

# The 1st Asia-Pacific Housing Conference 2022

## The Role of the NHUF in Increasing Affordable Housing Supply in Korea

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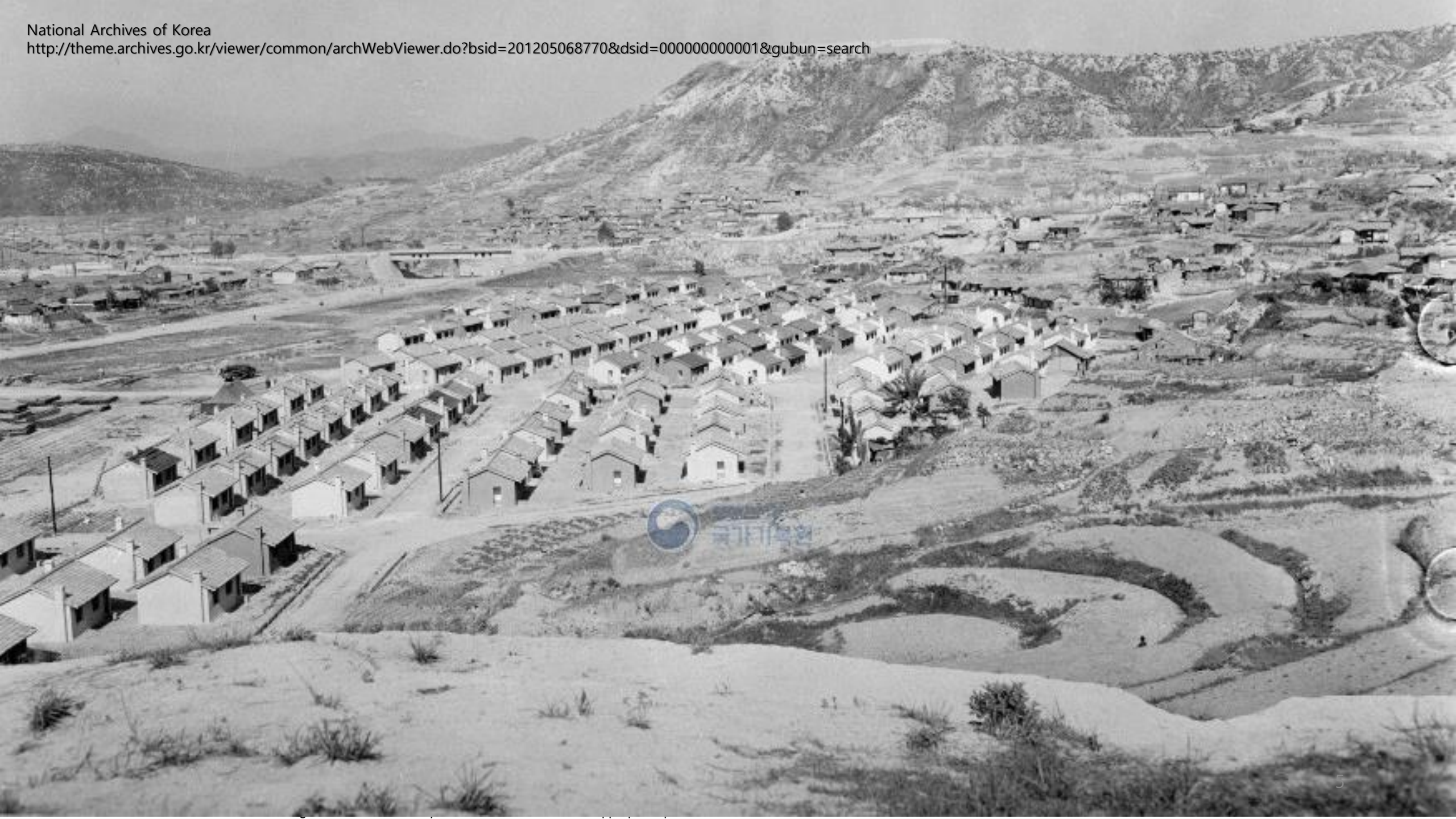
# I Intro





















