

# **Policy Directions for Changing the Roles of Public Developers in Response to the Changes of Real Estate Development Environment**

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## **Summary**

- 1. Changes of Real Estate Development Environment:** While a decline in population and lower economic growth rates has ensued the stagnation of market price in real estate, increased risks of real estate development and urban decline has gone up.
- 2. Roles and Limitations:** Public developers expand their roles as project managers, public managers as well as urban regeneration supporters. However, they hit the impasse with increased loss in housing business, involuntary engagement in high-risk projects, and lack of government support.
- 3. Needs to reestablish roles:** In response to changes in condition, public developers pursue qualitative improvement of land value and dispersion of development risks rather than quantitative supply of urban land and recapturing development gains.
- 4. Measures to reestablish roles:** Public developers need to reestablish their roles as supporters, planner as well as coordinators through implementing roles by diversifying development projects and managing development risks and reinforcing the role of planner.
- 5. Model of role reestablishment:** Central government should prevent loss from development projects and local governments should improve profitability through project plan changes and public developers should participate in high-risk projects which are in lack of private sector participation.

## **Policy Implications**

- ① (Diversification of development projects) Connection model development between purchased rental housing and urban renewal projects and development of combined model for different types of development projects
- ② (Management of risk of development) Shortening of project period time with equity participation, simplification of business process and the introduction of land preemption
- ③ (Reinforcement of planning role) Making regulations to strengthen the role of authority to establish the project plans and to propose projects
- ④ (Institutional support) Establishment of gap funding system for development projects and legal system supporting public and private co-development