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**Master of Science in Engineering**

**Housing Policy for Low-income  
Households (Ger Area) in Mongolia:  
Based on Generic Characteristic of  
Developing Countries**

by

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February, 2017

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Of the requirements for the degree of  
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**2017**

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## **Abstract**

# **Housing Policy for Low-income Households (Ger Area) in Mongolia: Based on Generic Characteristic of Developing Countries**

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As that experienced in other developing countries, Mongolia has already facing multilateral side issues for two decades due to economic growth that created Ger areas or internationally 'Slum', public housing and living conditions for low-income citizens, on the basis of rapid migration from rural areas to urban. Ger areas appear to be the main cause of environmental pollution problems and impending comfortable living conditions of the city's residents by covering more than half area of Ulaanbaatar city. Also, the spread of the Ger areas has many side issues such as prevention of urban development and unaesthetic. The housing policies, laws, and projects

adopted by the government of Mongolia shows inefficient results. It is revealed as residents of Ger areas are still not decreasing in number for the last 15 years, comparing to stabilized population, less intensive migration flow to the capital city, contrarily current term of Ger areas are worse in majority areas. Most inhabitants of the areas are on low-incomes, and living in the detached houses or felt yurts (Ger) usually build within a low budget, by themselves or unprofessional people, and by using materials of poor quality. There are plenty of problems without referring to environmental pollution around the living area. The results of The National Emergency Agency's surveys, records and official news shows about 80 per cent of the total house fires in Ulaanbaatar breaks out from Ger areas because of unsuitable housing for urban areas and lack of infrastructure. Also, these issues make people suffer from fire, floods, with life and property damages. Therefore, Ger areas are an inevitable issue that requires effective, proper and immediate housing policy coordination under the government and even the housing market.

Unfortunately, the Mongolian government housing policies, unlike other developing countries did not target low-income households' housing which is the priority issue for two decades. But only in 2014, the Long-term housing policy with the strategy for affordable housing initiated the housing policy for low-income households. This policy has five main broad directions such as the redevelopment of Ger area, land readjustment, public rental housing, new

settlements and new city and reconstruction for old apartments, which are rather general and would require tremendous financial resources if each of the directions is implemented simultaneously without prioritization.

Therefore this research aims to suggest the efficient and adequate housing policy direction for the low-income households in Ger area based on achievement of the Korean government strategies, performances and generic characteristic of developing countries' housing policy for low-incomes with explanatory models. Also, this research adopts a literature analysis method that uses various research reports, related papers in domestic and international journals, and theses by experts, researchers, public institutions, and agencies.

**Keywords:** Housing Policy, Low-income Households, Ger Areas, Mongolia, Generic Characteristics of Developing Countries

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# **Chapter 1. Introduction**

## **1.1 Research Background**

Many developing countries have been despite undergoing a rapid urbanization (especially capital intensive) within a low economic level. The immigrants desire to find a job in the city and superimpose the desire to escape in rural areas. In this way, Mongolian capital city Ulaanbaatar has faced same.

In 1991, Mongolia changed from a central planning economy to a market economy. Many people moved to the city in order to improve the quality of life after finding a job. As a result, Ulaanbaatar was rapidly urbanized. This has led to a population increase in Ulaanbaatar and the number of homes has become absolutely insufficient. Also, because of the high price of housing in the city, many of the immigrants who cannot buy the apartment and live in a traditional house which called 'Ger' (nomad's dwellings) in the outskirts of Ulaanbaatar. (KimMoonkyu, 2007; KooChamun, 2012) So, the population of this area is expanding without the expansion of infrastructure and it owns more than 60 per cent of the capital population in the capital. (Static Yearbook)

Ger areas appear to be the main factor of environmental pollution

problems and impeding comfortable living conditions of the city's residents by occupying more than half area of Ulaanbaatar city. And the spread of the Ger areas with many side issues, such as urban development, aesthetics, for street accomplishment, and bringing a negative impact.

The government has established several housing policies since 1999. But these housing policies, laws and projects adopted by the government of Mongolia shows inefficient results. It is revealed as residents of Ger areas are still not decreasing in number for the last 15 years, comparing to stabilized population, less intensive migration flow to the capital city, contrarily current term of Ger areas is worse in majority areas. Most inhabitants of the area are on low-incomes, and living in the detached houses or felt yurts usually build within the low budget, by themselves or unprofessional people, and by unknown materials with poor quality. There is plenty of housing problems without referring environment pollution around the living area and urban planning. Due to the results of Emergency research and official news, 80 per cent of the total house fires in Ulaanbaatar break out from Ger areas because of unsuitable housing for urban areas, lack of infrastructure, using coal and wood for heating issues makes many people who suffer from assets of fire, floods, with life and property. Therefore, Ger areas are an inevitable issue that requires effective, proper and active participation and policy coordination under Government.

## **1.2 Problem Statement**

Ger areas are an inevitable issues that requires effective, proper and active participation and housing policy coordination under the government, even the housing market. Since the adoption of the first housing law in 1999 the purpose and content of the Mongolian government's housing policies unlike other developing countries does not target low income households' housing which is the priority issue.

But only in 2014 the Long-term housing policy with strategy for affordable housing the country initiated its housing policy for low-income households. This policy has five main broad directions such as redevelopment of Ger area, land readjustment, public rental housing, new settlements and new city and reconstruction for old apartments, which are rather general and would require tremendous financial resources if each of the directions are implemented simultaneously without prioritization.

### **1.3 Research Objectives**

There are sufficient studies related to the environmental circumstances of the Ger areas, such as the pollution types and levels of its neighborhood area and its residents' level of satisfaction compared to their living circumstances that has investigated many by the results of the researches that have been already made by many local, non-local or foreign researchers and organizations through the past years. By contrast, there are still lack of research and studies in terms of government interventions, role, and implementation sectors.

Therefore, Mongolia has just recently stepped on the democratic way of development, and lack experience on urbanization and housing development policies. This is demonstrated by the host of issues related to the Ger areas development including poor urban planning, shortage of housing, pollution issues, housing market that has stagnated, on all of which there has not been objective and decisive progress. Since the adoption of the first housing law in 1999 the purpose and content of the Mongolian government's housing policies unlike other developing countries does not target low income households' housing which is the priority issue. Only in 2014 the Long-term housing policy with strategy for affordable housing the country initiated its housing policy for low income households. Therefore, it is too early to assess the

results of this policy. This policy has five main broad directions that 1) Redevelopment of Ger area 2) Land readjustment 3) Public rental housing 4) New settlements and new city and 5) Reconstruction for old apartments, which are rather general and would require tremendous financial resources if each of the directions are implemented simultaneously without prioritization.

This research aims to identify whether this policy is able to resolve the ever worsening Ger areas housing issues. In such an attempt, the research focuses on specific policy regulations, systems and strategies for residential housing for low income households in other developing countries, identifies their strengths and weaknesses, and tries to identify the ones suitable in the Mongolian context, as well as what should be eliminated/added in these policies and their implementations and come up with policy recommendations with alternatives which is the purpose of this research.

## **1.4 Research Methodologies**

The method of this research adopts a literature analysis method using various research reports and related papers in domestic and international journals and theses by experts, researchers, public institutions, agencies such as Capital Statistic Agency, Ministry of Construction and Urban Development, Municipality of Ulaanbaatar, the City Housing Corporation (CHC) and National Statistical Office of Mongolia. Moreover, the Ger area has been investigated by several international organizations such as The World Bank (WB) Asian Development Bank (ADB), City Development Initiative for Asia (CDIA) etc. Above all sources' data is used to analysis of Mongolian public housing policy its evolution, implication and effectiveness. In terms of Korean side, analysis is done based on collected relevant data of existing researches, studies, papers, reports and theses by experts, researchers, public institutions, agencies of South Korea. Such as Handbook of housing works of the Ministry of Construction and Transportation, Korea Housing Corporation Housing Statistics Manual, Bureau of Statistics data, such as population and housing census, some theory books related to this subject, in order to present (1) the similarities between the then South Korea's situation and the situation today in Mongolia specifically on the issue of providing housing to low-income citizens, population migration from rural to urban and the demand for housing supplies from those who could not afford. (2) To find out if the mass population

also known as low-income citizens' issue has been resolved or not. If yes, was it really a successful implementation of the government's strategy or was it just a good result derived from the economic growth that happened during that period? (3) Also found out the pros of the strategies implemented by South Korean government compared to the other Central Asian countries that struggled with similar situations and overcame. (fig1-1)

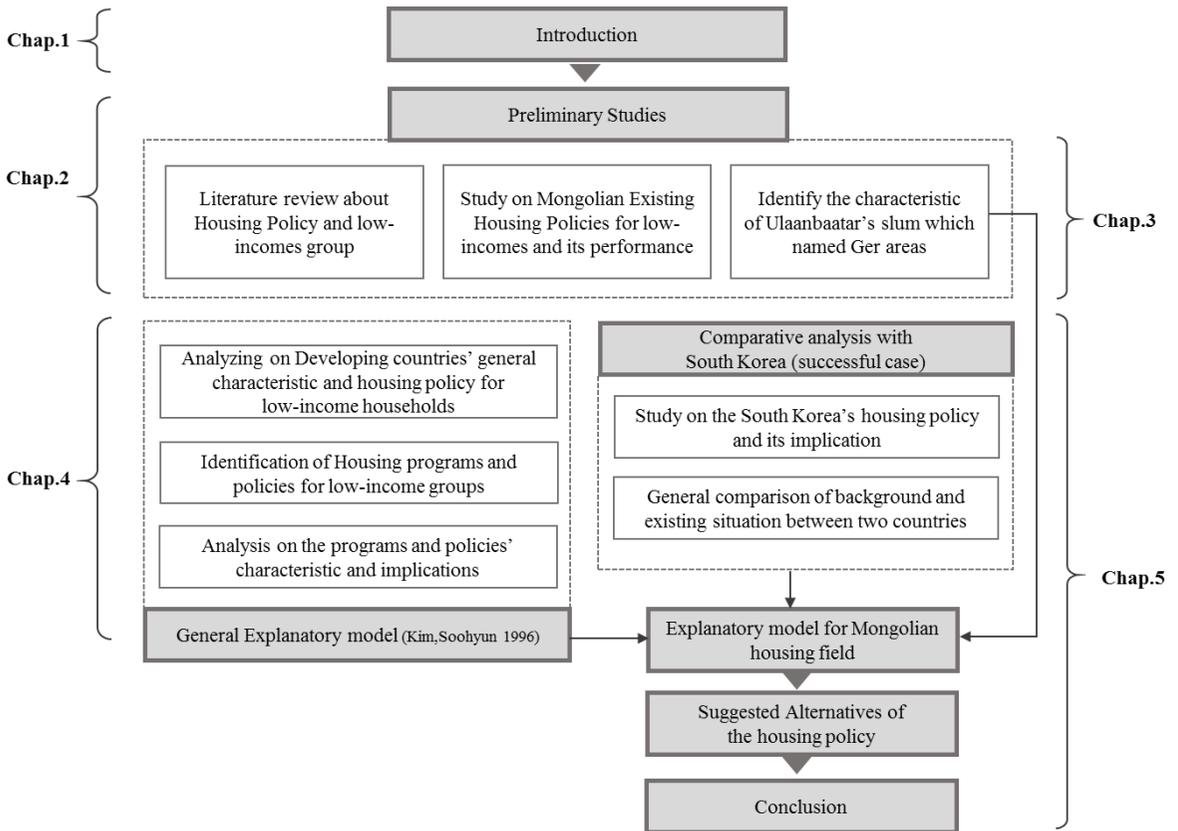


Figure 1-1 Research Process

## **Chapter 2. Preliminary Researches**

### **2.1 Housing Policy and Government Intervention**

Most important segment of the economic development is the housing industry. The housing quality and neighborhoods become important influencing factors for promoting the living quality of populations, which the government should concern with numerous angles. (Kim, Woo-Jin ; David Donnison, 1997)

#### **2.1.1 Overviews of Housing Policy**

Generally, a government policy recognizes as problems and defines the commitment and milestones for solving the problem of the government for the matter to be a problem in the future. Housing policy is defined the government shall support and solutions proposed for solving the housing or various problems associated with housing. (KimJunggho, 2001)

In other words, Housing policy is an action that intervention of the government into housing market to achieve the purposes related to security of people's life, improvement of quality and quantity of housing with the purpose of the welfare model theory that secures the minimum housing level of the vulnerable class as low incomes, and with the purpose based on market model theory to stabilize housing market and achieve economic stability and

growth. Government's housing policy differs from country to country because it reflects the political ideology of each country, different levels of economic development, and the institutional framework of society.