# II Housing Finance System in Korea





# II. Housing Finance System in Korea

## MAJOR HOUSING POLICIES

Price-Ceiling  
Regulation

Pre-Sale  
System

Housing  
Subscription  
Savings



## II. Housing Finance System in Korea

### PRICE-CEILING REGULATION (1977)

- The Korean government controlled the price of new houses so that houseless people could purchase new houses supplied by the public at low prices.
- The price-ceiling regulation was originally applied only to houses supplied by the public but has also been applied to new houses supplied by the private sector since 1978.





## II. Housing Finance System in Korea

### PRE-SALE SYSTEM (1977)

- Since the price-ceiling regulation is a method of supplying cheap housing by reducing the profits of private construction companies, it was necessary to create environments for construction companies to invest in the housing industry.
- To help construction companies secure funds, the Korean government enacted a pre-sale system that allows construction companies to secure funds in the informal financial sector.



## II. Housing Finance System in Korea

### HOUSING SUBSCRIPTION SAVINGS (1977)

- The Korean government predicted that housing demand would increase if conditions were created to supply new apartments at a lower price than the market price.
- The need to give priority to consumers' eligibility to purchase homes was raised, and the Korean government implemented the housing subscription savings system.





## II. Housing Finance System in Korea

### FUND RAISING by USING HOUSING SUBSCRIPTION SAVINGS (1981)

- In order to prioritize housing supply, the "Rules on Priority Supply of National Housing" were enacted and implemented in 1977, creating more funds than expected.
- Accordingly, the Korean government revised the Housing Construction Promotion Act (1981) and decided to use this fund as a financial resource for the National Housing Fund.



# II. Housing Finance System in Korea

## SUMMARY

Price Control for housing for non-homeowners who cannot afford a home

- **PRICE-CEILING REGULATION (1977)**

Supply of Affordable  
(Low Price Housing)

Institutional support for housing construction companies that suffered losses due to the price-ceiling regulation

- **PRE-SALE SYSTEM (1977)**

Informal Financing

Implementation of a system that specifies the selection criteria to give priority to eligible affordable home buyers

