

A QUICK LOOK AT HOUSING IN JAPAN

2023-2024

CHAPTER I	Land and Population
CHAPTER II	Housing Situation
CHAPTER III	Housing Policy
CHAPTER IV	Overseas Development and International Cooperation in the Field of Housing and Buildings

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FOREWORD

A Quick Look at Housing in Japan was written to help further international understanding of housing conditions and policies in Japan. Based on a wide range of data, it provides a clear, concise description of changes in the housing situation, from the perspectives of geographical, climatic, economic and social conditions in Japan, together with information about housing policies in Japan, including legal systems, subsidization schemes, housing-related tax systems and the development of technology.

Compiled with the editorial cooperation of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), the latest edition (2023-2024) is drawn up. The information described in this book is as of September 2023.

A Quick Look at Housing in Japan is the ideal book for anyone seeking a general overview of housing policies in Japan. We hope that it will be used by people with an interest in housing conditions and policies in this country and that it will foster reciprocal understanding in the housing field and contribute to thought about housing policies.

We have published English versions of this book. The latest edition (2023-2024) can be downloaded free of charge as a PDF file from the following website:<https://www.cbl.or.jp/slc/qr.html>

March 2024
Center for Better Living (CBL)

This book had been published by The Building Center of Japan (the name since 2011) from 1985 until 2022. However, it was decided that beginning with this 2023–24 edition, it will be published by Center for Better Living, with its contents being specialized and organized more on matters related to housing.

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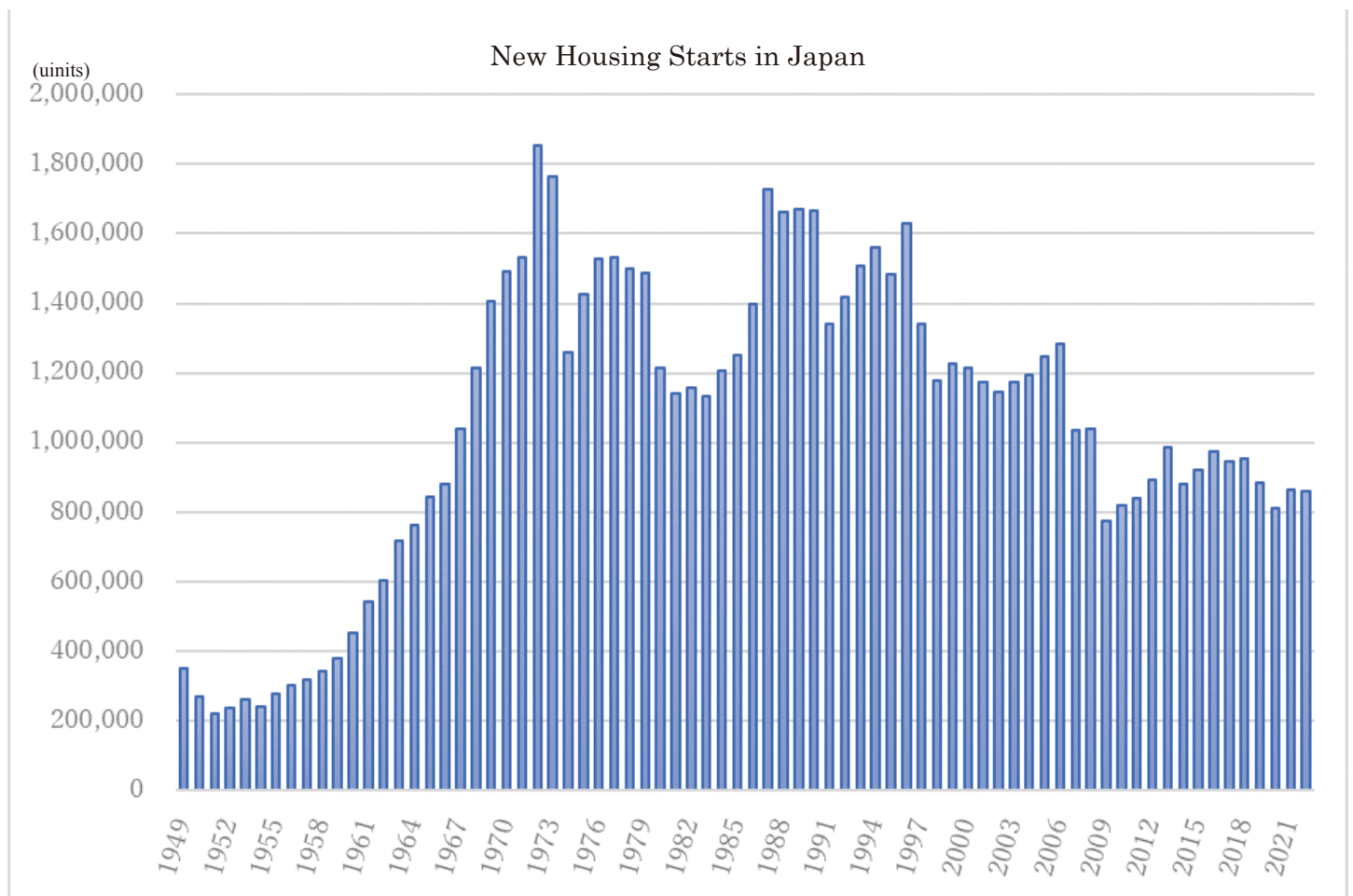
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Housing in Japan is unique in many ways in comparison with housing in other countries.

First, let us consider the features of the construction methods of Japanese housing. Until the late 19th century, almost all houses in Japan were of wooden construction. Due to the weather conditions of high temperatures and high humidity, houses had a roof that was supported by columns, in the same manner as in other Asian countries. These columns usually formed wide spans, with few exterior walls. Glass windows were not used at that time. Instead, sliding doors made of wood and shoji screens were used. These were made by pasting paper onto thin wooden frames. Also, *fusuma* screens were used to divide the rooms. These screens were also made by pasting paper onto wooden frames.

Masonry construction had not yet been widely accepted in Japan, as having thick walls around the perimeter of a house was not suitable for houses in areas of high temperatures and high humidity, in addition to the fact that large earthquakes frequently occurred. Until the end of the 19th century, partitioned tenement houses were constructed, but there were no multi-story apartment buildings at all, whereby people lived above and/or below different households. In the 18th and 19th centuries, despite the fact that cities had been created – with concentrations of populations – the absence of apartment houses was a feature of the residential environment of Japan. The residences were mostly one-story houses, and two stories at most.

Such wooden housing in Japan had – and still has – many features that aren't seen in other countries. Many Japanese houses are erected with columns of around 12 cm square and the columns form modules of around 90 cm. This method is said to have been established in around the 15th or 16th century. And later, technology was developed that allowed for the columns to be arranged at irregular intervals to provide flexibility in accordance with the desired floor plan.



(FY)

With the continuous development of carpentry skills, such wooden housing technology in Japan reached its apex in the 19th century. The method of building houses was fairly systematized, but it was common practice to make the floor plan of a house according to the needs and wishes of the homeowner. Therefore, there are many planar compositions in Japanese housing that are considerably complex. Also, the system has features that can easily be adapted to residential sites in urban areas in Japan, which are relatively small and often of irregular shape.

Many houses in urban areas were destroyed in World War II, thus, housing construction progressed rapidly in the post-war period in order to remedy a shortage of housing. The majority of the newly built houses were of one- or two-story wooden construction, and carpenters built such houses one by one, as mass produced modular homes had not been introduced yet. Under such circumstances, prefabricated housing and industrialized housing were developed around 1960, and several large companies started producing them. This period was called the “dawn of the housing industry.” Some of those companies grew into large businesses by around 1970, constituting a large industry that now supplies tens of thousands of houses annually.

Although prefabricated housing naturally includes components that are appropriate for factory production, the design of present-day manufactured houses is in many ways similar to that of traditional wooden housing. This system of customization allows the homeowner to have a feeling of satisfaction, knowing that they contributed to the design of a house that suits their needs and wishes. However, because the houses are customized, it is difficult to resell them.

So, how did apartment houses of several floors or more come to be built in Japan? As mentioned above, until the late 19th century, there were no apartment houses in Japan. In 1923, the Great Kanto Earthquake occurred, causing severe damage, mainly in Tokyo. Specifically, a huge number of wooden houses were destroyed by fire. As part of the reconstruction measures, an organization called Dojunkai was created, and construction of apartment houses was begun, along with extensive reconstruction of detached houses. This period coincided – when viewed globally – with the period in which reinforced concrete for housing construction was becoming commercialized, and due to the lessons learned from urban conflagrations, making buildings fireproof was set as one of the main goals of new housing construction. And of course, seismic strengthening was another main target. The Dojunkai built ambitious multi-unit housing structures, but their output was quite limited in terms of quantity. And eventually, Japan rushed towards war.

Cities in Japan suffered devastating damage in World War II. In particular, damage due to fires caused by incendiary bombs. Thus, providing fireproofing capabilities in housing and commercial buildings became an imperative of post-war housing construction. Naturally, there were housing and building shortages not only in Tokyo, but also around the country, which of course led to a construction boom. Around 200,000 housing units were built in 1950, and the number increased to nearly 1.9 million in 1972. It was then followed by a decreasing trend, but at present, the number of new housing units built per year is about 800,000.

Today, detached houses and low-rise apartment buildings account for most of the newly constructed dwellings, although many medium- to high-rise multi-unit dwellings are also constructed. Until the 1970s, new apartment buildings were mainly medium-rise buildings of five stories, without elevators, but after that, high-rise condominiums came to be constructed on a large scale, and at present, condominiums of about 40 stories (tower condos), are also constructed.

As stated earlier, until well over a hundred years ago, Japanese people had no experience of various households occupying upper and lower floors. But due to the abovementioned history, they now live in apartment houses without any sense of incongruity. However, apartment dwellers in Japan are especially sensitive to floor impact-sound. Therefore, regarding the sound-insulation performance between the upper and lower floors, Japanese people demand a higher standard than do people in other countries, thus various technological developments are being made to address the problem, as is being done in other countries.

Wooden multi-unit housing units are being built around the world with the perspective of environmental concerns, and such activities are conducted in Japan as well. It is our hope that the unique characteristics and features of Japanese housing, and the methods and techniques employed to achieve them, will serve as references for housing construction in many other countries.

CHAPTER I Land and Society

1. Land

Japan's total area is approximately 37.80 million hectares, of which 36.46 million is land. Much of this territory is mountainous. Only 32% of Japan's territory areas, excluding forests areas and inland bodies of water, is habitable. Land consisting of residential areas, industrial areas account for only 5 % of all of the land area in Japan. As a result, population density is extremely high compared with other countries.

Table 1-1-1: Comparison of Habitable Areas (FY2020)

	Japan	Korea	Indonesia	Malaysia	Germany	France	U.S.A.
A. Land area (millions of hectares)	3,646	975	18,775	3,286	3,489	5,476	91,474
<Forest area> (millions of hectares)	2,494	629	9,213	1,911	1,142	1,725	30,980
B. Habitable land area (millions of hectares)	1,152	346	9,562	1,374	2,347	3,750	60,495
B/A (%)	32	35	51	42	67	68	66
Population(millions)	125.3	51.3	273.5	32.4	83.8	65.3	331.0

Note: Land area = Total area – bodies of water, Habitable land area = Land area – forested area

Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT), White Paper on Land (land area of Japan, developed land area: 1.97 million hectares), Statistics Bureau, Ministry of Internal Affairs and Communications, Sekai no Tokei [World Statistics] (Land and Climate) (populations)

Figure 1-1-1: Population Density of Habitable Area (FY2020)

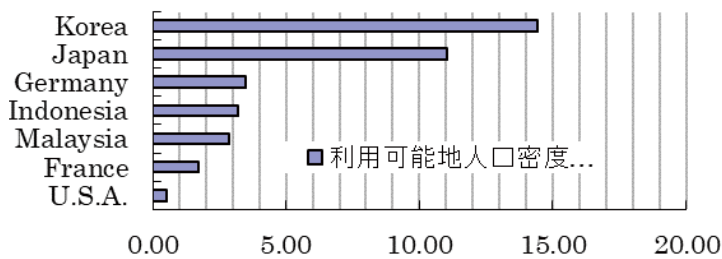
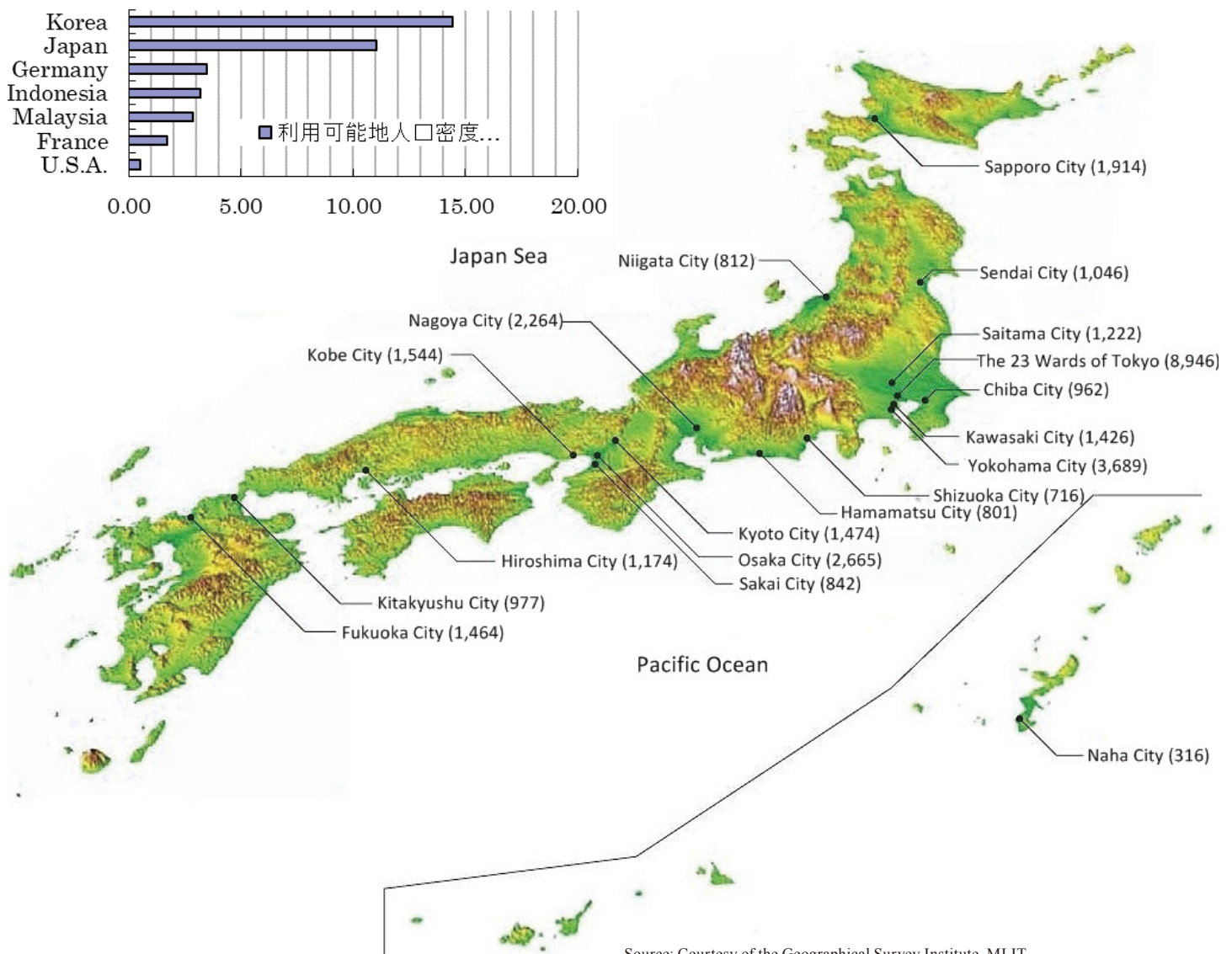


Figure 1-1-2: The Map of Japan (2010, Population: Thousands)

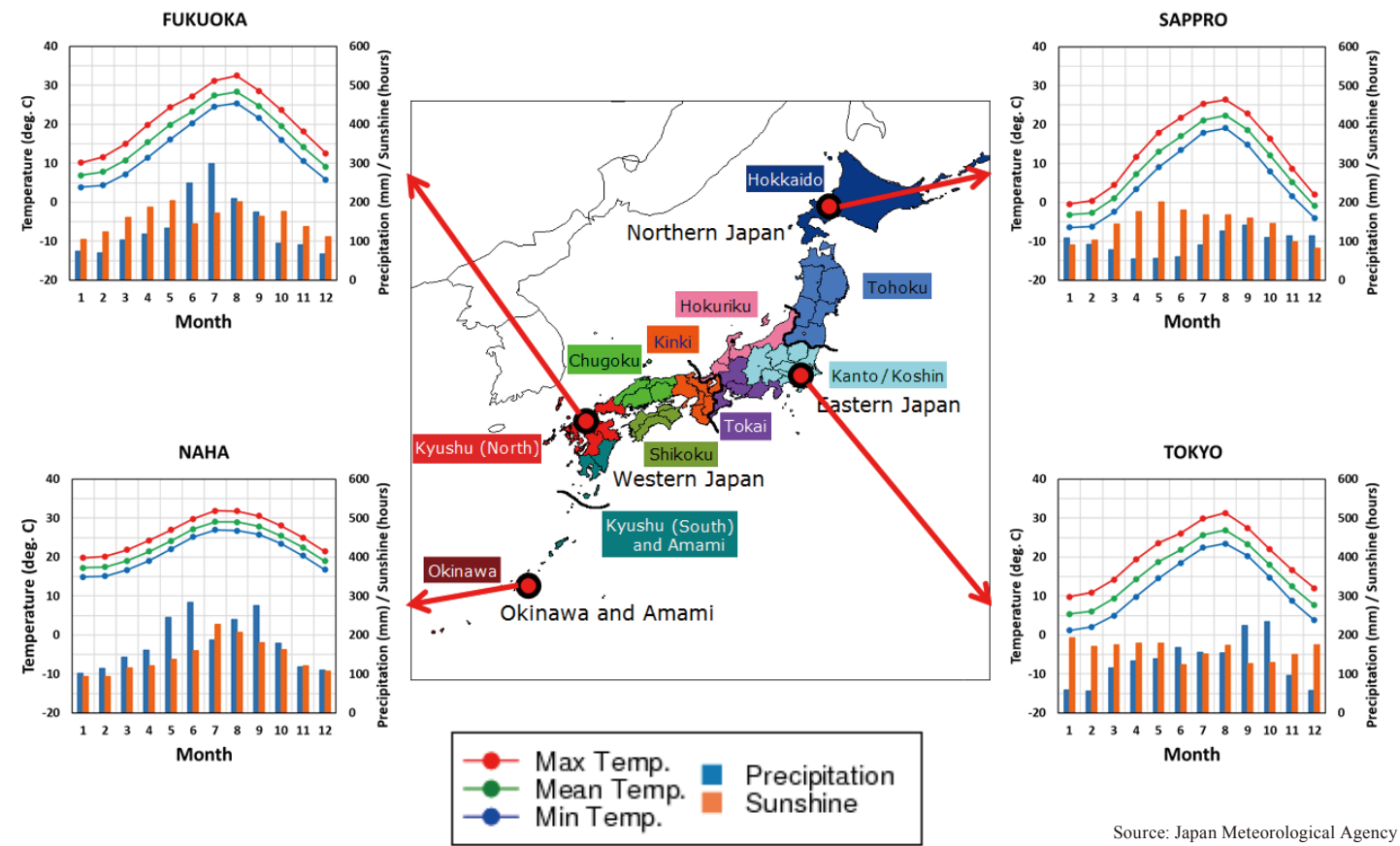


Source: Courtesy of the Geographical Survey Institute, MLIT
Material (Population): Ministry of Internal Affairs and Communications, Population Census

2. Climate

In terms of global climatic categories, most of Japan’s territory is temperate. Japan has a richly varied climate with spring, summer, fall and winter seasons. Spring and fall are the most pleasant seasons, though Japan is frequently hit by typhoons around September. There is a one-month rainy season in early summer, followed by a hot, humid summer. Winter is generally cold. Regions along the Sea of Japan coast experience heavy snow, while on the Pacific coast the weather tends to be clear and dry.

Figure 1-2-1: Climate Distribution in Japan



Source: Japan Meteorological Agency

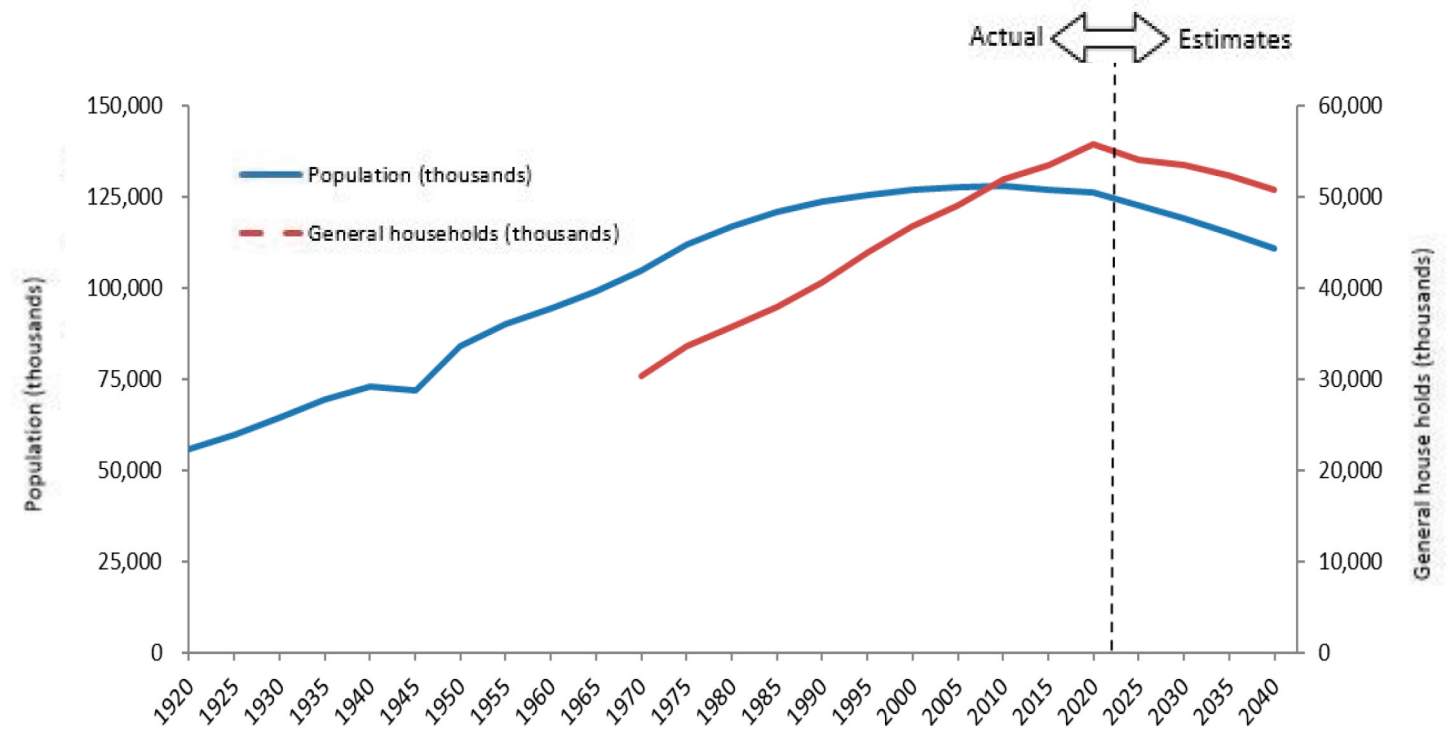
3. Population

Population Trends

Japan's population tripled in the 100 years between 1872 and 1972. Before World War II, both the birthrate and death rate were high, though births exceeded deaths. In the postwar era, the death rate fell while the baby boom was reflected in a higher birthrate. Since then the birthrate has also declined, and the rate of increase in the population has decreased.

However, Japan's total population continued to increase and exceeded 100 million for the first time in 1970, and peaked at 128.06 million in 2010, and then began to decline. On the other hand, the foreign population (number of foreign residents) is increasing. Reflecting a trend toward nuclear family lifestyle, the average number of persons per household fell to 2.21 in 2020

Figure 1-3-1: Projected Future Trends in Population and Number of Households



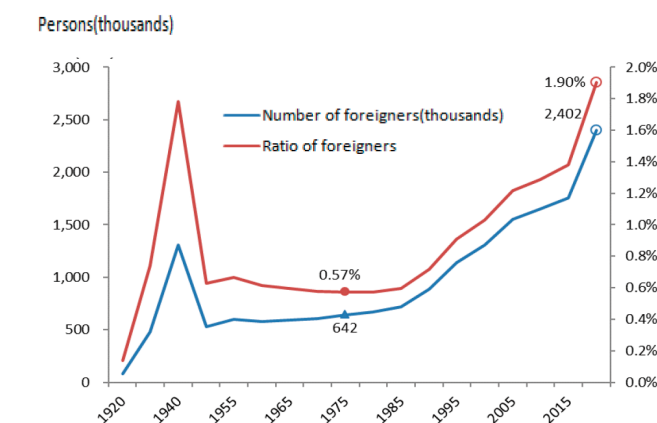
Source: Actual figures: Ministry of Internal Affairs and Communications, Population Census (estimated population after adjustment based on the 2020 census)

Estimates: National Institute of Population and Social Security Research, Population Projections for Japan (2017),

Household Projections for Japan (2018)

Notes: No census was taken for Okinawa prefecture in 1945, so there is no data.