### 2.1.2 Importance of Government Intervention

There are two major issues and purposes of a government intervene in the housing market. First, the government is directly responsible for housing supply and housing prices, and as part of a direct intervention policy model that requires the construction of housing financing as well as the construction of housing funds, to stabilize supply and prices, and to promote equity. It is also the policy considers and allows the low-income households to maintain a normal and minimum standard of living in the market economy. Second, if the state should intervene in the housing policy that requires the protection of private property rights and minimize the role of the state, it should not control the price directly in the housing market and compensate the market function by indirect intervention through economic incentive system. Housing policy is mainly targeted at homeless people and low-income families; it should be approached in a comprehensive way. The nature of housing policy that to make the interdependent mixed society through the realization of the social equality. The government improves the level of residence and eliminates the gap between strata. (Narangerel.B, 2010; HaSeong, 2001)

The housing market has a publicity that the government can intervene in the market through urban planning, land, housing, and architectural systems etc. Substandard housing is not an only problem of individual households; it leads to an increase in social costs in the development of the community. To solve this problem, the market economy function works alone is difficult and the government must be intervening. The government needs to intervene in the housing market to establish a housing construction plan, and to implement a housing policy that encompasses quantitative housing supply, housing welfare, environment and housing management. There are three major necessities for government intervention.

- (1) Housings must maintain a distributive equity as productive resources of society. Markets function only cannot but be a scarce resource that houses distributed unfairly and this might be a cause of conflict between the regions, the strata, and the business sector.
- (2) If the production and distribution of housing is not stable in the long term and short term, it will have a big impact on the national economy. In order to maintain growth to stabilize the country's economy should be government intervention to stabilize the housing market and housing-related industries.
- (3) Housing is a basic human right and is a condition of life, so it is necessary for the state to intervene to maintain basic housing level and to find policy means to guarantee it. (KimSung, 2005)

## **2.2 Conception of Low-income Populations**

The concept of the low-income class can be grasped through the economic index of income, but in the complicated modern society, the definition of the low-income class only by income is a concept that can be limited. In each age and society, poverty can be defined differently, and the concept of low-income class defined by family policy is divided into absolute poverty and relative poverty in economic terms. Absolute poverty refers to a state that does not satisfy basic living needs, and poverty is defined as the case where income is below the minimum standard of living for survival. Poverty line is assigned based on minimum cost of living. Relative poverty is also compared to other people in the same society beyond the level of livelihood and refers to the relatively poor status, that is, the level of living enjoyed by the majority of members of a particular society. (Peng, 2012)

## **2.3 Housing Policy for Low-income Populations**

According to theories of housing policy that low-income groups need specific consideration of government during the economic changing situations such as large numbers of migration from rural area to urban and lack of housing so on. Generally, there are three types of housing policy for low-incomes.

### *1) Housing policy as a regulation*

There are three types of housing policy as regulation: (1) establishment, maintenance and enforcement of housing standards, (2) control of rent and housing prices, (3) securing housing rights and protecting tenants. Setting housing standards and enforcing them on every home is the most basic of the housing policy as a regulator. These standards are readjusted as needs are diversified and their levels increase. It is also an international trend to consider the lowest concept. Control of rent and housing prices is an important policy to ensure the tenant's life and well-being when the housing is scarce. However, if the housing supply is sufficiently secured, the importance of this policy will deteriorate. Securing housing rights and protecting tenants is a policy for housing that recognizes housing rights regardless of the form of occupancy. (Park, Kim, Young, & Ran, 2010).

### *2) Housing policy as benefits*

Benefits can be divided into direct benefits. It is the direct benefit of the state or local government to provide social housing or to provide housing allowance. On the other hand, indirect benefits are that the state or local government supports the private entities through taxation or subsidies. (Park, Kim, Young, & Ran, 2010) Direct benefits include (1) supply of social housing, (2) supply of housing to cope with special needs, and (3) payment of housing allowance. Social housing is mainly provided for the purpose of

solving the housing problems of low-income households. It is called variously according to the country, but its basic meaning is the public permanent rental housing.

### *3) Housing policy as indirect benefits*

As for the supply of social housing, there is a way to supply social housing as a public enterprise directly by the central government or the local government, but not by such a scheme, but by building a third-sector housing corporation and financially supporting the corporation. Also, there is a policy to help build social housing for the low-income population. The supply of social housing in Germany tends to be done in this way. Originally, tax deduction system related to housing has been promoted as part of the policy of the state to encourage owning houses of the people. The housing tax cuts are at the savings stage for housing fundraising and tax cuts for the sale of houses that have been in residence for a certain period of time. The most important thing is the reduction in the repayment of home loans or interest payments. There is also a tax credit for homeless people. If there are two households with the same income level, the non-owner is more likely to spend housing-related expenses in the household spending between the homeowner and the non-owner, so the non-owner will deduct a certain percentage of the income to reduce the redistribution of income and the effect it is a policy to win.

## **2.4 Summary**

This chapter identifies general characteristics of low-income population, and importance of government intervention for the low-income population's housing need, based on previous researches. There are many studies and researches about housing policy for low-incomes and the government intervention into in the housing market. In general, the state shall intervene into the housing market to control, to produce houses and to support the poor populations, who have no owned house or substandard house. Then, there are three major ways to measure if the policies reach the goals. These are housing policy as regulations, as benefits and as indirect benefits from the public organizations through the housing market for the low-income population.

## **Chapter 3. Low-income Households in Ulaanbaatar and Concernments of the Government**

### **3.1 The Nature of Ger and Current Situations of Ger Areas in Ulaanbaatar City**

#### **3.1.1 Urbanization in Mongolia**

Urbanization is a very recent phenomenon in Mongolia. Because of our nation is one of developing country that has built regular advancement from a central organized to a free market-led economy later. (ADB, 2008) Until early 20th century, Mongolia had Buddhist and autonomic government under the oppression of Manchu for over two hundreds year and most of people have been lived in a traditional nomadic dwelling which is named “Ger”. In 1921, Mongolia faced down the People's Revolution with the help of the former Soviet Union, and then the national system was transformed into a socialist system. At that time, Mongolia's construction sector and housing were no exception. (KimMoonkyu, 2007; Narangerel.B, 2010) Since the 1960s, the national industrialization policy and the changes in the agricultural sector have caused the people to concentrate rapidly on city, and the housing policy has been actively promoted in order to supply the housing which adequate to urban lifestyle such as apartments and built house that different from the

people can live in earliest times. But Mongolia had no experience in the field of housing construction at the time, was forced to receive support from the former Soviet Union. In the 1990s, democratic movements, and social change occurred and Mongolia was transferring from state governed economic system into a market economy. (TuyaTungalag, 2016; Narangerel.B, 2010; KimMoonkyu, 2007)

### *Ger areas in Ulaanbaatar city*

Therefore, urban development in Mongolia has been historically set in a demographic context where the nomadic population is migrating to Ulaanbaatar city for what look like better longer-term settlements. (ADB , 2008; KimMoonkyu, 2007) Obviously, the reason of the migration to find jobs, take education and try to improve their quality of life.



Figure 3-1 Image of the Ger areas in Ulaanbaatar city

According to static data from Statistical yearbooks (2005-2015), 26.8 per cent of Mongolia's population resided in Ulaanbaatar 1989; by 2006 that number had increased to 38.1 per cent; and by the 2010 poll, 45 per cent of

Mongolia's total populations lived in the capital city. Most of these newcomers settled in the Ger areas in Ulaanbaatar. (KooChamun, 2012; AmgalanS, 2015; KimMoonkyu, 2007) The majority of migrants who are the Ger area residents are poor, not able to afford higher prices elsewhere in the city. Thereupon, for last two decades, around 40 percent of the population is living in apartments whereas 60 percent is living in Ger areas. (Statistical Yearbook, 2005-2015) Obviously, Ger areas can be called Ulaanbaatar's slum.

### 3.1.2 Main Characteristics of the Ger Areas

#### *1) Land and settlement*

“According to Mongolian property law, the nationals are allowed to claim unused land and obtain ownership over land they live on. In that respect, the Ger areas are therefore different from illegal slum settlements in other countries of the world” (ChoiChoongik, 2012). The land size which is designated for the household ownership in Ulaanbaatar is up to 0.07 hectare for each persons. Unfortunately, Ger area environment condition is getting worse, land with inadequate condition of unplanned and not paved roads in Ger areas is serious things expressed by Ger residents. Consequently, along of land owning law Ger areas settled with low density. Also according to static data of the capital city, over 90 percent of total population in Ger areas, has been owned their land. (ADB , 2008; ChoiChoongik, 2012) Also, the owned

land of Ger areas have been used insufficiently by 82.2 percent of the households are using their land by only living area, 6.8 percent of the households run small production based on the land, whereas only 2.8 percent of the households grow vegetables on the land. (UN-Habitat, 2010)

Ger areas have defined and classified into three parts in terms of location by researchers and international organizations. Because of the characteristics of the Ger areas are different such as taking socio economic service, environment, and income level of residents by locations.(Fig3-2) (KimMoonkyu, 2007; Taku Kamata, 2013; ADB , 2008; ChoiChoongik, 2012)

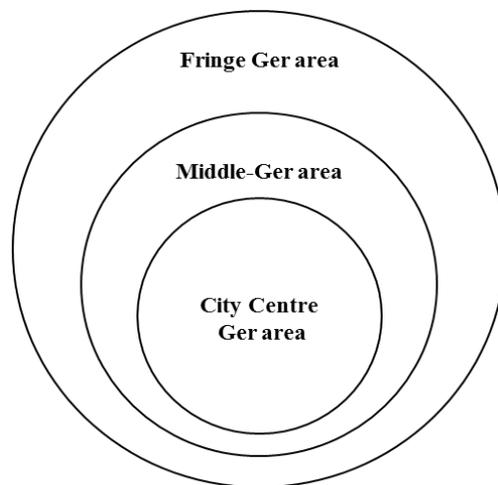


Figure 3-2 The structure of the Ger areas in Ulaanbaatar city

Briefly, these three Ger areas were defined as following in table 3-1

Table 3-1 Ger area types and their differences

	<b>City center</b>	<b>Middle</b>	<b>Fringe</b>
Socio-economic issues	<ul style="list-style-type: none"> <li>- Ger areas' households are larger, younger, less educated, poorer and more reliant on social services than households in apartment areas.</li> <li>- In line with the recent growth of Ger areas, a large proportion of residents are migrants.</li> </ul>		
Socio-economic situation	good	good	bad
Infrastructure-Roads and Transport issues	<ul style="list-style-type: none"> <li>-The majority of people (59percent) still live in Gers.</li> <li>-The percentage of paved roads is higher in this Ger area. Residents have better access to transportation.</li> </ul>	<ul style="list-style-type: none"> <li>-More than 70 per cent of households live in detached houses.</li> <li>-There are no regular bus services in most parts of this Ger area. No formal roads exist inside the area.</li> </ul>	<ul style="list-style-type: none"> <li>More than half of the residents live in Ger. No formal roads exist. No scheduled bus services exist.</li> </ul>
Infrastructure situation	not bad	bad	worse
Environmental Issues	Solid waste management, hygiene and sanitation are priority issues in all Ger areas.		
Environment situation	bad	bad	worse