- **HOUSING SUBSCRIPTION SAVINGS SYSTEM (1977) AND NATIONAL HOUSING FUND (1981)**

Utilizing HSS as a Financial Resource  
for National Housing Fund



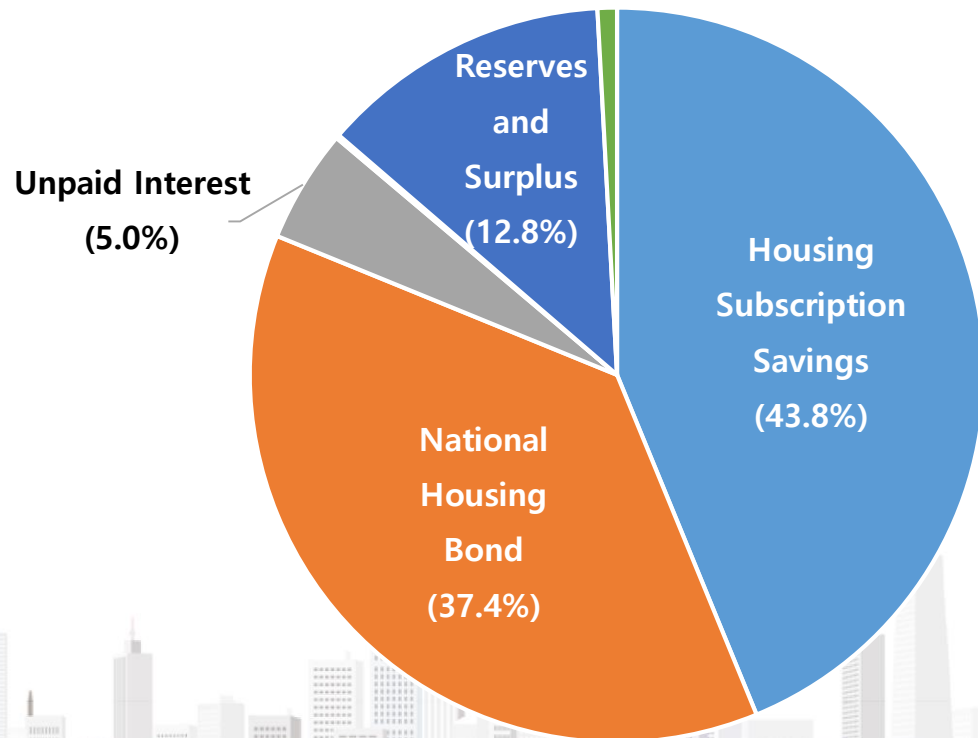
# III National Housing & Urban Fund



# III. National Housing & Urban Fund

## FINANCIAL RESOURCES

Major financial resources of NHUF are the National Housing Bond and the Housing Subscription Savings, taking up 82% of the total amount.



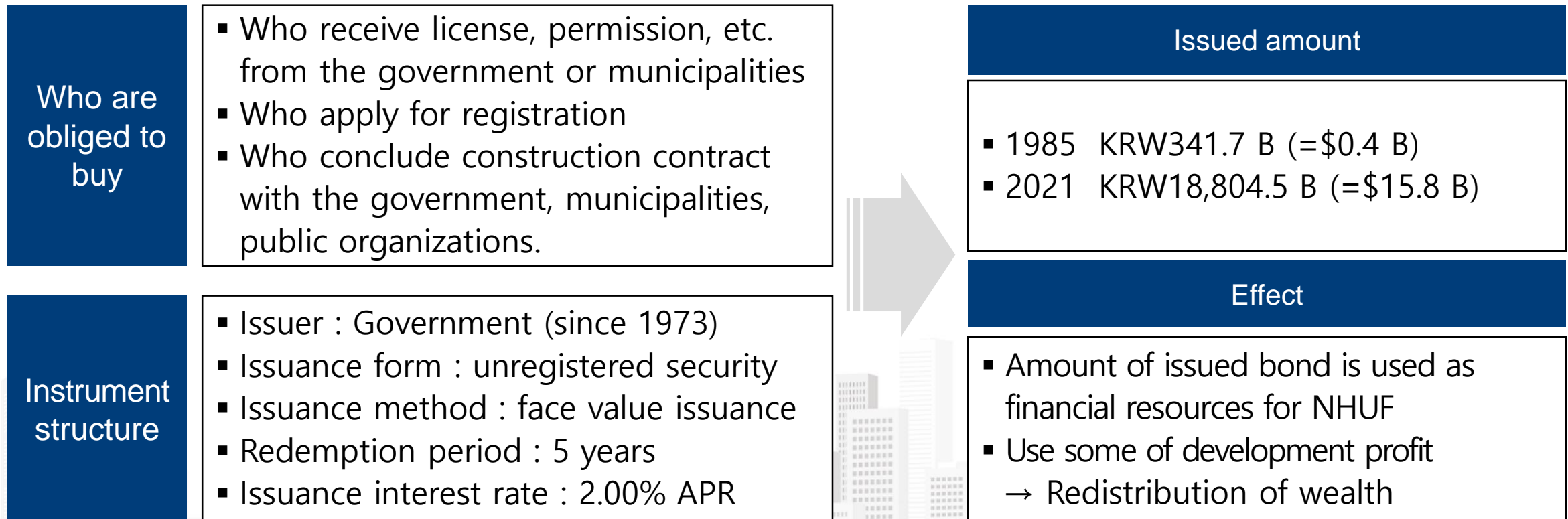
**NHUF : \$185 billion**  
**NHB : \$69 billion (37.4%)**  
**HSS : \$81 billion (43.8%)**  
**Others : \$35 billion (18.8%)**

As of the end of 2021  
1\$ = KRW1188.8  
Source: MOLIT

# III. National Housing & Urban Fund

## NATIONAL HOUSING BOND

National Housing Bond imposes obligation to buy the bond on particular cases.  
Some of the profit from the development can be utilized for the housing supply.