Figure 1-3-2: Changes in Number and Ratio of Foreigners

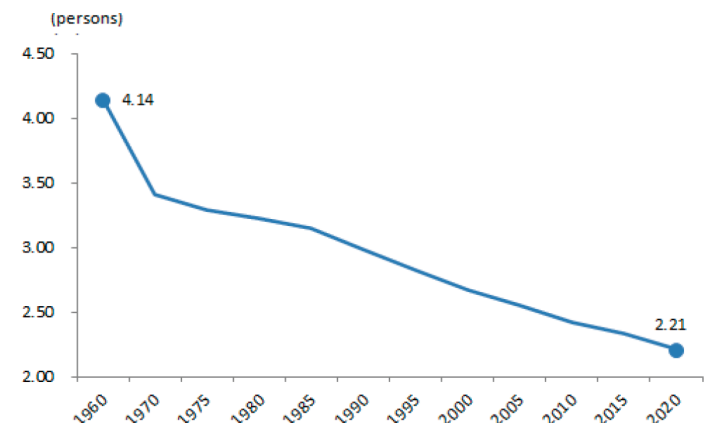


Source: Ministry of Internal Affairs and Communications, Population Census

1965: Result of 20% extraction count

1990-2005: Result of Special Count about the foreigner

Figure 1-3-3: Changes in Number of Persons per Household



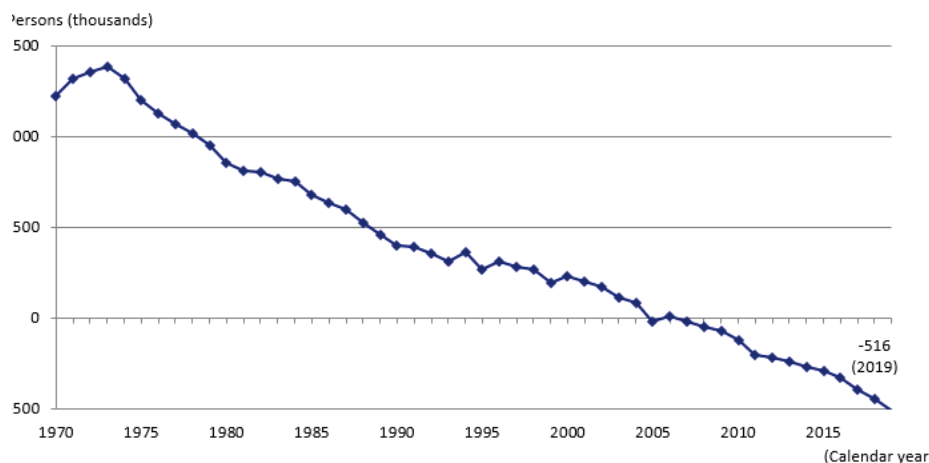
Source: Ministry of Internal Affairs and Communications, Population Census

Rapid Demographic Aging and Birthrate Decline

Rapid demographic aging and a falling birthrate are dramatically altering Japan's demographic structure. In 2020, the number of people aged 65 and older reached 36.28 million, or 28.9% of the total population. The pace of demographic aging in Japan has been extremely rapid compared with trends in Europe and North America. Moreover, the 65-plus population is expected to peak in excess of 30% of the total population, which is unprecedented in Western countries. Japan needs to take urgent steps to prepare for this change.

Japan's birthrate has continued to fall in recent years. In 2005, the total fertility rate (the average number of children born to a woman in her lifetime) fell to an historical low of 1.26. The rate has been slightly recovering since 2006 to 1.41 in 2018. There is concern that this decline in the birthrate could have serious social and economic consequences for Japan in the future. There is a need for countermeasures, including the development of an environment in which people will feel confident to raise children.

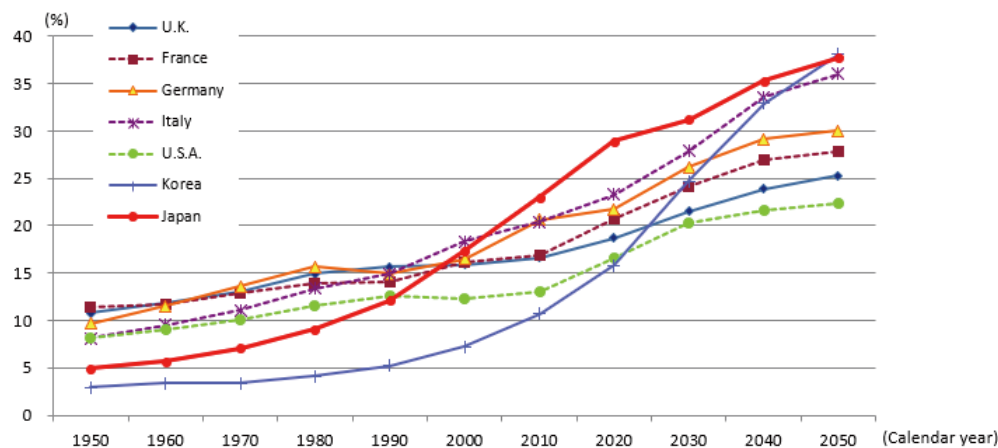
Figure 1-3-4: Number of Natural Increase (Births – Deaths)



Source: Ministry of Health, Labor and Welfare, overview of Vital Statistics FY2020

Notes: Data of Okinawa Prefecture have been counted since 1973.

Figure 1-3-5: Percentage of Aged People (aged 65 and older)



Source: Statistics bureau, Ministry of Internal Affairs and Communicating, World statistics 2021

Table 1-3-1: Birthrate Comparison

Year	U.K.	France	Germany	Korea	Italy	U.S.A.	Japan
1960	2.71	2.73	2.37	—	2.41	3.64	2.00
1980	1.89	1.95	1.56	2.70	1.64	1.84	1.75
2005	1.78	1.94	1.34	1.08	1.31	2.05	1.26
2011	1.96	1.99	1.36	1.24	1.38	1.89	1.39
2012 以降	1.74 (2017)	1.83 (2018)	1.58 (2017)	1.04 (2017)	1.32 (2017)	1.84 (2015)	1.41 (2018)

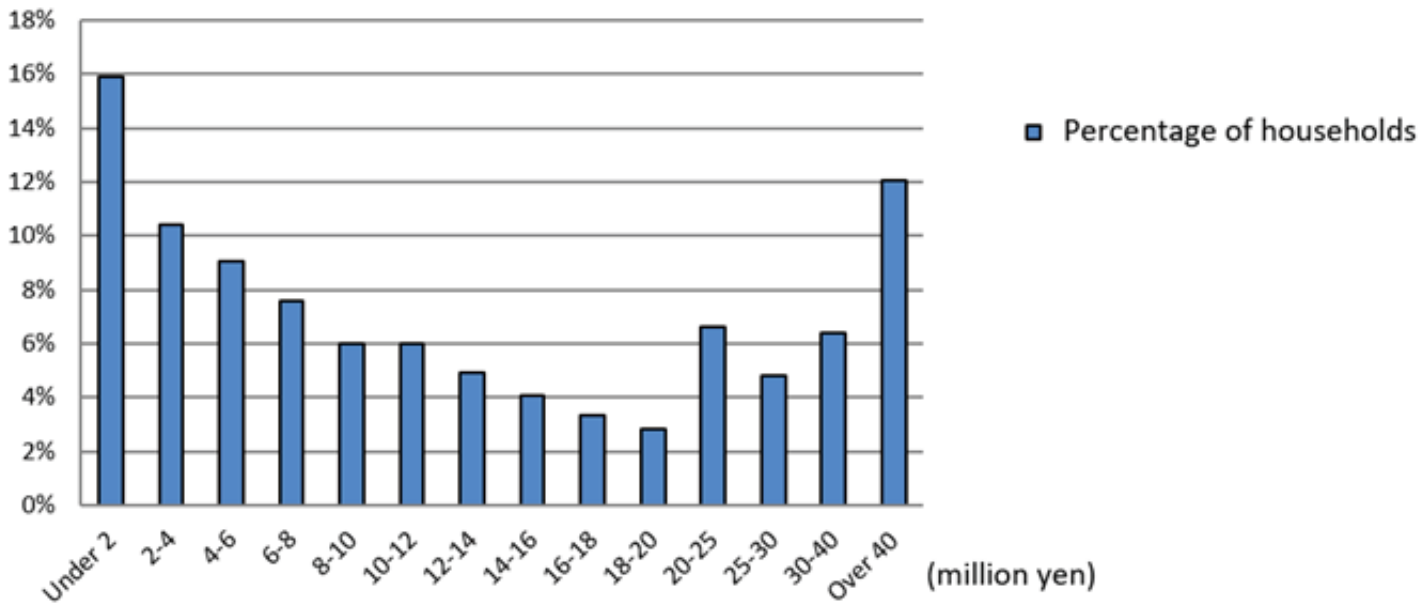
Source: Statistics bureau, Ministry of Internal Affairs and Communicating, World statistics 2021

4. Life in Japan

There is an increasing tendency for households in Japan to be divided between those who have substantial savings and those who do not. Approximately 26.3% of households with two or more members have savings of less than ¥4 million, while 29.8% have savings of ¥20 million or more. Another 15.9% have savings of less than ¥2 million, and 11.4% have savings of ¥40 million or more.

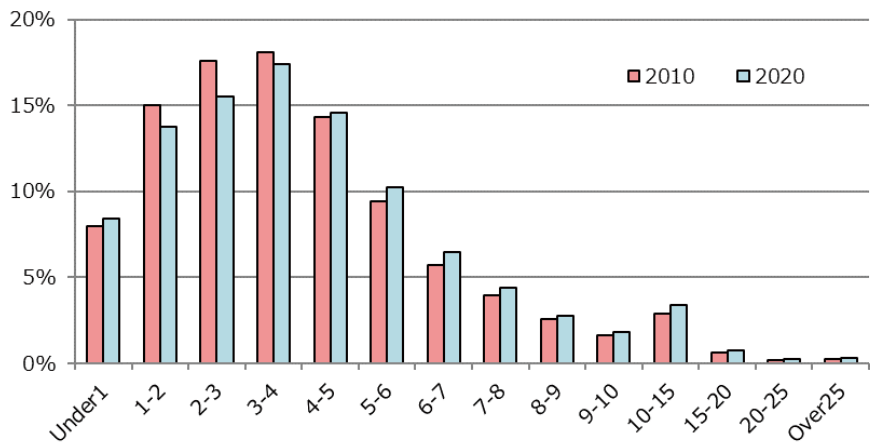
The percentage of people with an annual salary of ¥2 million or less is declining (the number of people is increasing slightly). There is also a increase trend in the number of people with salaries in excess of ¥10 million; from 1,760,000 people in 2009 to 2,560,000 people in 2019

Figure 1-4-1: Household Savings (Household with two or more members)



Source: Ministry of Internal Affairs and Communications, Annual Report on the Family Income and Expenditure Survey 2020

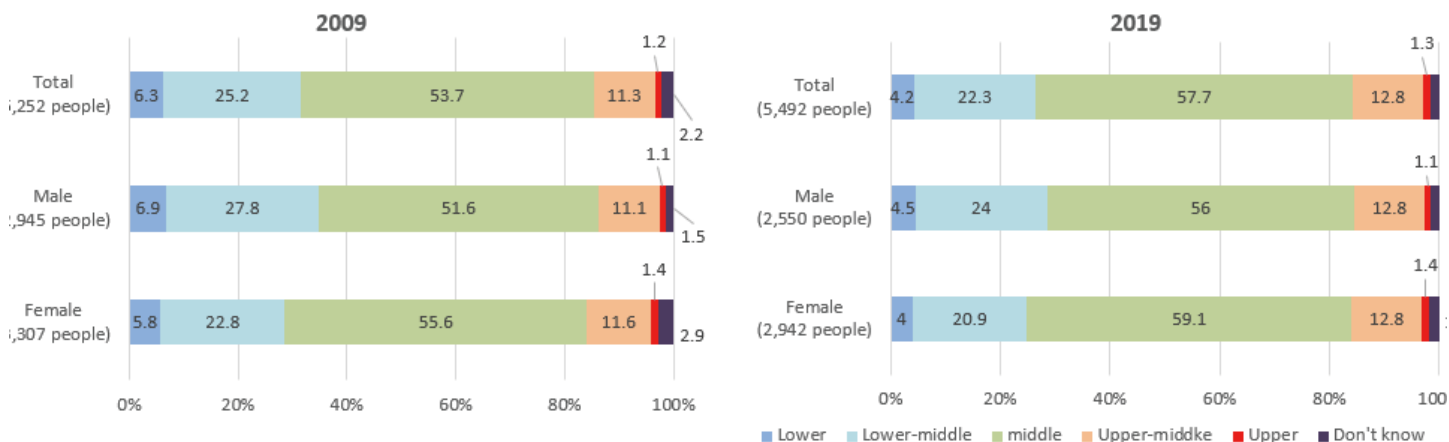
Figure 1-4-2: Percentage of Annual Salary Incomes (Employment income earners who worked through a year)



Source: National Tax Agency, Minkan Kyuyo Jittai Tokei Chosa [Statistical Survey of Private Sector Salaries], 2020

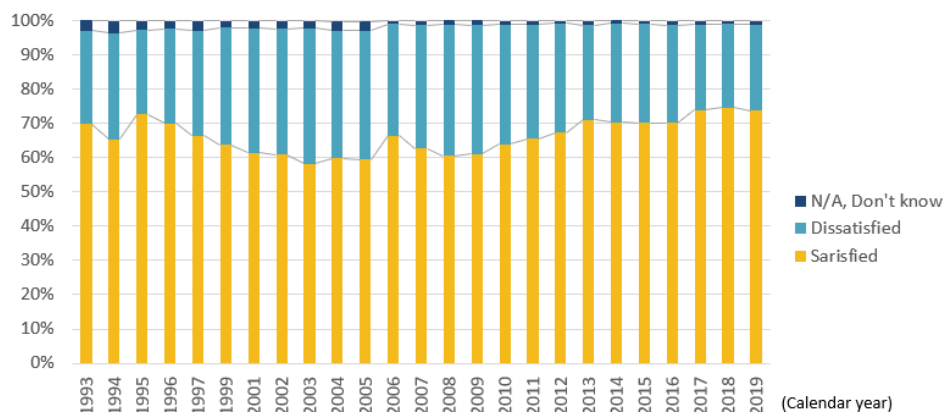
Over 50% of Japanese regard themselves as “middle-class”, as the most common response in general surveys about perceived standards of living is “middle-middle.” However, a comparison Between the result of a 2009 survey and of a 2019 survey shows that the percentages of those who classify themselves as “lower-middle” and “lower” have fallen, and that there have been a rise of responses of “middle-middle” and “higher-middle.” In recent years, the percentage of people indicating satisfaction with their standard of living has been gradually declining since 1995 and gradually increasing since 2009.

Figure 1-4-3: Living Standards



Source: Cabinet Office, Kokumin Seikatsu ni Kansuru Yoron Chosa [Public Opinion Survey on National Living Standards]

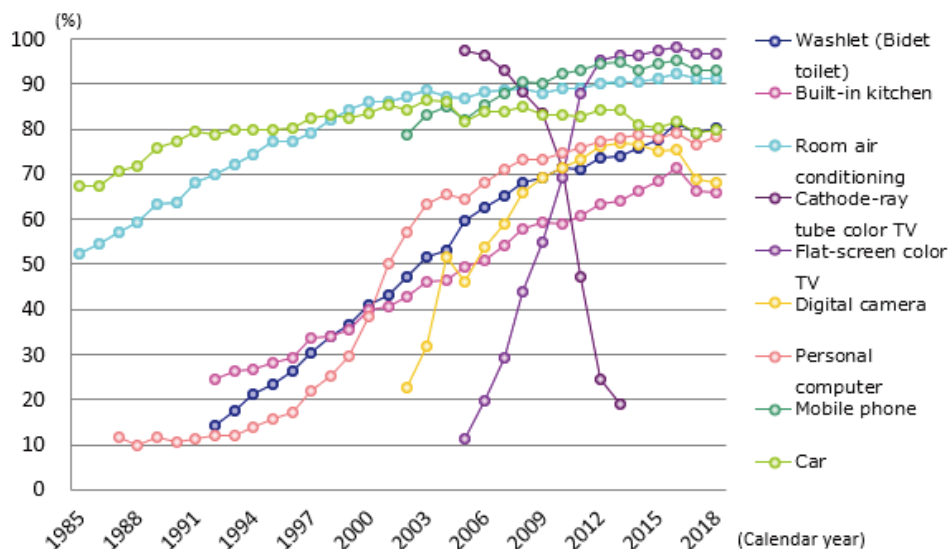
Figure 1-4-4: Satisfaction with Living Standards



Source: Cabinet Office, Kokumin Seikatsu ni Kansuru Yoron Chosa [Public Opinion Survey on National Living Standards]

During Japan’s period of rapid economic growth, one of the measures of national living standards was ownership of the “three sacred treasures” (washing machine, refrigerator, and vacuum cleaner). By the 1970s most households possessed these items. Since 1990 personal computers and since 2000 digital cameras have become popular. Also, since 2005, CRT color television declined due to the spread of Flat-screen color television.

Figure 1-4-5: Ownership of Durable Consumer Goods (Private households)



Note: The survey of digital camera category had started at 2005. Camera built-in mobile phones are excluded. The survey of cathode-ray tube color TV category had finished at March 2013.
Source: Cabinet Office, Shohi Doko Chosa

CHAPTER II Housing Situation

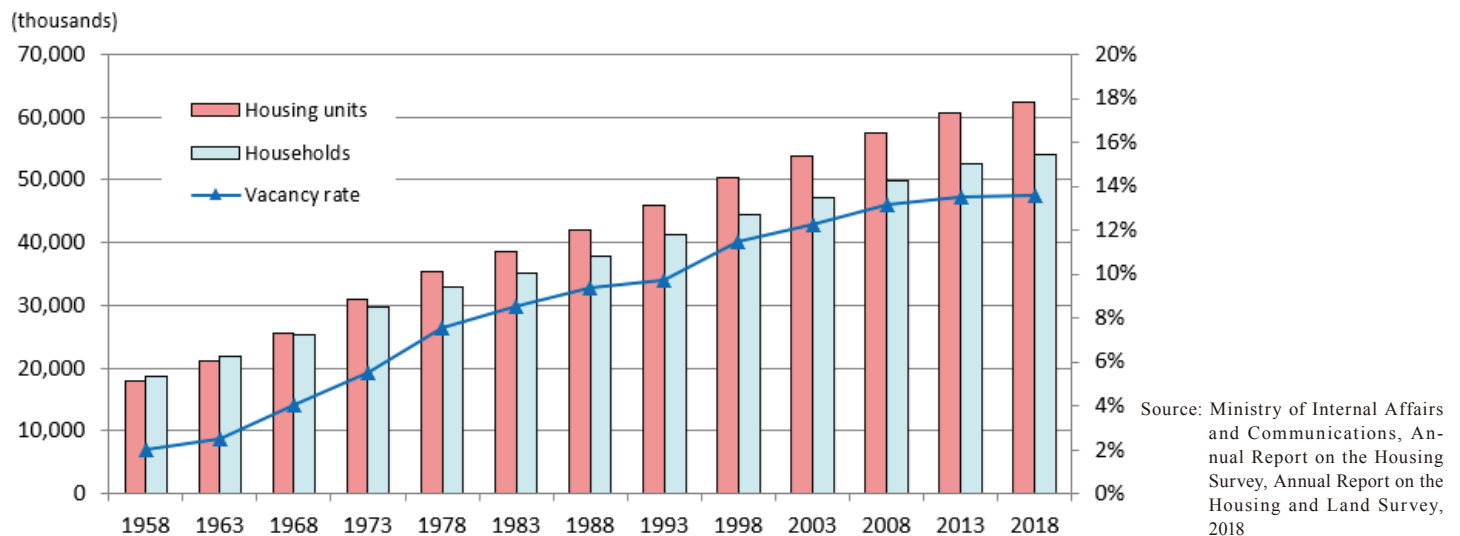
1. Housing Stock

Total Number of Housing Units

In the immediate postwar era, Japan had an absolute housing shortage estimated at 4.2 million units. Two decades later, in 1968, the total number of housing units (stock) became greater than the total number of households. The housing stock has continued to expand, and the total number of housing units has remained greater than the number of households. As a result, policy priority has shifted from quantity to quality.

By 2018 the total number of housing units stood at 60,241,000, 1.15 times greater than the total number of households at 54,000,000, and the vacancy ratio had risen to 13.6%. In this environment, it is important to give priority to the housing stock.

Figure 2-1-1: Total Numbers of Housing Units, Households and Vacancy Ratio



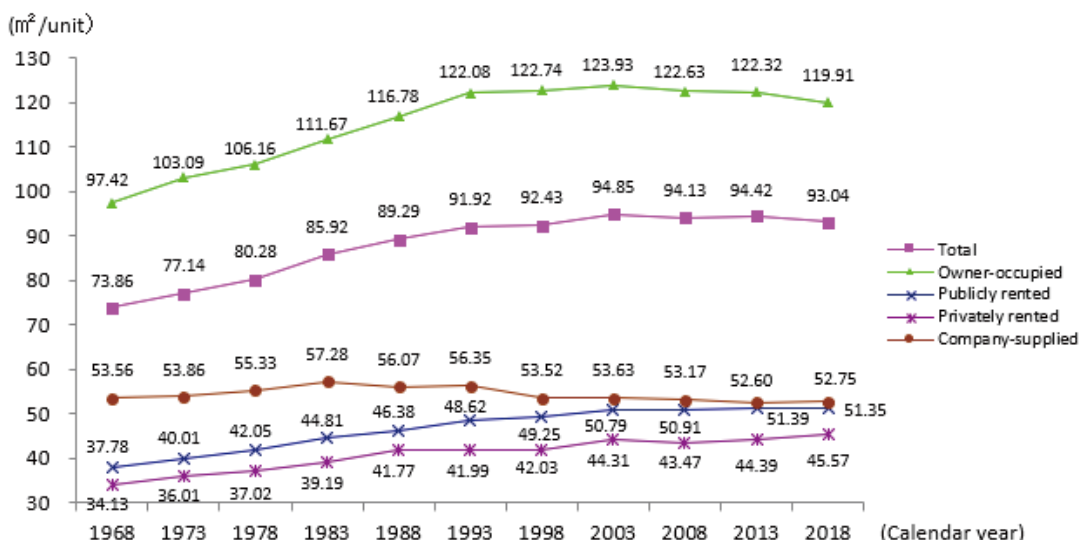
Size of Housing Units

In the past, the average size of housing units in Japan (average floor area per unit of housing stock) tended to be small. However, Fulfillment of the number of housing units has brought about an increase in the size of housing units, with the exception of company-supplied housing.

In 2018, the average floor area per unit of Japan's housing stock was 93.0m². While Japan has not yet caught up with the United States, it has reached the same level as European countries.

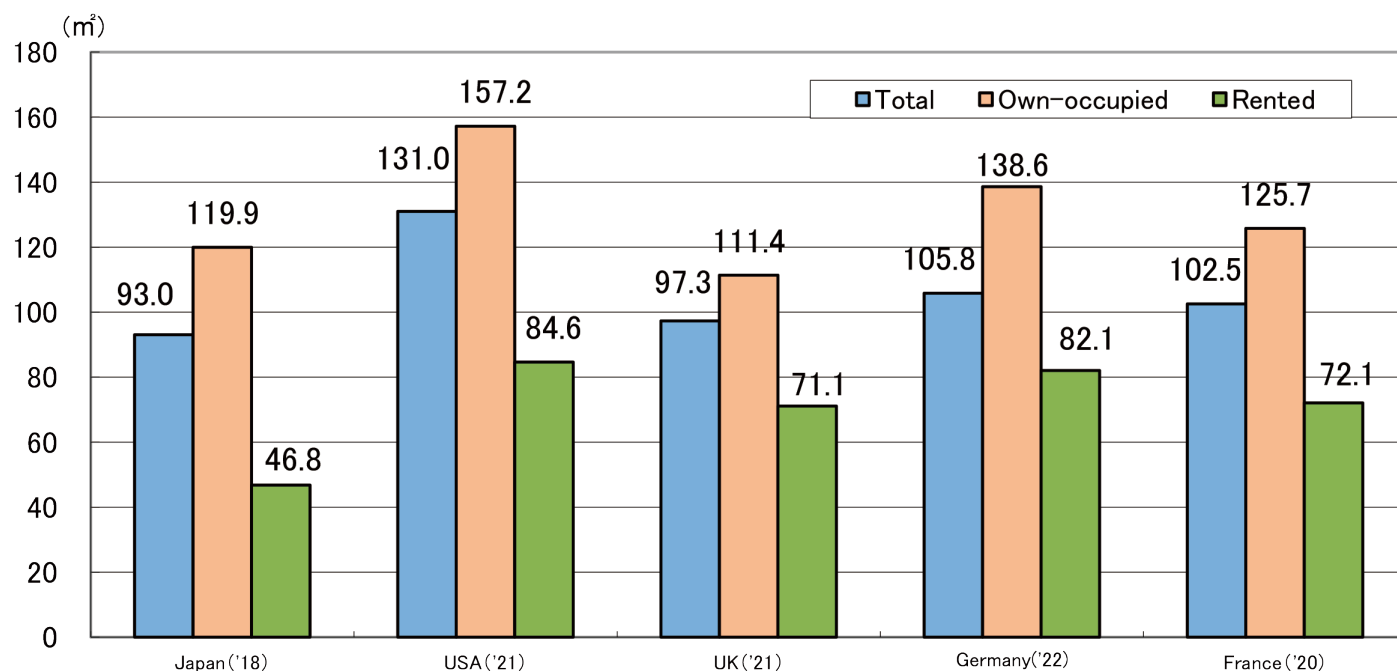
However, there is a wide gap between owner-occupied and rented housing. At 46.8m² the average floor area of rented housing is still significantly smaller than in Europe and North America.