Source: Kim, Moonkyu 2007; Asian Development Bank's report

## 2) Residents in Ger areas

In Ulaanbaatar, around 45 percent of total populations of Mongolia are living and it is 162,273 households. According to the static information among those households around 60 percent are living in the Ger area. In terms of housing type, 21.8 percent of total household of are living in Ger and around 34 percent are living in detached houses which are substandard and

have no infrastructures. Because of a large proportion of Ger areas residents suffer from monetary (low incomes and lack of savings) 15.8% of Ger areas' residents are unemployed. (UN-Habitat, 2010; Statistical Yearbook, 2005-2015) According to the information of income, asset and housing value of total residents in Ulaanbaatar, a majority of residents in Ger areas will not be able to afford any of the new constructed apartments. Also, they have very little monthly savings.(Table2) That is why the Ger areas' residents prefer low story cheap housing types instead of the expensive apartments. (AmgalanS, 2015)

Table 3-2 Income, asset, and housing value of the residents (by 2013)

Residence Area	House type	Current Housing Value, Mil.tug (\$)	Average Monthly Saving, Mil.tug (\$)	Total Average Assets, Mil.tug (\$)	Average Monthly Income, Mil.tug (\$)
Apartment area	Apartment	43.11 (30,781)	29,400 (21)	38.93 (27,796)	446,600 (319)
City Center Ger area	Apartment	61.23 (43,718)	204,400 (146)	80.62 (57,563)	488,600 (349)
	Detached house	28.97 (20,685)	93,800 (67)	53.57 (38,249)	376,000 (268)
	Ger	1.91 (1,364)	92,400 (66)	22.69 (16,201)	257,600 (184)
Mid-tier Ger area	Detached house	17.59 (12,559)	26,600 (19)	24.83 (17,729)	225,400 (161)
	Ger	-	4,200 (3)	8.74 (6,240)	190,400 (136)
Fringe Ger area	Detached house	18.69 (13,345)	16,800 (12)	21.37 (15,258)	225,400 (161)
	Ger	1 (714)	-	6.96 (4,969)	232,400 (166)

Source: The World Bank

Mil.tug= Million tugrik (tugrik is Mongolian Currency)

### 3.1.3 Housing Condition and Main Issues in Ger Areas

#### 1) *The Origin of 'Ger'*

Since ancient time Mongolians were nomadic nation has a particular nomadic culture and lifestyle to move from one place to another according to the season in the steppes of Central Asia. They lived in dwelling which is named "Ger". The original function of ger is a portable for moving easy and shape is round tent covered with skins or felt and the main frame structure is made by light woods. (YanjibilegBaljinnyam, 2013; AmgalanS, 2015; ADB , 2008)

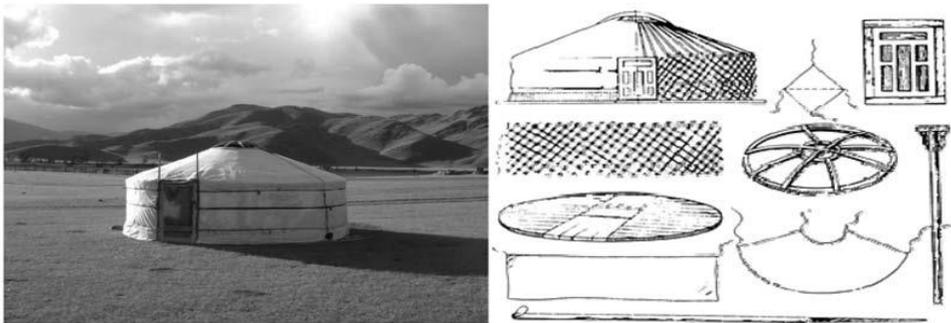


Figure 3-3 The structure of traditional 'Ger'

## *2) Main issues with current housings*

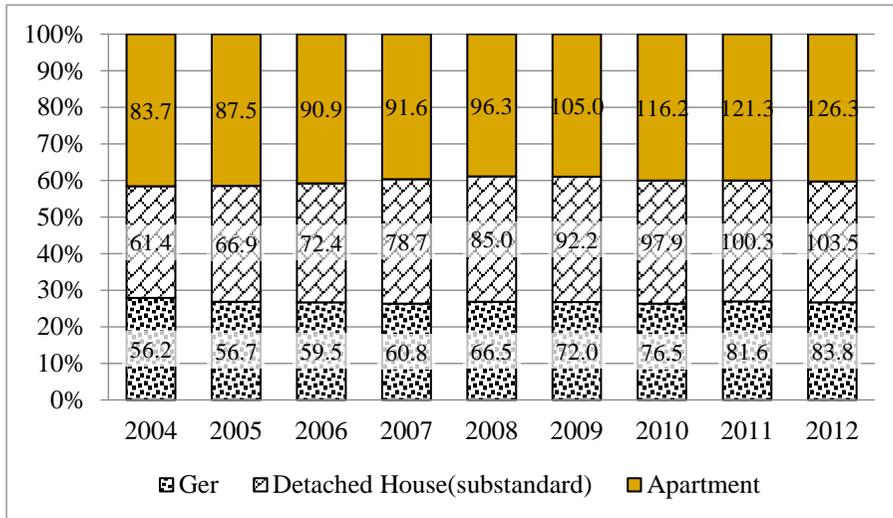
As mentioned above, the most of migrants from rural areas to Ulaanbaatar are still living in 'Ger'. In other words, more than 60 percent of Ulaanbaatar's populations still live in informal settlements that lack development of modern urban infrastructure services, such as water supply system, sanitary facilities, roads, a sewage system, and a public transportation system. (Taku Kamata, 2013)

Hereupon, there are many various problems of Ger area related as above and since for a decade several international organizations such as Asian Development Bank (ADB), United Nation Habitat and the World Bank (WB). Also the Mongolian government has been considered Ger area from various sides. Ger area is emphasized because of the Ger areas are biggest issue of Ulaanbaatar city in terms of various sides such as environmental, urbanization, social, health, and housing.

Ger area involves not only 'Gers' but also detached houses inside wooden 'hashaas'(plots) surrounding the city. (ADB , 2008; AmgalanS, 2015; UN-HABITAT, 2010)

According to ADB (2008) and Amgalan.S (2015), the use of stove for both cooking and heating is a central feature of the Ger. Large amounts of coal and other materials, including trash are used for heating during winter, resulting in a black pollution layer that covers the city. Even though air

pollution levels are higher than those of any other capital city in the world, coal will hardly be replaced as heating fuel, due to its relatively lower cost (ADB , 2008; AmgalanS, 2015).



Source: *Static Yearbooks (2004-2012)*

Figure 3-4 Housing types in Ulaanbaatar

Thereof, housing issue is serious out of urban and environment. According to recent reports of official news and bulletin of hazard in the city, over 80 percent of the accidents of fire broke out in the Ger area and during flood season had many harmfulness because of nature of the Ger's structure materials are flammable such as felt and woods, it is inadequate and poor quality for long settlement urban area. Even detached houses of the ger area, are substandard accommodation which built by the residents who are not

professional usual within their little income. (ADB , 2008; Taku Kamata, 2013)

## **3.2 Mongolian Government Involvement**

### **3.2.1 Previous Researches Efforts and Limitations**

There are several studies are related to Ger areas and theirs problem in Ulaanbaatar city. As mentioned in the previous chapter, Ger areas have various problems which are concentrated many fields such as environment, socio-economic, health, sanitary, housing, and politic. Especially environmental problems have been more seriously than others because of environmental pollutions are getting worse. There are no little studies and the most of the existing studies' objectives and trends have aimed and contributed to find effective approaches and ways in order to solve the environment pollution issues of the Ger areas. Thereby, some parts of theme of the ger areas such as their characteristics, ger residents' opinions, and feature identifications have investigated enough.

Unfortunately, there is still a lack of researches and studies to side of housing policy and government intervention and those kinds of studies are recently new started. (KimMoonkyu, 2007; Narangerel.B, 2010)

Kim, Moonkyu's (2008) research is aimed at analyzing the current status of urban housing and presenting the direction of the future urban policy of.

The research method was a housing survey including 300 households in Ger areas and apartment area and with some experts. Consequently, he concluded and suggested several direction to the policy (1) in order to refine the basic plan for land acquisition, land use and land use management guidelines it should be included in this new land and related approaches, (2) a comprehensive approach for the government is necessary, (3) in Mongolia urban development laws have been enacted, but those are at a basic level. Therefore they need more improvement on it by studies based on the other developed countries experiences as South Korea. But this research result is very broad and critical rather than suggestions.

Nomintovch (2015) research's basic idea and object was similar to this research and highlights flaws in the Mongolian housing policies and agrees on the general idea to adopt experiences and policies from experienced developed countries which solved housing problems of slums. But this research differs though in research process. Nomintovch research elaborated on the background, for instance the current status of residential housing market and government policies of Mongolia etc. more extensively than previous studies. Research methodology wise it conducted survey of residents of 'Gandan' Ger area, one of the central regions in Ulaanbaatar, and studied generally residential housing policies of some developed countries such as England, Japan and South Korea. It also focused on the Ger area redevelopment as main direction of government policy. According to

Nomintovch research recommendations 1) Mongolian government needs to focus on reducing prices of construction materials on the residential housing markets in order to provide affordable housing, 2) focus on the redevelopment of the central Ulaanbaatar Ger areas and regulate prices for housing, and 3) improve foreign financing and investment.

Nomintovch research however did not consider analysis on previous studies, then the content of the survey is very similar to previous surveys, and thus survey results are similar to the previous ones. In fact there are enough surveys of Ger areas residents for instance by the World Bank, ADB and others. Touching up residential housing policies in such developed countries as England, Japan and Korea in Nomintovch research did not seem to have much relevance. Especially the relatively more extensive research of Korean experience and the comparative case studies are uncertain in fitting into the context of his research and did not relate to his research results. He assumed that highly developed country policy is good no matter what. He also limited Ger area redevelopment as the only policy solution to the complexity of issues of Ger area which lacks reasoning.

Narangerel (2010) research object was similar to this research and also agrees on to adopt experiences and policies from experienced developed country that South Korea case which has solved housing problems of the slums. But his research scope is very comprehensive and result was not

detailed. Also he did not consider analysis on previous studies, their results. His research methodology is on literature reviews only but contents are very broad. His research's subject is meaningful but the thesis completion was insufficient.

