above 85m²)	Middle class and above	1,100	202	301	480	449	1,432	130.2

Source: Joo (1994:295, cited in Kim and Park, 2016:15)

Figure 2: New housing construction, 1982-2014



AFC: Asian Financial Crisis; GFC: Global Financial Crisis

Source: MOLIT, http://stat.molit.go.kr in Kim and Park, 2016:5

Table 6: Housing construction and housing investment, 1988-2004

	1988-1992	1993-1997	1998-2002	2003-2007	2008-2012	2013-2014
Housing Investment to GDP (%)	6.5	6.7	4.6	5.3	3.9	4.0
New housing construction (units)	543,602	625,159	468,126	507,624	455,218	477,684
Gross national income per capita (USD)	7,983	12,059	12,735	23,033	24,696	28,180

Source: Joo (1994:295, cited in Kim and Park, 2016:15)

Along with this construction project, in 1990, the government promised to supply public rental housing on site to assist squatter tenants who were displaced or negatively affected by redevelopment projects, thus, institutionalizing it as the new official housing policy in Korea (Kim, 2010). This compromise, which Kim (2009, cited in 2010) has referred to as the 1990 System, would indeed mark a new turning point in squatter settlements policy.

Good examples of this program's impact on housing stock were the five New Towns, developed as an integral component of the TMHD in the suburbs of Seoul, and the second-generation New Towns developed in locations farther from Seoul in the 2000s. Under this initiative, new housing was provided in large quantities together with onsite infrastructure as well as access to the transport network connecting the new towns to Seoul and other cities in the region around the capital.

Between 1989–96, five New Towns were established to deal comprehensively with a multitude of housing problems, including housing shortages, land and housing speculation, and, particularly, the shortage of land that was hindering adequate housing production in the capital region. Large tracts of (usually) farmland entered, in this manner, the urban system. The five New Towns were located within a 25km radius from the city center of Seoul and were designed as complete living and working entities.

Table 7: New Towns in Seoul Metropolitan Area, 1989-1993

	Bundang	Ilsan	Joondong	Pyungchon	Sanbon
Construction Period	1989-93	1989-93	1989-93	1989-93	1989-93
Area Planned (Ha.)	1984	1573	544	495	419
Number of housing units	97,500	69,000	425,000	425,000	425,000
Population planned	390,000	276,000	170,000	170,000	170,000
Developer	Koland	Koland	Buchon City Koland KHC	Koland	KHC

Source: La Grange and Jung, 2004:572

The New Towns were developed under Public Management Development (PMD), a system by which the State acquired large tracts of land from private owners at prices appraised to a value lower than market prices. From 1980 to early 2000s, an estimated 489 km2 were provided by the PMD, 43 percent through the Korean Land Corporation (KLC), 14 percent by KNHC and 39 percent by local governments, among others (La Grange and Jung, 2004, 571). Although the State had expropriation powers, most of the land (95 percent) was acquired through mutual agreement between public authorities and landowners and compensation for losses in accordance with the Civil Code (La Grange and Jung, 2004, 565). Between 1982 and 2000, the State acquired 328,935,000 m2 for housing, with 1989, 1990, 1991, 1995 and 1996, being the years of more acquisition when 52.6 percent of this total was acquired. Once in possession of the land, the State drew up a development plan by assigning different land uses (parameters, design of land distribution, size of the blocks) transforming it from rural to urban, i.e. developing the land and providing the infrastructure. Once the land was urbanized (divided, split and served), the State retained a portion and sold the rest to private developers that built neighborhoods at controlled prices, which generated substantial funds for the government and helped meet the housing needs (La Grange and Jung, 2004:566 and 570; La

Grange and Jung, 2013:75; Kim, 1991). The State had revenues that were formerly part of the revenues and profits of the landowners.

The State decides how much land to keep for his own housing projects and the land that will sell to private constructors. The public land for leasing housing is sold at approximately 70-95 percent of the cost of construction and to private developers at prices appraised lower than market prices (La Grange and Jung, 2004:571 and 573). In return, private developers must produce a number of units within an agreed period and allocate 25 percent for social rental units at controlled prices defined by the average income. The remaining 75 percent of homes are sold. In this regard, it must be underlined that price controls have been relaxed in recent times. In a New Town, the prices are US $ 200,000 for an apartment of 59 m2 (3,389.8 US/M2) and US$ 300,000 for another of 84 M2 (US$ 3,571.4/M2) (Pereira, 2015).

New Towns were a critical policy tool in providing large-scale housing together with onsite infrastructure in Seoul's metropolitan region. This tool became a landmark of housing policy and urban development intervention in Korea. Indeed, the TMHD plan where the New Towns were integrated, crystallized the unique Korean housing delivery system: to encourage market development under a strong regulatory framework where the public monopoly in the supply of developable land, combined with strong government regulations and public sector housing institutions,[11] key legislation to discourage real estate speculation[12] and incentives to expand the housing stock and distribute it to intended target groups according to pre-defined government criteria made for a unique model of state-led-market-provision in housing. As Kim and Park (2016:25) sum up, "The role of the private sector players was essentially limited to that of contractors to public sector developers with guaranteed profits." Over the following decades, strong government intervention has remained a mainstay of housing market and policy dynamics.

Nevertheless, while, undeniably, the TMHD plan was a major step forward in solving the absolute housing shortage by the early 2000s, making housing more available and affordable for middle and upper income groups (not necessarily in or around Seoul), for low income households and the disadvantaged the impact was very limited. Less than 10 percent of the new housing stock built under the TMHD was for the target "urban poor." And more systematic programs for lower-income groups were not implemented until the following decade. In the meantime, in Seoul, rising land prices and development pressures deepened the crisis of affordability making low-cost apartments even scarcer. At the same time, escalating land prices also contributed to withdrawal of government plans for low-income housing developments in Seoul and in satellite cities (such as Incheon), leaving housing production mostly in the hand of private developers and markets.

[11] The major public-sector players were the Korea National Housing Corporation and Korea Land Development Corporation, merged in 2009 to form the current Land and Housing Corporation. "The two state-owned enterprises accounted for 81 percent of the volume of residential land development and 14 percent of total housing stock as of September 2013 (Son 2014). The basic principle was that the gains from land development should be recouped by the public sector to finance the provision of infrastructure and affordable low-income housing. All large-scale land development projects were implemented by these state-owned enterprises vested with the power to purchase nonurban land through eminent domain. This mechanism facilitated the timely provision of developable land for housing and the construction of housing itself "(Kim and Park, 2016:25).

[12] Legislation of a special tax to discourage real estate speculation passed as passed in 1968 and consolidated into the capital gains tax later (Kim and Pak, 2016:24).

In this context, as adequate and affordable housing shortages continued and housing prices soared across major cities, particularly Seoul, land occupied by squatters became an object of desire of private investors. By the 1980s, those with money wanted the land that squatters occupied and backed state efforts to evict them (Mobrand, 2008:382). Designated areas for renewal were placed in the eye of the hurricane as private investors coveted the land squatters occupied. As profitable development opportunities expanded, land and housing development attracted big business and conglomerates interested in building mostly for the better-off groups squeezing low-income and evicted squatter residents out of the market. Urban renewal schemes became then the principal means by which the state could dispossess the squatters and turn it to private developers for redevelopment. Indeed, as land values continued to rise, partly as a result of urban renewal, marginal housing ceased to be a viable option for the urban poor, eventually forcing squatters entirely out of major parts of Seoul.

In sum, while in the 1960s and 1970s, squatter settlements policies had been largely driven and justified by government concerns about city appearance, unproductive land use and social unrest, in the 1980s and 1990s, housing and land market dynamics and private sector interests became a critical factor in shaping state policies on squatter areas.

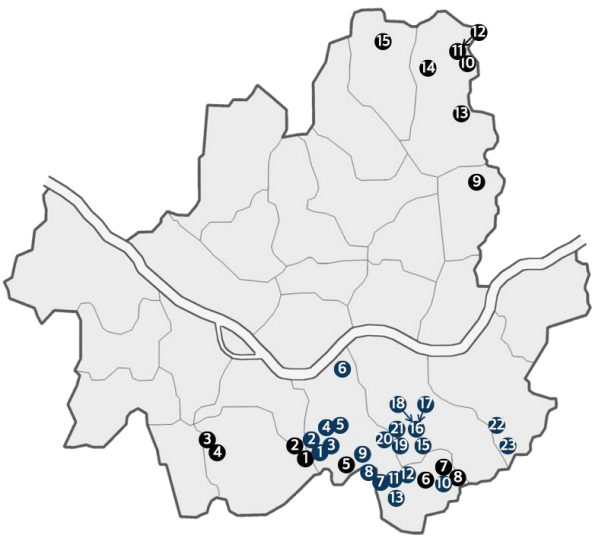
2.3 PHASE III: New Redevelopment Programs (1995-present)

As mentioned above, the deployment of the "1990 system" (Kim, 2009) marked a turning point in squatter policy. Afterwards, squatters practically disappeared from Seoul. Integrated under the logic of an "urban Fordist compromise" (Abramo, 1996), the squatter areas of Seoul were mostly tuned into apartment complexes. However, the state continued to offer public rental housing for tenants in order to contain the growing resistance of squatter area tenants to development which had started to grow from the mid-1980s onwards. In the words of Kim (2010:141), "the accumulation support function for acceleration of urban development overwhelmed the legitimacy function".

Contemporary Seoul: a slumless city?

