The Introduction & Roles of LH

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The introduction of LH
Who is LH?

Mission

Leading the Improvement of Life Quality and National Economy by Providing Stable Residential Environment and Making Efficient Use of Land

Establishment
- Korea Land and Housing Act (Implemented on Oct. 1, 2009)
- With 40 Trillion KRW Captial (Fully financed by Korean Gov.)

Oraganization
- Employees: 9,512 (Male 6,151(65%), Female 3,361(35%))
- Structure: (HQ) 9 divisions, 50 offices, 1 research office (Region), 12 regional HQs and 2 special HQs

Major History
- 1962 Establishment of Korea National Housing Corp.
- 1975 Establishment of Korea Land Corp.
- 2009 Establishment of Korea Land and Housing Corp.

Korea National Housing Corporation (KNHC) 1962
- Construction and Supply of Sales and Rental Housing
- Residential Environment Maintenance

Korea Land Corporation (KLC) 1975
- Development of New-town
- Residential Land
- Industrial Complex and Logistics Complex

One-stop Service of Urban Development and Regeneration, Housing Supply and Welfare

Expansion of the Existing Functions of Urban Regeneration, Housing Welfare and International Projects

New Duties of Smart City and Urban Public Housing Complex Development
What LH does?

Newtown Development
- Bundang Newtown

Housing Construction
- Bucheon Happyhousing

Housing Welfare Project
- MyHome Center

Industrial Complex Development
- Osong Bio Valley

Urban Regeneration
- Cheonan Townhall

Balanced Regional Development
- Sejong-si

Global Project
- Hung Yen Industrial Park

Inter-Korean Development
- Kaesong Industrial Complex
**What did LH achieve?**

**Housing**
- Housing construction: 2.9 Million units
- Rental housing management: 1.3 Million units
- Supplied 77% of Public Rental Housing Nationwide
- Supplied 1.3 Million housing units out of 1.68 Million

**City**
- Developed and supplied 81% of Residential Land Nationwide
- Supplied 670 km² out of 824 km²

**Industrial Complex**
- Supplied 14% of Industrial Complexes Nationwide
- Supplied 201 km² out of 1,415 km²
- Development of Industrial Complex area

**Additional Information**
- LH
  - Local Gov.: 17%
  - Central and Local Gov., Private Sector: 85.8%
  - Private Sector: 6%
- LH
  - Local Gov.: 16.9%
  - Central and Local Gov., Private Sector: 85.8%
  - Private Sector: 1.3%
How reliable is LH?

### Financial Status

#### Property
- Total assets of 197 Trillion KRW (5th place in total amount of assets)

<table>
<thead>
<tr>
<th>Property</th>
<th>Total assets of major group asset in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Samsung 457.3 T KRW</td>
</tr>
<tr>
<td>2nd</td>
<td>HYUNDAI 246.1 T KRW</td>
</tr>
<tr>
<td>3rd</td>
<td>SK corporation 239.5 T KRW</td>
</tr>
<tr>
<td>4th</td>
<td>KEPCO 206.9 T KRW</td>
</tr>
<tr>
<td>5th</td>
<td>LH 197.0 T KRW</td>
</tr>
</tbody>
</table>

Source: Fair trade commission enterprise group portal

#### Profit and Loss
- Sales amount 24.4 Trillion KRW, Net profit 3.3 Trillion KRW

#### Annual Investment
- Business expense 28.5 Trillion KRW (21) (30–45% of total investment in the public sector)

### Projects (as of June 2021)

#### Land
- 368 Districts, 302.8 Trillion KRW (392a, 65% of the area of Seoul)

<table>
<thead>
<tr>
<th>Urban Creation (New-town, Public residential land, etc.)</th>
<th>Project cost 240 T KRW</th>
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</thead>
<tbody>
<tr>
<td>153 Districts</td>
<td>34 Districts 46 T KRW</td>
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</table>

#### Housing
- 154K housings under construction

<table>
<thead>
<tr>
<th>Housing Welfare</th>
<th>O&amp;M for 1.3 million rental housing units</th>
</tr>
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<tr>
<td>6% of total population in Korea</td>
<td>Currently, 3 million people are living in LH rental housing</td>
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</table>
How does LH finance?

**Capital Structure**

**Financing Plan for 2021**

- **Total Expenditure**: 49.8 Trillion KRW
  - **LH Fund**: 40.2 Trillion KRW (81%)
  - **Gov. Fund**: 9.6 Trillion KRW (19%)

<table>
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<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
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<td>LH Fund</td>
<td>40.2 Trillion KRW</td>
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**Direct**
- [LH Fund] Bond, Profits from Projects
- [Gov. fund] Budgets, Loan of Housing and City Fund

**Indirect**
- Tax Support on Public Projects
  - Such as Public housing, Reduction of levies, etc.

**Cross-Subsidization**

Compensating the loss from Non-profit Projects Such as Rental housing with Profits from Profitable Projects Such as Residential land development (Cross-subsidization method)

**Loss**
- Rental Housing Construction
- Housing Welfare Projects
- O&M

**Profit**
- Housing Sale
- Land Sale
- Rental Income
The main scope of LH’s function
II. The main scope of LH’s function

**New Town**

Mitigating population concentration and effectively responding to various urban problems through the Creation of New Town for Each Period (Scale of over 3,300,000㎡)