### 3.2.2 Evolution of Mongolian Housing Policy

As mentioned in the previous chapter, urbanism and contemporary housing and its construction those are very recent phenomena because of from ancient time they has been nomadic culture and lifestyle. (KimMoonkyu, 2007) Although, after social system changed that from communism to democracy in 1990, the Mongolian government had initiated to establish and implement a housing and city development policies individually. It means the government has no good enough experience on this sector. Even though, the government has conducted and established several housing policy and housing acts such as 'State Housing Policy approved in 1999', Ulaanbaatar City Development Strategy of 2001', and '40,000 housing program', Mongolian mortgage corporation for housing financial system in 2006, and 'The State Housing Corporation (SHC)' in 2009 etc. (Fig3-5)

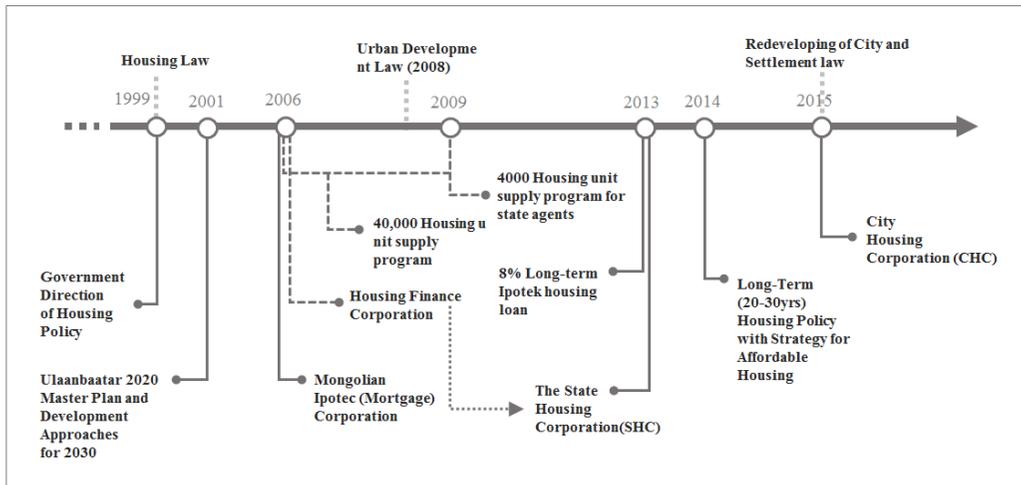
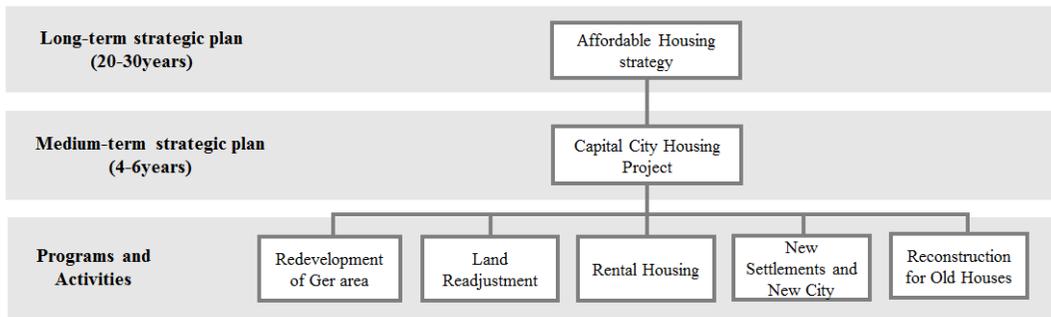


Figure 3-5 Historic for Mongolian housing policy

Also, the Ulaanbaatar City Development Strategy was instituted in 2001 to contribute the direction of prospective development in Ulaanbaatar and was the first participatory urban planning activity undertaken in Mongolia. (TuyaTungalag, 2016; Nomintovch.B, 2015) With the help of Japan International Cooperation Agency (JICA), the city reorganized the master plan in 2007. (KooChamun, 2012) The plan involves urban redevelopment, new town construction and development, and transportation system. Moreover, Ulaanbaatar city tries to maintain 1.6 million (1.3million in city area, 0.3 million in suburban area) as the limit for its populations until 2020. Recently, the government has established a "housing program" with the aim of supporting loans to residents and providing conditions for buying housing in 2014. (TuyaTungalag, 2016; Nomintovch.B, 2015)

### 3.2.3 Housing Policy for Low-income Households and its Implications

Recently, the government has established a "housing program" with the aim of supporting loans to residents and providing conditions for buying housing in 2014. This program has the primary purpose of resettling the Ger areas' land by a newly developed approach in order to improve the environment of the Ger areas and to ensure residents will be lived in a safe environment with better-living standard. (TuyaTungalag, 2016; Nomintovch.B, 2015) Moreover, the program includes some housing programs which the country has never before such as public rental housing, adjusting of new town city so.(Fig3-6)



Source: City Hall Report (2015) "Resident Housing Policies, Programs, and Projects"

Figure 3-6 The Government Strategy for Low-Incomes (2014)

Otherwise, this program could be one segment of the Ulaanbaatar master plan by 2030 to implement and achieve the goal of the housing policy. The master plan of Ulaanbaatar aims to increase population who lives in

apartments by quantity expansion of housing supply with affordable houses. For instance, current 41.7 percent of populations are living in apartments it will be increased to 58.5 percent by 2020 after that to 70.1 percent in 2030. (Table 3-3)

Table 3-3 The purpose of 'Ulaanbaatar 2030' strategy

Indicators	2010			2020			2030		
	Household	Population	%	Household	Population	%	Household	Population	%
Total Households	266,457	1,051,564	100	333,900	1,235,500	100	388,900	1,400,000	100
Total Housing	116,067	438,650	41,7	195,300	722,600	58,5	272,700	981,600	70,1
New Apartment	-	-	-	79,233	283,950	23,0	77,900	259,000	18,5
Total Households living in Apartment	116,067	438,650	41,7	195,300	722,600	58,5	280,249	980,872	70,1

### **3.3 Summary**

Urbanization is a very recent phenomenon in Mongolia. Therefore, Mongolia has already been facing multilateral side issues as that experienced in other developing countries, for two decades due to economic growth that created Ger areas. Ger areas can be called slum in Mongolia because of the migrants who moved rural-to-urban. They are living the nomadic traditional dwellings which named 'Ger' in urban settlements. However the Ger and Ger areas have special features compared to other countries, due to Mongolian traditional lifestyle which is nomadic culture since ancient time. For instance, the original function of Ger is to be portable, for easy moving with round shaped tent covered with skins or felt and the main frame structure is made by light woods. Therefore, the Ger is unfit to urban life cycle, because of such flammable materials and light structure. This chapter contains Mongolian government concernment and housing policy for the Ger areas' residents according to the existing researches and data.

## **Chapter 4. Developing Countries' Housing Policy for Low-income Populations**

### **4.1 Generic Characteristics of Developing Countries**

#### **4.1.1 Generic Characteristic of Developing Countries**

Even though each developing countries differ from each other but there are many generic characteristics such as their politics, social system, and economy tend to be similar. One of the common feature is most of the developing countries nowadays declared their independence after the World War II, but before the war they were a colony of developed capitalist countries. The economy and politics of these countries still tend to be under the influence of the former dictating countries while some of them become colonized again without being able to form and create their own political and economic system. (Julian, 1993) According to these situations, accumulation support function of the developing countries focus on their own market establishment and its growth. Unlike the developed countries, their government plays the main role to move the development process of the country by attracting foreign investments because they have not created their own resources. (Kim S. , 1996)

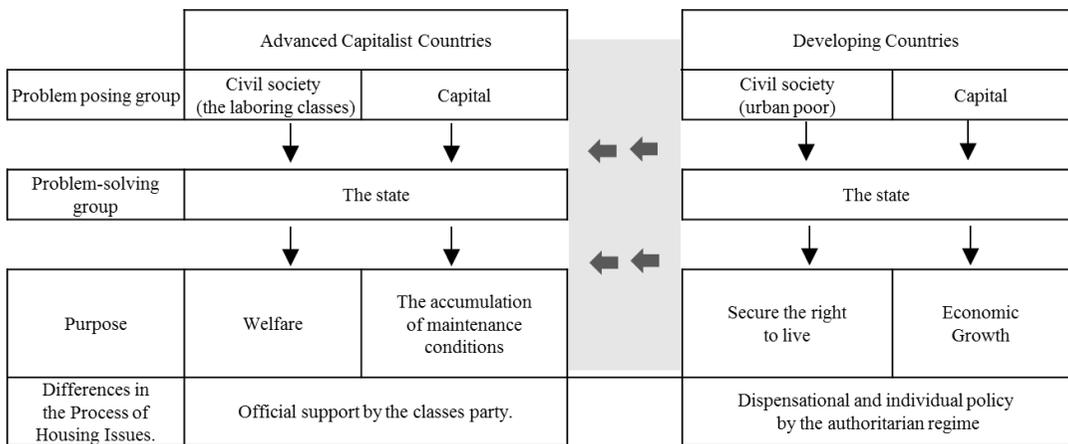
Mongolia is also one of these developing countries. In the beginning

of 20th century, we ejected from 200 years of dictatorship caused by Manchu with the help of Soviet Russian and declared our independence. Then our nation social system was changed to socialism by influence of Soviet Russia. But Mongolia shifted from socialism system to democratic system but still before that, we were have the impact of socialism system of Soviet Russian. In relation to the situations mentioned, Mongolia is one of the developing countries who have not created our own social, political, and economic system. The late transformation to urbanism from nomadic culture and the Ger areas' lack of development with no positive results show that the political system and management of this country is immature. (Tuya, 2016; Narangerel.B, 2010; Kim M. , 2007; Yanjinbileg, 2013)

#### 4.1.2 Housing Policies and Explanatory Model

Moreover, another common feature in developing countries is their poor economic development that leads to rural-urban migration due to market and living necessity especially to the capital city of the country. It is common for these countries that their government lacks support for these migrators due to the scarcity of reserve fund and poor economic development. Most of the citizens moving from the rural area to the city have lower income and their financial capability is insufficient for them to purchase apartments which leads to the increase of slum area in the city. (UN-HABITAT) So, many

developing countries face the same issues and trying to solve the problems, some of them have solved through efficient policies and programs implemented by their government. The following figure7 represents the housing policy comparison scheme of a developed capitalist and a developing country.



Source: KimSoohyun, 1996

Figure 4-1 Housing policy comparison between developed countries and developing countries

From the point of Housing policy and objectives, Developed capitalist countries pay more attention to the working class and create a legal framework of housing issues under the citizens' rights and social characteristics. On the contrary, Developing Countries focused on the poor citizens and solve housing problems of policies and set planning goals. (Julian & Padma Desai, 1993; Kim S., 1996)

Table 4-1 Housing policy for low-income groups in Developing Countries

Programs and Activities	Types and example of the countries		Major process	Influencing Factors to Achieve	Implication	Adopting Background
Self-Help programs	Type I	South Korea: 초기 집단이주정책 Thailand: Land-Sharing program	Government provides land directly by providing the government with public land or by allowing private land to be used for a certain period of time through arbitration with private landowners.	-Powerful organization of residents -The government's political concernment and democratization -Considering for the social image of the landlords. .etc	- With the lapse of time, slum area was formed under the Self-help program tend to easily changed into residential places for the governors or the upper class of the society. - In the case of low-income residents increase to improve their environment with their financial assets according to the Self-help program, attention and participation of the Government and related agencies which must focus on housing issues of these low-income residents can become passive and decreased.	Self-help program usually has implemented in the countries where economy is under-developed and unstable. The State improve the housing environment within minimal cost in those slums, but it rarely bring a big impact. On the other hand, when the economy growth rises as other developing countries emerges, measures of the Self-help program cannot continues.
	Type II	Site and Service	Government provides land and infrastructure such drainage system, roads and electric system, the low-income residents build their houses.			
	Type III	South Korea: 양성화 및 현지개발 정책 Indonesia: Kampung Housing improvement program	Government sells or legalizes the land which occupied illegally and supports its residents to improve their houses by themselves.			
	Type IV	Pakistan: Oranji Pilot Program (OPP) South Korea: 복음자리	The poor residents purchase cheaper land without the government supports, then build facilities and houses for themselves			
Mutual Self-help housing	U.S type		<ul style="list-style-type: none"> <li>- Participation in the building of your home and your neighbor's home as part of a Building Group (no building experience necessary)</li> <li>- Doing with your home loan payment. The loan generally lower than other housing loan payments, also the loan payment is set depending on the resident's income level.</li> </ul>	<ul style="list-style-type: none"> <li>- Both the government and residents' participation is major influencing factor to achieve the goal of this program.</li> <li>- Also involvement of Non-Governmental Organization is important</li> </ul>		Contemporary social welfare programs in the United States.