It is generally considered that in Seoul, "currently, most slums with very poor housing and living environments have been upgraded or redeveloped, while other sites are being upgraded based on related laws and government programs" (Bae, 2014:4). Nevertheless, despite massive improvements in solving the housing shortage, over time, affordable housing has remained extremely scarce in Seoul and, for the urban poor, unattainable. During the 1970s and 1980s low-income groups faced increasing difficulties in gaining access to affordable land as land prices increased faster than the average income and in many cities the prices have sky-rocketed. At the same time, evictions resulted in large numbers of residents within Seoul to be pushed out of redeveloped neighborhoods that became unaffordable. Since the early 1980s, some poor people have tried to squat in a new type of low-income settlement, which is known as 'vinyl house village.' The rapid growth of new substandard housing is an attempt to bridge the gap between housing supply and needs (Ha, 2004:124). According to some estimates, in 1987, there were 204 irregular settlements in Seoul, with 84,818 units, 8.7 percent of all housing containing 13 percent of the population (Kim, 2014, 100). By 2011, the population had dropped to approximately 25,000 households, about 100,000 people, 1 percent of the metropolitan population (Maeul Policy Council Gooryoung, an Operation Plan Organization, 2014).

Figure 3: Spatial distribution of vinyl house villages and shantytowns in Seoul Metropolitan Region



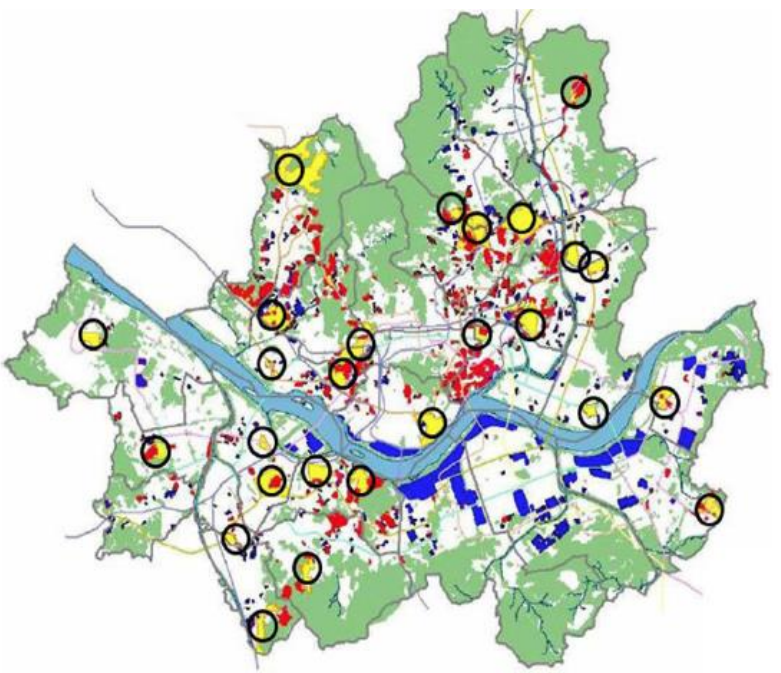
Surveyed Communities			Other Communities (Number of households is estimate)		
Seocho-gu		**HHs**			**HHs**
1.	Jeonwon	100	1.	Namhyun-dong #1	15
2.	Ahraeseongdee	40	2.	Namhyun-dong #2	12
3.	Weseongdee	40	3.	Shilim-dong #1	90
4.	Eunbong	25	4.	Shilim-dong #2	10
5.	Doorae	31	5.	Heoninreung	30
6.	Jamwon-chebiji	45	6.	Ahgol	10
7.	Chodae	6	7.	Sateo-maul	10
8.	Jooam	15	8.	Gyosu-maul	100
9.	Jeopsi-ggod	23	9.	Sinnae Church-maul	15
10.	Taewha-nongwon	6	10.	Heemangchon	350
11.	Sinwon-dong Ggodmaul	15	11.	Yangji-maul	1000
12.	Nagokdong samuso	9	12.	Hapdong-maul	350
13.	Baramgol	9	13.	104-maul	525
14.	Sanchung	43	14.	Ongokchogyo	5
Gangnam-gu			15.	Dobongchogyo	15
15.	Gooryong	1300			
16.	Dalteogunlin1	75			
17.	Dalteogunlin2	163			
18.	Dalteogunlin3	32			
19.	Sujung	61			
20.	Yangjae Jeonghyongwoigwha	11			
21.	Jaegun	96			
Songpa-gu					
22.	Gaemi & Saemaul	17			
23.	Whawhe	185			
Sub Total		**2347**	**Sub Total**		**2347**
			TOTAL		**4884**

Source: Asian Bridge and Korean Coalition for Housing Rights, 2011. Reproduced from Park and Park (2014). (Blue color: surveyed communities, Black color: estimated communities).

Based on the statistics provided by Korean non-governmental organizations, Park and Park (2014) argue that the number of residents in vinyl house villages and shantytowns in Seoul metropolitan region ranges from 10,000 to 15,000 of 4,800 households scattered among 38 sites (Asian Bridge and Korean Coalition for Housing Rights, 2012). Large numbers of poor people pushed by high development pressures are currently residing in the city's peri-urban areas by illegal occupation. In contrast to the former type of informal settlements that were formed by the government's relocation policy and officially inscribed on the register of unlicensed buildings, and therefore "authorized" for occupation and housing rights, this new type of informal settlements has neither of the two. This bears some resemblance to what is prevailingly taking place in many developing countries: rapidly growing squatter settlements in urban fringes and peripheral mountain areas. Thus, precarious, substandard housing and irregular settlements continue existing in Seoul but its relevance within the urban structure and dynamic has been drastically reduced.

In the 2000s, new redevelopment projects were promoted, centering not on squatter settlements anymore but on low-rise, low-density, and old housing areas. In 2003, a new redevelopment model, named the New Town Project, was introduced that allowed more high-rise construction with less regulation. The core of this system was the inclusion of many areas that were originally not included in redevelopment targets, as the housing conditions were considered adequate (Kim, 2010:141). The distribution of New Town Projects is shown in the following map.

Figure 4: Sites for New Town Projects in Seoul



Source: Bureau of Housing, 2008, reproduced from Kim (2010).

3. Urbanization and informality in Latin American Cities

As in the Korean experience, the early and rapid urban transition of Latin America prompted widespread slum growth as a structural component of urban development since the late 1940s. But, in contrast to the Korean case, slum areas have continued to expand in numbers, in size and in density of land occupation ever since, despite considerable efforts to curb their expansion since the early 1960s. As a result, in 2012, more than 113 million people, one in 4 inhabitants, were living in slums in Latin America even if the proportion over total urban population[13] has fallen from 34 percent in 1990 to 24 percent (ECLAC, 2004:276; UN-Habitat, 2012). Based on the rate of slum growth, the United Nations projects that over 160 million households in the LAC region will be living in slums in 2020 (UN-Habitat, 2012). Not surprisingly, informal settlements remain the most conspicuous trait of city growth in Latin America and one of the most pressing and challenging problems for Latin American cities.

The roots of urban informality are found in the rapid process of urbanization. In Latin America, urbanization took place at a very fast pace between 1950 and 1990. In only four decades, the share population living in urban areas in the region escalated from 40 percent to 70 percent, fueled by intense the rural-urban shift, a dynamic that has been labeled as an "urban explosion". In Brazil, for example, urban population jumped, in this period, 1950-1990, from 19 million to 110 million, 4.8 times. Since the 1990s, the urban population continued to grow but at a gradually decreasing rate consolidating an urban transition that has made Latin America the world's most urbanized region, with almost 80 percent of the population living in cities. The urban population in Latin America is today greater than that of the most industrialized regions as is its urbanization rate of almost 80 per cent, the highest in the world and almost twice that of Asia and Africa (UN-Habitat, 2012).

The accelerated urbanization process in the region had important consequences in the configuration of cities and the magnitude and widespread urban informality. In fact, the intense and accelerated urbanization rate is doubtless a key factor for understanding the extent and persistence of urban informality in Latin American cities and an important element for addressing it. And, while, in the last decades, the proportion of slum dwellers has been decreasing as a share of the urban population in the region, the absolute numbers, size and density of informal settlements continue to grow establishing itself stubbornly as the most striking feature of city growth in Latin America.

Table 8: Urban population living in slum areas in Latin America, 1990-2010

	1990	1995	2000	2005	2007	2010
Urban Population (thousands)	313,852	353,457	394,099	432,554	448,006	471,177
Urban Slum Population (thousands)	105,740	111,246	115,192	110,105	110,554	110,763
Proportion of Urban Population (%)	70.6	73.0	75.3	77.5	78.3	79.4
Proportion of Urban Pop. in Slum Areas (%)	33,7	31,5	29.2	25.5	24.7	23.5

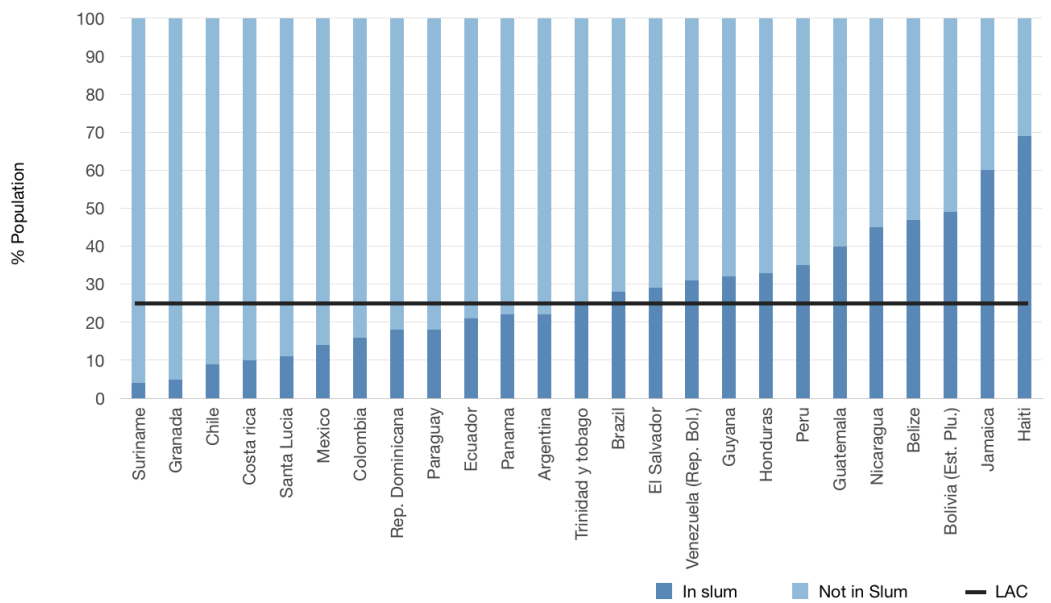
Source: UN-Habitat, 2012

Currently, the proportion of urban population living in slums varies greatly among countries. As the figure below reflects, the proportion spreads from an extreme 70% in Haiti to 10% in Chile and the

[13] In some countries of Latin America, there has been a large drop in numbers of squatter households due to tenure regularization policies that would reduce the number of slums under most definitions. Nevertheless, housing deficits remain high and slums are prominent in most cities.

lowest levels below that in Granada and Suriname. As could be expected, those countries with greater housing deficits exhibit also the worst physical conditions and access to basic services (UN-Habitat, 2012).