Figure 2-1-2: Floor Area per Housing Unit



Source: Ministry of Internal Affairs and Communications, Annual Report on the Housing and Land Survey, 2018

Figure 2-1-3: Floor Area per Housing Unit by Country (Based on wall center-line measurements)

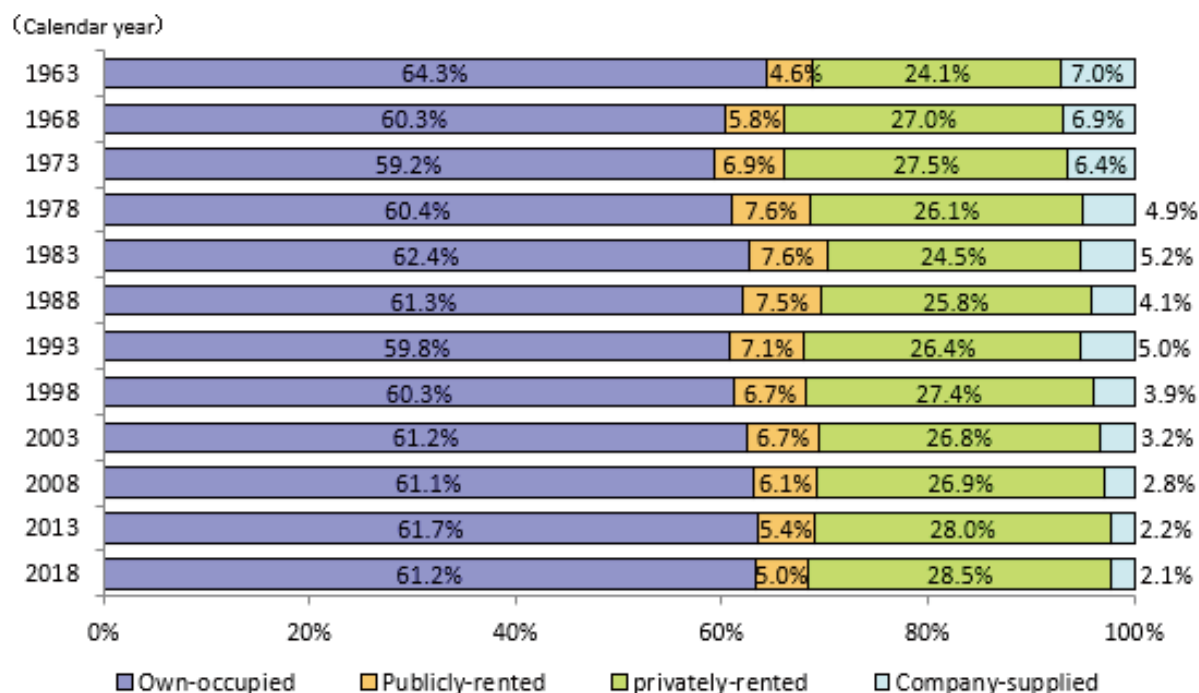


Source:
 Japan: Ministry of Internal Affairs and Communications, Housing and Land Survey, 2018
 U.S.A.: U.S. Census Bureau American Housing Survey 2021 <https://www.census.gov/>
 U.K.: "Department for Levelling Up, Housing and Communities
 English Housing Survey data on stock profile, 2021 <https://www.gov.uk/>"
 Germany: Statistisches Bundesamt Wohnen in Deutschland - Zusatzprogramm Wohnen des Mikrozensus 2022 <http://www.destatis.de/>
 France: Parc Insee-SDES enquête logement 2020 <https://www.statistiques.developpement-durable.gouv.fr/>
 Note 1: Floor area totals have been corrected to reflect wall center-line measurements (multiplication by 0.94 for the United States and 1.10 for France and Germany)
 Note 2: The U.S. data are based on median values

Tenure

The home ownership ratio has remained at around 60% in the 55 years from 1963 to 2018. Company-supplied employee housing continues to be declining.

Figure 2-1-4: Housing Tenure (Percentages of Housing Stock)



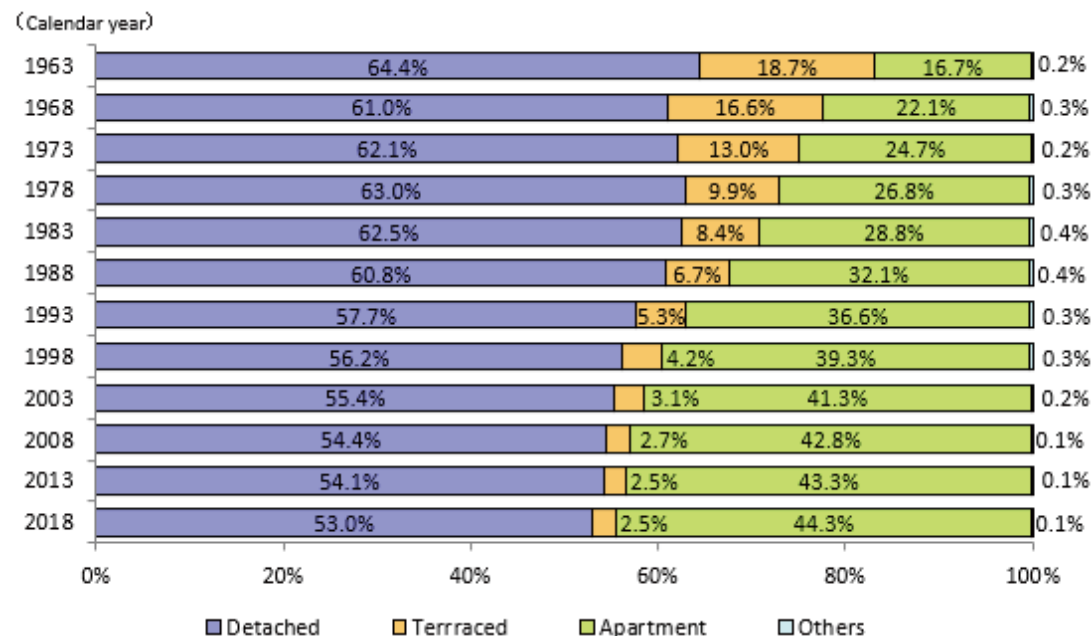
Source: Ministry of Internal Affairs and Communications, Annual Report on the Housing and Land Survey 2018

Housing Types and Structures

In 1963 detached houses made up 64.4% of the housing stock, terraced houses 18.7%, and apartment 16.7%. The percentage of apartment has increased in subsequent decades. In 2018, the percentage of detached houses has fallen to 53%, while terraced houses now make up just 2.5%, and apartment 44.3% of the housing stock.

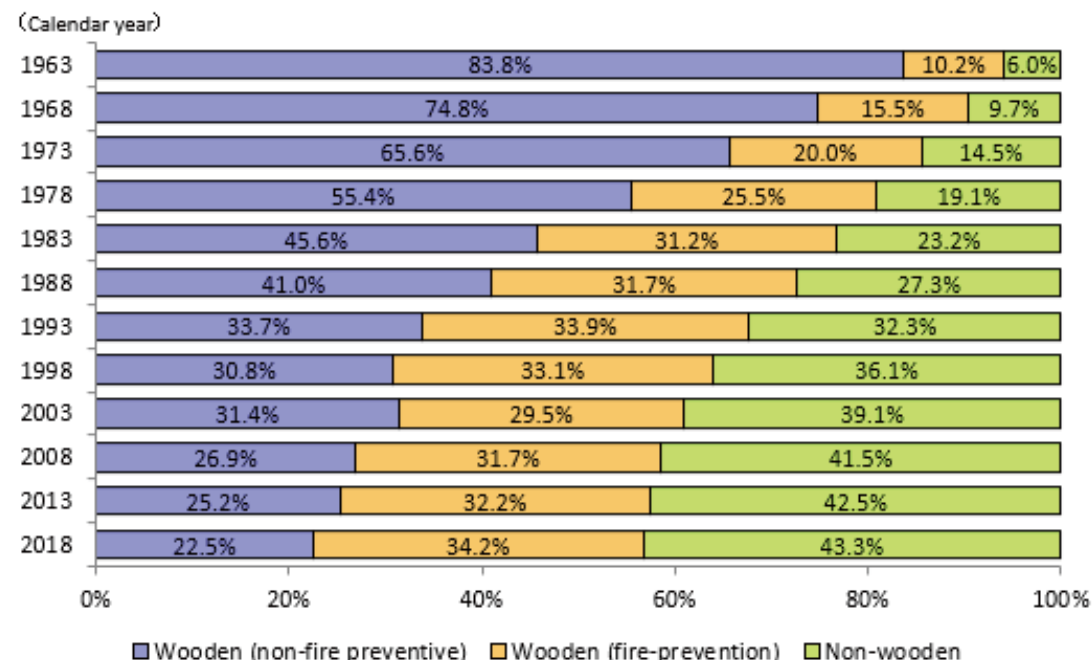
Wooden houses accounted for 94.0% of Japan's housing stock in 1963. By 2018 this percentage had fallen significantly to 56.7% (22.5% non-fire preventive, 34.2% fire preventive). The percentage of non-wooden housing has meanwhile expanded to 43.3%, and there has been a steady shift toward the construction of non-combustible and fire-retardant housing

Figure 2-1-5: Housing Types (Percentages of Housing Stock) (exclusively residential dwelling)



Source: Ministry of Internal Affairs and Communications, Annual Report on the Housing and Land Survey

Figure 2-1-6: Housing Structures (Percentages of Housing Stock) (exclusively residential dwelling)



Source: Ministry of Internal Affairs and Communications, Annual Report on the Housing and Land Survey

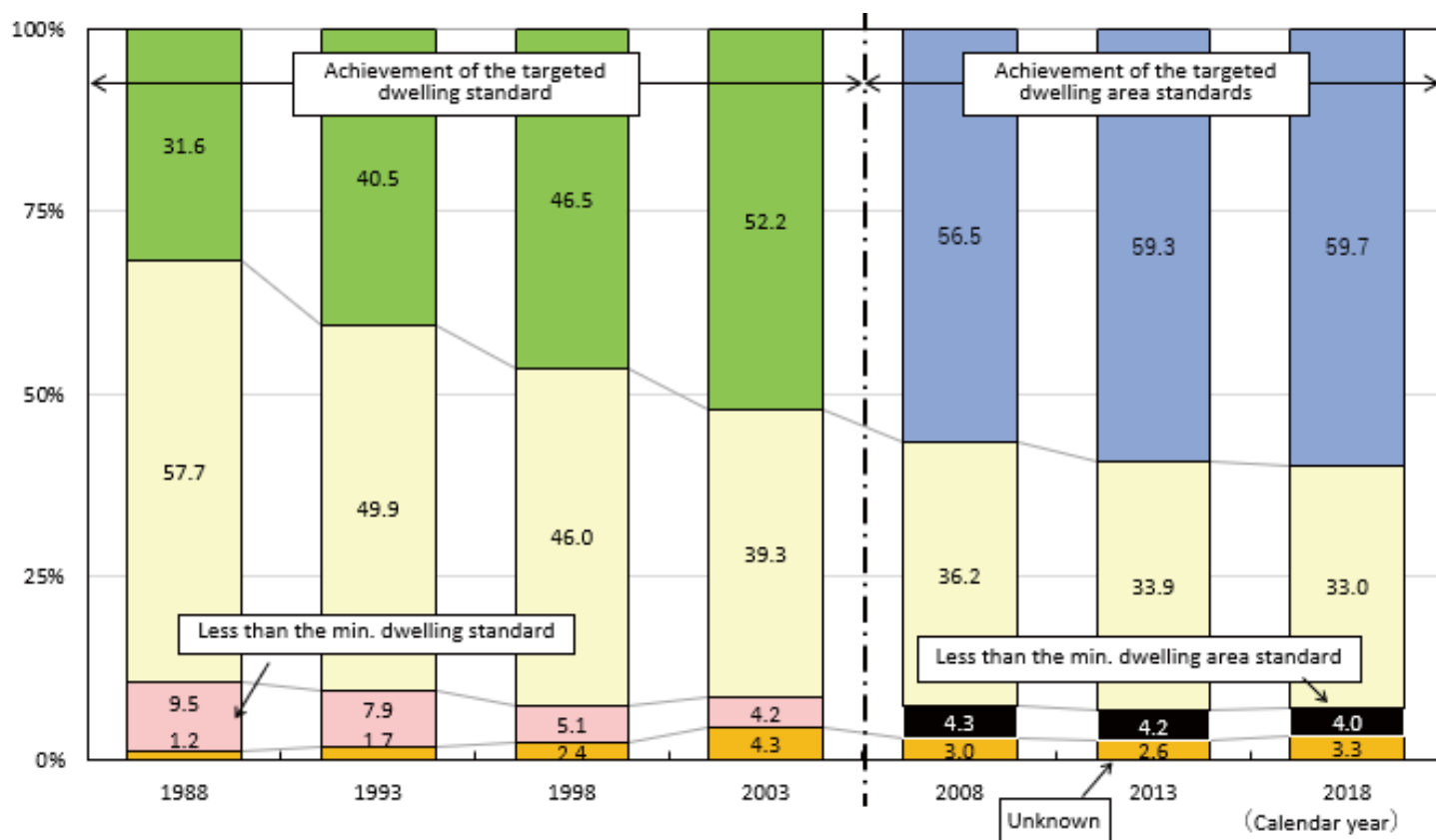
Note: Fire preventive wooden houses are houses with wooden frames and roofs and outer walls covered with fire preventive materials, such as mortar and galvanized iron, etc.

Transition of Housing Standards

The following graph analyzes progress toward the realization of the “housing standard” introduced under Japan’s Third Housing Construction 5-Year Program. The main indicator for this standard was the area of dwellings (The Housing Construction 5-Year Program ended with the 8th Program in 2005 and the Basic Plan for Housing was formulated in 2006 to improve the quality of housing). The trend of changes in the standard of housing from 1988, before the launch of the Third Housing Construction 5-Year Program, to 2018, shows that the percentage of households below the minimum housing standard has shrunk to under 5%, while the number of households now lives in dwellings that exceed the targeted housing standard has reached a majority. These results indicate that there has been steady progress toward the improvement of the standard of housing.

Note: For a description of the “Housing Standards,” see Chapter III (1. Basic approach to housing policy).

Figure 2-1-7: Progress toward the Realization of the Housing Standards (stock, number of households)



Source: Independently compiled by the MLIT based on the House and Land Statistical Survey (Ministry of Public Management, Home Affairs, Posts and Telecommunications) and the Comprehensive Survey on Housing and Living Environment (2008 and 2013) (MLIT).

Note: The percentage of households less than the minimum dwelling area standard and the percentage of achievement of the targeted dwelling area standard for 2008 and 2013 were independently compiled by the MLIT based on the dwelling area standard newly stipulated by the Basic Plan for Housing (Cabinet Decision in September 2006) and using the results of the House and Land Statistical Survey and the Comprehensive Survey on Housing and Living Environment, which cannot be simply compared with the results of the previous 2003 Survey since they were compiled based on the minimum dwelling area standard and the targeted dwelling area standard under the 8th Housing Construction 5-Year Program

2. Public Opinion on Housing

The quantitative expansion of the housing stock and improvements in the level of housing and diffusion rates for household facilities has been reflected in changes in public opinion on housing. Data relating to overall satisfaction rate of housing and the living environment show that the total dissatisfaction rate (“very dissatisfied” + “slightly dissatisfied”) has fallen steadily over the years, dropping to 21.5% in 2018.

Satisfaction Rate of Housing

While housing satisfaction rate data shows that there was a significant beginning in decline of the dissatisfaction rate 2003, and it dropped to 23.1% by 2018. According to a detailed breakdown of the reasons for dissatisfaction with housing, “consideration for the elderly” remained the top reason from the previous (2013) survey, but the rate has improved since then (2013: 53.5%, 2018: 47.2%). Following that, the next reason was stated as being the “safety in earthquake” (48.6%), the third reason was “sound insulation, including exclusion of external noise” (42.9%), and fourth, “safety in typhoon” (38.8%), and finally the fifth reason for dissatisfaction with housing was the “thermal insulating properties of housing” (38.6%). So, the top reasons are mostly dissatisfaction with the fundamental performance of housing.

Figure 2-2-1: Overall Satisfaction Rate of Housing and Living Environment

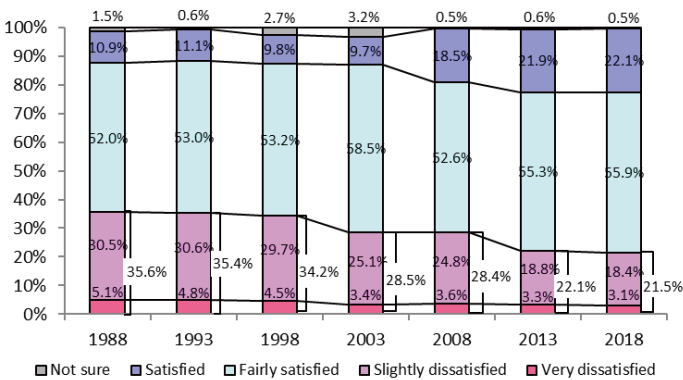
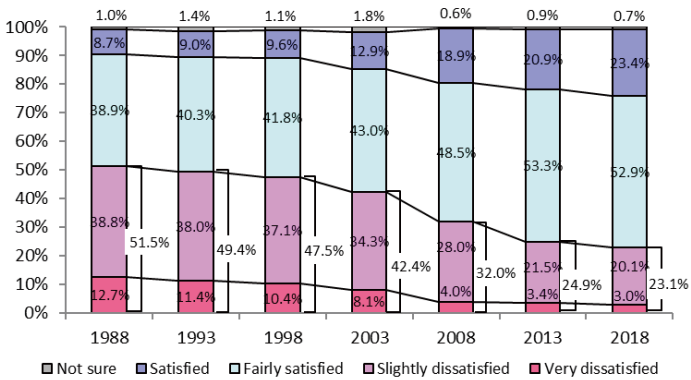
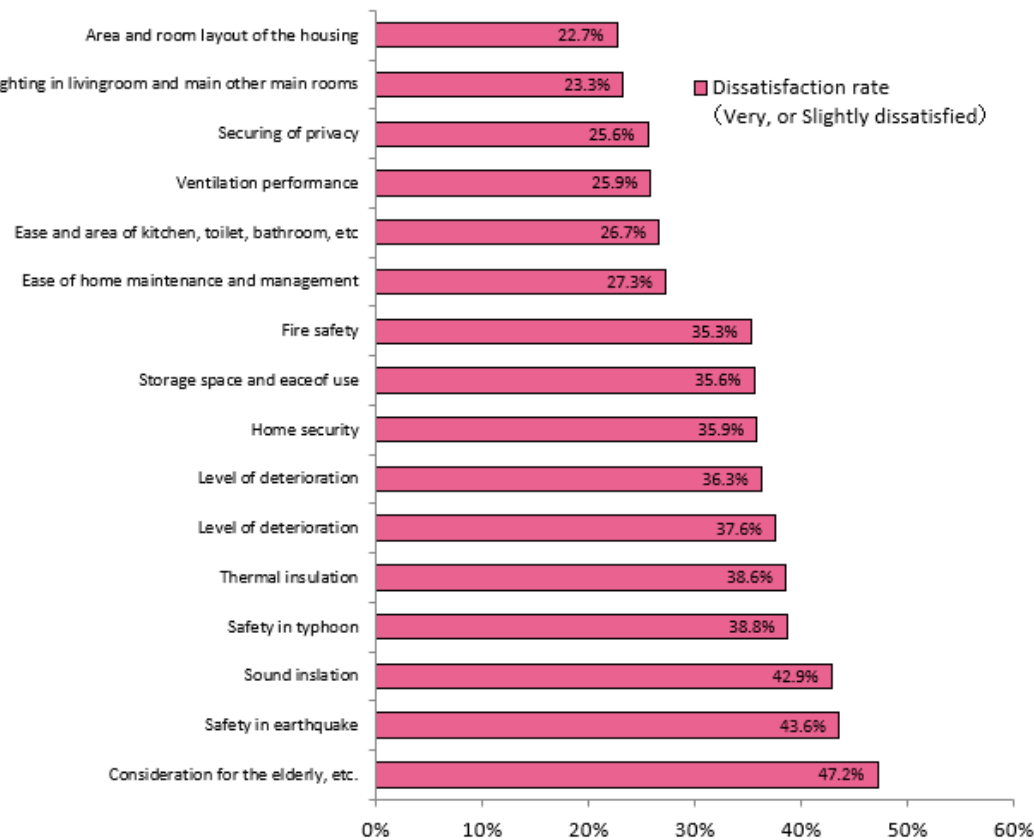


Figure 2-2-2: Satisfaction Rate of Housing



Source (F2-2-1, F2-2-2): Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Comprehensive Survey on Housing and Living Environment (2018)

Figure 2-2-3: Dissatisfaction rate for each item with Housing (“very dissatisfied” + “slightly dissatisfied”)

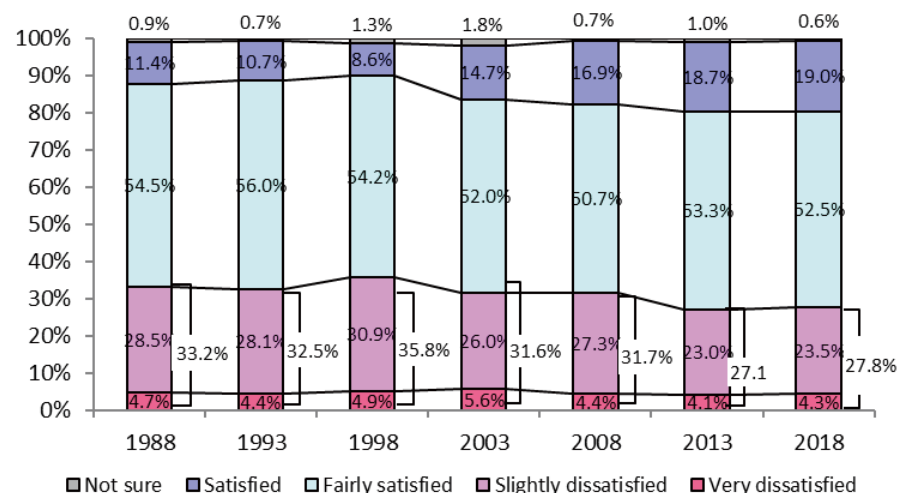


Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Comprehensive Survey on Housing and Living Environment (2018)

Satisfaction with Living Environment

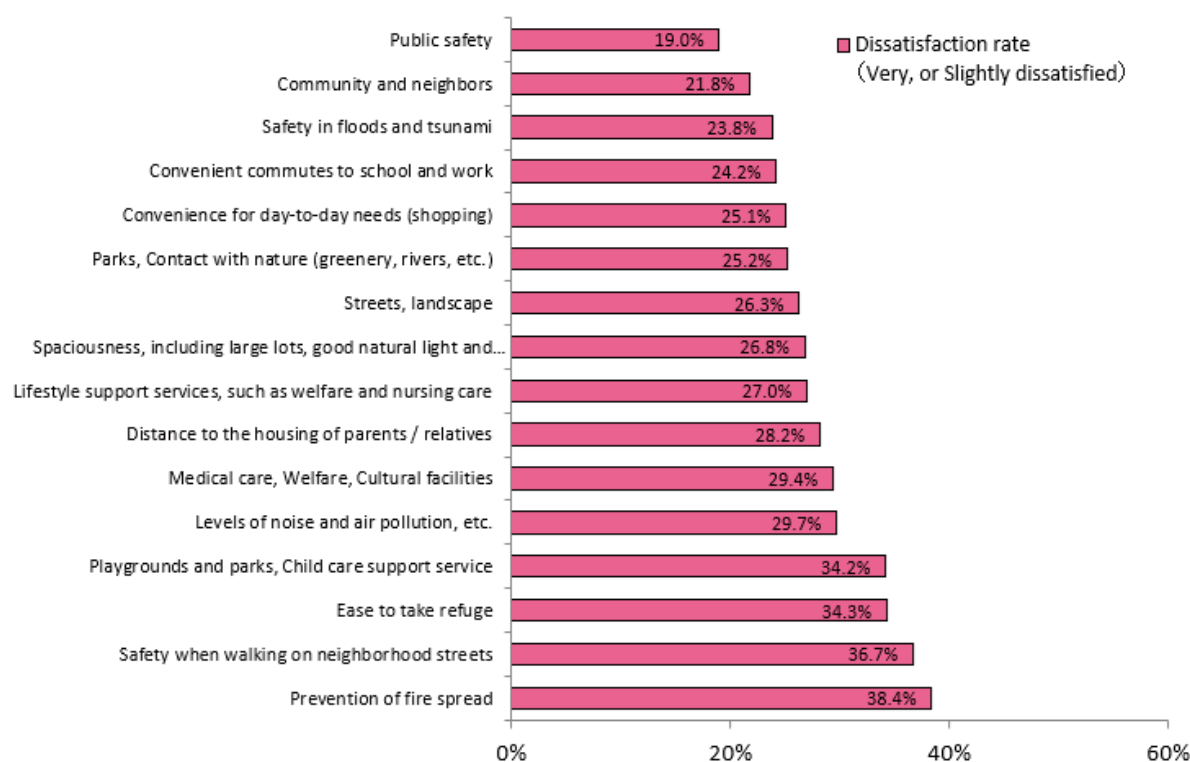
The levels of dissatisfaction with the living environment remained in the low 30% range, but it declines 27.8% in 2018. A detailed analysis reveals that dissatisfaction levels tend to be high in a number of items, including “prevention of fire spread” (38.4%), “safety when walking on neighborhood streets” (36.7%), and “playground and parks” (34.2%).