Programs and Activities	Types and example of the countries	Major process	Influencing factors to achieve	Implication	Adoptable context
Public Rental Housing  (South Korea, Hong Kong, Singapore ...etc)	<ul style="list-style-type: none"> <li>- Long-term Public Rental Housing</li> <li>- Mid-term Public Rental housing</li> <li>- Multifamily Rental Housing</li> <li>- National Public Rental Housing ... etc</li> </ul> <p>There are many types of Public Rental Housing system depending on the country' feature.</p>	The principle is that government is the building owner of the public housing for poor communities, and the private sector is executor. And allow the low-income residents rent it for stable cheaper cost and solve low-income public housing issues.	<ul style="list-style-type: none"> <li>- Require the governments' direct intervention</li> <li>- Setting of the condition to select the low-income candidates is really important.</li> </ul>	Public Rental Housing Policy is one of the most effective policy which brings influential results to the low-income residents because unlike the others, it requires more active participation of government to the housing policies and programs.	There are not many developing countries adopt this program whereas capitalist and developed countries usually execute with welfare system in order to solve the housing issues of lower income residents. In developing countries case, this program is adopted in growing economy
Affordable Housing/ Social housing/ Small housing supply	Many countries accomplish the program and implementing types are different depending on the country own characteristics.	Income is the primary factor, not price and availability, that determines housing affordability	Similar with Public Rental Housing program. Difference is to own the house	-Low cost home ownership -If it has not good conditions and eligibly system to select the low-income group, there will be rise in speculation of houses	Similar with Public Rental Housing program.
Joint Redevelopment (China, South Korea, India)	The joint redevelopment activity is a system in which owners of houses and land owners who are the owners of the business area form a union and self-regulate housing redevelopment by qualifying as a court enforcer. The funds and construction necessary for the project implementation are provided by the home construction company as a pure contractor, or as a joint venture developer under the Urban Redevelopment Act, and the right conversion method of the land readjustment technique is applied to the owner who is a member.		<ul style="list-style-type: none"> <li>- Effective cooperation between private developer sectors and land owners</li> <li>- Indirect settlements from the government</li> </ul>	<ul style="list-style-type: none"> <li>- If the government control is weak, housing market price is get rise rapidly.</li> <li>- Private developers focus on only profits.</li> </ul>	Housing market works good, Government concernment is less.
Development of new settlement and new city	Many countries	Establish new city near to the old city which has high density of population.	-Require aggressive government intervention	<ul style="list-style-type: none"> <li>- Solve the issues of housing and high density</li> <li>- Provision of affordable houses</li> <li>- Require much budget from the state</li> </ul>	High density of population and continuous migration and rapid growth of the population. Economic growth staidly

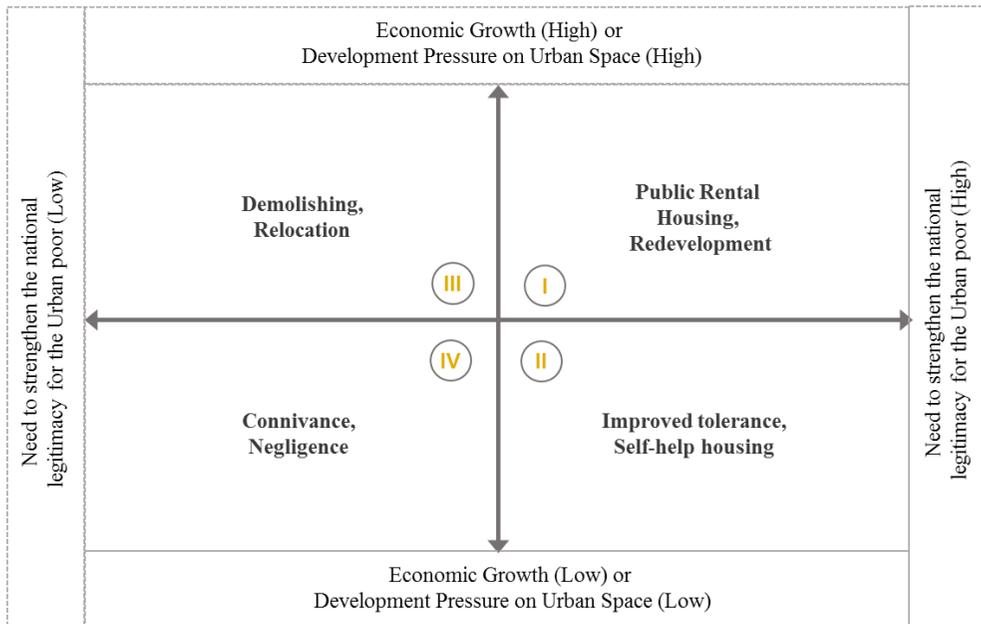


Figure 4-2 Explanatory model of policy for squatter area and slums in Developing Countries (from Kim, Soohyun 1996)

According to the model from Kim, Soohyun, the housing policy directions are divided into the four general phases. Most of developing countries pass through every single phases from IV, III, II to I. But some of countries such as Singapore and Hong Kong have crossed from the phase IV to I directly. In that case, from IV to I directly way have higher results but it takes long time and large amount of budget. Also III phase unacceptable to the Ger areas in Ulaanbaatar due to the Ger areas' residents have owned their lands.

## 4.2 Case Study of Seoul and the Government Concernments

### 4.2.1 Historical Background of Seoul which Similar the Current Situations of Ulaanbaatar

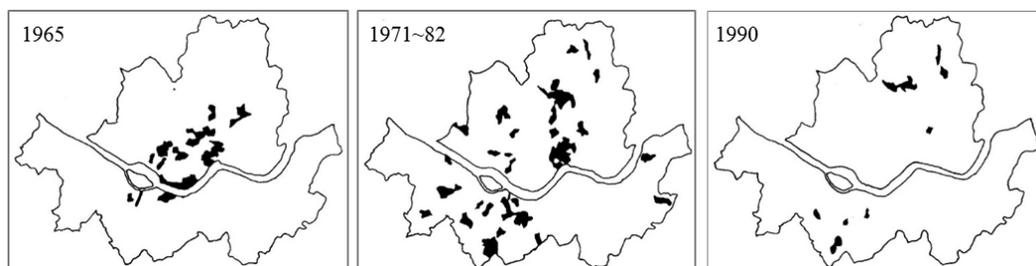
Korean has experienced main conversion from 1960s. An economic boom, demographic growth, modifications in family life, urbanization, and the development of civil society create the major features of the transformation. After many wars, South Korea was one of the poorest countries in the world, with few natural resources and rapidly growing population pressures. “In 1960, the per capita GNP was about 80 US dollars, and 25 million people resided on the approximately 100,000 square kilometers (62,000 square miles) of land. In the 1960s, a massive flight of farmers to cities was caused mainly by poverty in rural areas, and the proportion of the urban population increased from 28% to 41% between 1960 and 1970” (KimSoohyun, 1996).



*Source: www.wikipedia.com*

Figure 4-3 Former slum area 'Panjachon' in Seoul (1965-90')

“The primary destination of these migrants was Seoul. From 1960 to 1965, about 5% of the rural population left for the cities, 70% of whom headed for Seoul; from 1965 to 1970, 13.6% left for the cities, 61% of whom went to Seoul. As a result, by 1970 Seoul was a migrants’ city, where those who had arrived during the last decade comprised about 50% of the population” (Kwon Tai-Hwan).



Source: Kim, Soohyun (1996:87-88)

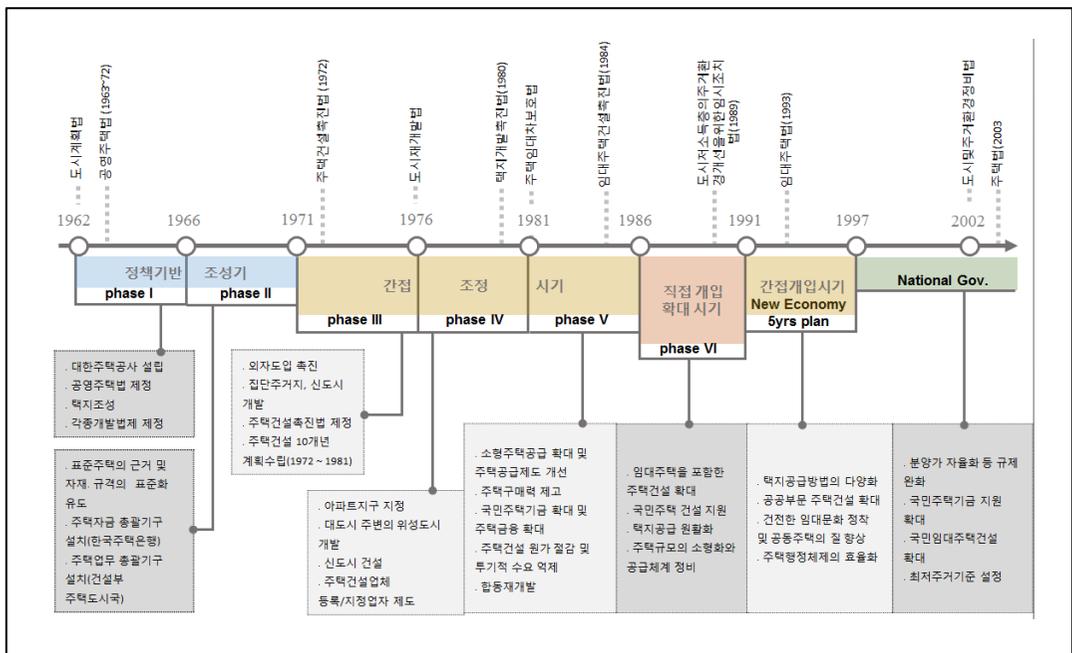
Figure 4-4 Evolution of slum areas in Seoul (from 1965 to 90)

Thereby, Seoul had faced similar issues as today's Ulaanbaatar. It seems the period between 1970s and mid-1990s. The slum was named ‘Panjachon’ which included residents were about to reach 37.8 percent of total population of the city in 1966. But it decreased to 15.5 percent around 1989, then it had been disappeared already in late 1990. (KimSoohyun, 2010; Mobrand 2008)

#### 4.2.2 Overviews of Housing Policy of South Korea

In the early 1960, The Korean government recognized the importance of the public sector in the housing policy, enacted the Korea Housing Corporation Act in 1962, and the Public Housing Act in 1963. In 1967, the

Korean Housing Guarantee Act was enacted, and the institutional arrangements for strengthening the role of the public sector in housing policy and stabilizing the housing of low-income families were established. The contribution of the public sector in the 1960s was minimal to remain at 10%, but in the 1970s it increased to 30-40%. (NamDong-hee, et al 2005) Nevertheless, The contribution level of the Korea National Housing Corporation (KNHC) was very low to some segment which was to stabilizing of houses for low-income households.



Source: based on The Ministry of Construction and Transportation of Korea, Housing White Paper 2002

Figure 4-5 Historic for Korean housing policy

Nevertheless, in the 1980s the housing policy was improved rather the

past with several effective projects such as 2 million housing unit promotion of the construction plan that is still considered it was a revolutionary turning point in solving housing problems. The government measures and strategies had not little achievements that the specific plans such as the 2 million housing unit construction promotion rather than the previous stage of the government which had stayed only in the past was actually carried out. Also, the resources and administrative power were concentrated, and the housing supply system becomes more advanced at the same time. (Kim, Woojin 1997; NamDong-hee, 2005; PengWen-Hong, 2012)

Otherwise, an important feature of the housing policy in the 1980s was the establishment of plans and the enforcement of the plan and the basic direction.