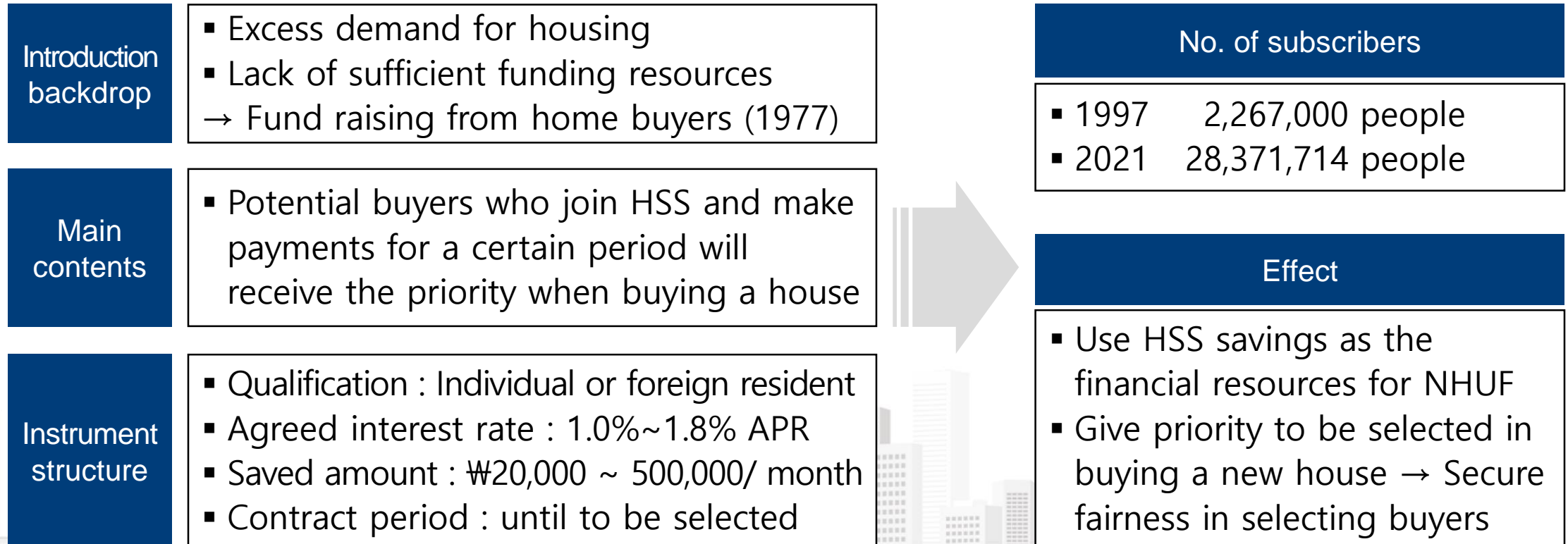




# III. National Housing & Urban Fund

## HOUSING SUBSCRIPTION SAVINGS

Housing Subscription Savings secures the financial resources with people's saving and rationally allocate.



# III. National Housing & Urban Fund

## ROLES & EXPECTED BENEFITS OF NHUF

### HOUSING ACCOUNT

- Funding to housing construction companies for the construction of public housing
- Funding to individual consumers who wish to purchase or rent a house

### URBAN ACCOUNT

- Funding for infrastructure construction
- Funding for urban regeneration projects

### EXPECTED BENEFIT

- Public Housing Supply, Upgrading Residential Environment, Revitalization of Urban Regeneration Projects

# III. National Housing & Urban Fund

## THE ACHIEVEMENT OF NHUF : HOUSING STOCK

Since NHUF was launched, housing stock has been increased, financial burden on non-homeowners has been reduced, and housing quality has been improved.

