

## Measurement of housing burden in consideration of transport expenses and its use in policy development

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### Summary

1. As people are increasingly aware of the importance of easing housing burden for the working class and reducing living costs such as transport and communication expense, multifaceted efforts are being made to ease the burden of housing expenses.

- The UN Habitat III - New Urban Agenda also highlights the importance of taking transport conditions into consideration when selecting locations for residential development by, for example developing residential areas with high accessibility to public transport.

- Theoretical grounds have been established regarding the importance of transport expenses in residential location selection. Other countries have developed housing burden indicators in consideration of transport expenses and are using them in policy development.

- The USA developed a housing + transport burden indicator, which is widely used in residential, transport, and urban regeneration policies.

2. The results of the measurement of housing burden are used in housing policy in many different ways.

- In the USA, the standard rent to income ratio was set at 20% (in the 1910s) and rose to 25% in the 1960s and 30% in the 1980s.

- This housing cost burden standard is widely used in selecting beneficiaries of public rental housing and housing voucher programs and as a criterion to evaluate policy effectiveness.

3. Analysis of housing burden based on data from actual jeonse and monthly rental contracts unveiled households that are paying excessively, compared to their income levels, housing costs including transport expenses.

- Families in the capital region pay 19.6% of their monthly income for housing, or 23.3% if including transport costs.

- By income level, low-income classes are the most heavily cost-burdened. By housing type, those living in apartment buildings are more heavily cost-burdened.



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## Policy proposals

1. (Inclusive and balanced national development) Strengthen decentralization and local autonomy to eliminate housing burden gaps between regions and locations with a view to promoting balanced national development.
2. (Housing policy) Use housing-transport burden indicators in new town and housing construction policies and as a criterion to be considered when the central government develops comprehensive housing plans and allocates funds to build affordable houses.
3. (Transport policy) Use these indicators when the central government assesses major transport projects, selects areas and households to be benefitted from public transport subsidies, and develops plans to improve accessibility to public transport.
4. (Urban regeneration policy) Use them in urban regeneration project evaluation and performance monitoring and as an auxiliary indicator of urban deterioration.