Table 4-2 Major laws and regulations related to housing policy

Related Laws	Year	Objective
Urban Planning Act	1962	Through the construction, maintenance and improvements, such as promoting the wholesome development of the city and the city's contribution to the promotion of public welfare and public orders.
Public Housing Act	1963 (Abolished in 1972)	Provide housing to homeless people to stabilize the people's livelihood and to promote public welfare
Housing Construction Promotion Act	1972	Promoting the improvement of people's living conditions and public welfare by establishing matters concerning the provision, financing, operation and production and supply of building materials for poor (substandard) housing of the homeless people
	1977	Promote stability in the housing homeless

	(Complete revision)	people and to promote improved housing of all citizens
Urban Redevelopment Act	1976	To promote urban redevelopment projects contributing to the wholesome development of the city and promote public welfare
Housing Site Development Promotion Act	1980	In order to resolve the urgent need for housing in the urban area, the government has provided regulations on the acquisition, development, supply and management of residential land necessary for housing construction
Housing Lease Protection Act	1981	To protect the rights of residents and the rights of tenants by special provisions on leasing of residential buildings
The Rental Housing Construction Promotion Act	1984	Increase the construction and supply of rental housing to stabilize the housing of low-income households
Act on Temporary Measures for Improvement Residential Environment of the city	1989	Improvement of residential environment in urban low-income housing area  (Operate for a limited time until December 31, 2004)
Rental Housing Act	1993	Promotion of rental housing construction and stabilization of residential life of the people
Urban and Living Environment Improvement Act	2002	Redevelopment, reconstruction, establishment of a new direction by integrating the residential environment improvement projects in a consistent and systematic method a single city maintenance business development
Housing Policy	2003	According to the changed conditions of the Housing Construction Promotion Act which was enacted in order to expanse housing supply, its management sector to be reinforced

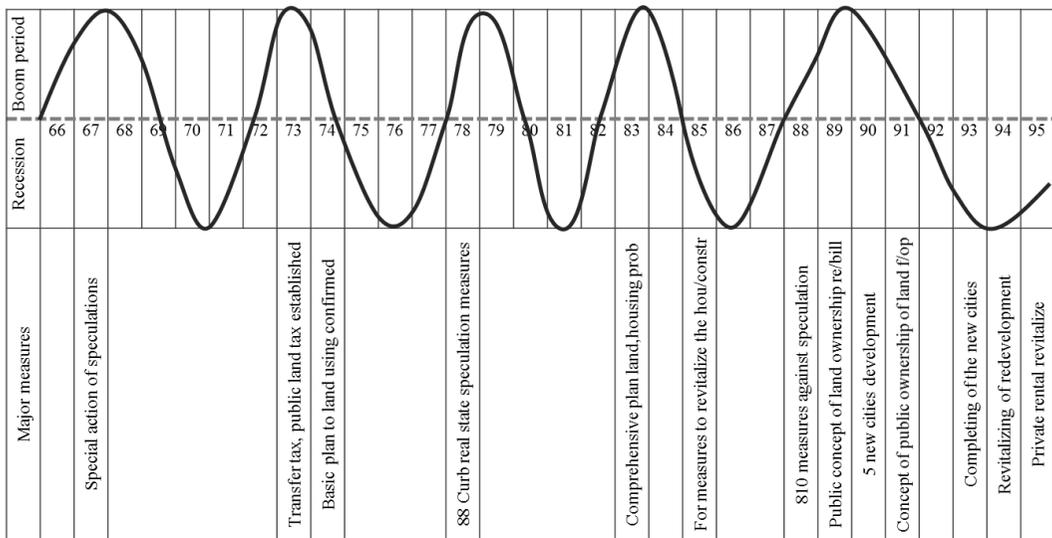
*Source: Ministry of Construction and Transportation, Housing White Paper, 2002*

### 4.2.3 Consequences of the Housing Policies

There are two major ways that in order to solve the housing problems related to low-income households. (1) First one is called 'growth-first' way, it is based on the assumption for increasing income proportion would be channeled into planned public services to raise the low-incomes' living standards. Social development though economic growth is related to this way. (2) Second one is named a 'selective and targeted approach'. It involves substantial government responses for improving the conditions of the people with low-income. (Kim, Woo-Jin ; David Donnison, 1997) In South Korea, from the military revolution in 1960 onwards the government systematically continued by the first strategy goal which the 'growth-first'. 'Economic growth-first-redistribution-later was the philosophy of national policy' was pointed out from Kim K-D (1979). So, the government implemented a series of 5-year national plans for economic improvement, and the national economy began to grow speedily. (JinYank, 2008) However, there had been economic boom then it was influenced to the problems which related to low-income citizens, according to many studies and researches' result that South Korean government had been crucial roles.

Unfortunately, when the state pursue policies to improve the housing problems of low-income people and increase the supply of housing in 1980s, at the same time, the factitious increasing of housing affordability brought negative effects on Korean housing market. From the speculation of the table 4-3, when Korean government against this factitious increasing, it improved credit environment of residential housing businesses. Thus, it is important that government policy-makers should understand about this kind of embezzlement can be occured and pay more attention to welfare and dual strategies for the poor.

Table 4-3 Evolution of the estate market in South Korea (1966-95)



Source: Kim, Soohyun (1996)

### *1) Housing Policy for Low-income Households*

By 1980, Housing policy for low income people, while only a very insignificant. However, since 1980, the government considered the structure was never before that was housing supply system for each tier to distinguish between public and private roles and strengthening the public's substantial role in the low-income groups through the 2 million unit housing program plan. (KimSoo-hyun, et al 2010) With this project, the public rental housing policy for low-income households was the first to be implemented. It was the prime policy flare that introduced housing policy in the social welfare aspect. In addition, the 'Act on Temporary Measures for Improvement' was enacted in order to stabilize the residence of the residents in the urban poor housing area, and implemented the residential environment improvement project. Thereby, the government has promoted to construct houses which adequate to low-income households' affordability such as small sized housing and rental houses with several selective support policies which in order to achieve the purpose of the policies for differentiated from low-income households. (Kim,Woo-Jin ; David Donnison, 1997; NamDong-hee, 2005; PengWen-Hong, 2012)

### *2) Features of the Low-income Housing Policy*

The Korean government has put the priority of housing security policy in

solving low-income housing problems by provision of various housing supply promotions with welfare supports. (Kim, Woo-Jin; David Donnison, 1997)

There are various housing security measures which are based on the establishing categories of low-income groups. The Korean government first clarified the income standard and qualification conditions of the low-income class, in order to solve the problem of low-income housing. On this basis, the government provides guarantees such as public rental house, low-cost housing, low-interest loans, and tax benefits depending on the types of low-income housing needs and considers them til the low-incomes have reached reasonable housing standard and their affordability has increased to own their house. (PengWen-Hong, 2012; JinYank, 2008; NamDong-hee, 2005)

### **4.3 Summary**

Even though developing countries differ from each other, their politics, social system, and economy tend to be similar. For instance, the common feature is that most of the developing countries nowadays declared their independence after the World War II, but before the war, they were a colony of developed capitalist countries. The economy and politics of these countries still tend to be under the influence of the former dictating countries. Unlike the developed countries, their government plays the main role to move the development process of the country by attracting foreign investments because they have still not created their own resources. Therefore, smaller budget and smaller resources of finance for implementing the policies and actives, are common issues to developing countries in order to solve those social and economic problems, such as low-income housing issues. For identification of appropriated housing policy for low-income population in developing countries, this research used the explanatory model for housing policy established from Kim, Soohyun in 1996.

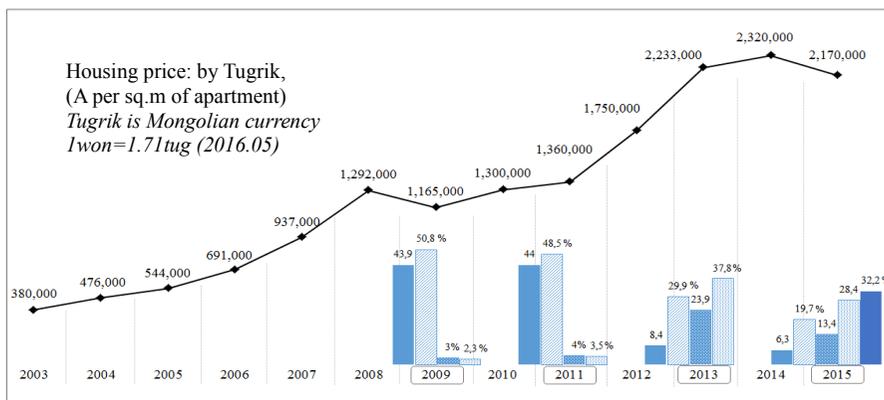
## Chapter 5. Comparative Analysis and Housing Policy Alternative Suggestions

### 5.1 General Comparative Analysis between South Korea and Mongolia

#### 5.1.1 Current situation of Mongolian Housing Market

##### 1) Housing Price and Supply

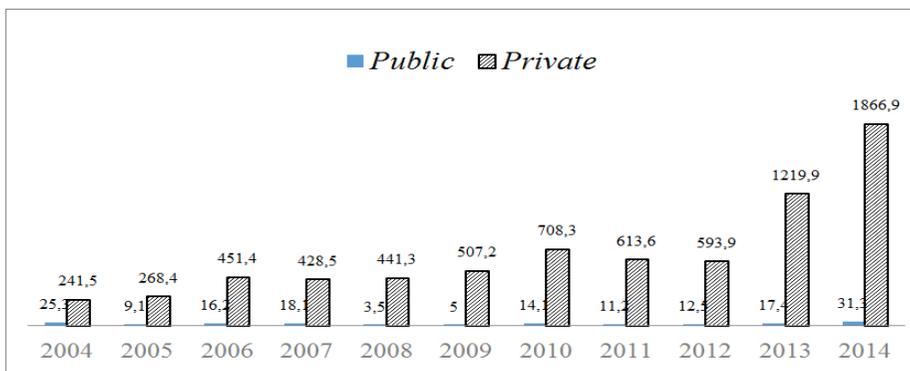
With the dramatic increase in population of Ulaanbaatar city, the demand for housing has increased and housing prices are increasing accordingly during the recent decade. The figure 10 shows this showing the rise in average price per square meter of residential housing in relation to the increase in indicator of income of the Ulaanbaatar residents. The figure 5-1 shows supply of new housing in Ulaanbaatar separately by private and public sources during the period of 2004-2011. (Static Yearbook)



Source: National Static Agency

Figure 5-1 Evolution of the housing prices and changes in living standard in Mongolia

Public sources take up only a very small portion in this regard. This fact is positive from- the perspective of housing market competition. On the other hand private sector according to the market rules focuses more on profit and this resulted in housing improvements for only a small segment of middle and upper income Ulaanbaatar residents that can afford the expensive housing causing in turn spike in housing prices.

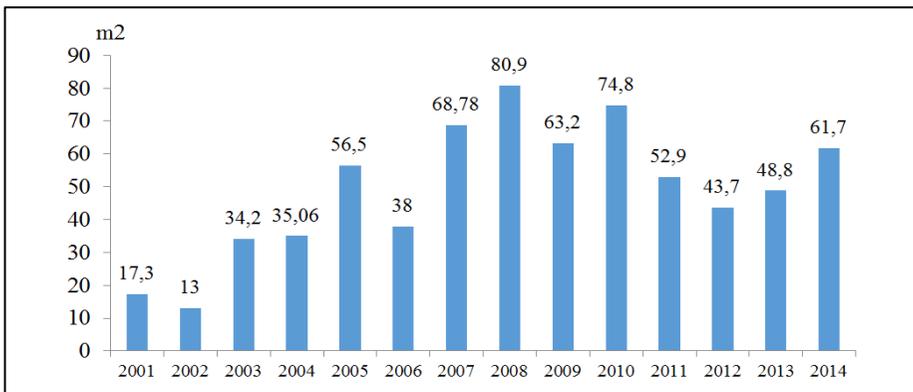


Source: *Static Yearbook of Mongolia (Unit by thousands, m2)*

Figure 5-2 Total annual amount of supplied houses (by sectors)

The figure 5-1 and Table 5-1 show average square meter of new housing built during 2001-2014 in Ulaanbaatar. multiplying these average square meters by average prices per sq.m. in Table 10 show how expensive these housings are, and how extensive is the supply for less demanded luxury housing. “Between the years 2000 and 2011, around 53,000 residential apartment units were added to Ulaanbaatar’s total housing stock, which is now roughly 7.6 million square meters. Average annual supply rose above

18,000 for the first time in 2013. The national total square meterage of housing stock stands at an estimated 11.4 million square meters. A total of 32,130 units (or 25.6% of existing stock) across all districts in Ulaanbaatar is in the pipeline until the third quarter of 2015” (Statistical Yearbook, 2005-2015)



Source: *Static Yearbook of Mongolia*

Figure 5-3 Average size new-built houses (2001-2014)

Table 5-1 Annual amount and prices of supplied new houses in UB

	2001	2002	2003	2004	2005	2006	2007
Total households	1100	4200	3100	4047	2620	5819	3492
Total Sq.m (thousands)	19,0	54,6	106,1	141,9	148,0	221,2	240,2
Average size of 1 house (m2)	17,3	13,0	34,2	35,1	56,5	38,0	68,8
Average House price (mil.tugrik)			12,9	16,7	30,7	26,3	64,5
	2008	2009	2010	2011	2012	2013	2014
Total households	4543	5331	9488	10747	8686	17580	20820
Total Sq.m (thousands)	367,6	336,8	710,2	568,9	379,8	857,6	1,284,4
Average size of 1 house (m2)	80,9	63,2	74,8	52,9	43,7	48,8	61,7
Average House price (mil.tugrik)	104,5	73,6	97,2	71,9	76,5	109,0	143,14

*Source: Static Yearbook of Mongolia (2001-2014)*

## *2) Housing Demand and Economic Potential*

The demand for housing in Ulaanbaatar including demand by ger district residents is estimated at 180,000 households. But 64% of this demand is for affordable housing by residents without significant enough savings to purchase them. However, it's clear that these people cannot participate in the current housing program, 8% mortgage and other programs because eligibility criteria established by commercial banks includes 30 percent of the total cost as upfront payment.



