

Changing global social housing trend and implications

Summary

There exists no internationally agreed definition of social housing due to diversity in housing conditions and housing policies in each country, although it is widely used across the world.

■ Each country's disparate definition of social housing depends on: 1) who owns it?; 2) who builds and supplies it?; 3) is the rent below the market rate?; 4) where does funding come from?; and 5) what is the purpose of supplying it? A dwelling is classified as social housing in case it meets some of the five criteria.

※ The government recently announced the April 28 measures including the extension of the concept of public housing into social housing.

_ The percentage of social housing in a majority of developed nations is on a decline.

■ Since the early 1980s, most of the advanced nations have tended to sell social housing to housing cooperatives due to the financial burden, or transfer the ownership of social housing to tenants. The latest trend is interpreted as the impact of neo-liberalism and de-welfarism.

_ High level of investment in social housing

■ Currently, South Korea's investment in social housing is high compared to international standards. Assuming that the country provides an annual average of approximately 125K units of social housing, this highlights a considerably high level of social housing investment.

Implications

① If 110k~120k units of social housing are supplied per annum according to the April 28 supply scheme excluding rental housing with a rental period of less than 8 years, social housing inventories are projected to see an annual net increase of 80k-90k units, which takes into account inventory cutbacks from a conversion to presale housing and the termination of the jeonse (lump-sum deposit) housing rental.

② Social housing inventories are estimated to reach 170.9k~178.9k units in 2022 versus 106.9k in 2014.

③ Assuming an annual net increase of 320k housing units since 2014, the number of housing units is expected to come to 21,990k in 2022, with social housing expected to account for about 8 percent of total housing inventories, close to the OECD average of 8 percent.

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