Figure 5: Urban population living in slums in LAC, circa 2005



The average for Latin America and the Caribbean includes 27 countries and territories. 2005 data, except for Argentina, Bolivia, Brazil, Colombia and Guatemala, with data for 2007.
Source: UN-Habitat. Global indicators database. Special processing of household surveys using the four components analysis for slums (improved water, improved sanitation, durable housing and sufficient living space). Reproduced from UN-Habitat (2012:62).

Many slum areas started as temporary occupations but became permanent in the absence of affordable housing alternatives. Indeed, the self-production of informal housing conditions often remains the only or best option for those living in poverty or excluded from the formal land and housing markets (see Abramo, Rodríguez and Erazo 2015, 2016, for a recent reappraisal of experiences in Latin American cities).

As in Korea, slums are located in informal settlements in hilly areas around the city center (Rio de Janeiro, Caracas, etc.), in peri-urban areas with low accessibility (Bogota, Sao Paulo, Lima, Buenos Aires, etc.), close to riverbeds and places of environmental risk, both within and outside the city limits. The level of consolidation, infrastructure and services deficiencies, insecurity and other urban problems are extremely diverse, but they all share to a larger or greater extent a condition of deprivation and exclusion. These conditions are the very face of urban inequality in Latin American cities.

Today, urban informality not only remains, it continues to grow in practically all Latin American cities. For example, in cities like Sao Paulo, where informal settlements were established less than 50 years ago, its current, sharp, growth dates back to 1980, with their share of the population having jumped from 5.2 percent to 19.8 percent since then, absorbing an estimated 60 percent of the city's

population growth (UN-Habitat, 2003). With the exception of Chile, where social housing programs in the 1980s reduced significantly urban informality, formal land and housing markets in LAC countries have been thoroughly unable to meet rapidly growing demand for affordable housing. Consequently, informal markets continued to expand and supplied the lion's share of housing in the region. Some studies estimate that, today, as much as two-thirds of all housing supplied annually in the region are considered informal dwellings in slums (Bouillon, 2012). Nevertheless, contrary to conventional wisdom, in most Latin American cities, informal land occupations are, by and large, the object of "regular" market operations, widely promoted by so-called "pirate" or informal developers. This is today a highly profitable business, (outcompeting formal developers) and the prevailing form of land acquisition in urban peripheries, as well as in most inner-city consolidated informal settlements (Abramo, 2006).

In this context, the inability of governments and the formal market to cope with this fast rate of urbanization and widespread has left cities in LAC with an urban territory dominated by high levels of informality and slums (Maricato, 1996). The demand for serviced land has pressed way beyond the capacity to supply it and governments have not been able to develop mechanisms to provide financing for affordable housing or serviced land to lower-income groups. At the same time, the lack of land policy and planning has been a crucial limiting factor in the provision of low-cost housing. Real estate and housing markets catered to the middle and upper income groups, excluding the facto, the more disadvantaged and the poor from affordable housing options aside from self-production (Rolnik, 2015).

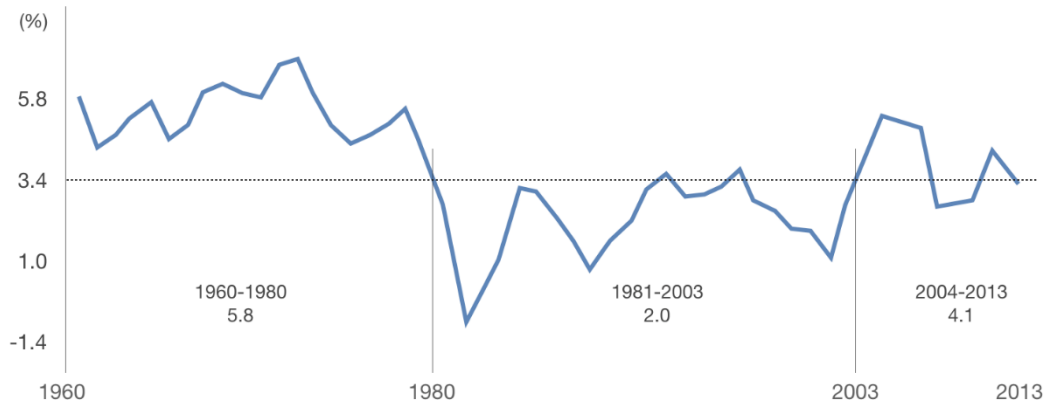
The magnitude and resilience of urban informality in contemporary Latin American cities reflects the failure of both market and the state to provide an adequate supply of affordable housing to meet the needs of rapidly growing, low-income urban populations. This reveals the limits of an urban development model that needs to be explained as a result of a combined set of macro-structural factors that have shaped and continue to shape urban informality in the region. In the following section, we address some of these factors.

3.1. Three macro-structural factors shaping urban informality in LAC

The production of urban informality in LAC is tightly linked to the consolidation of capitalist development during the 20th century. When compared urban informality in LAC with that of Korea, since the 1950s, we can identify three macro-structural factors shaping the urban policy option: a) economic growth, b) economic informality, and c) development of welfare state.

The first of these macro-structural factors, the evolution of economic growth rates and the transformation of the productive and economic structure, since the 1950s, show both similarities but also contrasting dynamics between Korea and LAC. Both in the case of Korea, as well as in the large Latin American economies, particularly Mexico, Argentina and Brazil, the process of economic modernization was largely driven by Import Substitution Industrialization (ISI) strategies.

Figure 6: Annual GDP growth rate in LAC, 1960-2013



Source: Data for the period 1960-2008 http://estadisticas.cepal.org; period 2009-2013: CEPAL 2013.

In LAC, this process came to a halt in the 1980s as macroeconomic structural adjustment policies impacted profoundly in public policy choices, notably in sectoral policies such as industry, infrastructures, etc. and led, at the end of the decade, to the crisis of housing financing in practically all large LAC countries' economies. While LAC economies were painfully going through its "lost decade", Korea, in contrast, was fully on the way to become an industrialized nation after having moved forward from ISI to a powerful export-oriented economy and solidly establishing itself as one of the Asian Tigers.

Macroeconomic differences and the growth model adopted by the large LAC economies conditioned the pattern of structural funding of public investment and spending, particularly in relation to urban and housing policies. These growth-conditioning factors would also impinge heavily upon the direct investment capacity of the economy and on the labor market. ISI policies and agricultural modernization, incapable, as a result of its wealth concentration and low-wage model, to generate a sustained dynamic and expansive labor market, are accompanied by the emergence of an informal economy that would become one of the structural components of the socio-economic formation in the region.

The weight of the informal economy is the second factor contributing to the production of urban informality and the policy choices to overcome it. Various forms of economic informality exist across the world but in LAC it plays a fundamental role in the economy, the labor market and the living conditions of large segments of the population. Moreover, in LAC there is a very high correlation between economic informality and urban informality (Abramo, 2009). Despite obvious difficulties in providing a precise measure of the dimension of the informal economy, recent estimates from the World Bank calculate that the informal sector accounts for approximately 40 percent of the economies of the region and 50% of its employment (World Bank, 2014). Other studies estimate that informal sector activities account for 50 to 70 per cent of total employment (UN-Habitat, 2012:48). This share varies significantly depending on the countries: lower in higher income per capita countries like Argentina, Uruguay or Brazil and higher in Central American economies like Honduras where almost 71% of employment is informal (OIT, 2015).