Figure 2-2-4: Satisfaction Rate with Living Environment



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Comprehensive Survey on Housing and Living Environment (2018)

Figure 2-2-5: Dissatisfaction rate for each item with Living Environment (“very dissatisfied” + “slightly dissatisfied”)



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Comprehensive Survey on Housing and Living Environment (2018)

3. Housing Construction

New Housing Starts

Buoyant demand of owner-occupied housing and the need to overcome an absolute housing shortage were reflected in the expansion of new housing starts in postwar Japan. High economic growth drove an upward trend that continued until the early 1970s. At the peak in 1972, the number of starts reached 1.8 million units per year.

The number of housing starts declined after the first oil crisis in 1973 and the second oil crisis in the late 1970s and early 1980s. However, between 1.6 and 1.7 million units were started each year during the economic bubble period, which lasted from the late 1980s to the early 1990s. There was a period of deceleration after the collapse of the bubble economy, but government economic policies subsequently stimulated demand for owner-occupied housing, and additional demand was generated by reconstruction after the Great Hanshin-Awaji Earthquake. These and other factors brought renewed growth in the number of housing starts. The government raised the consumption tax, and there was a financial crisis that resulted in the failure of major financial institutions since the second half of the 1990s. This situation triggered a period of economic stagnation, and the number of housing starts has since remained around the 1.2 million levels.

Reasons for the ongoing stagnation of housing demand include rising house prices, effect of stock-price adjustments, income trends, and the impact of amendments to “The Building Standard Law” in 2007. A dramatic worsening of economic conditions since the collapse of Lehman Brothers in 2008 has also impacted new housing starts, which were less than one million units per year and totaled 775,000 in FY2009. However, it has recovered gradually, with year-on-year increases for four consecutive years, totaling 987,000 in FY2013.

Housing starts decreased for the first time in five years to 880,000 units in FY2014 due mainly to the effect of reaction to the last-minute demand before the consumption tax rise, but after that, remained in the 900,000 range until FY2018.

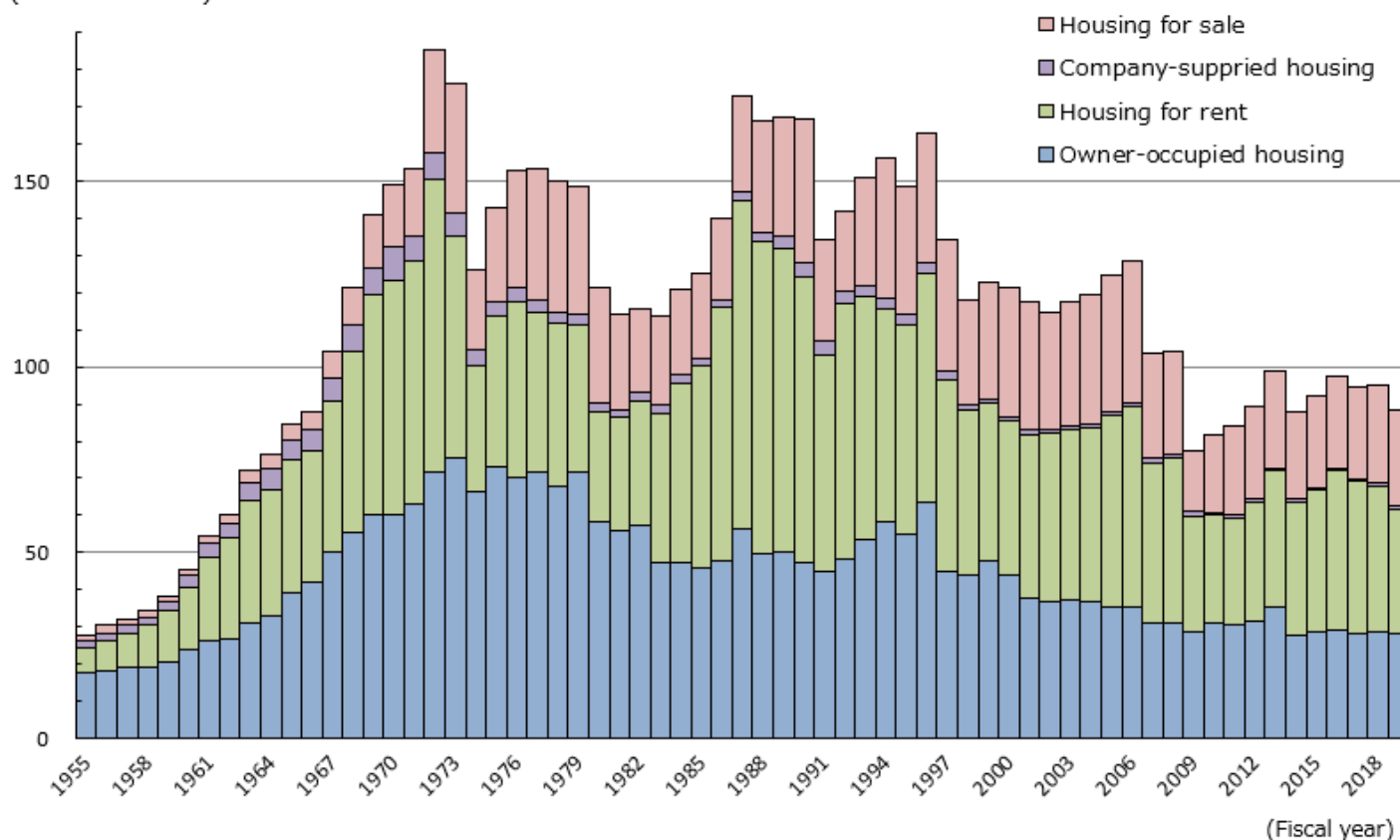
In FY2019, the number of starts decreased to 884,000, the first decrease in two years. Due to factors such as the spread of coronavirus infection, the number of starts of owner-occupied housing, housing for rent and housing for sale decreased to 812,000 for the second consecutive year

In FY2021, the number of housing starts showed significant recovery in 3 years to 866,000 units from prior year’s big drop.

In FY2022, it kept almost same level but slightly decreased on 861,000 units in 2 years.

Figure 2- 3-1: New Housing Starts

(10 thousands units)

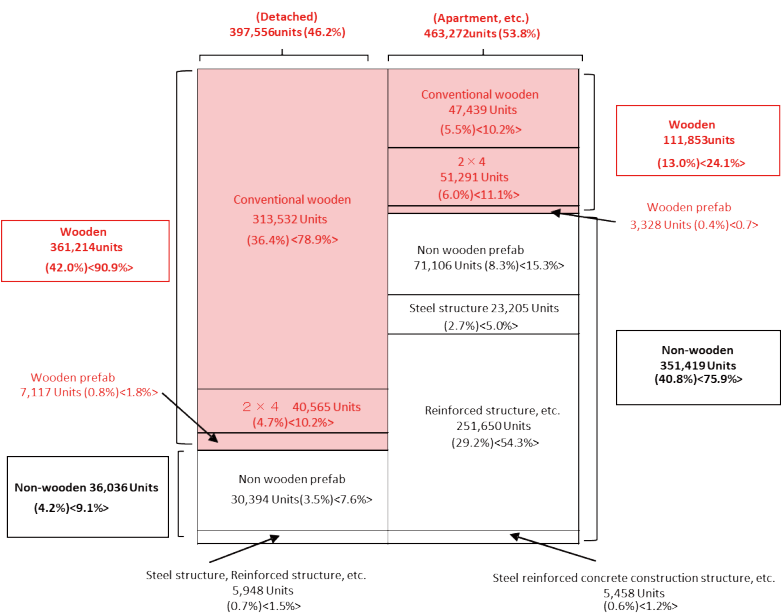


Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Statistical Survey of Housing Construction Starts

An analysis of housing starts in FY2022 by housing type and structure shows detached houses accounted for 398,000 (46.2%) of housing starts and apartment housing units 463,000 (53.8%) respectively.

There were 473,000 (55.0%) construction starts for wooden houses. This total consists of 361,000 detached houses and 112,000 apartment housing units. The number of non-wooden units started was 388,000 (45.0%), including 36,000 detached houses and 351,000 apartment housing units, etc.

Figure 2-3-2: Types and Structures of Newly Built Housing (FY2022)

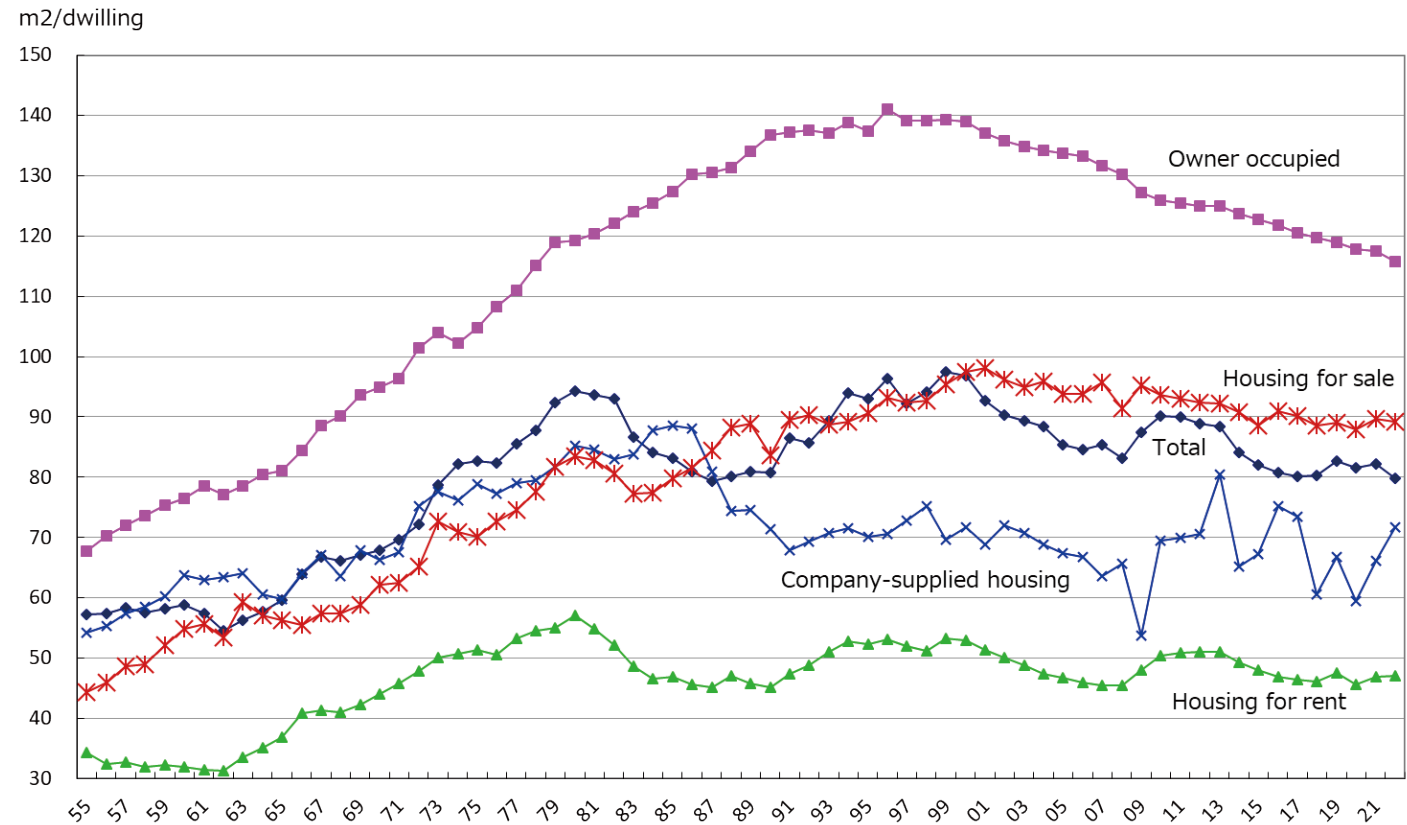


Floor Area per Newly Built Housing Units

The expansion of the housing stock was accompanied by a continuing increase in the average floor area of newly built housing units. However, the average peaked out around 2000 and has shifted to a gradual decline in recent years.

Two factors appear to have caused peak-out of the growth of the average floor area per housing units. First, Japanese housing is now comparable in size with housing in Europe and North America. Second, the number of people per household is falling, mainly because of Japan's declining birthrate and the shift to nuclear family lifestyles. The recent downward trend in floor areas is probably linked to rising construction costs resulting from increases in the prices of crude oil and construction materials. Another factor has been a worsening income-environment resulting from a dramatic decline in economic performance.

Figure 2-3-3: Average Floor Area of Newly Built Housing units (by Tenure)



Housing Investment

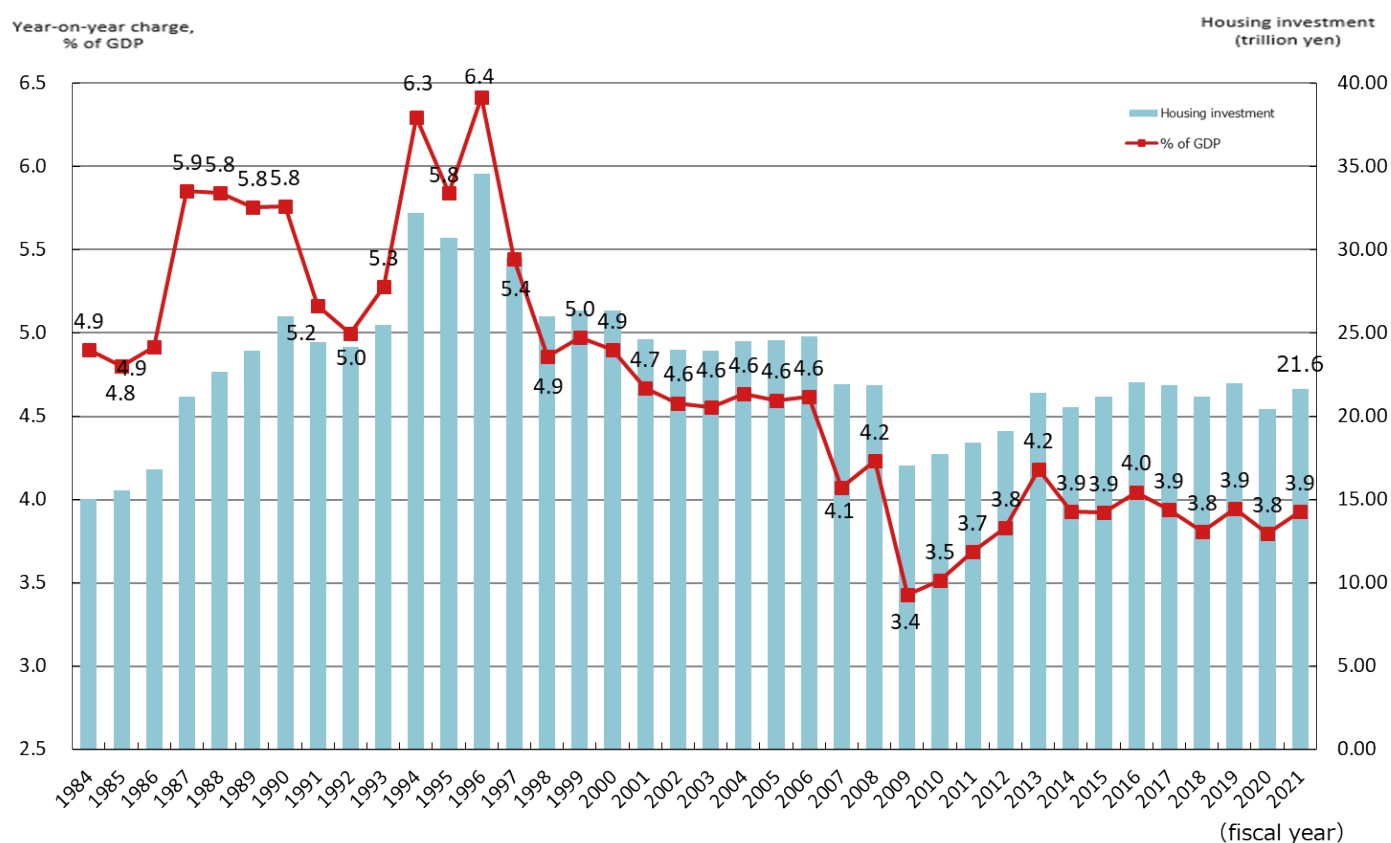
Housing investment produces flow-on effects in a wide range of related industries. There also are implications for consumer spending, including purchases of durable consumer goods for newly built dwellings. For these reasons, housing investment creates significant flow-on effects at the macro-economic level and is also seen as a factor that can stimulate economic activity.

Statistics for the past three decades show that housing investment expanded dramatically, in step with the growth of new housing starts during the economic bubble period in the late 1980s. A continuous upward trend lifted investment from ¥20 trillion to ¥30 trillion and from just over 4% of GDP to almost 6%.

After the collapse of the bubble economy, housing investment was underpinned by economic policy and other factors. However, the economic stagnation that followed the financial crisis caused investment to shrink to around ¥25 trillion in the late 1990s. Since then the number of new housing starts has remained at around 1.2 million, housing investment has hovered just below the ¥25 trillion level, and the contribution to GDP has remained at around 3.9% of GDP in recent years.

A decline in new housing starts after 2007 forced housing investment down, along with the GDP ratio, but after 2010, thanks to such factors as improvement in consumer sentiment, restoration project after the Great East-Japan earthquake, and due to a rush to purchase housing before a consumption-tax increase, they gradually recovered. In FY2013, housing investment was ¥21.4 trillion and the GDP ratio moved to 4.2%. In FY2014, due to the rise of the consumption tax, housing investment had dropped. But after that, housing investment remained in the high ¥20 trillion, and the ratio to GDP remained in the high 3% range. In FY2021, housing investment was ¥21.6 trillion, and the GDP ratio moved to 3.9%.

Figure 2-3-4: Housing Investment (nominal)



Source: Cabinet Office, Annual Report on National Account

<Colum: BL (Better Living) Component Certification System>

To achieve an excellent living environment, housing components must be of excellent quality. However, it is not easy to know “the difference in the quality of the various housing components on the market at the time of their installation. What’s more, it is difficult for consumers to know the quality of housing components.

For this reason, the BL Component Certification System has been established and implemented to ensure that everyone can easily understand whether or not a housing component is of good quality or not. The BL Component Certification System provides standards for the performance (safety, functionality, and durability) and after-sales service programs of housing components, etc. The system also certifies conforming housing components as being “Quality Housing Components (BL Components).”

In particular, the “BL-bs Component” status is given to housing components that meet the needs of society regarding energy conservation, support for the elderly, housing stock utilization, improved security and other needs that have been attracting much attention in recent years.

BL components (hereafter “BL components” will include “BL-bs Components”) are marked with the “BL Mark”, which is a mark of assurance that is displayed on the products themselves and in catalogs, etc. The use of this mark is promoted through activities carried out with certified companies and related industries.

<Example of BL-bs mark display>



Features of BL-bs

1. Contributions to environmentally friendly lifestyles
 - (1) Environmental preservation
 - (2) The formation and utilization of superior housing stock
2. Contributions to safe and secure lifestyles
 - (1) The realization of societies in which everyone, including the elderly and people with disabilities, can live with peace of mind
 - (2) Improved security
 - (3) Healthy lifestyles
 - (4) Disaster prevention and mitigation
3. Features that contribute to meeting new needs of society
 - (1) Reduction of the burdens of housework and labor
 - (2) Other features that contribute to the realization of better societies

The BL Component Certification System was launched in 1974; it covered four items at that time: water heater units, kitchen units, handrail units and soundproof sashes. In response to the needs of society in the years since then, more items have been added for certification, and as of September 2023, the certification covered 65 items, with more than 300 million BL Marks issued.

In addition, BL components are covered by BL insurance, which provides defect warranties and compensation for damages related to the design and manufacture of BL components and their installation, thus providing consumers with an extra level of peace of mind. Furthermore, as part of our ongoing work, we opened a customer service center in 1999 to provide consultation to, and to handle complaints from consumers, intermediate users and others regarding BL components and the Certification Standard for Quality Housing Components.

CHAPTER III Housing Policy

1. Basic Approach to Housing Policy

(1) Changes in Housing Policy

Trends in Japanese Housing Policy

In the immediate postwar period, Japan faced a housing shortage of 4.2 million units. The government implemented emergency measures, including the construction of temporary housing. The economy subsequently began to recover, however, and by the early 1950s it was apparent that Japan would need to establish systems to supply permanent housing.

In 1950, Government Housing Loan Corporation (GHLC, now Japan Housing Finance Agency) was established to provide long-term, low-interest finance for the construction or purchase of houses. “The Publicly-Operated Housing Act” of 1951 enabled the central government to provide subsidies to allow local governments to supply low-rent housing (publicly-operated housing). In 1955, Japan Housing Corporation (JHC, now Urban Renaissance Agency) was established to overcome a housing shortage resulting from an influx of people into Japan’s major cities, by supplying housing and land for housing to working people. These three measures were the foundation of what is now known as the “publicly funded housing supply system.”

Severe housing shortages continued during Japan’s period of rapid economic growth, in part because of the concentration of people into major cities. Another factor was the shift to the nuclear family lifestyle. This situation led to the passage of “The Housing Construction Planning Act” in 1966, the aim of which was to provide a powerful impetus for housing construction based on cooperative efforts by central and local governments and the Japanese nation. Under this law, the cabinet began to adopt comprehensive Housing Construction Five-year Programs encompassing construction by the private sector as well as by the central and local governments.

These programs led to the acceleration of housing construction, with the result that by 1973 the total number of houses exceeded the total number of households in all metropolitan areas and prefectures. Japan had reached its goal of one house per household, ending two decades of postwar housing shortages. Quantitative housing needs had been met, and in subsequent five-year programs the emphasis shifted to factors relating to the quality of housing, including residential environments and housing performance.

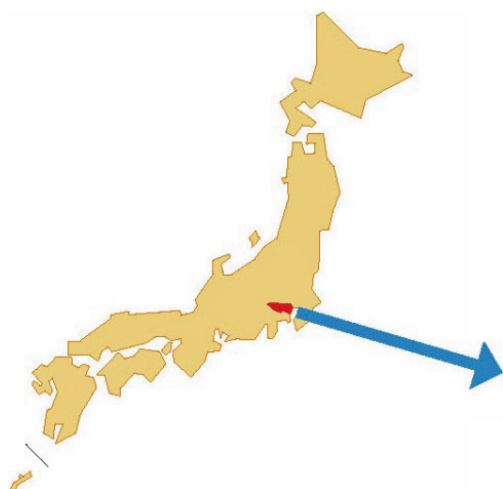
In recent years, rapid demographic aging and a falling birthrate have prompted a major shift in the focus of housing policy. Instead of policies designed to ensure an adequate quantity of housing, the emphasis now is on improvement in the overall quality of residential life, including the residential environment. There have also been radical changes in the policy tools used to directly supply housing and housing financing, including Housing Loan Corporation, publicly-operated housing and Housing Corporation.

The final step in this process was the passage of “The Basic Act for Housing” in June 2006. This law provides a road map for the achievement of enhanced residential living standards for the Japanese people today and in the future. In September of the same year, a cabinet resolution was passed that adopted the Basic Program for Housing as the basic national plan for the realization and promotion of the basic principles and measures set forth in the Act.

Note that the Plan is reviewed about every 5 years as a rule in consideration of the forecast of the future social and economic situations and, based on this, a plan that covers a period of 10 years from FY2016 to FY2025 was approved in a cabinet meeting in March 2016.

Measures are now being implemented under this program with the aim of ensuring that all citizens are able to achieve enhanced residential living standards.

Figure 3-1-1: Local Governments (LG) in Japan



This is a general introduction of LG in Japan as basic information to help understand the housing policy explanation below.

(a) There are two levels of LG (Prefecture and Basic-LG) in Japan as shown in the table below. (The numbers are as of October 2016.)