### - Expanded Housing Stock

Years	1981~2017
Newly Constructed Houses(A)	<b>16,487</b>
Housing Supported by NHUF(NHF) (B)	<b>5,341</b>
B/A (%)	<b>32.4</b>



Housing supply ratio(%)	
1980	2008
74.4	<b>100.7</b>



# III. National Housing & Urban Fund

## THE ACHIEVEMENT OF NHUF : HOUSING QUALITY

Since NHUF was launched, housing stock has been increased, financial burden on non-homeowners has been reduced, and housing quality has been improved.

- Improved Housing Quality for low income families

Criteria		2006	2020
Residential space per person	Low Income Class (0~40%)	30.6m <sup>2</sup>	39.5m <sup>2</sup>
	Mid Income Class (50~80%)	22.2m <sup>2</sup>	30.3m <sup>2</sup>
	High Income Class (90~100%)	24.3m <sup>2</sup>	29.7m <sup>2</sup>

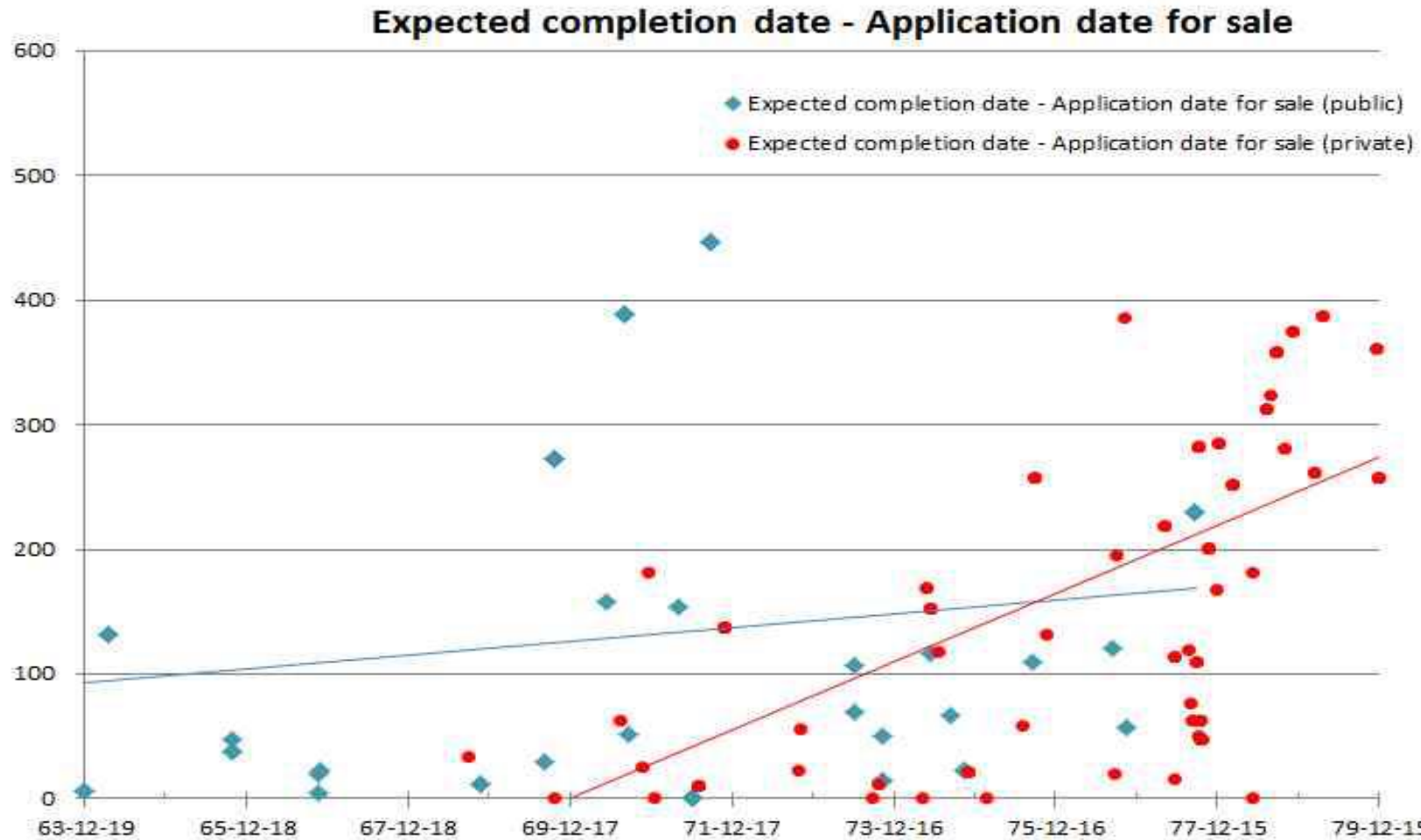


# IV Conclusion



# IV. Conclusion

## IMPLICATION : HISTORICAL BACKGROUND

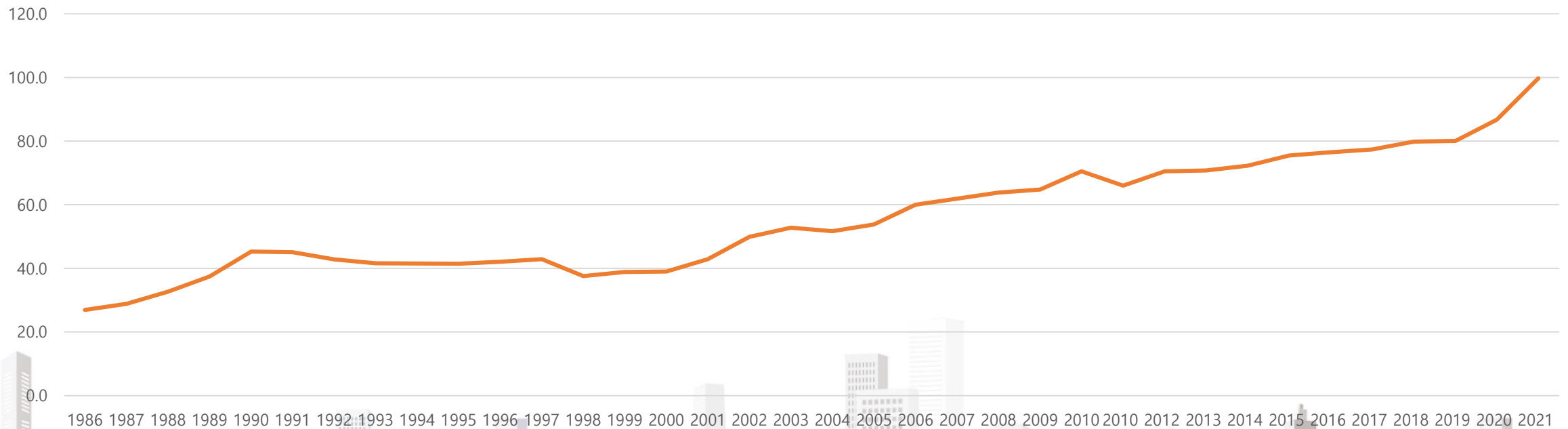




# IV. Conclusion

## IMPLICATION : A RISE IN HOUSING PRICES

### Housing Purchase Price Composite Indices



<https://data.kbland.kr/kbstats/wmh?tidx=HT01&tsidx=weekAptSalePriceIdx>

# IV. Conclusion

## IMPLICATION : GLOBAL NETWORK





**Thank You**