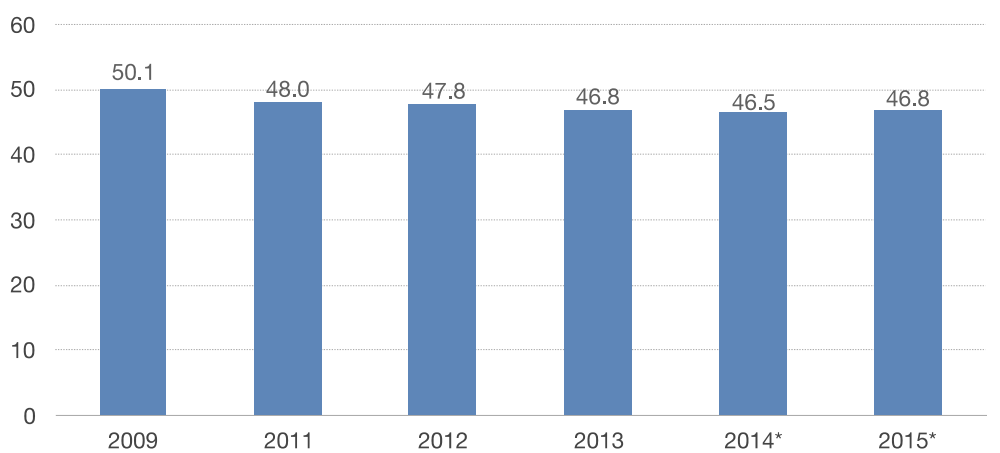
Table 9: Informal economy in selected Latin American countries. Evolution, 1999-2000/2006 as GDP share

Country	Year	Year
	1999-2000 (% of GDP)	2006-2007 (% of GDP)
Argentina	23.3	23.4
Bolivia	67.1	63.2
Brazil	40.3	37.2
Chile	19.9	18.6
Colombia	39.3	34.3
Mexico	30.5	29.0
Peru	60.0	54.7
Venezuela	33.7	31.5

Source: CEPALSTAT

The share of the informal economy grew dramatically in the 1980s and 1990s as a result of economic recession. In the 2000s decade, informal employment fell as economic recovery and redistribution policies in many LAC countries pushed economic informality rates downwards. This trend, however, came to a halt in the mid-2010s when economic crisis hit the region's economies once again. In 2015, the OIT (2016) estimates that there are at least 133 million people working in the urban (excluding primary sector activities) informal economy in LAC. Table 9, above, shows the changing share of the informal economy in selected Latin American countries as a proportion of GDP. Figure 7 reveals the evolving weight of informal non-agricultural employment in 14 LAC countries.

Figure 7: Evolution of Informal Employment (non-agricultural) in 14 LAC countries. 2009 and 2011-2015



*preliminary estimates
Source: OIT, 2016.

In sum, in LAC, the share of the informal economy in the national economies is very significant and when measuring their significance on the urban economies, particularly in large cities, its relative weight stands sharply out. In sharp contrast, in Korea, the share of the informal sector in the national economy is a marginal phenomenon and economic growth, with an expanding middle class and a relatively stable labor market, provides the conditions for an aggressive public and private supply

policy that, in the last three decades, has been crucial in reducing the high rates of urban informality that existed in the period between 1950 to 1970 in Korea (Park, 2013, 2016; Bae, 2013). This pattern is reproduced in terms of urban informality that in the LAC case matches high levels of economic and urban informality with minimum levels of either one in the Korean case.

Differences in the structuring role of the informal economy in LAC vs Korea is crucial for explaining contrasting modernization strategies adopted in each case after the 1960s. In Korea, modernization has been mediated by the strong regulatory presence of the State in the economy and also in the production of cities. In the LAC case, particularly in relation to the production of urban space, the State maintains an ambiguous position regarding control and transgression of urban regulatory procedures and instruments on the part of disadvantaged social groups largely excluded from public policies that cater to higher income sectors (Pradilla, 2012). A culture that institutionalizes the "laissez faire of popular cities," during the last two decades, constitutes the discursive foundation for formulation of the Latin American paradigm of public intervention in informal settlements (Abramo, Rodríguez and Erazo, 2016).

One critical factor that articulates economic and urban informality is the barrier to entry that informal and non-institutionalized labor ties impose on informal workers in accessing credit and financing markets for expenditures in consumer durable goods of high individual value, notably the housing markets and housing public policies. Obstacles in accessing credit market for households with no formal labor market links bar subsequently access to formal land and housing markets inducing, as a result, processes of occupation and feeding into the informal land market expansion in LAC cities (Abramo, 2009).

Moreover, instability and precarious conditions in informal labor markets also shape and constrain pendular mobility movements of the popular sectors creating the conditions for the development of alternative consumption modes and of reciprocity economy relations in irregular settlements. In the process, they define an urban "way of life" where the "culture of informality" is transformed into a key factor in producing and living in popular informal neighborhoods (Abramo, Rodríguez and Erazo, 2016).

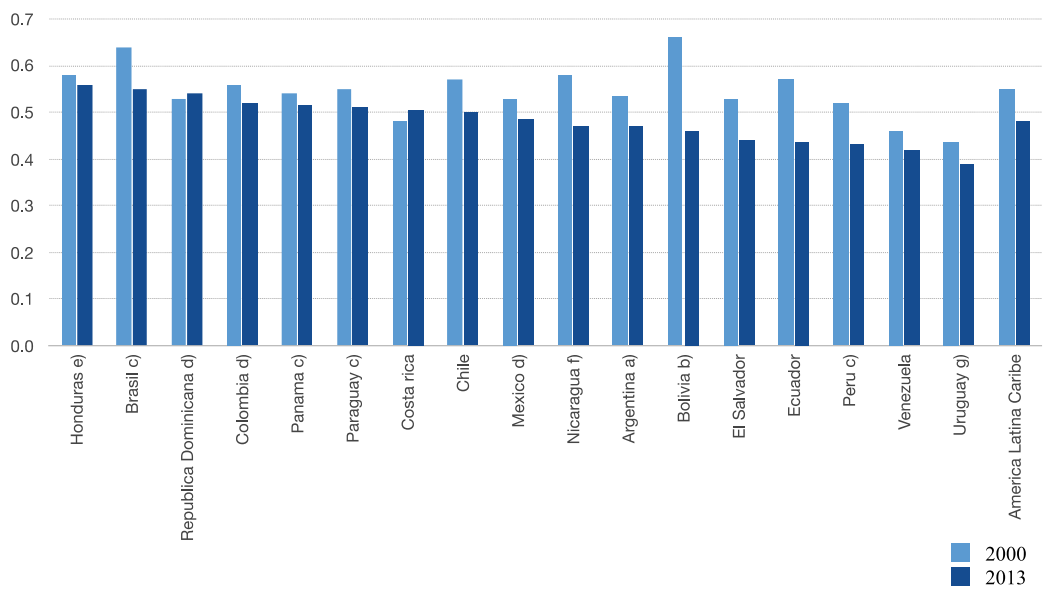
Over the years, the culture of informality was functional to the exclusionary Latin American model of economic development leaving in the hands of the popular and disadvantaged groups the responsibility for the production of their own living spaces. Driven by the logic of need, they will undertake processes of occupation, self-urbanization and progressive building of their own housing (Abramo, 2004). The culture of informality substitutes, in this way, the absence of public housing and urban services and infrastructure provision policies that, in largest Latin American cities, were provided by migration flows during the accelerated urbanization phase (Duhau, 1998; Duhau and Giglia, 2008).

The third macro-structural element in explaining the contrasting evolution of urban informality in Korea and LAC is differences in relation to their economic development models. The Korean model, despite its solid embracing of the market as its development foundation, opted for a growth model based on what Krugman (2001) defines as a process of decompression of the concentration of wealth, with the consequent constitution of an important social base of the middle class, and a regulatory State that guarantees universal access to basic services and a minimum standard of welfare. In contrast, the LAC model of economic development of the last 50 years is installed in a

dynamic of wealth concentration to the exclusion of large sectors of the population from access to the basic living conditions that, in modern societies, guarantee social reproduction. The LAC region is considered to be the most unequal in the world in income inequality and in land tenure distribution (CEPAL 2010; 2016). Average per capita income of the richest 20 percent of the population is nearly 20 times that of the poorest 20 percent; these differences vary significantly across countries: Venezuela and Uruguay the income gap between the wealthiest and the poorest is no more than 10 times whereas in countries with the largest inequality, such as Honduras, Colombia and Brazil, this difference exceeds 30 times (CEPAL, 2016; Oxfam, 2017).

The highly unequal character of LAC societies is expressed by a myriad of indicators, the most common, the Gini coefficient that expresses in a simple and graphic manner, the concentration of wealth in a given region. Figure 8 shows that in most LAC the Gini index is substantially lower than in more industrialized countries and, notably, relative to Korea (0.30 in 2016), underscoring the highly skewed and unequal wealth and incomes distribution in the region.

Figure 8: Gini index of income in selected cities and respective countries, circa 2000 and 2013

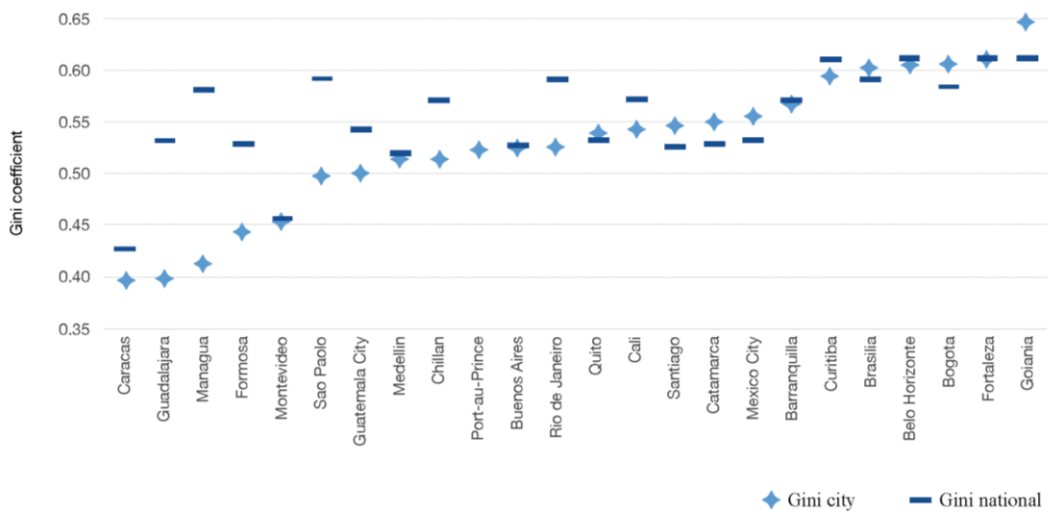


Source: CEPALSTAT.
Notes: a. Urban area and 2012, b) 2011, c) 2001, d) 2002, e) 2001 and 2010, g) Urban area

Nevertheless, Latin American and the Caribbean countries have made significant progress in their fight against poverty over the past 10 years. The proportions of urban poor have fallen, but in absolute terms, numbers are still very high. About 124 million urban inhabitants live in poverty, or one in four urban dwellers (UN-Habitat, 2015). In the decade between 2002 and 2012, poverty in the region fell from 44% of the population to 28%, as a result of progressive social policies by many of the region's governments. Income inequality also improved as shown by a significant reduction in the Gini Index: from 0.54 in 1999 to 0.486 in 2013. And yet, despite economic growth, LAC countries have been unable to share to a significant extent this prosperity with the poorest segments of the population (Oxfam, 2017).