Prefecture	Prefecture			
	47			

Only for Tokyo, it is called Tokyo Metropolitan Government

Basic-LG	Ward	City	Town	Village
	23	791	744	183
	1,741 in total			

Only Tokyo has wards of Basic-LG in the center area

Take Tokyo for example of a prefecture; there are 23 wards, 26 cities, 5 towns, and 8 villages in its area.

(b) A president of each LG is directly elected by its local residents, who is called a Governor or a Mayor.

(c) All members of each parliament of LG are directly elected by its local residents.

Figure3-1-2: Progress of Housing Policy in Japan

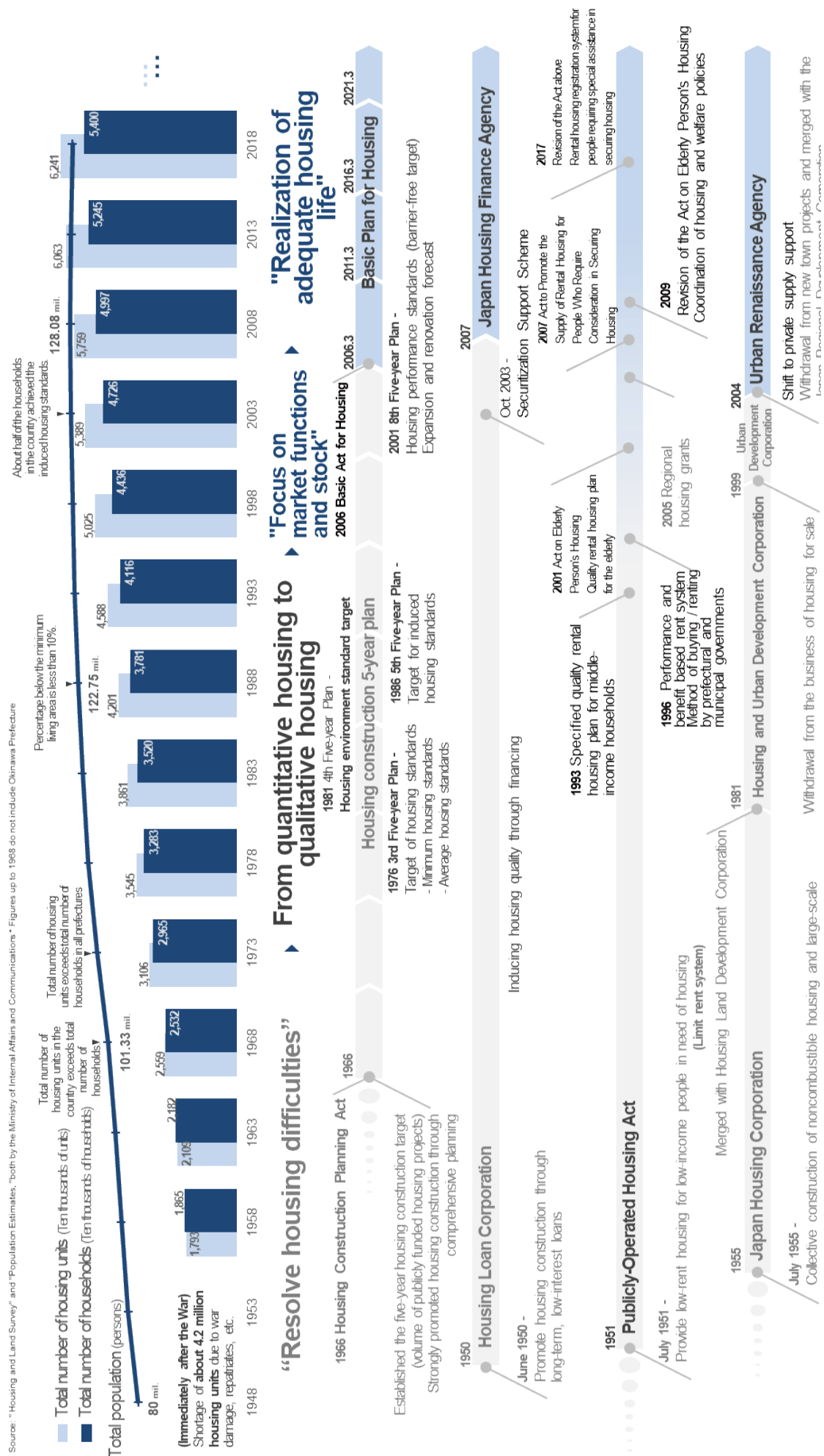


Table 3-1-1: Comparison of Eight Housing Construction Five-Year Programs

	Period (FY)	Background	Goals of programs	Total units (in thousands)				Notes
				Program		Results		
				Total units to be constructed	Units to be publicly financed	Total units constructed	Units publicly financed	
1st program	1966- 1970	To resolve housing shortage. To cope with housing demand due to population concentration to metropolitan areas caused by intensive economic growth.	To resolve housing shortage. To realize “one housing unit per household”	6,700	2,700	6,739.3 <100.6>	2,565.3 <95.0>	Total housing units outnumbered total households, nationwide. (1968 Housing Survey of Japan)
2nd program	1971- 1975	To completely resolve housing shortage. To meet housing demand brought about by baby boomers’ marriages.	To resolve housing shortage. To have houses with “one room per person”	9,576	3,838	8,280 <86.5>	3,108 <81.1>	Total housing units outnumbered total households in every prefecture. (1973 Housing Survey of Japan)
3rd program	1976- 1980	To upgrade housing standards on long-term perspective since the number of housing shortage had been resolved.	To create two housing standards. -Minimum Housing Standards : to have the whole nation attain this by 1985; half of all substandard households be eliminated by 1980. -Average Housing Standards : level desirable for average households to attain by 1985.	8,600	3,500	7,698 <89.5>	3,649 <104.2>	Housing standards, as a whole, were gradually achieved. (1978 Housing Survey of Japan)
4th program	1981- 1985	To go on upgrading housing standards mainly in metropolitan areas. To meet demand of postwar baby boomers for acquiring their own houses.	To work toward achievement of housing standards. To set up living environment standards additionally.	7,700	3,500	6,104 <79.3>	3,231 <92.3>	Plan to eliminate households below the Minimum Housing Standards was behind schedule. (1983 Housing Survey of Japan)
5th program	1986- 1990	To form a good quality housing stock as a basis for stable, affluent living in the 21st century.	To set up a new version of housing standards. • Minimum Housing Standards: basically same as the one set in 4th period. To try to have all households attain this as early in this period as possible. • Targeted Housing Standards: to try to have half of all households attain this by 2000. For urban areas: for collective housing in and around cities. For provincial areas: for detached houses in the suburbs and provincial areas. To maintain the standards set in 4th period and upgrade living environment.	6,700	3,300	8,356 <124.7>	3,138 <95.1>	The number of households below the Minimum Housing Standards nationwide dipped to 9.5%. (1988 Housing Survey of Japan)

6th program	1991-1995	To promote housing policy working through the 1990's. To realize housing where people can feel a measure of affluence, by settling housing problems in metropolitan areas and to take measures regarding the aging society.	To develop measures to attain Targeted Housing Standards. • Targeted Housing Standards: same as the one set in 5th period. To have half of all households attain this by 2000 and in urban areas attain this as soon as possible after 2000. • Minimum Housing Standards: level to be attained by all households. • Living Environment Standards: to be revised by setting different standards for central areas of large cities and suburban areas. To strive for upgrading of living environment standards.	7,300	3,700	7,623 <104.4>	4,017 <108.6>	Housing standards, as a whole, were gradually achieved. (1993 Housing Survey of Japan)
7th program	1996-2000	To tackle mainly the following 4 items: 1. Formation of good quality housing stock that meets nation's needs. 2. Promotion of safe, comfortable urban life and living environment. 3. Provisions which foster and active the elderly society. 4. Formation of good housing and living environment which contributes to regional revitalization.	To continue efforts to achieve goals set by Housing Standards. • To simplify detailed regulations on each dwelling room and allow residents to make their own floor plan. • To improve performance of housing of facilities from the viewpoint of safety, durability, adaptability to the elderly and environmental concerns. To continue efforts to improve living environment toward fulfillment of the living environment standards.	7,300	3,525	6,769 <92.7>	3,487 <98.9>	Almost one-half (46.5%) of households meet the Targeted Housing Standards. (1998 Housing Survey of Japan)
8th program	2001-2005	To tackle mainly the following 4 items: 1. Development of high-quality housing stock to meet the diverse needs of the people; 2. Development of housing environment to support the revitalization of society with a low birthrate and an aged population; 3. Development of housing and living environment which contributes to promotion of urban settlement and regional revitalization; and 4. Development of a housing market that is readily accessible by consumers.	To set up goals for housing standards. • Targeted Housing Standards To be achieved by two-thirds of all households nationwide and half of households urban area by 2015. • Housing Performance Standards By 2015, the housing stock with such equipment as grab bars will account for 20% of total and the housing with barrier-free renovation will be added by 20%. • Housing Environment Standards To establish "Standards of the densely populated areas requiring urgent improvement" and "Guidelines for improvement of housing and urban residential areas, etc." Setting the target for the formation of barrier-free housing stock.	6,400 expanded/ remodeled 4,300 (additional)	3,250	5,935 <92.7>	1,299 <39.9>	More than the half (52.3%) of households of the whole country meet the Targeted Housing Standards. (2003 Housing Survey of Japan)

The Three Pillars of Housing Policy

1)Publicly-Operated Housing, etc.

a. Publicly-Operated Housing

- Publicly-Operating Housing Systems

Publicly-operated housing is rental for low-income people that is built, bought or rented by prefectural and municipal governments using central government grants. As of March 31, 2019, Japan's stock of publicly-operated housing amounted to about 2.15 million units.

The local government, who provide publicly-operated housing, set monthly rents each financial year according to various criteria, including the declared incomes of occupants, the location and size of the housing, and how old the housing is. To qualify for publicly-operated housing, individuals must meet income criteria that issued by local ordinances and demonstrate that they are currently unable to meet their housing needs.

Occupants are generally selected through a public lottery system. However, low-income people with housing problems, especially aged households, single-parent households and households of persons with disabilities, can be housed on a preferential basis at the discretion of housing providers, depending on circumstances in the locality.

- Construction of Housing

Following the establishment of the publicly-operated housing system in 1951, construction of publicly-operated housing was used as a method to overcome the housing shortage caused by war damage. During Japan's period of rapid economic growth, massive construction programs were undertaken to provide housing for workers and their families, who were moving in large numbers into metropolitan areas. Construction of publicly-operated housing reached a peak of over 100,000 units annually during this period. In recent years, the number has fallen to around 12,000 units per year, of which about 90% are rebuilt units.

Figure 3-1-3: Floor Plan for Standard Family-Type Publicly-Operated Housing Unit

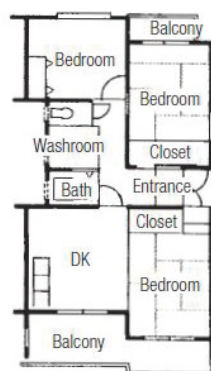


Photo 3-1-1: Kiyosato-Maehara Housing Estate, Maebashi City



Fig. 3-1-4 Supply of Publicly-Operated Housing, etc.

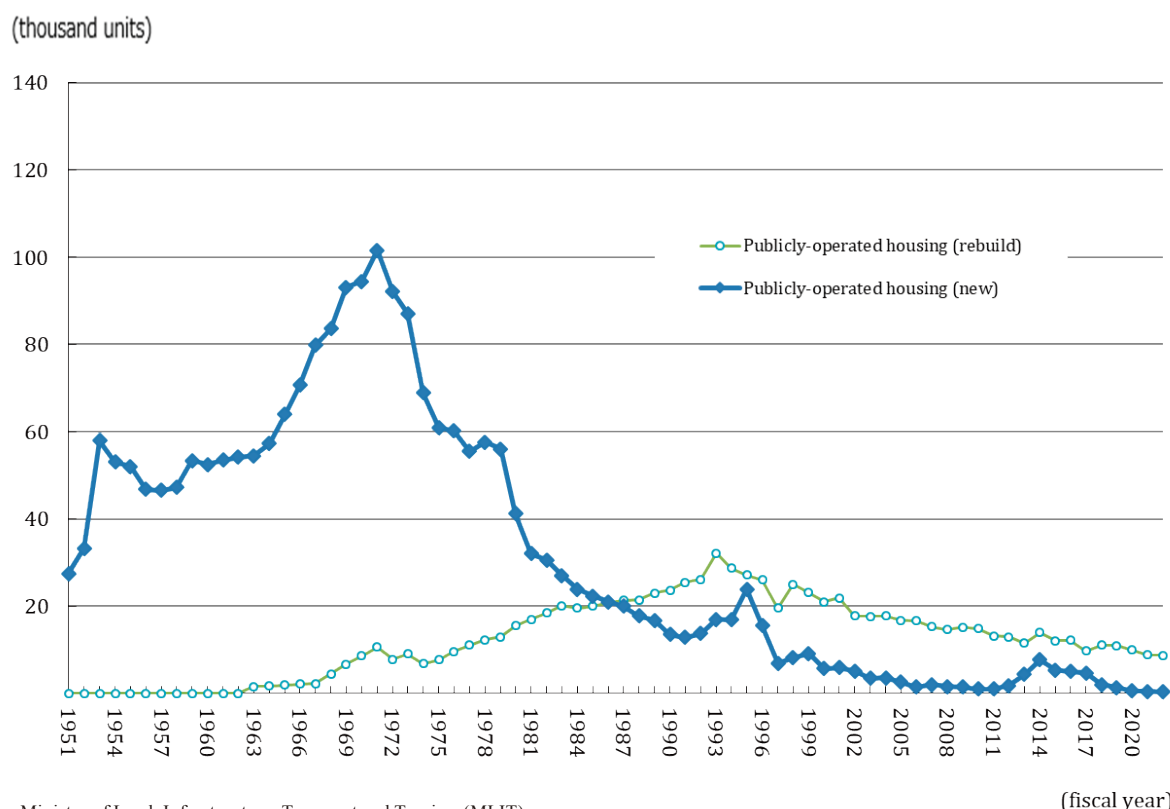


Table 3-1-2: System Overview of Publicly-Operated Housing, etc.

	Publicly-Operated Housing	Quality Regional Rental Housing Leased from Private Owners
Target group	Low-income people with housing problems	Households with a special need for housing stability
Age criteria	None	None
Income criteria	<ul style="list-style-type: none"> Income bracket In principle, in the range of less than 50% (¥259, 000 of monthly income), the local government establish the ordinance, considering the 25% (¥158,000) criteria specified by a Cabinet Order. Discretionary provision (for the elderly, etc.): the local governments establish the ordinance. In the range of less than 50% (¥259, 000 of monthly income), the local government establish the ordinance about income standard for the discretionary provision. <p><Eligibility for rent assistance></p> <ul style="list-style-type: none"> Income bracket: 0-40% 	<ul style="list-style-type: none"> Income bracket The following households in the 0-70% bracket Aged households Households of persons with disabilities Households with children Newly married households <p>Households for which occupancy is deemed appropriate because of special circumstances (disasters, etc.), as stipulated in regional housing plans, etc.</p> <p><Eligibility for rent assistance></p> <ul style="list-style-type: none"> Income bracket: 0-40% in general (Household with children and newly married households: 0-50%)
Supply method	<ul style="list-style-type: none"> Built by local government Built by private sector, purchased or rented by a local government 	<ul style="list-style-type: none"> Built by private sector Built or modified by local government, an Urban Renaissance Agency or local housing supply corporation Purchased or rented by a local government, private sector or local housing supply corporation
Housing improvement cost	<ul style="list-style-type: none"> By including the construction cost, etc. of public housing in the project cost which is subject to the calculation of a grant-in-aid, as a general rule 1/2 of such project cost (in the case of using a social-capital improvement general grant-in-aid, etc.) shall be granted to the local government. 	<ul style="list-style-type: none"> In the case of a project-implementing body being a private business, etc. As a general the cost covered by a subsidy granted by the local government (such as 1/6 of the construction/purchase cost of the housing), 1/2 shall be granted. In the case of a project implementing body being the local government As a general 1/2 of the housing improvement cost shall be granted.
Rent	Rent based on occupant's income, location and size of house, etc. (The central government provides grants to local governments to support the reduction of rental fees.)	<p>Prevailing local rent for similar housing.</p> <p>May be reduced by a local government.</p> <p>The central government pays for rent reductions by local government up to a limit of ¥40,000 times the number of eligible households (project expenditures).</p>

• Effective Use of Housing Stock

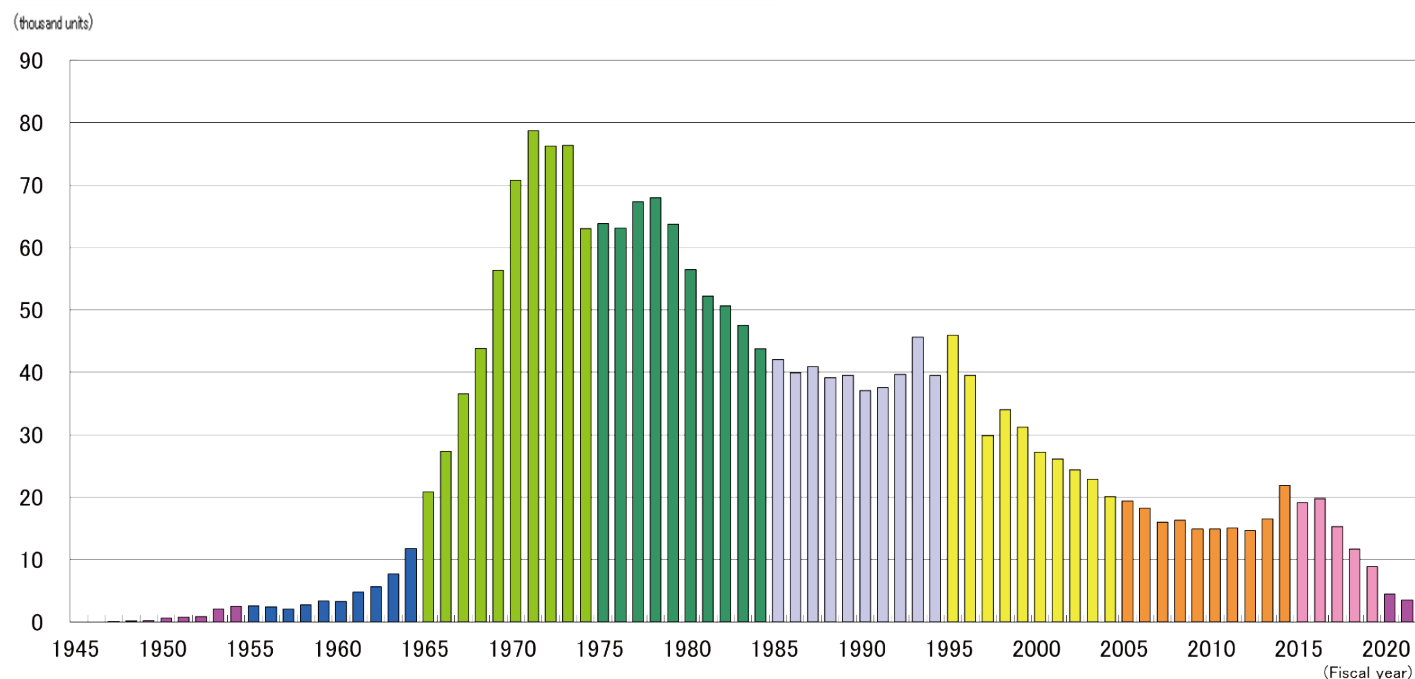
While housing stock that was created during the first phase of publicly-operated housing construction was conveniently located, it has deteriorated with age. Furthermore, many units fail to reflect contemporary standards in terms of size, facilities and other factors. Some of these units are now being replaced with medium- and high-rise structures, while others are being extended and renovated. The aim of these projects is to improve residential living standards, allow people to live closer to their places of work, and optimize land utilization. Another priority in recent years has been the development of publicly-operated housing that is more amenable for the elderly and for people with disabilities. Related improvements include the installation of handrails and the elimination of level differences. Publicly-operated housing constructed around 1970 is now aging and has deteriorated, relative to other housing in terms of residential living standards, facilities and other factors. There is a growing need for the improvement of this housing. This is reflected in regional housing plans, which call for the utilization of housing stock in ways that are suited to regional characteristics. Housing is now being systematically improved in accordance with these policies.

Table 3-1-3: Publicly-Operated Housing Stock by Year of Construction

Year	1945-1954	1955-1964	1965-1974	1975-1984	1985-1994	1995-2004	2005-2014	2015-2019	Total
Ten thousands of units	0.8	5.3	57.7	57.2	40.6	30.2	16.8	6.2	214.8
Percentage	0.4%	2.4%	26.9%	26.6%	18.9%	14.1%	7.8%	2.9%	100%

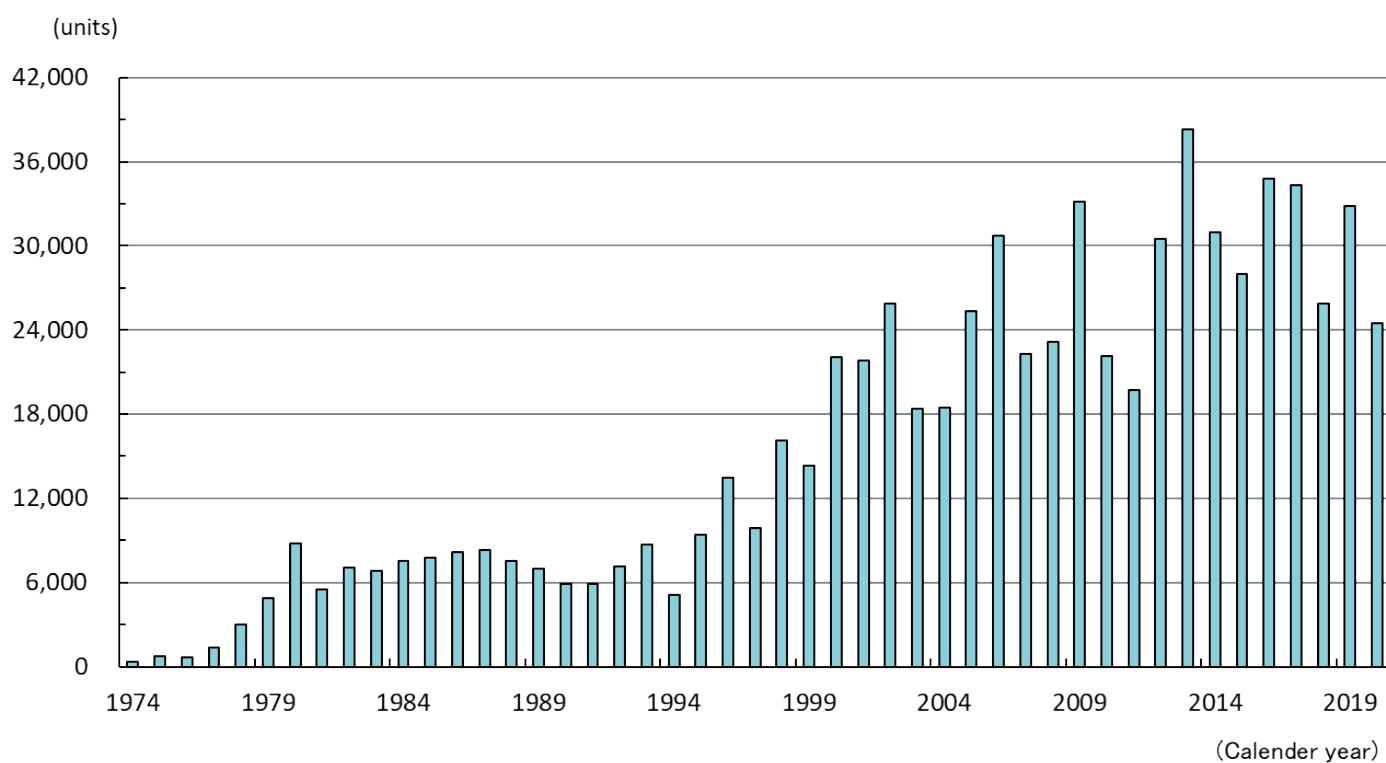
Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Figure 3-1-5: Management of Publicly-Operated Housing Stock by Year of Construction



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Figure 3-1-6: Number of Publicly-Operated Housing Units Improved



Sauce: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Table 3-1-2: System Overview of Publicly-Operated Housing, etc.