Source: City Housing Corporation Handbook (2014)

Figure 5-4 Economic potential of total housing demand of UB

Mongolian the housing policy which has been implemented by 2014, not considered low- income households. Apparently, most of housing demand has no savings caused of lower income (figure 5-3 and table 5-1). For instance the one of the policies which named ‘40,000 housing program’ was to build such number of housing from 2006-2010, but the performance was not very impressive, it has been attacked because of their less consideration for affordability of low-income families.

These and other implementation requirements and criteria defeat the purpose of “affordability” stated in the title and mission of the policy leaving out the majority of the low income and ger district residents. That’s why ger residents forego expensive but relatively small apartment housing with long term loan payments and prefer to preserve larger plots of land, and construct affordable hand built housing of their own on them even if their quality doesn’t fit the urban minimum standards.

Table 5-2 Finance Situation of Residents in Ulaanbaatar (2013)

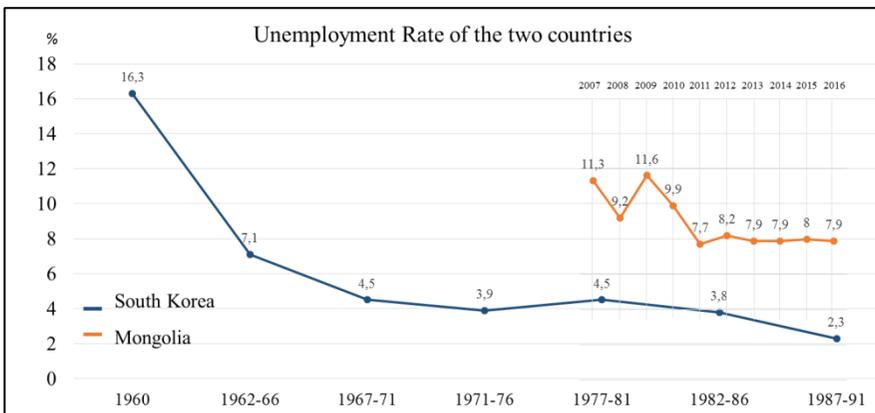
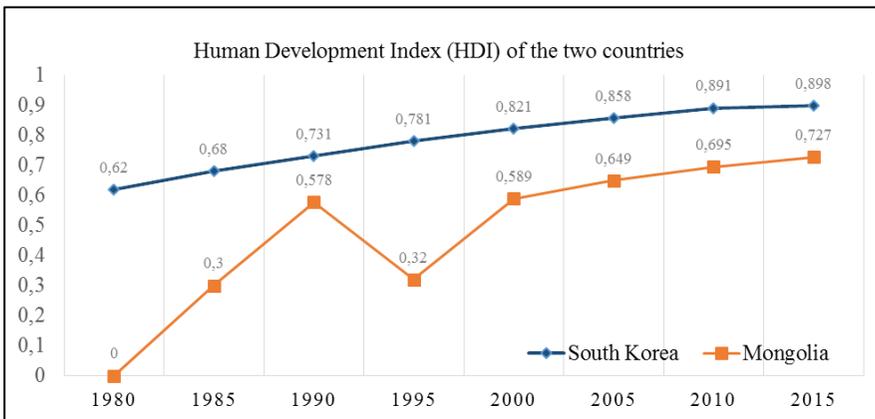
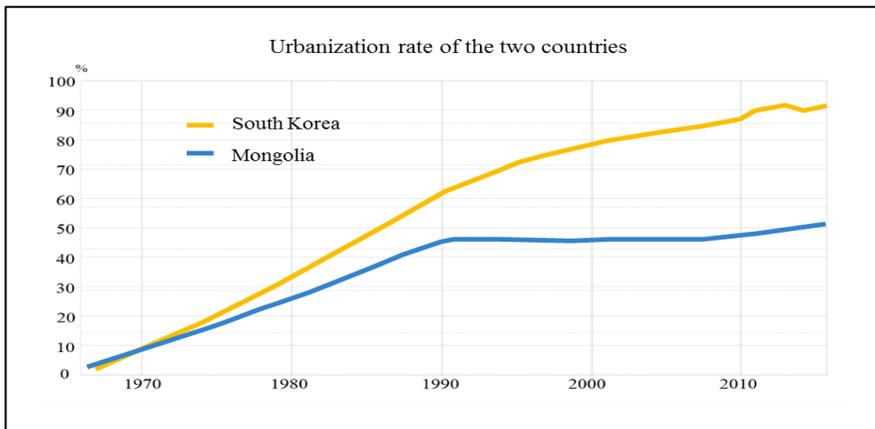
Housing types and areas		Self-financing		Loans from banks		total
		Mil.tug(USD)	%	Mil.tug(USD)	%	Mil.tug(USD)
Apartment area		31.245 (22,309)	80.7	7.463 (5,329)	19.3	38.709 (27,638)
City Center Ger area	Detached house, ger	7.197 (5,139)	91.2	0.692 (494)	8.8	7.888 (5,632)
	Apartment	31.510 (22,498)	89.6	3.653 (2,608)	10.4	35.162 (25,106)
Mid-tier Ger area	Detached house, ger	10.521 (7,512)	97.7	0.242 (173)	2.2	10.765 (7,686)
Fringe Ger area	Detached house, ger	5.487 (3,918)	95.3	0.267 (191)	4.7	5.754 (4,108)

Source: The World Bank

Mil.tug= Million tugrik (tugrik is Mongolian Currency)

### 5.1.2 Comparative Analysis of Socio-Economic Data of Two Countries

The current research access to the South Korean case, in where had faced similar problems in Ulaanbaatar ger-districts in the 1970s to 1990, could settle entirely by the beginning of 1990. This chapter is aimed to make comparison of socio-economic indicators between Korea and Mongolia, 1960-90 period, Seoul, or capital where high population migrate, and income levels are low, public housing problems were complicated; 1990 period, from time to time almost completely resolved the issues, from increased citizens' migration toward the capital Ulaanbaatar up to and Ger areas which cannot standing up and keep worsening to solve the problem. This section will be shown to collected statistical data and credible data sources and graphic.



Source: 1) Urbanization rates from: [www.tradingeconomic.com](http://www.tradingeconomic.com)  
 2) Human Development Index (HDI): UNDP-Human development reports  
 3) Unemployment rates from (Mongolia): World Atlas Data site; (South Korea): 1960 data from EPB, Population and Housing Census, 1960, EPB and NSO, major economic statistics of the Korea economy, various year.

Figure 5-5 Comparison of main socio-economic indicators of South Korea and Mongolia

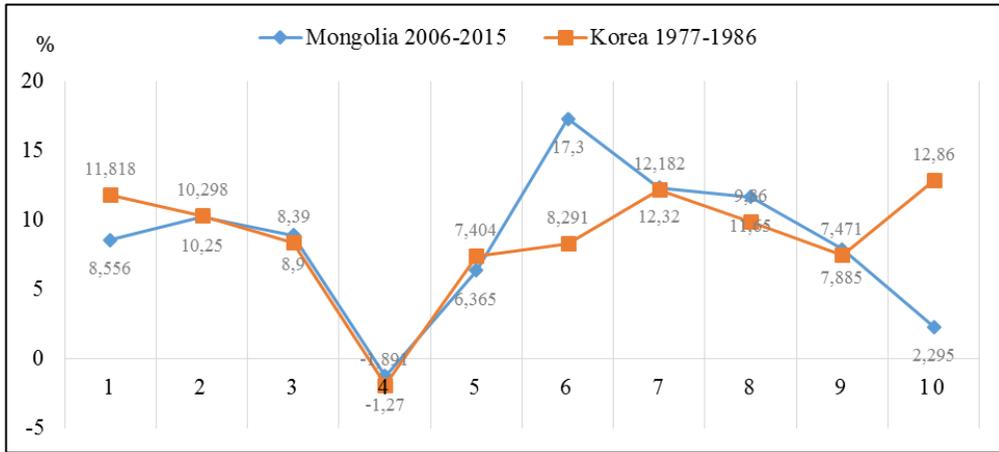


Figure 5-6 Annual GDP growth rate changes

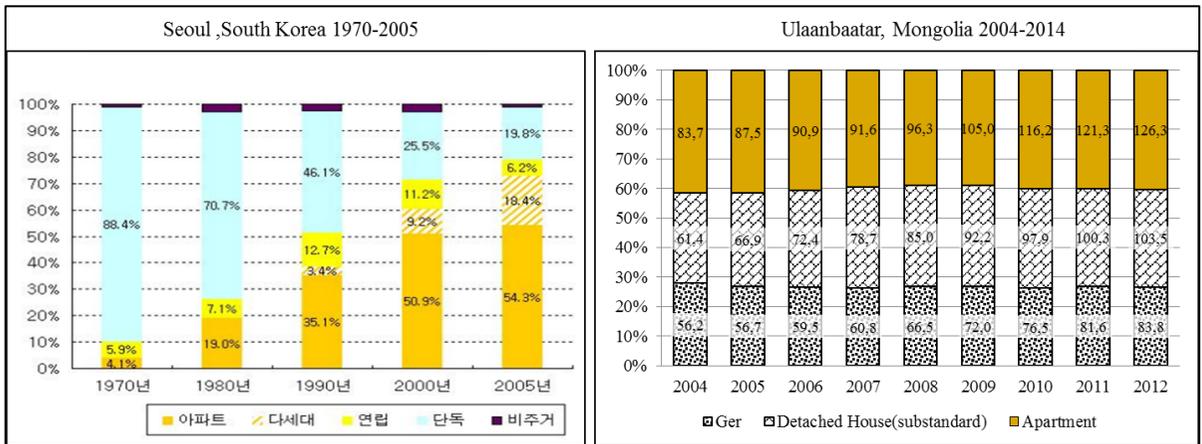


Figure 5-7 Changes in Housing Stocks (by housing type)

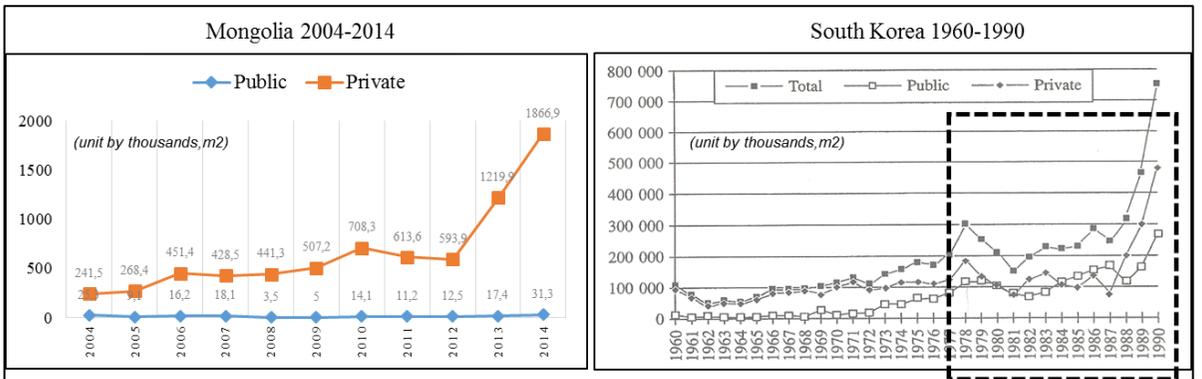


Figure 5-8 Housing performance by sectors

Source: Fig 5-6, The World Bank;  
 Fig 5-7 (Korea) Ministry of Construction; (Mongolia) National Statistic Organization  
 Fig 5-8 (Korea) Ministry of Construction; (Mongolia) National Statistic Organization

However, this comparison will not measure housing policy of two country for low-income residents. Because our country is experiencing this type of policy for only 2 years, and may show inadequate results while South Korea has many years of experience in policy. Instead, comparing the socio-economic indicators, is to compare the housing sector and housing policies, guidelines, programs and strategies in the South Korea and determine if Mongolia has suitable conditions that related to this base. For example, if socio-economic indicators go far beyond our country, the successful housing policies and standards in Korea is unreasonable to follow in Mongolia.