But there is another dimension of socio-economic inequality in LAC societies and is its strict urban dimension, an aspect that reveals unequal access to urban services and infrastructures and the urbanization patterns of cities. Many indicators confirm that urban inequality is more important than income distribution inequality indicators (Marquez, 2015; Arretche, 2015). Cities in the region remain strongly segregated and, in absolute terms, slums are more prevalent than they were 20 years ago.

Figure 9: Comparison of the Gini index of selected cities and respective countries, circa 2005



Source : UN-Habitat : Global Urban Indicators and CEPALSTATS.

On the other hand, urban inequality in Latin America is, to a very large extent, a consequence of the building of a truncated Welfare State, limited in its scope and strongly biased towards a minority of the population who benefit from urban standards in terms of access to infrastructures and services comparable to those of the more developed economies, while leaving the majority of its urban population dispossessed and without access to basic resources required for modern urban living, notably, land and housing. The essentially exclusionary and not universal profile of basic urban services and infrastructures provision policies is a structural element explaining the widespread and resilience of informality in LAC when compared to the Korean case.

3.2. The Latin American paradigm towards urban informality

Confronted with the challenge of mounting informality, the region's successive governments have implemented a wide variety of policy approaches: from slum clearance and resettlement, to benign neglect and popular laissez-faire, to upgrading, regularization/legalization and national social housing programs. These strategies varied over time and from country to country, and even within the same country, from city to city. Still, to a very large extent, approaches to urban informality followed similar paths across LAC. Short of a more systemic and formalized evaluation, it is possible to identify common threads and elements in policies tackling informality that can be defined as a "Latin American paradigm" and that has been incorporated as the canonic model by multilateral institutions.

Broadly speaking, and notwithstanding notable diversions from a general trend, we can distinguish two distinctive phases of informal settlement policies in LAC: a first phase, ranging from the early 1960s to the end of the 1980s that alternated between benign neglect to forceful attempts at slum removal and resettlement to popular laissez-faire in the face of State absenteeism, and, a second phase, from the early 1990s onwards framed by a return of the State and the deployment of a combination of policies ranging from national affordable social housing programs to slum upgrading, titling and regularization (Abramo, 2017). Particularly, in the last three decades, informal settlement policies in LAC have gained increasing centrality, particularly in local urban policies as new social policy variables have been incorporated. These policies have resulted from a combination of different forms of agency and intervention: from direct provision of government-led and subsidized social housing programs to market-based, demand-side subsidies often combined with slum clearance, and slum upgrading (Magalhaes, 2016).

3.2.1. Phase I: from slum demolition and resettlement to "popular laissez-faire"

Early policy approaches to slums in LAC oscillate, as in many other developing countries, from forceful removal and resettlement to passively ignoring and tolerating in face of massive rural-urban migration and informal occupation and settlement.

a) Neglect

In most LAC cities, neglect was the dominant approach to slums from the mid-1950s till the early 70s. Faced with massive rural-urban migration, the limited financial capacity of the State precluded any possibility of responding to the needs of the poor through formal national affordable housing schemes as had been done previously in European and North American cities. The most common response was then to tolerate urban occupations by the poor.

Often, this approach, that was predominant in most developing countries till the early 1970s, was based on two basic assumptions: that slums were illegal and that they were an unavoidable but temporary phenomenon that would be overcome by the process of economic development (UN-Habitat, 2003).

b) Eviction

As in the Korean case, forced evictions and resettlement became part of the urban policy agenda towards informal settlements also in LAC in the early 1960s as slums spread under the pressures of rapid population growth and urbanization. Squatter settlements evictions and clearance were justified on the grounds of public health, building urban infrastructures, modernization urban renewal plans. Evictions were often used in the context of authoritarian governments, non-democratic urban managements, weak local governance, repressed civil society movements and inexistent legal protection against forced evictions.

Demolition, clearance and eviction-displacement policies have been the most radical response to the underlying presumption of informal settlements as a problem. In general, eviction takes the form of displacement and is accompanied by relocation if minimal rights for informal occupants are

recognized. Such relocations, involving financial subsidy systems, left easily recognizable footprints on the peripheries of practically all Latin American metropolitan areas (Smolka and Laranjeira, 2008). The logic of eviction is closely tied to processes of forceful displacement of popular groups from the central areas in cities towards the urban periphery. In Buenos Aires, Oszlak offers the expression "to deserve the city" to synthesize the prejudices and conflicts relative to the representation of the poor as a latent threat to the (well-to-do) population that benefited from the "privilege" of living in central areas (http://www.ungs.edu.ar/ms_ico/?p=4032).

Induced eviction occurred in most LAC cities during the 1960s and 1970s. The strongest pressures for eviction were put upon inner-city slums settlements occupying prime locations for development. In Rio de Janeiro, two paradigmatic examples of forceful eviction were the Favela Catacumba in the central Lagoon area and the Favela Praia do Pinto in Leblon. The first was removed and bulldozed and their occupants resettled in housing states in the urban periphery (Nova Holanda and Cidade de Deus) while the second suffered a so-called accidental fire and its occupants were resettled also to a peripheral estate (Cidade de Deus). In both cases, those central locations were immediately incorporated into the formal real estate market and rebuilt for the upper-income classes. It is estimated that, in less than 10 years (1962-1971), more than 30 informal settlements were forcefully removed and an estimated 100.000 irregular occupants were displaced (Perlman, 2004).

Evictions, however, did not solve the problem of irregular settlements; it only shifted them to the periphery of cities, to the rural-urban fringes. Accelerated urbanization reproduced a continuous cycle of new settlements and new evictions and the creation of new slums in the periphery of cities and the densification of those in inner-city locations. Eviction policy was finally abandoned in the mid-1970s (Ferreira, 2009; Brum, 2013). Through the 1970s and 1980s, pressures for land and housing for the urban poor continued to rise and fueled the emergence of an informal real estate and housing market thus contributing to the commodification of all informal housing delivery systems including those in informal settlements (Abramo, 2008).

c) "Popular laissez-faire" (neglect)

By the mid-1970s, recognition of the shortcomings of eviction policies opened up the way to a radical shift in irregular settlements policies. Yet, the incapacity of both market and state to respond to rising demands for affordable housing was manifest. In this context, slum clearance and eviction were replaced by a policy of tolerance and abandonment on the part of the State. By then, the magnitude of urban informality in most LAC cities and the persistence of the phenomenon had shattered any illusions that slums would spontaneously fade away. In many countries, the process of accelerated urbanization had, in fact, intensified as a result of agrarian modernization and the demand for housing continued to rise. In this context, slums and irregular settlements became recognized as a enduring structural phenomenon that required a more systemic response.

Yet, in contrast to the Korean case, in LAC the adoption of a strategy of economic development with a highly concentrated income distribution, public sector investments were oriented primarily towards providing infrastructure and urban services for higher income groups. In this structural context, access to affordable land and housing for low-income sectors and the urban poor was inexistent. Faced with an absent and oblivious State, the only alternative housing option was self-

provision. A peculiar form of "popular laissez-faire" became the established mode, tolerated by local authorities' incapable of responding to mounting needs.

3.2.2. Phase II: upgrading and regularization (1990-present)

The first element of the LAC paradigm during the Second Phase, and one that is established as a general principle for urban policy instruments for informal settlements, is the maintenance of household residents in the original location and reduce resettlement cases to risk situations, roads requirements, public spaces or large collective urban infrastructures. That general principle materializes in two broad policy axes: a) slum upgrading and b) titling and urban regularization. Policies in the region have resulted from a combination of three forms of intervention.

The current LAC paradigm is structured around the first axis which defines, in most countries, a type of "remedial" policy that is posed against policies of a proactive, preventive character in relation to the production of urban informality (Smolka, 2003; Gilbert, 2001). In many instances, titling antecedes regularization either as a form of establishing tenure security of property or possession (Fernandes, 2006, Azuela, 1989), or as an instrument of recognition of the wealth of families and, in that manner, improve access to finance and credit markets (de Soto, 2002).

a) Slum improvement

Against earlier eviction policies, regularization and slum upgrading programs were increasingly adopted in the late 1980s and 1990s. In close parallel to the Korean case, the changing political environment in LAC contributed to shift the focus of informal settlement policies away from forceful eviction and resettlement towards more negotiated and somewhat participatory modes. With a 10-year gap relative to Korea's democratic transition, in LAC re-democratization processes in the late 1980s also provided the conditions for more effective resistance to displacement and unilateral interventions on the part of local and national authorities encouraging a reappraisal and reorientation of irregular settlement policies.