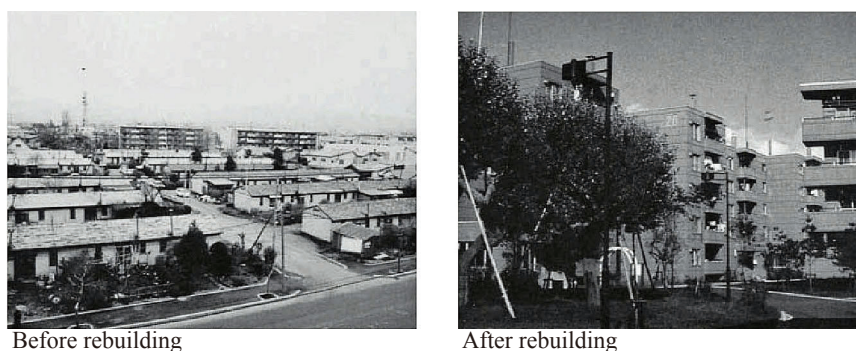
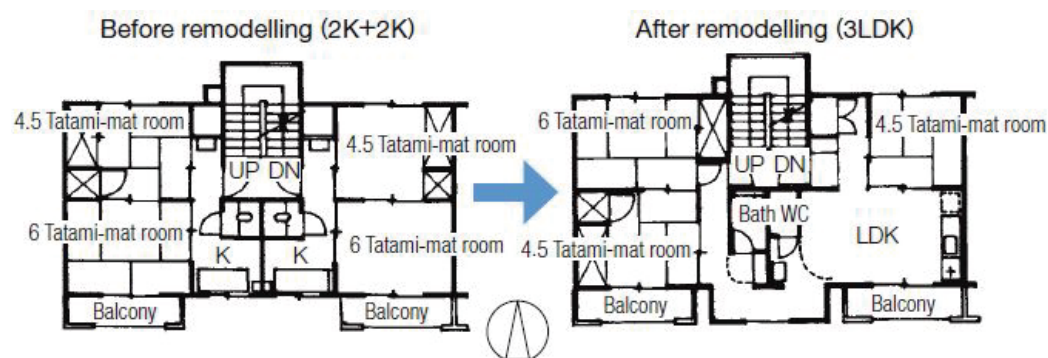


Figure 3-1-7: Remodeling Publicly-Operated Housing—Two Units Combined into One



By adding a passage on the south side of the housing units, two units are combined.

Two 2K units are remodeled into a 3LDK unit with a bathroom, which can house a large family.

b. Quality Regional Rental Housing

Specified Quality Rental Housing system is mostly targeted toward middle-income households. Recent trends, including changing supply-demand patterns in the housing market and an increased emphasis on measures to support families with children have created an increasing need for modifications to the system. At the regional level, there have also been calls for the creation of a framework to allow local government bodies to prioritize the targeting of measures more flexibly according to local housing market conditions. The public rental housing systems (Specified Quality Rental Housing and Quality Rental Housing for the Elderly), under which publicly-operated housing is held, were restructured in FY2007 to allow measures to be targeted at the regional level toward households for which housing stability is a particular priority, such as families with children. These changes resulted in the creation of Quality Regional Rental Housing System, the purpose of which is to facilitate the supply of quality rental housing through grants to cover the cost of housing improvement and rent reductions. (See “III2. (7) Building a Residential Safety Net”).

Further, in FY2011, reflecting the review of the housing policy for the elderly in accordance with the revision of “The Act for the Stable Housing for the Elderly” (Act No. 26 of 2001) as well as from the viewpoint of strengthening the complementary role of publicly-operated housings through efficient utilization of the existing housings, the local subsidized housing system was revised through which a new system with high convenience was established, including unification of the previously divided “general type” and “elderly type” housing.

Under this system, subsidies for reducing improvement costs and rents are granted to private businesses, etc., whereby a supply of rental housing of good quality is facilitated, if it is intended for households, etc. that require special consideration regarding the stabilization of lifestyle in each of the various regions, such as households raising children, households to which persons with disabilities belong, aged households, etc.

c. Specified Quality Rental Housing

This system was established under the 1993 “The Act on Promotion of Supply of Specified Quality Rental Housing”, in response to delays in the improvement of residential living standards for Japanese households living in rental housing. Its purpose was to overcome a serious shortage of quality rental housing stock, especially for middle-income households.

Under this system, private landowners are encouraged to provide quality rental housing for middle-income households through various measures, including construction grants and rent subsidies. To be eligible for these measures, the housing provided must meet specific standards in terms of size, structure, facilities and other characteristics. The terms under which the housing is provided, including rental fees, must also be appropriate.

By the end of FY2009, approximately 230,000 units had been provided as specified quality rental housing leased from private owners.

d. Housing with Support Services for the Elderly

The registration system of the “housing with support services for the elderly” which is designed to render services to support the elderly in coordination with nursing and medical service organizations was created in 2011 in cooperation with the Ministry of Health, Labor and Welfare based on “The Act for the Stable Housing for the Elderly”, against the backdrop of the rapid aging of population. The required conditions of the system include, besides the standard from the hardware viewpoint such as the scale of housing and the barrier-free structure, such standards from the software viewpoint as service of grasp of the condition and life counseling as well as conclusion of contracts including preservative measures such as prepayment of the rent. Regarding housing with support services for the elderly, once registered, the information on the registration will be opened to the public through an on-line site and, at the same time, such housing receives support for budgets, taxes, loans and others.

The number of registered housing with support services for the elderly was approximately 280,000 at the end of September 2023.

e. Housing Supplied by Local Housing Supply Corporations

Local Housing Supply Corporations are corporations established under the Local Housing Supply Corporation Act. Their mission is to design and develop housing environments for workers by supplying collective housing and land for housing, using funds deposited by workers who need housing, together with funds from other sources.

To date, 37 Local Housing Supply Corporations have been established by prefectures and ordinance-designated cities with populations of over 500,000. They primarily supply the following types of housing.

- Housing for sale to persons with savings accounts

This type of housing is available to persons who have accumulated funds in savings accounts for specified periods. Purchasers are selected from applications issued by the public and other means. The savings are used as deposits, with the remainder of purchase costs provided in the form of loans from the financial institutions and other sources.

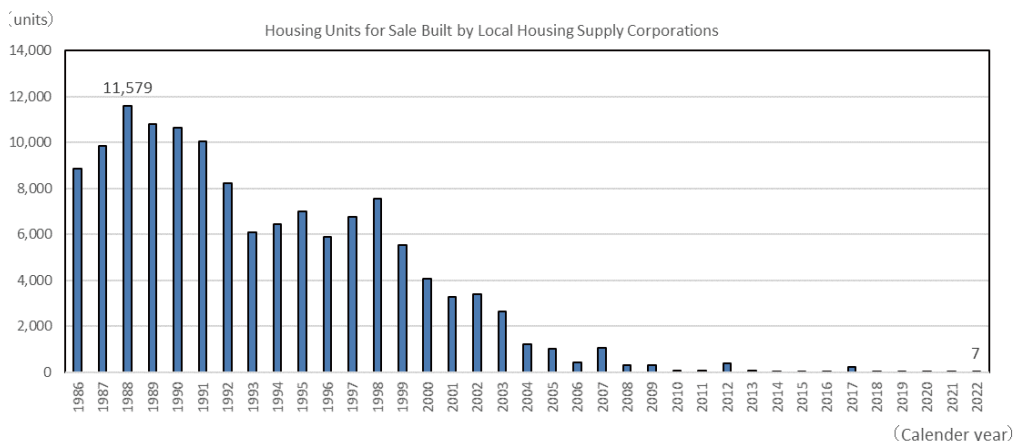
- Quality regional housing for sale

Local government interest subsidies are used to reduce the burden on purchasers of housing who meet certain criteria.

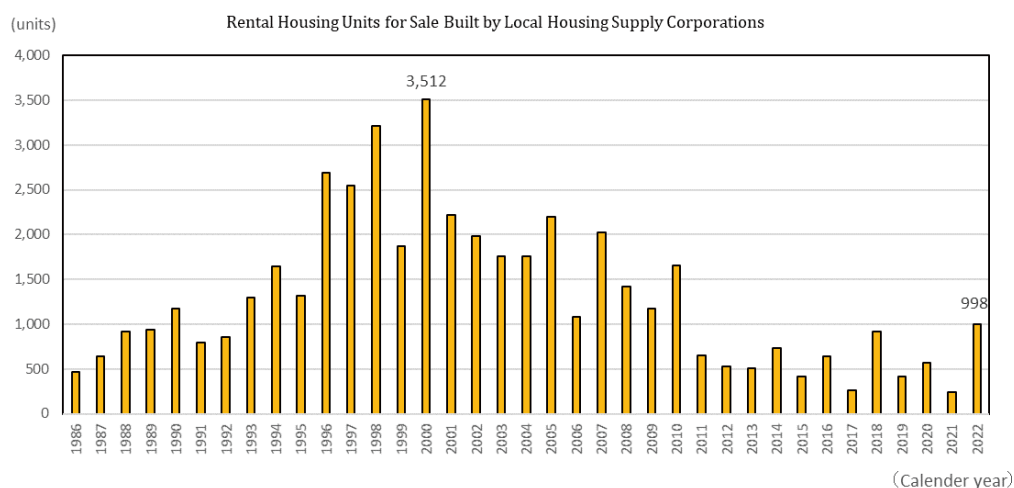
- Quality regional rental housing, etc.

This category consists of rental housing provided to middle-income working households, especially in major cities where own-occupied housing is not affordable.

Figure 3-1-8: Number of Housing Construction Starts by Local Housing Supply Corporations



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

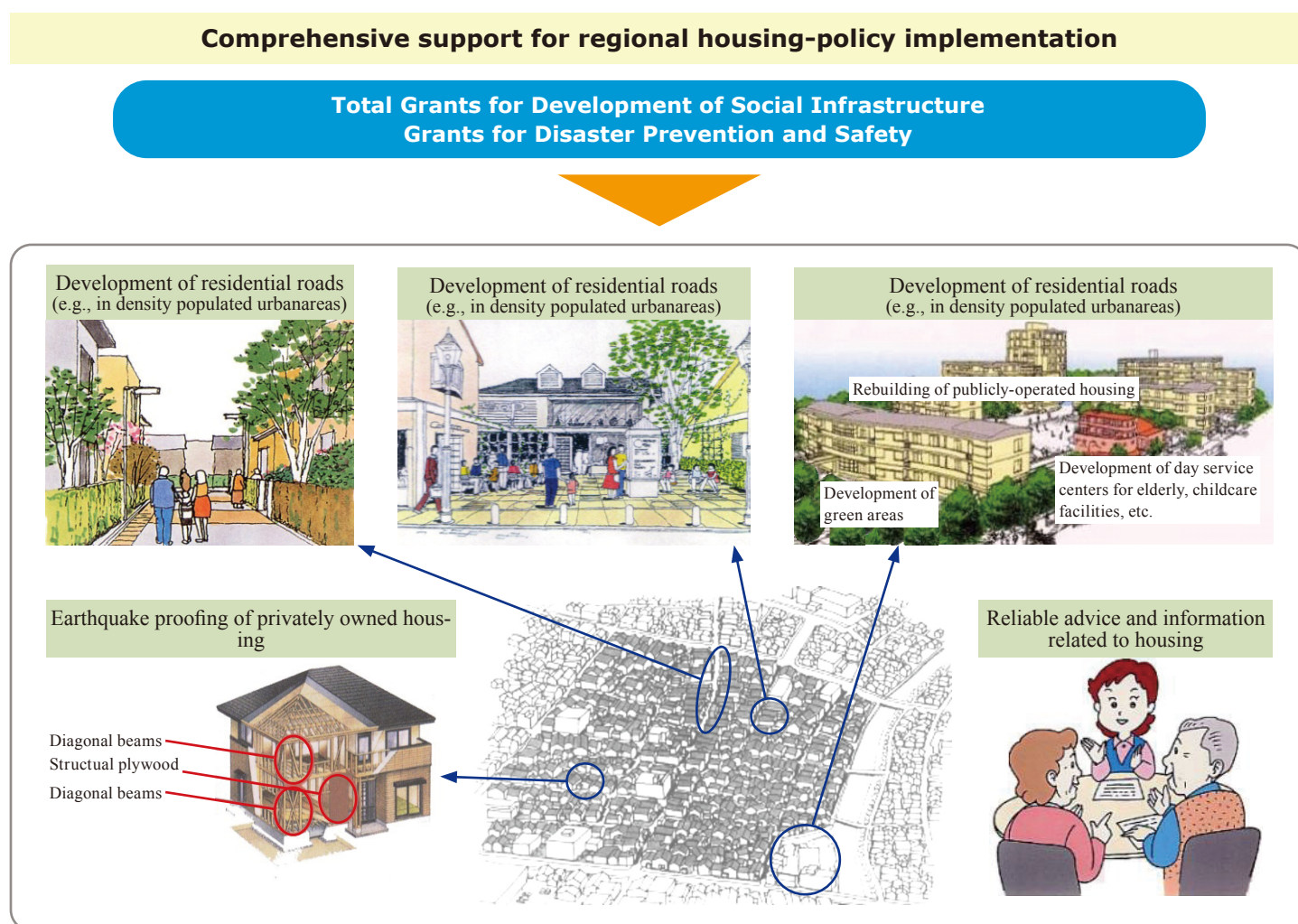
f. Comprehensive Subsidies for Social Infrastructure Development (Businesses Based on Regional Housing Plans)

In 2005, existing subsidy systems for publicly-operated housing were converted into grant systems. This change resulted in the establishment of a system of regional housing grants, under “The Special Measures Law Concerning the Development, etc., of Public Rental Housing, etc., to Meet Diverse Regional Needs.”

This is the comprehensive grants, “Comprehensive grants for social infrastructure development”, created in 2010, giving much flexibility to local public bodies which are allowed to fully utilize their creativity, in principle, by packaging existing grants including regional housing grants, together with individual subsidies for local public bodies administered by the Ministry of Land, Infrastructure, Transport and Tourism.

Further, in the FY2012 supplementary budget, the “disaster prevention / safety grants –plan” was established to focus on support of comprehensive measures against deterioration of structures and components to protect the lives of local residents, and to implement preliminary disaster prevention measures / mitigation measures and activities to comprehensively ensure the safety of living space in local communities.

Figure 3-1-9: Total Grants for Development of Social Infrastructure



Features of the grants:

- Increased scope for local autonomy and decision-making
 - List of existing subsidy schemes provided to allow local governments to implement projects flexibly, according to their own regional housing plans
 - Availability of grants for projects proposed by local governments, which would not have been eligible under the old grant systems
- Improvement of Ease of Use for Local Governments
 - Local governments could decide the percentage of grants to be used for each project
 - Freedom to allocate grants across multiple projects or fiscal years
- Shift from Pre-Assessment to Post-Assessment
 - Projects subject to public post-assessment according to targets, etc., set by local governments

Eligibility for grants:

• Core Projects

E.g., development of publicly-operated housing and quality regional rental housing, improvement of existing publicly-operated housing, improvement of poor-quality housing areas, development of densely populated urban residential areas, development of related public facilities, seismic diagnosis and seismic retrofitting of existing housings and buildings, and asbestos removal.

• Proposed Projects

Projects, etc., proposed by local governments as being essential to the implementation of housing policies

Examples

- Rebuilding to make privately owned housing barrier-free
- Provision of advice and information related to housing

Amount of grants: In principle 50% of eligible project costs

2) Japan Housing Finance Agency (JHF)

a. From Government Housing Loan Corporation to Japan Housing Finance Agency

The former Government Housing Loan Corporation (GHLC) was established in 1950 in response to a severe housing shortage in the immediate postwar period. Its task was to facilitate housing construction, and in the years that followed it provided access to long-term housing finance at low, fixed interest rates to allow people to acquire housing systematically and with confidence; this is the foundation of national living standards. The GHLC also contributed to the development of quality housing and communities through its policies, including the provision of loans only for dwellings that met its technical standards.

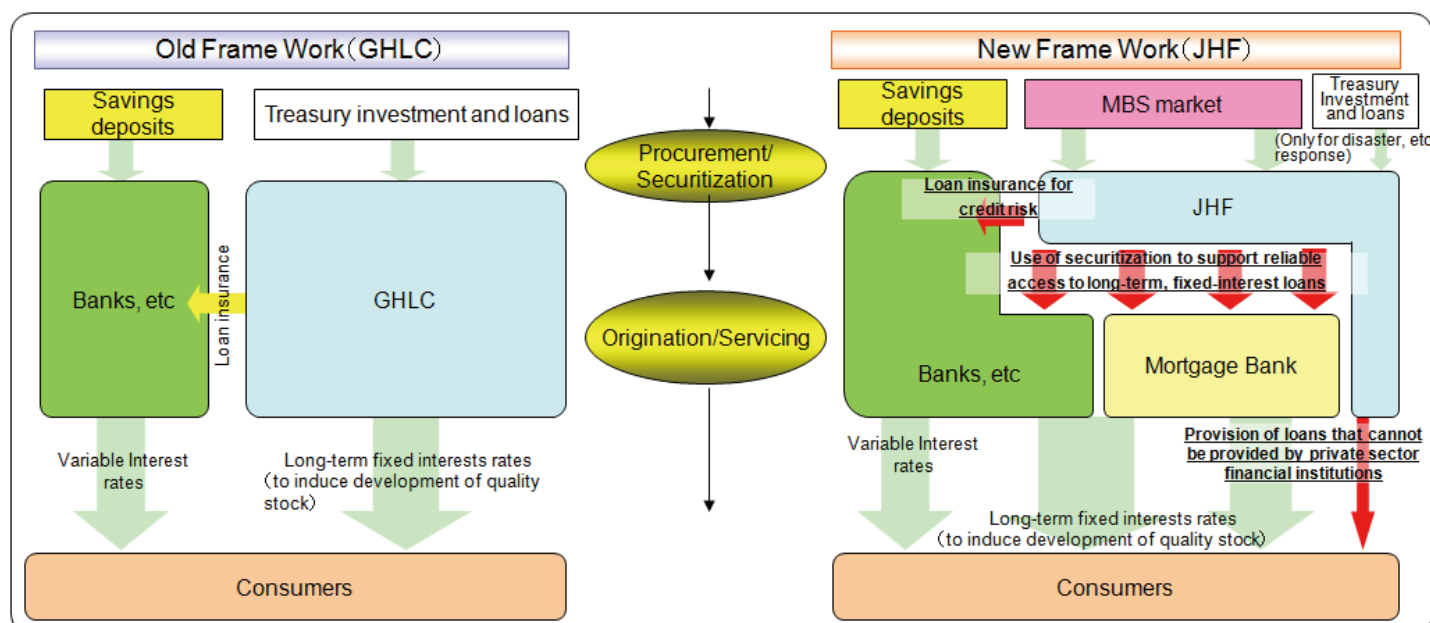
Another important role of the GHLC was to underpin housing investment by providing loans during recessions, when lending by private sector financial institutions tended to decline.

However, it subsequently became apparent that there would need to be a shift in overall housing policy, away from a structure based on the direct provision of housing and housing finance through the public sector, and toward a market-oriented approach to the improvement of housing quality. Changes in the financial market environment, including the liberalization of housing loan interest rates and product characteristics, led private sector financial institutions to adopt a more active stance toward housing loans for individuals. As a result, the GHLC needed to move away from its traditional role as a direct lender and shift instead to a support and supplementary role based on support for, and complementation of, lending by private sector financial institutions.

One source of pressure for change in housing finance systems was the reform of the treasury investment and loan program. This process necessitated a shift away from the traditional approach, in which housing finance was based mainly on government investment and loans, toward a new system based on use of market mechanisms.

In December 2001, the government adopted a plan to rationalize special corporations and other organizations. This resulted in the abolition of the GHLC and the establishment of an independent administrative agency with the task of supporting securitization. Japan Housing Finance Agency (JHF) was established on April 1, 2007 under legislation passed by the 162nd session of the Japanese National Diet.

Figure 3-1-10: Changes in Housing Finance Systems



Source: Japan Housing Finance Agency (JHF)

Like the GHLC, the JHF will continue to carry out activities relating to the maintenance and improvement of housing quality. Its tasks include the following.

- Support for access to finance from private sector financial institutions, through securitization support and other means, to ensure that reliable, long-term loans at low, fixed interest rates are uniformly available without discrimination on the basis of occupation, gender, region or any other factors
- Direct lending in areas of high-policy priority for which it would be difficult to obtain finance from private sector financial institutions, such as disaster recovery housing and rebuilding in densely populated urban areas

b. Activities

The core activity of the JHF is securitization support business, which provides Purchase Program and Guaranty Program. With the former method, the JHF purchases housing loans provided by private sector financial institutions and other organizations. These are used as collateral for issues of Mortgage-Backed Security (MBS) which are sold to investors to raise funds. The guarantee method is the provision of guarantees for investors on insurance for the securitization of housing loans, which have financing insurance from the JHF, by private financial institutions and other organizations.

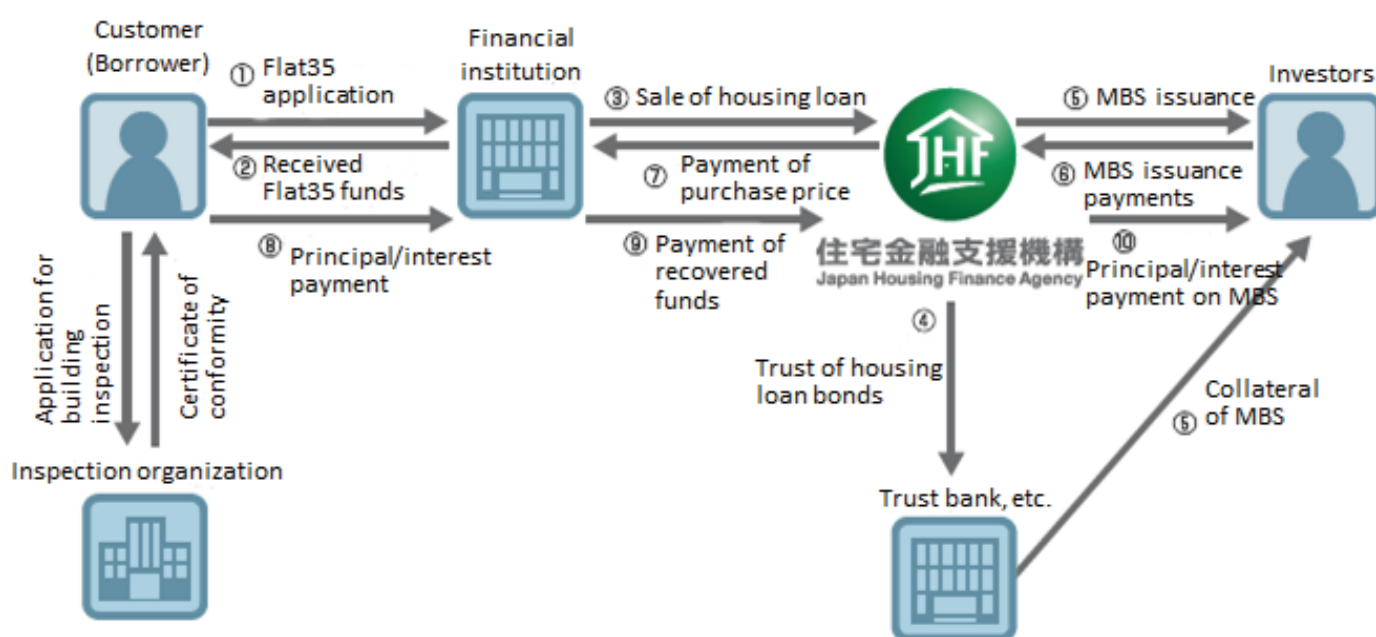
The former GHLC commenced purchasing of housing loan in October 2003. By the end of September 2023, 320* financial institutions were participating in the scheme and approximately 1,780,000 purchase applications had been received.

*Excludes 5 institutions to which JHF outsources only the collection of loan payments related to Securitization Business and from which JHF does not purchase housing loan.

To be eligible under the securitization support plan, the housing must meet the level of technical standards required by the JHF.

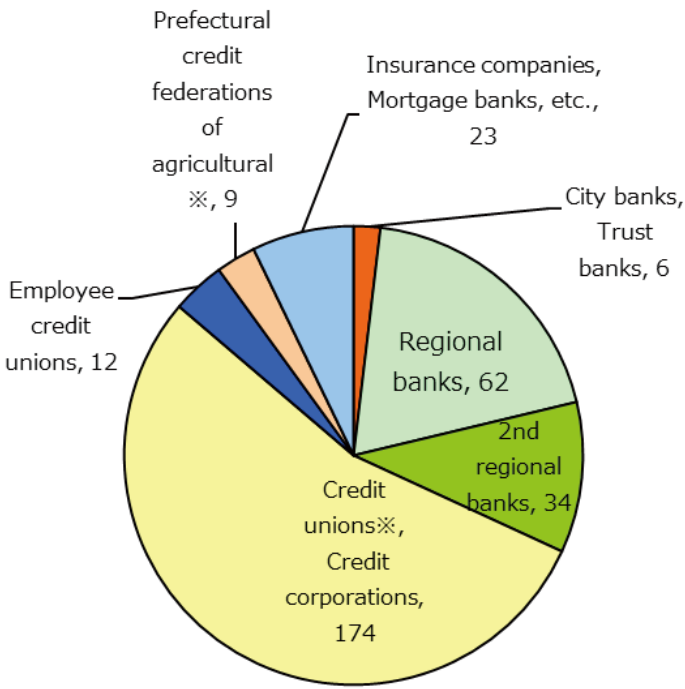
The system also encourages the improvement of housing quality by providing support for “Flat35 S” in the form of interest rate reductions for a certain period for dwellings that meet superior standards in terms of earthquake resistance, energy efficiency, barrier-free designs, durability and adjustability.