## **5.2 Alternative Suggestions for the Housing Policy**

Economic growth is most influencing factor to solve those housing issues and to reach the goals of the housing policy. Housing policy directions and strategies are formulated and executed depending on the economic growth in the development context. This research suggested the housing policy alternatives for the low-income households in Ger areas based on the major frame of developing countries' housing policy which represented in the tables 5-3 and 4-1.

Table 5-3 Key indicators of the housing policy of Developing Countries

Programs and Activities	Government intervention (Legitimacy)	State budgeted, expenditure	Private developers role	Economic context (Economic growth)	Housing Market condition	Acceptable to the Ger area	Note
Self-Help program Type I	○	small	○	low	stagnated	○	
Self-Help program Type II	○	small	○	high	stagnated, recession	●	
Self-Help program Type III	○	small	X	low	stagnated	○	
Self-Help program Type IV	X	very small	○	lower	recession	●	
Mutual Self-help housing	●	medium	○	high	normal	●	
Public Rental Housing	●	large	●	higher	stagnated	○	
Affordable Housing/ Social housing/ Small housing supply	●	medium	●	high	normal	○	
Joint Redevelopment	○	small	●	higher	normal	●	
Establish new settlement, new city	●	large	●	higher	normal	X	UB has low density, Ger residents owned their land

### *Alternative-1*

This alternative is refer to the stage when Mongolian economic growth increases dramatically. According to the other developing countries, they principally executed ‘joint redevelopment’, ‘establishing new settlements or new cities’, ‘public rental housing’, ‘self-help programs (type-II)’ and ‘mutual self-help programs’. Among these, ‘self-help programs (type-II)’ and ‘joint redevelopment’ strategies are the most appropriate way in terms of Mongolian case. Because of the specific feature of the Ger areas, residents who have owned their land and there is no high density in the Ger areas. So the ‘establishing new settlements or new cities’ and ‘public rental housing’, these kind of housing strategies might be inefficient in Ulaanbaatar city.

### *Alternative-2*

In this alternative, the economic growth will increase gradually. Mongolian government is capable of formulating the social housing programs such as affordable and small housing. But, in that case the other strategies that ‘self-help programs (type-III and I)’ might be better solution because of the Ger areas’ characteristics. For instance, according to the results of previous researches and surveys about preference and satisfaction of the Ger areas’ residents, it shows the most of the residents are satisfied with their dwellings.

### *Alternative-3*

If Mongolian economic growth does not increase, there will appear economic stagnation, in which the government does not have many choices to solve these housing issues. But the government can consider the 'self-help program (type-IV)'. Actually current Ulaanbaatar city situation is under the economic growth stagnation. However the government should consider to formulate the housing-minimum standard for Ger areas and enforce the standard.

### **5.3 Summary**

South Korea case was chosen to be compared with Mongolia current situations of the Ger areas. Because South Korea had faced similar issues as current Ger areas in Ulaanbaatar from 1970s to 1990s and they have solved these slum problems. Obviously, one of the influencing factor to the achievement was South Korean economic boom. Also, the government measures and strategies had not little achievements to the solution of housing issues in the slum. The Korean government has put the priority of housing security policy in solving low-income housing problems by provision of various housing supply promotions with welfare supports. According to various data and statistic information of two countries, in case of South Korea the period of the data related to socio-economic was before the solution of housing issues as the 1970-80s. In case of Mongolia the collected data is current.

## **Chapter 6. Conclusions**

### **6.1 Results and Discussions**

Based on previous research, it is concluded that according to common feature in developing countries is their poor economic development that leads to rural-urban migration due to market and living necessity especially to the capital city of the country. It is common for these countries that their government lacks support for these migrators due to the scarcity of reserve fund and poor economic development. Most of the citizens moving from the rural area to the city have lower income and their financial capability is insufficient for them to purchase apartments which leads to the increase of slum area in the city. Therefore, the government must consider the requiring expenditure for implementation of the housing policies' objectives within the small budget when establishing the strategies. In other words, according to generic characteristic of developing countries that most considerable action of the government is outlay of small or limited state budget effectively by efficient policies even housing field.

Mongolian government has to consider the general ideology to make housing policy for the low-income households in Ger area. The government shall not try to outlay small state budget for housing field and housing

problem solving through broad and not focused ways and policies. Because of the current Mongolian housing policy for low-income households which established in 2014, the policy has really broad and unfocused purposes and measures at the same time such as ‘redevelopment of Ger area’, ‘land readjustment’, ‘public rental housing’, ‘new settlements, new city’ and ‘reconstruction for old houses’. If the Mongolian government will execute the plans and the programs of the policy through those broad purpose, it will be required much budget but not enough efficient result then the housing problems got worse unless to narrow the purpose with sequenced strategy.

Moreover, due to the analysis of generic characteristics of developing countries housing policy for low-income groups, the one of the main five guidelines of the current Mongolian housing policy for low-income households which that “New settlements and new city” project is not necessary in our country. This policy is distinctive for its use carried out during transfer or demolition of populous and slum districts that built on the site without permission factors to mention its impossibility: 1) although more than 40 per cent of the population settled in capital city Ulaanbaatar it does not count as teeming city for town development, 2) the Ger areas land acquired by its inhabitants of the area so under property law the government cannot resettle districts as they have no desire to move, 3) also Ger areas are under populated and in the previous survey inhabitants of the Ger areas

satisfied to their current area, 4) since 2005 migration to the city was large, and had a very rapid growth of urban population but Ulaanbaatar's population growth now is stable, also in the future. For that reasons, "New settlements and new city" and "public rental housing" programs are not appropriate solution to the issues and the government should not execute those programs. However, as defined in the chapter 5.2 comprehensively, this research suggests the housing policy alternatives for the low-income households in Ger areas based on the major frame of developing countries' housing policy.

## **6.2 Limitations and Further Researches**

In most of developing countries rural to urban migration ensues because people seek jobs, better wellbeing and education. However these disadvantaged and low-income people cannot afford purchasing housing and settle on illegal lands, build inadequate constructions, thus create slums. Because the land is illegal, they have to obey the government in case it decides to resettle them, and demolish their inadequate residences. But urban migration in our country has a unique feature that is related to the 2002 individual land privatization law according to which every citizen is eligible one time to acquire for free a land of 0.07 ha. Mongolians sought to benefit from this free privatization more than just seeking jobs and incomes with an expectation to acquire an asset that will have most of benefits in the future. The more central is the location the more is the future benefit. According to

the latest statistics, over 90 per cent of Ger areas' residents have privatized the plots of land. Once private ownership of the land by citizens, the government's centralized policy regulation is slowed down because of the considerations of the human rights of those citizens and private ownership law etc.

That is why the Ger areas' citizens participation in the development of the Ger areas. In this regard there is a need of more studies on how to motivate and educate these people with nomadic behavior and culture and most effective methods of awareness raising among them. These land owners need to be aware of potentials of living in better developed conditions and more effectively use the land in their ownership and this awareness will foster implementation of policies on improvement of residential housing.

Another recommended area for further studies is "minimum housing standards", which played an important role in successful addressing of residential housing issues in some countries and became the best practices. Despite existence of commissions and standards on new housing constructions and their licensing / registration of completion, there are no data or demonstrated evidence that these oversight mechanisms apply to quality of individual residence construction in Ger areas. Hence the researchers need to bring out these minimum standards which should be applied in raising requirements on citizen's construction work and thus improve the living

environment in those residences. But because of the limitations of this research, the housing minimum standards are not elaborated extensively in this research.

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## 국문 초록

# 몽골 게르 지역의 저소득층을 위한 주택정책에 대한 연구: 개발도 상국의 일반적인 특징을 바탕으로

몽골의 수도 울란바토르는 다른 개발도상국들과 마찬가지로 경제성장에 따른 농촌 지역에서 도시로 몰려온 상당수의 주민들에 대한 주거에 관한 문제를 겪고 있다. 국가 비상 대책기구의 설문 조사 및 뉴스에 따르면, 울란바토르에서 발생한 총 주택 화재의 80% 이상이 게르 지역에서 발생하였으며 주민들은 화재, 홍수 등의 피해로 고통 받고 있다. 게르 지역은 울란바토르 도시의 절반 이상을 차지 함으로써 거주자들의 환경 오염 문제를 오래 전부터 초래 하였다. 이러한 게르 지역은 여러 환경오염을 초래한다. 현재 게르 지역에는 대부분 저소득층 가구들이 거주하고 있으며 그들의 주택은 저 예산과 저 품질의 재료로 스스로 지은 기반시설과 연결되지 않은 단독주택과 게르이다.

몽골 정부의 주택 정책은 다른 개발 도상국과 달리 저소득 가구의 주택 문제를 우선 순위 목표로 하지 않은 채로 20년이 지나갔다. 그러나 몽골 정부에서 2014년에 저소득층들을 위한 목표를 가진 장기적

인 전략을 처음으로 설립하였다. 이 정책은 게르 지역의 재개발, 토지구획정리, 공공임대주택, 신도시, 노후건물 재건축이라는 다섯 가지 방향 및 목표를 갖고 있으며 각 정책이 우선 순위 없으며 실시될 경우 엄청난 재원을 필요로 한다.

따라서 본 연구는 몽골의 수도 울란바토르의 게르 지역의 심각한 주거문제를 해결하지 못하는 기존 주택정책의 문제점과 그 원인을 찾고 게르 지역의 저소득층들을 위한 효율적인 주택정책의 개선 방향을 제안하고자 한다. 따라서 관련 분야의 선행연구와 다양한 문헌 자료를 참고하며 분석하였다. 연구과정은 먼저 개발도상국들의 정치적, 경제적, 사회적인 일반 특성을 밝히고 그들 국가에서 성공적으로 실시된 저소득층들을 위한 주택정책 및 관련 프로그램 등의 방향과 개입 배경을 살펴보는 것이다. 그 결과를 정책 설명모형으로 비교 설명 하였으며 몽골의 기존 주택정책의 단점을 발견 할 수 있었다. 또한 정책 설명모형과 개발도상국의 일반 특성을 바탕으로 몽골의 경제적, 사회적인 변화 속에서 저소득층들을 위한 주택정책에 대한 예측 대안을 제안하였다. 그러나 본 연구에서 제시된 정책 개선 대안은 구체적인 금융 시장과 주택시장에 대한 분석에 한계가 있기 때문에 몽골의 주택시장의 특성을 고려해서 금융시장과 저소득층을 위한 주택정책에 관계에 대한 추가 연구가 필요한 것으로 보인다.

**주요어:** 주택정책, 저소득층 주거 문제, 개발도상국의 일반 특성,  
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