However, this 10-year gap was critical to frame quite distinct policy options available for Korea and LAC. In the first case, the 1980s was a decade of intense urban renewal and redevelopment in Korea: over 2 million housing units were added to Korea's housing stock in that decade (Kim and Park, 2016); in the meantime, in LAC this decade was one of continuing expansion and production of informality. But also, the 1980s structural context of Korea and LAC stands in stark contrast: while Korea was taking off and rapidly joining the ranks of the industrialized world, LAC economic development was suppressed under the weight of the debt and the structural adjustment programs. The capacity to respond to the challenges of informality and the policy options available in either context were severely constrained by the fiscal and financial conditions of each context.

Nevertheless, in both cases, Korea and LAC, the changing political and social environment marked a turning point in irregular settlements policies. In Korea, upgrading and self-rehabilitation and slum improvement programs that were predominant squatter settlements policies in the 1970s, gave way in the 1980s to large scale Joint Redevelopment Projects combining public provision of urbanized land with private production of massive production of housing both for low and middle-income groups, paving the way to the establishment of the 1990s Fordist urban compromise system. In LAC,

in contrast, “popular laissez-faire” was the widely adopted approach, in the 1980s, to cope with the continuing growth of urban informality under highly restrictive structural adjustment and austerity economic conditions (the “lost decade”). This approach gave gradually way, by at the end of that decade, to the first relevant initiatives of slum improvement and tenure rights and irregular settlement legalization processes in various cities that would become the preferred policy option to address the housing needs of the poor through the 1990s till the present.

This strategic reorientation turned upside down the perception of informal settlements as a problem and frames them as a solution, as in Turner’s classic aphorism (Turner, 1971; Smolka and Larangeira, 2008). This shift incorporates the view that informality is the people`s spontaneous and creative response to the state’s incapacity to satisfy the basic needs of the impoverished masses (de Soto, 1989:14). Furthermore, it recognizes urban informality not only as the only housing alternative for the urban poor but also as a process by which in the absence of the state, they self-produce their habitat also transform it into true locational capital (Abramo, 2008).

The paradigmatic example of urban slum upgrading programs in Latin America during the 1990s is the Favela-Bairro program in Rio de Janeiro, Brazil. We discuss the main components and this program and its crucial contribution to irregular settlements policy debates in LAC.

Favela-Bairro, Rio de Janeiro, Brazil

One of the best-known examples of slum upgrading approaches in LAC is the Favela-Bairro program initiated in 1993 and that soon became the main reference for urbanization of informal settlements throughout LAC. The Favela-Bairro program –currently renamed as Morar Carioca– is a paradigmatic example of effective urban intervention in infrastructure and urban services in irregular settlements with the participation of residents throughout the process.

Favela-Bairro originated from the Program of the Urbanization of Popular Settlements of Rio de Janeiro, which began as a self-help favelas urbanization program in which the municipality performed and financed a series of basic infrastructure works that employed local slum residents within the beneficiary communities to perform them. This program was conceived by the Secretaria Municipal de Habitaçao (SMH) and involved other municipal agencies, integrating and systematizing a series of initiatives in which the SMH had been involved.

The program was intended to benefit 25% of Rio’s favelas and irregular settlements and to provide a model that could be applied by other local governments. In a general sense, the program sought to ameliorate the effects of urban poverty and improve the living conditions of the urban poor through a combination of infrastructure investments, improvements in the coverage and quality of social services, regulatory changes, and incentives and assistance for land legalization. Specific objectives included: reduction in risk of environmental hazards, increased accessibility, reduced environmental-related health problems and enhanced access to public services. More specifically, the program’s objectives were: 1) to integrate existing favelas into the fabric of the city through improvement in infrastructure and urban services, 2) prevent future land invasions, and 3) provide more low-cost housing opportunities (IDB, 1998).

Participation of local residents was a key component of the Favela-Bairro program. From the outset, the project aimed at involving the community in the selection of the projects providing the technical means to prevent politicization in the selection settlements, a contest and bidding process was implemented for each irregular settlement for the purpose of selecting urban upgrading projects. Besides, slum residents participated in selecting proposals for interventions in infrastructure, social services, and employment-generation programs; other elements of community development, including environmental education and support for the regularization of settlements were also included in the program (Brakarz and Aduan, 2004).

Favela-Bairro was implemented in three stages. The first stage, Favela Bairro I, took four years to accomplish most of its goals and was recognized as a tremendous success both by its beneficiaries and overall public opinion. In those four years, the program benefited 195,000 people living in 55 favelas, and an additional 25,000 living in 8 irregular subdivisions (Brakarz and Aduan, 2004). The success of the first phase, encouraged local authorities to extend it to a second phase (Favela Bairro II) which started in 2000 and completed its execution in 2007. This second phase expanded the program to include 106 irregular settlements (favelas and clandestine subdivisions) affecting approximately 320.000 people. A third phase, Favela Bairro III, was approved at the end of 2010. The program was financed partly with Inter-American Development (IADB) funds, through a series of investment loans leveraged with municipality's funds.

The key innovation of the Favela-Bairro program was that, in contrast to previous resettlement programs, it sought to maintain local residents in the areas they occupied, bringing to them the services available in more prosperous city neighborhoods. Moreover, under this initiative, slum upgrading moved beyond the limited focus on individual housing improvements and expanded the focus to the collective needs of the settlements with a more integrated perspective. Upgrading on-site irregular settlements, respecting the basic structure, existing layout, road and walkways, was the means to improve living conditions of local residents. In this manner, the Favela-Bairro program offers a perspective of transcending what many refer to as the "divided city" between formal and informal city (Ventura, 1994; Conde and Magalhaes, 2004). However, bridging the gap between the formal and informal city requires strong concerted policies intended to transform squatter settlements into regular neighborhoods by providing them with legitimate infrastructure and regularizing their land tenure situation. The Favela-Bairro's emphasis on a comprehensive intervention, combining physical and social investments, including land titling and regularization, contributed decisively to enhance the settlement's rank from slum to neighborhood, and to create the conditions for breaching the divide formal and informal city.

According to Brakarz and Aduan (2004:2), the factors that were critical to the program's success and made it a benchmark of urban upgrading throughout cities in LAC, were: "(i) it rightly addressed challenging and socially relevant issues in urban and human terms; (ii) it was implemented efficiently, with sound financial and managerial controls, transparent selection criteria, and a high degree of community involvement; (iii) it adopted a methodological approach that integrates a holistic vision of urban poverty with a life-cycle-based social services focus; and (iv) it triggered broad public opinion support because of the wide dissemination of its significant social, urban, and economic impacts". Most significantly, as the authors rightly point out, one of the key contributions of the Favela-Bairro program has been promoting a scaling-up effect not only in Brazil but also in other countries. The program has been a model not only for many slum upgrading initiatives in other Brazilian cities like Sao Paulo's *Slum Upgrading Program* (1996) or the national upgrading program

Habitat Brazil, it has also inspired similar initiatives using the same general approach throughout the LAC region including Argentina's *National Neighborhood Upgrading Program* (1996), Ecuador's *Housing Sector Support Program* (1997), Bolivia's *Housing Sector Reform Program* (1998) and Uruguay's *Municipal Development* (1997) and *Integration of Informal Settlements* (1999).

Slum upgrading was firmly placed in the urban policy agenda in the 1990s and, together with the adoption of territorial focalization approaches became a crucial component of the discursive strategies on integration of informal territories in the city, state provision of infrastructures and services, and the reduction of urban inequality. However, the fiscal and financial constraints that plagued local administrations and even national governments severely limited scale and universality of slum improvement program particularly given the extraordinary magnitude of informality in LAC cities where more than 30 percent of the urban territory are irregular settlements and slums. In such context, the resources assigned by local and national programs were clearly insufficient and did not move beyond focalized interventions towards a meaningful degree of universalization. Moreover, recent evaluation studies of these programs reveal that upgrading often stimulates the growth of informal markets in slums (Abramo, 2009; Jaramillo, 2010) and do not reduce informal production of slums and irregular settlements (Smolka, 2007; Goytia and Pasquini, 2016).

No doubt, slum upgrading programs and initiatives contributed to improve living conditions in irregular settlements but their impact on the city as a whole was limited mainly because of the inadequate resources and scale compared to the magnitude of urban informality. Their impact on curbing the production of informality was practically nil and they had little impact on land markets and housing dynamics or on overall access of the urban poor to urban services. Thus, while living conditions may have improved in the areas, affected by slum improvement programs, overall access to serviced land and housing conditions for the city as a whole have, in fact, worsened.

Nevertheless, informal settlements upgrading remains a controversial issue and opens up debates on the role of culture in the production of popular cities–of the disadvantaged– and the urban norms of formal cities with detailed technical norms and building and urbanistic criteria (Abramo, Rodriguez and Erazo, 2015, 2016). From the tradition of the right to the city and the respect of practices and legitimacy of production processes of popular city that informal settlement improvement programs reinforce, the LAC incorporates the axis of experiences in regularization of more flexible land norms and the difficulty of controlling fast pace informal development processes. This opens up the possibility of a dialogue with strategies followed by other countries, particularly with the Korean model of re-densification.

b) Massive regularization and titling: two distinct paradigms in Peru and Brazil

Over the last decade, almost all countries and cities in the Latin American region have introduced titling programs separate from programs aimed at upgrading existing settlements or new housing initiatives. In this section we present the main elements of these programs.

Regularization programs have followed two main paradigms. The first, exemplified by Peru, involves the narrow legalization of tenure through titling. The second paradigm, exemplified by Brazil, has a much broader scope and consolidates legal security of tenure using a combination of socio-spatially

integrated interventions that link land tenure legalization with upgrading of public services, urban planning, and related socioeconomic policies.