Figure 3-1-11: Securitization Support Schemes (Purchase Type)



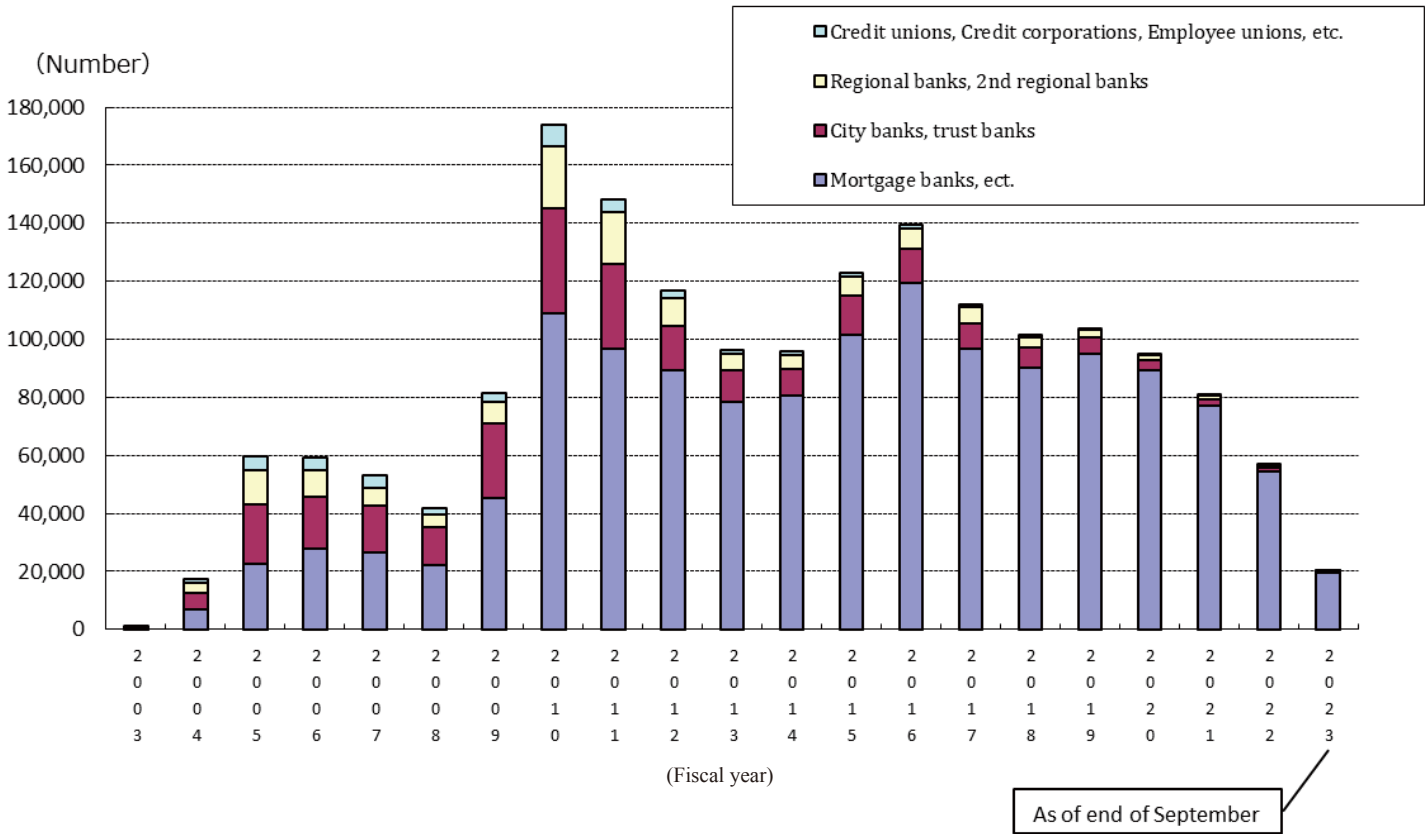
Source: Japan Housing Finance Agency (JHF)

Figure 3-1-12: Participation in Securitization Support (Purchase-Type) Scheme (as of the end of September 2023)



Notes: Excludes 5 institutions to which JHF outsources only the collection of loan payments related to Securitization Business and from which JHF does not purchase housing loan.
Source: Japan Housing Finance Agency (JHF)

Figure 3-1-13: Purchase Applications for Securitization Support Scheme (as of end of September 2023)

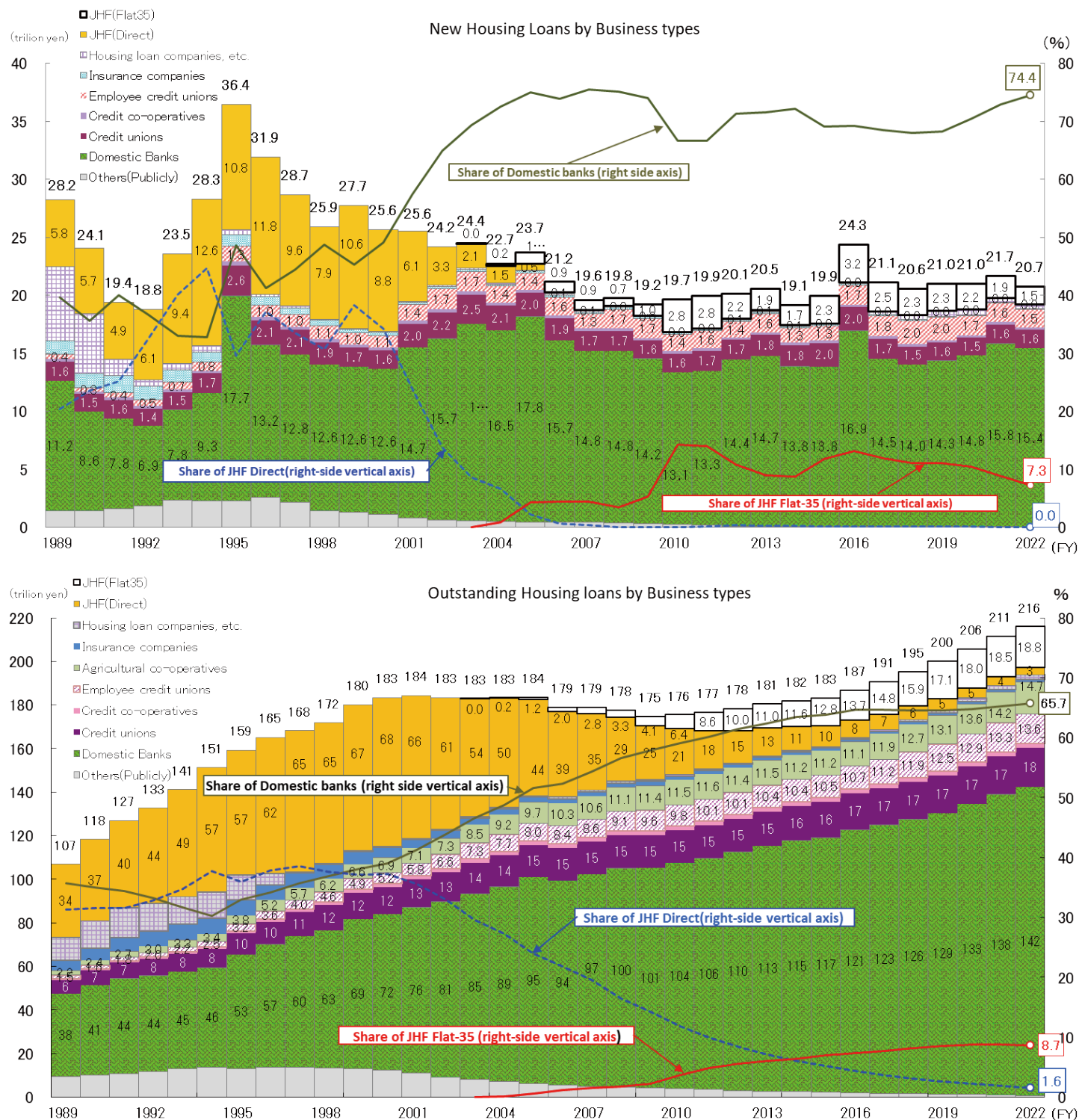


Source: Japan Housing Finance Agency (JHF)

c. Current State of Housing Loan Market and Supply of Private Sector Loans

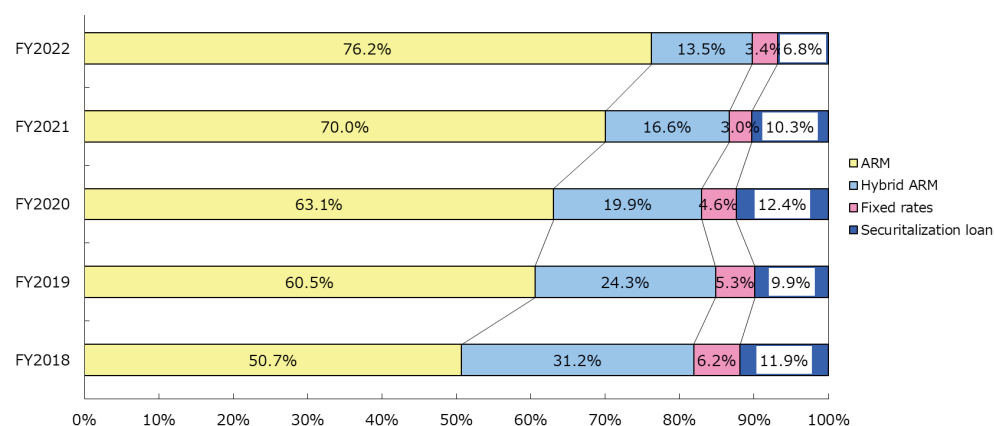
In FY 2022, the new lending has amounted to about ¥21 trillion per year and the amount of outstanding loans is around ¥216 trillion. The majority of loans provided by private sector financial institution are adjustable rate mortgage (ARM) and selective fixed interest rate mortgage. These allow borrowers to make relatively small payments initially.

Figure 3-1-14: Changing of New and Outstanding Housing Loans by business types



Source: Bank of Japan, Japan Housing Finance Agency (JHF)

Figure 3-1-15: Supply of Private Sector Housing Loans



Source: Ministry of Land, Infrastructure, Transport and Tourism, Survey of Supply of Private Sector Housing Loans (FY2022)

3) Urban Renaissance Agency

a. History—From Japan Housing Corporation to Urban Renaissance Agency

The mission of Urban Renaissance Agency is to contribute to sound urban development and the stabilization of national living standards through active initiatives in the area of urban renewal, and through activities that help to create new opportunities for private sector business. It is also responsible for the management of rental dwellings, etc., taken over from the Urban Development Corporation.

One of the antecedent organizations of Urban Renaissance Agency was the Japan Housing Corporation (JHC). It was established in 1955, when Japan was enjoying a period of rapid economic growth; the purpose of its establishment was to carry out a number of tasks, including the construction of housing for working people in regions affected by serious housing shortages, and to undertake systematic, large-scale housing land development. The first JHC development was the *Kanaoka Estate* in *Sakai City*, Osaka Prefecture. Occupation of this 675-unit complex began in 1956. This project led to the creation of new residential styles and terminology, including “2DK” for a unit with two bedrooms and a separate dining kitchen, and units with separate living and sleeping areas. It was also at this time that the word *danchizoku* (housing project dwellers) came into use. Projects undertaken by the JHC include some of Japan’s biggest residential developments, such as Tama New Town. The community development activities of the JHC included the development of blocks of apartments above retail outlets. Under “The 1969 Urban Renewal Act”, the JHC became involved in redevelopment schemes on a significant scale, as a project entity in its own right.

In 1981 the JHC merged with the Land Development Corporation to form the Housing and Urban Development (HUD) Corporation. It was in this period the priority for HUD housing construction shifted from quantity to quality.

In 1999, the Urban Development Corporation was established. It withdrew from business of housing for sale and shifted its priority from the improvement of the housing situation through the large-scale supply of houses and land to the development of urban infrastructure to support efficient urban activities and healthy, cultural urban lifestyles.

In December 2001, the Cabinet approved a plan to restructure and rationalize special corporations. This plan resulted in the abolition of the Urban Development Corporation, and its merger with the Regional City Development Division of the Japan Regional Development Corporation to form Urban Renaissance Agency (UR) in July 2004. The mission of the UR is to induce private sector urban renewal activities.

While the UR has a policy of “entrusting the private sector with tasks that can be performed by the private sector,” its role includes the creation of new business opportunities for the private sector in the field of urban renewal, activities designed to ensure that the full potential of private sector activities is realized, and the establishment of conditions conducive to those activities. The corporate philosophy of the UR is based on the concepts of “Mission” and “Spirit.” Its vision calls for the development of cities in which people can shine.

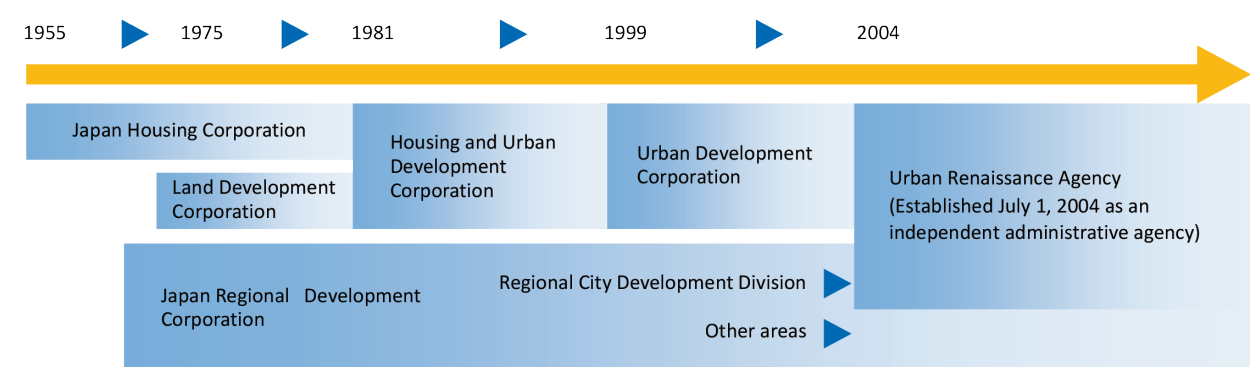
Table 3-1-4: Profile of Urban Renaissance Agency

Establishment date	July 1, 2004 (through the merger of the Urban Development Corporation and the Regional City Development Division of the Japan Regional Development Corporation)
Enabling legislation	Urban Renaissance Independent Administrative Agency Law (Law No. 100 of 2003),
Minister in charge	Act on General Rules for Incorporated Administrative Agency (Law No. 103 of 1999)Minister of Land, Infrastructure, Transport and Tourism
Capital	\10,757 billion (as of end of March, 2023)
Employees	3,192 (as of April 1, 2021)
Budget	\15,325billion (expenditure and revenues FY2023)

Table 3-1-5: The Philosophy of Urban Renaissance Agency

Mission:	Urban Renaissance Agency aims to produce beautiful, safe and comfortable cities while aiming to create cities in which people shine with joy.
Spirit:	<div><ul style="list-style-type: none">● Create new values with top priority on customer satisfaction.● Actively and boldly Challenge with originality and ingenuity.● Concentrate power and Speedy action.</div>

Figure 3-1-16: From Japan Housing Corporation to Urban Renaissance Agency



b. Activities

1) Urban Renewal

The Urban Renaissance Agency (UR) aims to promote the urban renewal of high policy significance that contributes to the solution of urban policy issues, and the fields of its projects are categorized into the following three main areas.

- Urban renewal to enhance the international competitiveness and attractiveness of cities.
- Renewal of regional cities etc. to revitalize local economy and realize compact cities.
- Creation of safer, more secure communities through the improvement of disaster prevention performance.

In promoting projects for these areas, there are bottlenecks, such as difficulty in coordinating the opinions and interests of many stakeholders, mismatch in schedule between public facility development and private sectors’ urban development projects, difficulty in securing funds in the initial stage, risks beyond the capacity of private sector businesses to bear the cost of accelerated land purchase, etc. and insufficient know-how and human resources in local government to respond to the diverse needs of urban development. Accordingly, UR, utilizing its public nature, neutrality, and know-how as a public organization, coordinates the planning of basic concept, formulation of project plans, and step-by-step consensus building among stakeholders, etc. and implements projects with high policy significance under partnership with private business operators and local governments, thereby inducing private investment and promoting urban renewal.

2) Residential Environment

When the Japan Housing Corporation, the predecessor organization of Urban Renaissance Agency, was established in 1955, Japan faced a severe housing shortage of 2.7 million housing units. The Japan Housing Corporation played a major role in efforts to alleviate this situation, and by the end of September 2023 there were approximately 1.6 million dwellings (including the supply of dwellings for sale).

However, when the age of the declining birthrate and aging population and the society of reduced population/households are coming, the Urban Renaissance Agency took over rental housing units from the former Urban Development Corporation. Tenants in these units increasingly tend to be aged and have lower incomes, and most reside in major residential areas in suburban areas, where there are large numbers of publicly-operated housing units. As such, UR rental housing is used as a residential safety net for various groups, including the elderly and households with children.

In addition, UR has about 700,000 units of rental housing stock (as of end of September 2023) , and about 60% of them have been managed for 40 years as 2019. It is therefore necessary to address the issue of aging stock (fulfillment of revitalization of stock).

Accordingly, the “Vision for the UR Rental Housing Stock Utilization / Renewal” was formulated in December 2018, setting out the direction for the diverse utilization of UR rental housing stock up to FY2033. It is stated in this Vision that in order to continue to play a political role, including the enhancement of the role as a housing safety net for the elderly, households with children, and others who require political considerations and realize “homes and communities where people of diverse generation can continue to live actively,” the stock of UR rental housing is to be utilized in various ways according to the characteristics of each region and housing complex where the stock of UR rental housing is located from the three viewpoints of “To develop an environment where diverse generations can continue to live with peace of mind”, “To promote the development of sustainable and dynamic regions and communities”, and “To improve the value of rental housing stock.” The Vision also aims to reduce the number of units to be managed to about 650,000 units by the end of FY2033 while ensuring the residential stability of tenants.

Figure 3-1-17: Examples of Urban Renaissance Projects

1 Renewal of cities to increase their international competitiveness and attractiveness

District around Shinagawa Station

Formation of an urban complex suitable for Shinagawa, A hub for International exchange

- Readjustment of International Competition Bases by means of land readjustment activities
 - Large-scale land-use conversion, primarily of vacant lots of former railway rolling-stock depots
 - Promotion of conventions, cultural and exchange facilities, etc. that are suitable for International Competition Bases, by improving urban infrastructure facilities, such as roads and public squares for the creation of wide-area transportation nodes
- Realization of infrastructure improvement in cooperation with railway operators
 - Construction of an access road at the time of the opening of the Takanawa Gateway Station, in 2020, which connects the surrounding areas with the new station
 - Promotion of the construction of public squares, etc. around Shinagawa Station, in preparation for the opening of the Linear line, in 2027
- Coordination among developers in a fair, thus impartial manner
 - Promotion of projects through coordination of schedules with those involved in business operations in the surrounding areas, such as redevelopment operations, the construction of Circular Road 4, and a grade separation project to be carried out
 - Promotion of multiple urban-infrastructure construction projects related to the reorganization of Shinagawa Station for the opening of the Linear line

Location	Minato Ward, Tokyo	Execution area	(North area of Shinagawa sta.) about 15.5ha (Shinagawa sta. District) about 2.9ha (West ENT. of Shinagawa sta.) about 11.9ha
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Project period (including the cleaning period)	(North area of Shinagawa sta.) FY2016–FY2033 (Shinagawa sta. District) FY2019–FY2037 (West ENT. of Shinagawa sta.) TY2023–FY2050
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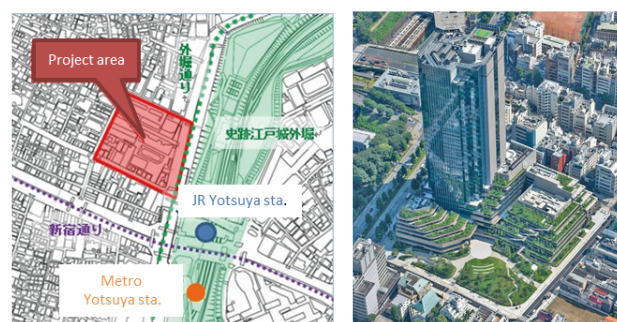


Yotsuya Station District

Formation of an attractive urban complex and Improvement of disaster prevention performance

- Effective utilization of land owned by the national and local government as well as privately owned land
 - Realization of effective utilization and high-level utilization of land and the concentration of urban functions through the integrated development of vacant lots of former housing of government officials, vacant lots of former elementary schools in the surrounding urban areas, and creation of an area as a new core of lively activity and interactions (CO.MO.RE.YOTSUYA) – one that will become a regional landmark
- Abundant green space with places to relax – places that add a sense of “community” to the city center
 - Creation of abundant green urban-space (more than 5,000m²), connected to the outer-moat of the Edo Castle, centering around the “Komorebi Public Square”, which will become the core of activity
- Construction of complex buildings with high added value through cooperation with the private sector
 - Realization of the construction of complex buildings with high added value, while UR continuously undertakes coordination of such activities, with administration by the central government and local governments and rights holders, following the proper procedures for urban redevelopment projects by facilitating commodity planning capabilities to the utmost for private business operators. I.e., while being fair, thus impartial

Location	Shinjuku Ward, Tokyo	Execution area	About 2.4ha
Project period	FY2018–FY2020		



CO.MO.RE.YOTSUYA (completion FY2020)

2 Renewal of local cities and other areas to revitalize local economy and realize compact cities

Otedori Sakanoue Town area, Nagaoka City

Development of a regional revitalization center in the central city area

- Coordination from the very beginning and throughout the implementation of the project
 - Upon receiving a request from the Nagaoka Municipal Government for the promotion of the vitalization of the city center, provision of comprehensive support for the regeneration of a local city, such as the devising of plans and project schemes based on regional characteristics, etc., the formation of an agreement among the relevant government administration, rights holders, and relevant institutions, as well as implementation of the project
- Acquisition of land within the area (I.e., the vacant lot of a former department store) (Effective Land Utilization Project)
 - Preventing the division, sale or advanced development of land, and provision of underlying support toward the formation of the project
- Promotion of a urban redevelopment project with the status of a fair, thus impartial body
 - Continuous promotion of the construction project for the “Kome Hyappyou Place” (complex facilities, such as public interest facilities, offices and housing) that will become the base for regional activities that supports the nurturing of human resources and the promotion of industrial development through the combined efforts of all participants, while introducing the mechanism of public-private partnership

Location	Nagaoka City, Niigata	Execution area	About 1.7ha
Project period	FY2014–FY2025 (planned)		

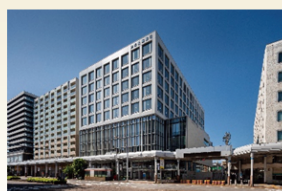
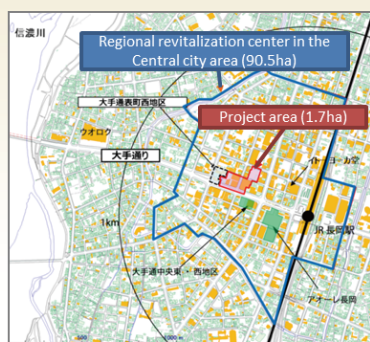


Image of the completed “Kome Hyappyou Place”



Yayoi-cho 3-chome District

Improve disaster prevention performance in dense urban area

- Provision of comprehensive support for disaster resilient town-making promoted by the ward government
 - Contribution to disaster resilient town-making promoted by the ward government, upon receiving a request from the Nakano Ward government to undertake the improvement of densely-populated city areas through comprehensive approaches that utilize the expertise of the Agency, such as coordination and implementation of various types of projects
- Continuous promotion of the solving of problems related to disaster preparedness based on the abundance of experience in this area
 - Provision of support for the acquisition of land and the formation of an agreement in compensation negotiations, etc., for the construction of Evacuation Road 1, which will require commencement of construction very shortly after receiving approval by the ward government.
 - Together with the above, implementation of land readjustment work on land acquired by the UR, and on land that belongs to others in order to construct evacuation roads and parks, etc., and at the same time, undertake the securing of substitute land by project collaborators for relocation
 - Construction of rental housing for former residents who were project collaborators, as one of the reconstruction measures that allows them to continue to live in the area

Location	Nakano Ward, Tokyo	Execution area	About 0.5ha
Project period	FY2013–FY2020 (including brokerage contract)		



Rental housing for former residents (27 units)

3) Post-Disaster Reconstruction

Since immediately after the Great Hanshin and Awaji Earthquake (January 1995), the Urban Renaissance Agency has vigorously addressed the restoration and reconstruction of the affected areas, constructing approximately 20,000 houses, along with the promotion of urban development that is resilient to disasters. On the occasion of the Chuetsu-oki Earthquake in Niigata Prefecture, the Agency coordinated support for the making of restoration plans for Kashiwazaki City.

Based on valuable experience, the Agency has continued addressing the strengthening of urban-disaster prevention measures and, since immediately after the occurrence of the Great East-Japan Earthquake, which struck on March 11th, 2011, it has been implementing the measures that are enumerated below, upon receiving requests from the Government and from local public bodies.

- Provision of UR (Urban Renaissance Agency) rental housing to the victims
- Provision of land for building temporary houses
- Dispatch of staff members to support construction of temporary houses
- Dispatch of staff members to assess the degree of risk to the areas where housing was damaged
- Dispatch of staff members for technical support in drawing up of restoration plans and other activities in affected cities, towns and villages
- Support of restored urban-area improvement project and improvement of disaster-relief publicly-operated housing in the regions upon being assigned or requested by the local public bodies of the affected areas and also support for Kumamoto Earthquake of 2016 and Itoigawa city station north fire.