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**New town Development System**

- **Project Site Review**
- **Project Site Selection**
- **District Planning**
- **Supply**
- **Design and Construction**
- **Project Completion**

(Usually takes 10 years to complete)

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**The role of LH**

- Specialized public institutions promote public development for large-scale undeveloped lands to enable efficient land use maximizing public interest.
- Using development profits to link high-speed transportation with the mother city and secure self-sufficiency to resolve the over-concentration in Seoul.
- High-density development centered on public housing increases urban infrastructure efficiency such as transportation, telecommunications, water and sewage, and waste, also reducing social costs.
II. The main scope of LH’s function

Housing Construction

Promoting housing stability for the vulnerable class by supplying pre-sale housing and rental housing

Housing Support System

Public Housing

- Housing for sale
  - Housing less than the size of 85m² supplied for sale
- Housing for rental
  - Construction
- Purchase/lease
  - Construction, purchase and rental housing supplied for rental

The role of LH

- Establishment of a residential safety net for the vulnerable
- Providing opportunities to purchase houses
- Stabilizing the real estate market
- Response to diversified housing demand
II. The main scope of LH’s function

Housing Welfare

To make changes to the people’s life by improving the quality of housing welfare services

The role of LH

Before

- Supplies and provision of fragmentary residential welfare services

After

- Improving housing quality and strengthening customized housing welfare services

01 Integration of various social services such as medical, employment, and education

02 Establishment of cooperative governance such as local governments and NGOs

03 Public housing + SOC combination

04 Innovation such as housing quality of public housing and defect repair system

05 Improvement of the residential environment and realization of energy welfare such as green remodeling
To build a sustainable city overcoming the limits of urban regeneration projects caused by lack of experience and low profitability

**Urban Regeneration Project System**

- Strengthened Urban competitiveness
- Sustainable city
- Improved urban environment
- Stable residential and work environment

**Difficulties to be overcome**

- Residents-led projects are unlikely to be promoted due to problems such as lack of expertise.
- Limitations of project promotion, such as lack of organization, manpower, and budget of local governments.
- Areas with insufficient business feasibility continue to stagnate and form a bed town.

**The role of LH**

- Promotion of projects in harmony between public interest and profit
- Supply of local customized housing and services
- Support from development to operation and management
- Expanding residents' participation and preventing gentrification

**Expanding the role (2+4 plan)**

- Introduction of public redevelopment and reconstruction, small-scale maintenance projects, and residential regeneration innovation zones in urban public housing complex projects (station area, semi-industrial area, old low-rise residential area, etc.)

The reorganization of the urban spatial structure is promoted, based on the expertise of the public entity, and the foundation for high-quality housing supply in the city center is strengthened to stabilize the real estate market.
Balanced Regional Development

To utilize the potential of the national territory and make sustainable development of our society through balanced regional development.

Balanced Regional Development System

Various regional projects to overcome the imbalance of regions caused by the concentration in the metropolitan areas

- **Concentration in the Metropolitan areas**
  - Population in the metropolitan areas: 50.1%
  - Use of credit card in the metropolitan areas: 81%
  - Headquarters of the largest 50 companies in the metropolitan areas: 92%

- **Local Extinction Risk**
  - 39% of 226 administrative units under the risk of extinction within 30 years:
    - Below 0.5: 85
    - 0.5-1.0: 69
    - 1.0-1.5: 67
    - Above 1.5: 17

The role of LH

- To promote systematic regional development projects in order to maximize the utilization of unique assets and features of each region.
- To contribute to the revitalization of local economy by developing key areas for regional growth such as campus innovation parks and integrated urban districts.
- To provide solutions for local city problems by supporting customized regional development projects.

Job Creation | Economic Development | Reduced Polarization
---|---|---
Reduced Over-concentration | Improved Efficiency In Resource Distribution
II. The main scope of LH’s function

Global Projects

Structure of Global Project

- Cooperative relations among government authorities and relevant institutes established to improve the efficiency of support programs
- Utilization of G2G to reduce risks and extend pathways for private companies’ entry into foreign markets

Project Strategy

Establishment of private-public-government partnership as a platform for international projects

Relevant authorities

Seeking project opportunities

Kotra
Korea Trade-Investment Promotion Agency

Relevant organizations

Kbiz
Korean Business and Investment in the Middle East

International organizations

Financing

Kotca
Korean Trade-Congress Association

Infrastructure

Kdp
Korean Development Project

Investment and service projects underway in 14 countries
II. The main scope of LH’s function

② Global Project (Best Practice)

Hung Yen Industrial Park

Location: Ly Thuong Kiet in Hung Yen, 30km from the Southeast Hanoi
Area: 143ha
Period: 2021-2071
Cost: 97 Billion KRW

Implemented by JV (LH consortium + TDH ecoland)

Project structure

Development of the first Korean industrial complex in Vietnam through a joint investment with a local partner (TDH Ecoland)

Government Of Vietnam

Joint Venture (VTK)

Tenant companies

Land use fee and facilities lease fee

Development and consulting

Loan

Debt 40%

Equity 20%

TDH Ecoland 25%

LH Consortium 75%

Credit enhancement when necessary

Loan interest

Construction contract

Lender (FI)

Constructor
Thank you