Peru's regularization experience: titling as a trigger for development

Peru's approach to regularization is inspired by Hernando de Soto's hypothesis that tenure security is a trigger for development, stimulating access to finance, economic activity, and residential upgrading. This paradigm envisions formal legalization of ownership through issuance of individual freehold titles as a catalyst or trigger that will promote private investment in housing, facilitate access to official credit and markets, and lead to poverty alleviation. Under this framework, between 1996 and 2006, Peru issued over 1.5 million freehold titles (Fernandes, 2011).

This approach became over the last decades the dominant paradigmatic model not only in LAC but in other countries. The influence of Hernando de Soto's ideas on the invisibility of the informal capital of popular sectors, and its significance as a requirement for their access to credit and formal financial markets, was a key element in the diffusion of the Peruvian model of individual titling (de Soto, 1989).

In the last two decades, Peru's land regularization approach focused on legalizing tenure of individual plots, has been the dominant model in LAC. The formalization process involves three stages: (1) the production of information on land and on existing obstacles to formalization of settlements; (2) identification, demarcation, and registration of plots and buildings; and (3) identification of entitled residents.

The primary objective of regularization policies in Peru have been that the future titling of irregular property allows their massive integration into the credit market. This goal operates under the underlying assumption that low-income residents could access private loans to improve their socio-economic opportunities and activate "dead capital", that is the assets of informality (de Soto, 1989). However, as Calderon (2007) points out, banks and private institutions have been reluctant to grant loans based solely on home ownership to residents that don't meet certain income requirements. But, even more, improving quality of life and access to resources is not guaranteed or even helped with the acquisition of a land title. Decades have shown that urban residents are able to gain access to basic needs and resources without land titles.

Between 1996 and 2006, an estimated 1,600,000 freehold titles were distributed in Peru.

Peru's narrow focus on titling and formalization of irregular settlements has also prompted criticism on the grounds that it sidestepped earlier concerns upgrading policies and other socioeconomic programs to promote the socio-spatial integration of the informal areas and communities (Riofrio 2008). Indeed, as Fernandes (2004), underlines the objective of formal titling displaces the emphasis away from settlements, neighborhoods and communities towards individual units, property rights, and free market transactions regardless of the social context and consequences.

Table 10: Titles granted annually in Peru, 1996-2006

Year	# Total Registered Titles	# Titles In Lima	% Titles In Lima to Total
1996	33,742	32,750	97
1997	129,392	125,768	97
1998	149,574	107,490	72
1999	322,053	110,986	34
2000	419,846	170,250	41
2001	115,599	29,457	25
2002	123,827	38,450	31
2003	70,401	16,696	24
2004	65,598	12,002	18
2005	71,300	8,866	12
2006	68,468	8,194	12
1996-2006	1,596,800	660,909	

Source: Calderón, 2007

Tenure Security as an integrated program: Brazil's regularization approach

Brazil's approach to irregular settlements regularization has a much broader scope, bringing together upgrading schemes and socioeconomic considerations with legal titling and tenure security. Integral to this approach in Brazil is the consideration of the social right to adequate housing, promoted by the UN Housing Rights Program (UNHRP) among other organizations, which includes the right of all to live in dignified conditions and to participate fairly in the opportunities and benefits created by urban development. This focus is reflected in Brazilian national legislation that embodies a social right to adequate housing.

Thus, Brazil's regularization programs generally combine legal titling with the upgrading of public services, job creation, and community support structures. These programs are, therefore, more comprehensive and costly than Peru's titling system and, consequently, had more modest coverage. Some regularization initiatives have combined tenure legalization (also formalization or titling) with upgrading of informal areas, and others have also had a socioeconomic dimension (to generate income and job opportunities) or a cultural dimension (to overcome the stigma attached to residing in informal areas) (Fernandes, 2011).

Table 11: Regularization and titling results in Brazil, 2009

	Household		
	Regularization Initiated	Titles Issued	Titles Completed
Number	1,706,573	369,715	136,974
Percent	100%	21.7%	8.0%

Source: SNPU/Mciudades (n.d.) (from Fernandes, 2011)

Brazilian municipalities have been far more successful in upgrading informal settlements than in legalizing them, although the majority of the upgrading programs did not lead to titling mainly due to the complex bureaucracy involved for residents to complete the process.

Over all, both Peru's and Brazil's programs have been quite successful in providing more secure tenure and often upgrading benefits. However, legalization and titling, by itself, independent of changes in the urban regulatory framework, and in the land and housing property markets, although a necessary condition, is not sufficient to promote socio-spatial integration and may actually undermine the permanence of the legalized communities (Fernandes, 2011). Indeed, as Smolka and Larangeira (2004) point out, titling programs have also induced other unanticipated drawbacks that could potentially undermine the permanence of regularized communities. They underline, on the one hand, property titles facilitate the disposal of individual properties, thus weakening community cohesiveness and collective actions; on the other, the relatively low cost of the title, ease of acquisition and supposed advantage of the 'unrestricted' exercise of property rights generates, in practice, the underutilization of newly regularized plots.

4. Learning from Korea's approach to tackling informality

The Korean model has been developed gradually and tentatively through two major policy moments in addressing informality processes of urban production: a) a "remedial" solution moment, and b) a systemic solution moment.

The first moment is defined by the two large programs that were implemented in the 1960s and lasted till the end of the 1980s. Those two programs have characteristics of a policy of slum clearance with large demolitions and evictions together with resettlement processes linked to the production of housing estates in the periphery of Seoul without adequate infrastructure. In the second, slum improvement policies aimed at qualify living conditions in the original settlements.

In the first case, the result was the abandonment of precarious or substandard dwellings in the periphery, returning to existing squatter settlements in central areas or new illegal occupations, reproducing the cycle of urban informality.

In the second case, slum improvement policies remained at a very limited scale and, as a result, did not address the existing of substandard and informal settlement conditions resulting, eventually, in abandonment of this strategy as a solution to informality.

First generation policies had a clear "remedial" nature and were abandoned as residents were evicted and resettled in the periphery or returned to more central occupations in new areas. In the second case, focalized interventions had a very short span and scale of implementation due to limited financial and budgetary resources.

The second moment is characterized by the introduction of redevelopment and urban renewal programs that had strong impact on urban policies in Korea, changing drastically the profile of informal settlements. Despite their significance and the fact that they were applied in a massive scale, we propose the hypothesis that the solution of informality in Korea was not so much the

consequence of this second generation of policies but rather of a model which has as its foundation a determined public-sector policy that articulates market dynamics to encourage the production of large scale housing supply and support for the supply of public housing.

Here, we present the central points of what we consider the Korean model towards urban informality structured around three fundaments:

a) Public and private housing supply via the market

b) Focalized programs in irregular settlements

c) Urban planning regulations

These three pillars make up the Korean model of production of cities and the reduction of informality. The success of this model can only be understood within the framework of a model that articulates, under close supervision of the State, private capital, particularly, the construction industry, in a project of urban production that serves to modernize Korean cities in correspondence with the Korean model of economic development.

In the context of the two generations of informal settlements policies, the first-generation policies, of clearance and improvement, the Korean model was unable to provide an effective solution to slums and squatter settlements. These policies failed in removing urban informality from Korean cities. Effective solutions to slums and irregular settlements only emerged as a result of the convergence of a number of economic, political and urban planning conditions. The key components of this convergence include:

- Economic growth followed a model of wealth decompression (Krugman, 2007) with the consolidation of a middle class and gradual elimination of poverty.

- Consolidation of a mass of middle class citizens constituting a market for the production of housing that was then supplied through public and private markets (Park and Bae interview, October 2016).

- A productive structure for housing provision that resulted from a strategy where the State organizes the market and, in that way, the production of urban space.

- A model of urban production centered around the establishment of New Towns in the periphery of Seoul which is extended through that urban planning model

As New Towns absorbed the middle-class demand for housing, particularly of the lower income sectors, a circular logic of residential mobility is established that is linked to social mobility in Korean society. To the extent that families living in the New Towns ascend in the social ladder they demand greater urban centrality (ascending residential mobility) and tend to return to Seoul.

However, since urban land was scarce, the solution to absorb the demand of families with centrality preferences, resulting from economic growth, the solution provided as redevelopment of urban land through urban renewal and redevelopment programs. As in some of those areas there were still

squatter settlements, they were consecutively replaced by new housing development with a more intensive land use.

Through the Joint Redevelopment Program, some of those original families, land owners, had purchasing rights to housing units within the redeveloped sites and, therefore, had the possibility to continue in their original residential locations. However, the market is allowed to operate without restrictions, in a free manner, and residents have the right to sale both their right to buy a unit within the redevelopment area, as well as the sale of that unit in the subsequent years.

In general, the option for those residents was to move out (because of affordability) to the New Towns in the metropolitan periphery, characterizing a downwards residential mobility movement that is articulated with another upwards or ascending mobility from the families that leave the New Towns for the Redevelopments in Seoul.

That double movement of downwards and upward residential mobility is articulated with the Korean socioeconomic dynamic with the consolidation of a mass of middle class, but with a process of social mobility that is materialized in the socio-spatial reconfiguration of urban centralities and New Towns.

A model of urban production is defined that makes it possible the articulation of the Korean society modernization project where economic growth is articulated with urban modernization; a model where government organizes the housing production market.

This model is solidly founded on urban planning norms and regulations through two basic vectors: the first, and most important one in terms of supply of urban space, are the New Towns; the second, was the redevelopment of urban areas with the Redevelopment Programs.

The New Towns are the founding pillar of the Korean model of urban production and its outstanding landmark. The New Towns are defined according to an expansion plan of the city where the State intervenes at various levels

a) Releasing land in the periphery through its land readjustment instruments

b) Land development with the production of infrastructure and a development plan for the production of urban spaces in the periphery

c) Establishment of urban plans and architectural and urban design standards

d) Sale for the construction industry of developed housing lots

e) Public production of housing within New Towns

A plan of progressive consolidation of and sequential planning of New Towns

The second vector of urban production is the Redevelopment Program that provides the conditions for upward residential mobility of the economic growth model with social mobility. Redevelopment

programs were a solution to the shortage of urban land in a city with a chronic shortage of housing and a structural demand of housing (logic of linked social and residential mobility).

Redevelopment programs are an instrument or reuse of consolidated urban land for more intensive uses and, in the case of Seoul, some of those sites were occupied by irregular settlements. Besides, there were precisely those informal areas that showed lowest density indicators and, therefore, lower land redevelopment costs.

Thus, Redevelopment Programs were formulated within the framework of policies of reduction of informality and, for years, those locations designated as redevelopment areas were informal settlements. However, over time, and with the decline of urban informality, locations for Redevelopment Projects had to move towards areas with greater densities involving more land owners and, as a result, reducing the profit rate as well as the financial sustainability of those intervention (Bae, 2016, interview). To make these urban renewal operations more financially viable, greater flexibility was introduced, particularly in relation to height of buildings.

As was seen in the presentation on Joint Redevelopment Projects above, redevelopment schemes that involve the use of specific mechanisms to articulate the original owners, the State, and private capital and have as one of their objectives the maintenance of original residents in the redeveloped sites, even if they are in different buildings. However, estimates regarding permanence of original residents after redevelopment show that in best cases, only 20 percent to 22 percent remained.

As redevelopment through Joint Redevelopment Projects concentrated in informal areas, it has greater impact (KOCER, 2012) and most local residents were displaced to other, less central, locations. It is here that New Towns were essential to absorb the outgoing flux, a process of residential mobility of centrality in the direction of peripheral areas where the new New Towns, with lower cost, or subsidized, relative to those New Towns in the inner metropolitan area periphery.

In sum, the drastic demise of informality in Seoul was not the result of isolated programs of redevelopment but of a well-orchestrated policy of urban production articulated through the creation of new areas (New Towns) and a more intensive use of built urban land (Redevelopment).

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Conclusion

Miseon Park

1. UN-Habitat and importance of housing sector

UN-Habitat's Quito declaration on sustainable cities and human settlements for all provides New Urban Agenda as a guiding principle for the next two decades in urban policy to achieve sustainable urban development. UN-Habitat also advocates the central role of housing policy in addressing slum challenges in developing countries (UN-Habitat, 2016a; 2016b). Sustainable urban development will be attained through upgrading of informal settlements through urbanization process. In this regard, the expansion of housing opportunities will help achieve the UN's Sustainable Development Goals (SDGs) as well as New Urban Agenda.

The policy paper on the housing policy illustrates the importance of housing policy in human settlements and suggests five strategic approaches: 1) creation of an integrated housing framework; 2) adoption of an inclusive approach; 3) expansion of affordable housing; 4) improvement of housing conditions; and 5) upgrading of informal settlements. As an essential element of urban planning, housing policy requires integration into a broader policy toward urban development and coordination with socioeconomic policy. A twin-tract approach is recommended which includes curative approach for slum upgrading and preventive approach for new housing provision. To implement this approach, participation and coordination are needed from various levels of government and a host of actors such as national and local governments, public and private sectors, and civil society.

2. Significance of this research

Korea is considered one of the countries that effectively upgraded informal settlements in a relatively short span of time during last several decades. Housing policy has played a crucial role in Korea's urban policy over the past three decades. Informal settlements resulting from the country's rapid urbanization were upgraded through curative and preventive approach by implementing urban redevelopment program, residential improvement program, and Joint Redevelopment Project along with the new housing provision in and outside of the central cities.

Considering the fact that little research has been conducted on human settlement experiences from a variety of angles, this study carries undeniable importance as the first attempt to compare and contrast between Korean cases and countries in Latin America and the Caribbean in informal settlement upgrading process. Along with geographic distance, the countries covered in this study have their own unique socioeconomic conditions, cultural traditions, resident sentiments, urban planning system, and historic backgrounds. The diversity of the countries' pathways makes it hard to compare and draw meaningful implications without a thorough understanding, enthusiasm, and passion for exploration. In this respect, Professor Abramo is an exceptional researcher in this field especially on the study of informal settlements. His insightful work has illuminated the importance and consequences of slum clearance process in both cases, including unintended consequences,

through policy implementation.

3. Thrust of upgrading strategies (Korean cases' characteristics/ LAC)

As mentioned in the previous chapter, Korea over the decades has devised and implemented unique strategies to resolve the problem of informal settlements through radical means. As a result, informal settlements in the country have undergone clearance, demolition, redevelopment, densification, displacement, and subsequent replacement by new neighborhoods. Three main actors have played leading roles in this process while pursuing their own interests. The government has provided infrastructure guidelines on urban planning frameworks, owners' associations (residents with legal title) have benefited from better residential environments through capital gains, and private homebuilders have earned revenue from new construction.

One of the attributable factors that make different outcomes among cases is urban planning and regulation system. Through urban planning, master plan, and regulation, infrastructure should be equipped in each redevelopment project sites. Private company played responsible role in mobilizing capital to initiate construction. However, most of the capital invested in such projects yielded high profit through housing price escalation, so there was strong competition emerged among private companies to participate in the projects. The public sector's role was limited to setting urban planning frameworks, overseeing regulation, and imposing development requirements and fees through issuing construction permits. The government decided on the volume and location of public service infrastructure a project needed, and required ample contributions to the urban area where a project was conducted. The type of contribution varied according to project size and location, from the payment of development impact fees to real estate as for roads, parking spaces, public facilities, and/or public school.

Korea had two types of resident interest groups: one for homeowners holding legal land titles and the other for tenants without such titles. Homeowners organized associations to initiate housing projects with private companies, but the latter had no legal right to proclaim their right to reside and resettle in the early stage of redevelopment. Gradually, they were given subsidies to search for new residence and/or right to reside in public rental housing in the same neighborhood after a redevelopment project was completed. Considering their low affordability and economic inability to mobilize enough money to purchase market price housing units, majority of the previous renters was relocated in the outskirt of the city. Resettlement rate was reported around 15-30%.

Physical aspects produce drastic outcomes. Previous low-rise, semi-detached neighborhoods were transformed into high-rise apartment complexes, from inadequate urban services to serviced urban areas, from low-income residences to middle-income neighborhoods. In sum, the Korean experience can be characterized as having used radical, remedial, and revolutionary approaches to eliminate informal settlements.

In the LAC region, strategies for informal settlements have seen two major phases. The first featured weak attempts to implement slum resettlement policy, which was strongly rejected by local residents and civil society. The State, facing rapid urbanization and heavy investment needs opted for a hands-off approach coupled with the popular laissez-faire policy and the informal land market. The result was a significant increase in the production of urban informal settlements in cities. While

Korea adopted Joint Redevelopment strategy of using market-led solutions, the LAC region resorted to upgrading, regularization, and implementation of a national affordable housing program. Upgrading as an incremental approach was employed through favela barrio programs in Rio de Janeiro, Brazil, and the Medellin Experience in Colombia. Regularization policy has mainly involved property titles and urban regularization. Peruvian economist Hernando de Soto has had a tremendous impact on property title regularization that was pioneered in Peru. The public sector has employed the crucial strategies of formalizing property and providing legal security. National social housing program played as an alternative to occupation and the informal market.

4. Similarities and differences: pros and cons

Though showing stark differences in resolving the problem of informal settlements in urban areas, Korea and the LAC region also share several similarities in the sector. One is the re-densification of previous settlements. Korea produced high density residential areas through government permits under an urban planning framework while the LAC region pushed for informal re-densification on its own through the informal real estate market. This aspect of transforming irregular settlements and slums illustrates a new dimension in urban informality.

Furthermore, the different logic of working causes different outcomes in different settings: the logic of the market (through a joint redevelopment program in Korea) yielded the positive outcomes of reducing informality and providing serviced urban areas. The logic of needs (through title regularization in the LAC region) generated another layer of informality that added to existing informal settlements. Remaining issues also require different responses: better resettlement strategies for poor tenants in previous informal settlements in Korea and tackling prosper of informal real estate market.

5. Takeaway

UN-Habitat (2016a) claims that over the last two decades, housing has not been central to national and international development agenda. This study, however, argues that housing deserves higher respect considering that it accounts for more than 70% of land use in most cities, determines urban form and density, and provides jobs contributing to overall economic growth. Most governments have played an enabling role when providing affordable and adequate housing. This leads to the attraction of private investment in the housing market and consequently a shortage of housing for low-income families. Thus slums and informal settlements could not be expected to see upgrades under this approach.

Slums and informal settlements are the most crucial elements of the underprivileged in urban areas and poverty in developing countries is prevalent in slums. Though the proportion of the slum population in the developing countries has declined since 1990, the absolute number of slum residents has gradually risen. Thus the designation of housing policy as the central approach in urban planning is required.

Housing has been regarded as the pivotal sector in resolving urban issues and fueling economic growth in Korea. Fast urbanization requires a fair amount of housing, and tackling the housing shortage involves provision of dwelling units in a massive way with careful watch over price

escalation and speculation. At the same time, housing construction also contributes to boosting the domestic economy and creating jobs, and economic opportunities. Massive housing production leads to changes of landscape in urban form, skylines, and social infrastructure. Public rental housing offers a last resort for those who cannot afford market-level rents.

Regarding the differences over diverse areas of society between case study countries, the successful results achieved by one country is hardly replicable in another without proper consideration of factors and country context. This study thus can provide the basis to take the next step in implementing or experimenting with successful aspects of informal settlement strategy to other locales.

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