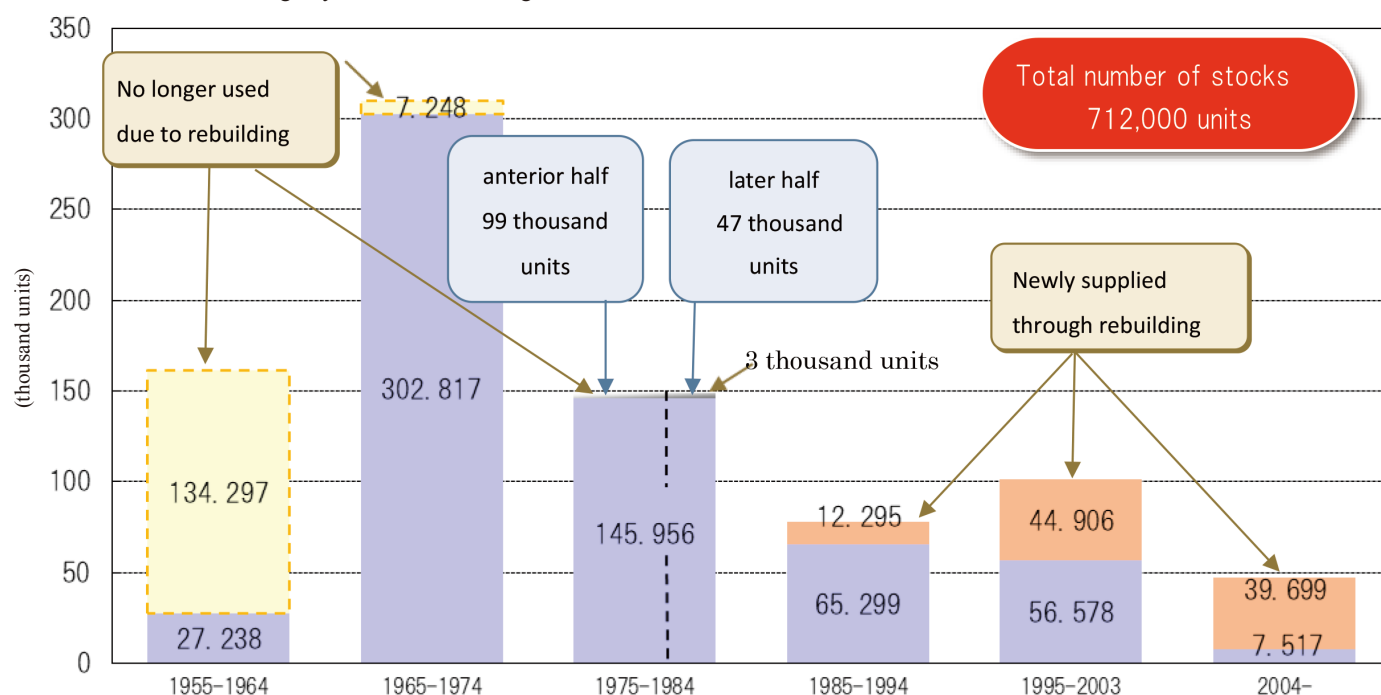
In order to carry out the above tasks, the Minister of Land, Infrastructure, Transport and Tourism (“MLIT”) has provided medium-term goals in accordance with the Independent Administrative Institution system. Based on these medium-term goals, UR has established a medium-term plan to carry out its duties with independence and autonomy in accordance with the plan it has established. The period of the fourth medium-term goals and the medium-term plan is from April 1, 2019 to March 31, 2024.

Figure 3-1-18: Profile of UR Rental Housing Stock (as of End of March, 2023)

■ Distribution of nationwide UR rental housing

Regional Brock	The number of housing estates	The number of units
Tokyo Metropolitan Area (Tokyo, Kanagawa, Chiba, Saitama, Ibaraki)	765	389,491
Chubu Area (Aichi, Shizuoka, Gifu, Mie)	112	50,308
Kinki Area (Osaka, Hyogo, Kyoto, Shiga, Nara, Wakayama)	385	198,857
Kyushu (Fukuoka, Nagasaki, Kumamoto, Kagoshima)	147	44,550
Others (5 prefectures)	44	10,099
Total (22 prefectures)	1,444	702,305

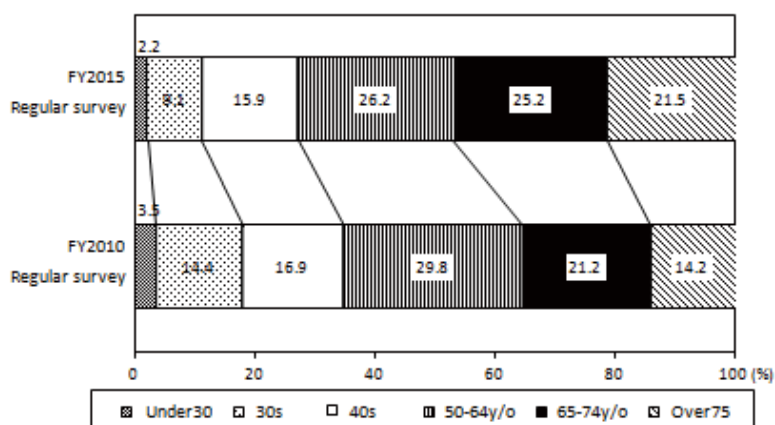
■ The number of units according to years in which management commenced



■Features of stock according to years in which management commenced (as of March 31, 2023)

	Total number of stock	1955-1964	1965-1974	1975-1984	1985-1994	1995-2003	2004-
The management number of houses	702,305 unit	27,238 unit	302,817 unit	145,956 unit	77,594 unit	101,484 unit	47,216 unit
The number of housing estates	1,444 housing estates	62 housing estates	309 housing estates	306 housing estates	346 housing estates	317 housing estates	104 housing estates
The average number of houses of residential areas	486 units/housing estates	495 units/housing estates	1,018 units/housing estates Large housing residential areas, large-scale supply	464 units/housing estates	234 units/housing estates	306 units/housing estates	359 units/housing estates
Locations			Shift to suburbs			Return to central urban	
Size of dwellings	55.6m ² /units	40.4m ² /units	45.7m ² /units	52.4m ² /units (anterior half) 65.9m ² /units (later half) 56.7m ² /units	70.6m ² /units	70.5m ² /units	67.0m ² /units
		Small dwellings, low standard			Improvement of dwelling sizes		
Rental fees	75,000yen	48,500yen	54,700yen	69,600yen	99,000yen	114,800yen	118,200yen
Housing supply situation		Overcoming housing shortage	Overcoming housing shortage caused by population influx into major cities	Improvement of housing standards		Reproduction and application of stocks	Promotion of urban living

Figure 3-1-19: Age Distribution of Households in UR Rental Housing



Source: Urban Renaissance Agency

Figure 3-1-20: Average Income in UR Rental Housing

	Annual Income for the head of household	Annual Income for the entire of household
2015	¥3,840,000	¥4,700,000
2010	¥3,710,000	¥4,530,000

Source: Urban Renaissance Agency

(2) Current Housing Policy Framework

Reasons for Housing Policy Reform

Housing policy in Japan has yielded certain benefits under the eight Housing Construction Five-Year Programs. Those benefits include the alleviation of a severe housing shortage and the improvement of residential living standards, through efforts to ensure that quantitative requirements have been met while also responding to changing needs. At the core of housing policy have been measures relating the direct supply of housing and housing finance by various organizations, including Government Housing Loan Corporation (now Japan Housing Finance Agency), publicly-operated housing schemes, and Japan Housing Corporation (now Urban Renaissance Agency).

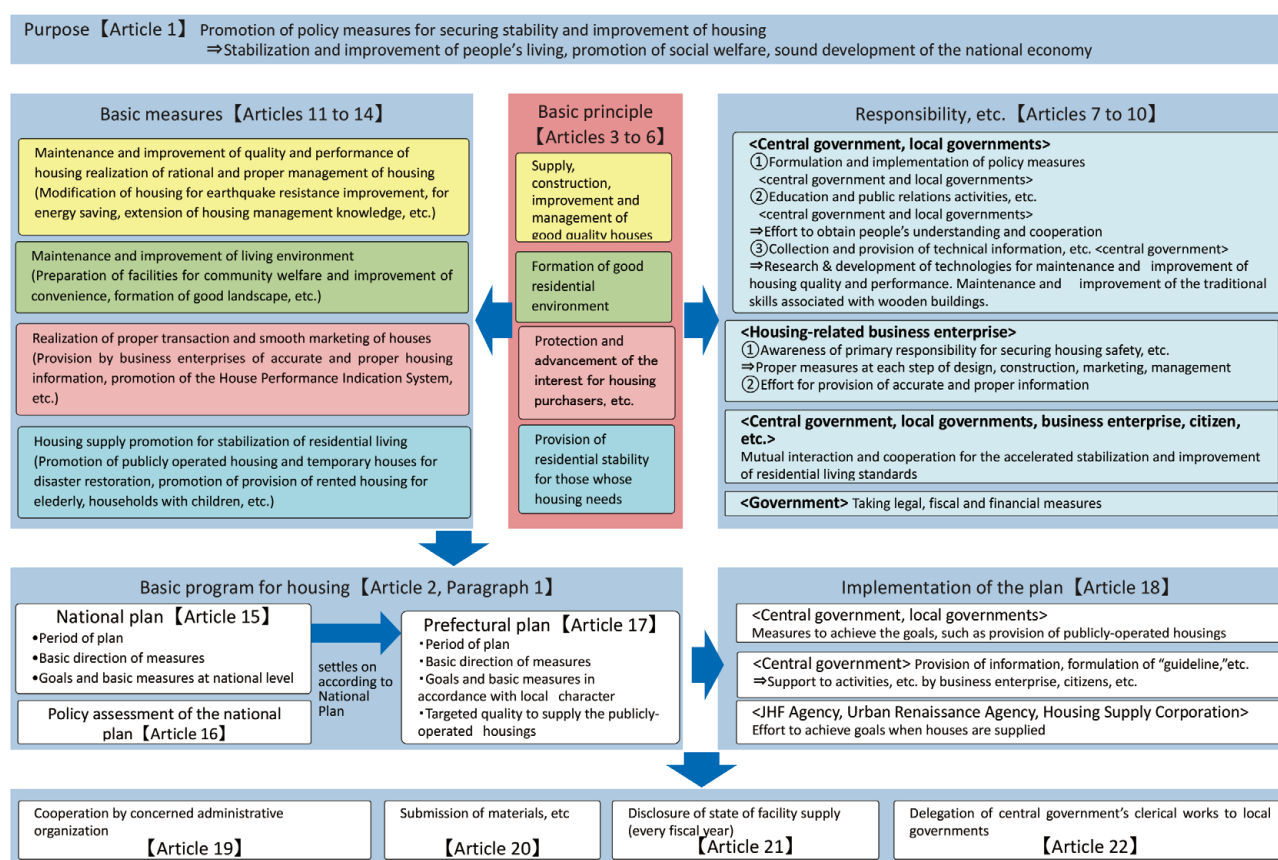
As a result, in the recent housing situation, quantitative needs have been met, and new priorities have arisen as a result of social and economic changes that include rapid demographic aging, a declining birthrate and increasingly serious environmental problems. From a qualitative perspective, the standard of housing and residential environments is still inadequate, and Japan cannot yet claim to have developed a housing stock that provides good housing performance. This situation will require a major shift in the basic framework of housing policy. The priority now is to improve the overall quality of residential living standards in Japan, including residential environments, while also providing safety-nets for those whose housing needs require special consideration, such as low-income people.

New Basic Act for Housing

“The Basic Act for Housing” was enacted on June 8, 2006. It replaces “The Housing Construction Planning Act”, which focused on quantitative aspects of housing construction, as the basic legislation concerning the implementation of policies designed to accelerate the stabilization and improvement of residential living standards in Japan. Four fundamental concepts are identified in “The Basic Act for Housing” in relation to the accelerated stabilization and improvement of residential living standards. These are the supply, construction, improvement and management of quality housing as infrastructure for residential living standards in Japan today and in the future, the formation of quality residential environments that residents will view with a sense of pride and affection, the protection and advancement of the interests of those who purchase houses as dwellings, and the provision of stability for those whose housing needs require special consideration. “The Basic Act for Housing” defines the basic measures required to implement these four fundamental concepts. It also defines the obligations of various stakeholders in relation to residential living standards and requires them to work together and cooperate.

In addition, the Act stipulates that the central government should formulate a basic plan for housing at the national level, and that prefectural governments should prepare prefectural plans.

Figure 3-1-21: Overview of the Basic Act for Housing



Basic Plan for Housing (National Plan)

Aiming at the promotion and the materialization of the fundamental philosophy of the Basic Law on Housing, the Basic Housing Plan was formulated in September 2006, with a target for the next ten years and for which basic measures were provided. The plan is to be reviewed approximately every five years. The Basic Housing Plan (a National Plan) was decided upon by the Cabinet in March 2016, to cover the period from FY2021 to 2030.

From the three perspectives of “changes in social environment”, “habitants and community” and “housing stock and industry” the Basic Housing Plan indicates the eight targets to be achieved to secure stability in housing and promotion of housing improvement, along with the basic measures necessary for its realization. At the same time, it established the “indicator of results”, which will measure the degree of achievement, from the viewpoint of showing the effects of the measures in a manner that is easy for the Japanese public to understand in terms of the setting of targets for improvement of the *quality* of housing and living environment. Thus, in contrast to the past five-year project of housing construction, for which the target was the quantity of housing, the present plan sets its target of achievement on the quality of national housing, which is one of the outstanding characteristics of the plan.

The New Basic Plan for Housing (national plan), with a planning period from FY2016 to FY2026, is set to be implemented in 2030, almost 5 years after the creation of the plan.

Figure 3-1-22: Basic Plan for Housing (National Plan) <Adopted by the cabinet on March 2021>

Introduction

- Based on the Basic Act for Housing a plan was established to comprehensively and structurally promote for the residential improvement policy
- Duration of the plan is 10 years from FY2021 to FY2030

Basic Policies

- To show the general directions to be followed in the housing policies for the Japanese people in an easy-to-understand manner.
- To show the policies for addressing the issues in the coming 10 years from a variety of perspectives and implement the policies comprehensively.
- To set 8 targets from 3 different perspectives.

Target/Basic policies/Achievement indicator

Perspectives from changes in social environment

Target 1: Realization of a new way of living that responds to “New Normal,” progress of DX, etc.

(1) Diversification of living space that fulfills the people’s new views on life and promotion of flexible living space that allows people to flexibly choose their residence according to their living conditions.

- To secure a telework space in residence and promote work and living in the same space or close proximity, improvement of home study environment, and improvement of non-contact environment through installation of home delivery boxes, etc.
- To promote living in rural areas, suburbs, and multiple areas by focusing on the utilization of existing housing including vacant houses and promoting the provision of rental housing and property information.
- To improve the existing housing market including securing housing performance and improving the housing dispute resolution system. Improvement of the rental housing market for households raising children, etc. to live securely through planned repairs and smooth conversion of owner-occupied houses to rental housing.

(2) Promotion of DX for housing contract and transaction processes and for housing production and management processes, using new technologies

- To promote DX in the contracting and transaction process, from information gathering to property description, negotiation, and contracting, including owner-occupied and rental housing.
- To promote DX at all stages from housing design to construction, maintenance, and management, including productivity improvement by supporting design with AI, introducing BIM on a trial basis, etc.

(Indexes) Ratio of major businesses that have developed and implemented a DX promotion plan [0% (2020) → 100% (2025)], etc.

Target 2: Formation of safe houses and residential areas in the new stage where disasters are more frequent and intensifying and securing of housing for disaster victims.

(1) Formation of safe houses and residential areas

- To eliminate blank areas of water-disaster risk information by improving and disseminating hazard maps, etc., and provide disaster risk information at the time of real estate transactions.
- By strengthening cooperation among related departments and considering the regional disaster prevention plans, location optimization plans, etc.;
- Control residential development in areas with a high risk of torrential rain disasters, etc.; and
- Induce people to safer locations and relocation of their existing residences, according to the actual conditions of areas, such as the risk of disasters.
- To improve wind resistance, etc. of housing, and earthquake resistance of housing and urban areas.
- To improve the resilience function of housing and residential areas where residents can continue to live even in the event of a disaster.

(2) Promptly secure housing for victims in the event of a disaster.

- To temporarily provide publicly-operated housing, etc. and smoothly provide rental emergency housing with the basic principle of focusing on utilization of existing housing stock and promptly securing emergency housing.
- In the event of a large-scale disaster, etc., when there is not enough existing housing stock in the region, quickly establish construction-type emergency housing to promptly secure emergency housing for disaster victims.

(Indexes) Ratio of municipalities that address both structural and non-structural measures for flooding based on local disaster prevention plans, etc. [- (2020) → 50% (2025)], etc.

Target 3: Realization of housing where it is easy to have and raise children

(1) Secure high-quality housing where it is easy to have and raise children

- To promote the acquisition of housing that meets the needs of young households pressed for time and households raising children to live in urban centers, in light of the increase in the annual income ratio of housing, etc.
- To promote the acquisition of housing totally considering convenience, size, etc. in view of households of dual income and households raising children, who place importance on convenience such as proximity to train stations, etc. Promotion of flexible relocation according to the number of children, living conditions, etc.
- Formation of the stock of high-quality and long-durable private rental housing and improvement of the rental housing market, through systematic maintenance, repair, etc. of private rental housing.
- Improvement of rental housing with excellent sound-proofing, energy-saving performance, crime prevention, and access to childcare / educational, medical facilities, etc.

(2) Realization of residential environment and community development conducive to raising children

- To improve the environment where work and residence, or work and childcare are in close proximity in rebuilding of residential complexes, such as childcare support facilities, parks, and green spaces, etc., and improvement of co-working spaces.
- To promote a compact city in harmony with the local community development policy, as well as form a favorable living environment and townscape by utilizing building and landscape agreements, etc.

(Indexes) Ratio of private rental housing with a certain level of heat insulation performance and sound insulation measures [approx. 10% (2018) → 20% (2030)], etc

Perspectives from residents and communities

Target 4: Formation of communities and town development for diverse generations to support each other and for the elderly, etc. to live a healthy and secure life

(1) Secure housing where the elderly, disabled, etc. can live a healthy and secure life.

- To promote a comprehensive consultation system for selecting appropriate housing to prepare for aging, including information service for renovation, relocation, barrier-free, etc.
- To promote the Improvement and renovation of housing with a good thermal environment considering the perspectives of barrier-free performance, including elevator installation, heat shock measure, etc.
- To spread widely services utilizing IoT technology, etc. for health management and remote monitoring of the elderly, etc.
- To promote the improvement and information disclosure of housing, etc. with services for the elderly, through appropriate involvement of local governments considering local demand and medical and long-term care service delivery systems.

(2) Formation of sustainable and affluent communities and town development for multiple generations to live together in mutual support

- To improve the environment where elderly households can live comfortably in their communities in rebuilding of residential complexes, such as improvement of medical welfare facilities, support facilities for the elderly, and community spaces that contribute to measures to prevent loneliness and isolation.
- To promote three generations living together or in close proximity, smooth relocation according to physical / living conditions, etc. Formation of a mixed community where the elderly can live a healthy life with the support of family and others, and where diverse generations can connect and interact with each other.

(Indexes) Ratio of housing with a certain level of barrier-free and heat insulation performance among the housing occupied by the elderly [17% (2018) → 25% (2030)], etc.

Target 5: Improvement of the safety net function for the people requiring special assistance in securing housing to live a secure life

(1) Secure housing for those requiring special assistance in securing housing (low income earners, the elderly, the disabled, foreigners, etc.)

- To promote the improvement of housing stock, including planned rebuilding, barrier-free access, extension of service life, etc. for publicly-operated housing, which plays a central role in the housing safety net.
- To promote the utilization of safety-net registered housing that can even respond to emergency situations. Promotion of lower rents in response to the needs of local governments
- UR rental housing has also been performing the function of supplementing the central role of the housing safety net, such as publicly-operated housing, according to local conditions, considering for the stability of residency for residents who have been living in the housing since before the current system was established. We promote the provision of rental housing that meets the needs of diverse households and promote stock rehabilitation to improve the environment where diverse households can continue to live a secure life.

(2) Support for move-in and life of those requiring special assistance in securing housing in conjunction with welfare policy

- To secure the life consultation and support system, etc. through the integrated and one-stop response by housing and welfare departments for publicly-operated housing, safety net registered housing, self-sufficiency support of needy persons, public assistance, etc.
- Local government, living support conference, etc. cooperate with each other to provide matching and consultation services for people requiring special assistance in securing housing, and to watch over them and respond to emergencies during their stay, including the perspective of measures to prevent their loneliness and isolation.
- To disseminate and make tenants aware of the contract clause that allows for the disposal of leftover property upon the death of tenant. Disseminate guidelines, etc. that include materials, etc. related to multilingual occupancy procedures.

(Indexes) Ratio of population coverage by municipalities that have established a living support conference, [25% (2020) → 50% (2030)] etc.

Target 6: Establishment of a housing circulation system and formation of high-quality housing stock for a decarbonized society

(1) Revitalization of the distribution of existing housing to enable flexible relocation according to lifestyles

- To enhance the sense of security for purchased property by improving the system for presenting information on existing housing with secure basic performance, etc. in a way easy to understand for purchasers (Secure “R” house, Long-lasting, high-quality house).
- To promote the acquisition of existing housing by focusing on existing housing with these features, housing with a secure dispute resolution system, existing housing with a well-organized history, etc.
- To promote the improvement of environment to enhance the sense of security after purchase by improving the liability insurance for existing housing and expanding the dispute resolution system, etc.

(2) Facilitation of appropriate maintenance / management and repair to extend service life and revitalization of aging condominiums (rebuilding and sale of condominium sites)

- To promote systematic housing inspection / repair and preservation of historical information, including implementation of maintenance and preservation plans for long-lasting, high-quality houses.
- Renewal to high-quality housing stock with a good thermal environment through renovation and rebuilding to improve earthquake resistance, energy saving performance, barrier-free performance, etc.
- To promote the proper management, service life extension, and smooth revitalization of condominiums by establishing standards for proper management and aging of condominiums, etc.

(3) Formation of stock that can be traded as existing housing for generations

- To achieve carbon neutrality in 2050:
 - Expand long-lasting high-quality housing stock and ZEH stock with long life and low life-cycle CO₂ emissions.
 - Promote the evaluation and dissemination of LCCM housing with negative CO₂ emissions in the lifecycle.
 - Further strengthen regulations, including mandatory energy saving standards for housing and regulations for the labeling of energy-saving performance.
- To promote the spread of V2H (a system that supplies electricity from electric vehicles to houses) for energy sharing/trading between houses and automobiles.
- To promote carbon storage in towns through the spread of wooden housing, etc. with high carbon storage efficiency and the conversion of medium- and high-rise housing, etc. to wooden housing using CLT (Cross Laminated Timber), etc.
- To establish a system to consolidate information on the efforts of building developers to improve energy saving performance and publicize the information in an easy-to-understand manner to consumers, etc.

(Indexes) Number of approved long-lasting high-quality housing stock [1.13 mil. units (2019) → approx. 2.5 mil. units (2030)], etc.

Perspectives from housing stock and industry

Target 7: Integrated promotion of appropriate management, removal, and utilization of vacant houses according to their conditions

(1) Promotion of appropriate management of vacant houses and removal of vacant houses that adversely affect the surrounding residential environment

- To promote appropriate management by owners, etc. Strengthen removal, etc. for unmanaged vacant houses that adversely affect the surrounding residential environment and measures for specified vacant houses, etc.
- Local governments and community groups, etc. cooperate together to strengthen consultation systems and promote the control of generation, prevention of becoming ruined, removal, etc. for vacant houses.
- To expand efforts to utilize the property management system, etc. for vacant houses whose owners are unknown.

(2) Promotion of diverse utilization of vacant houses in good locations / management conditions

- To implement renovation of vacant houses such as old private houses, DIY, etc. while utilizing the vacant house/land bank, and promote various types of two- and multi-region living, such as second house and shared housing.
- To promote comprehensive improvement in central city areas, etc., in conjunction with regional revitalization and compact city policies, etc., through site preparation together with the removal of buildings and the integrated use and sale of vacant houses and land through the Land Bank.
- To support the efforts of private organizations, etc. that address vacant house issues through information collection, research and study activities, dissemination, education, and public relations activities.

(Indexes) Number of unmanaged vacant houses that were removed through municipal efforts [90,000 units (May 2015 - March 2020) → 200,000 units (2021 - 2030)], etc.

Target 8: Development of the housing life industry that improves convenience and affluence of residents

(1) Secure and foster bearers of the broad-based housing life industry that supports the local economy

- To promote the securing and training of bearers, such as carpentry technicians, in cooperation with vocational skills development, etc. Promotion of the use of local timber, inheritance of traditional building techniques, and Japanese-style housing.
- To promote productivity improvement through labor-saving construction, DX, etc., as the working-age population declines on a medium-term basis.
- To spread construction methods utilizing new materials such as CLT, etc. and wooden construction technologies in new fields such as mid- and high-rise housing, and foster designers who are responsible for such technologies, etc.

(2) Further growth of the housing life industry by improving productivity through the development of new technologies and entry into new fields, and by improving the environment for overseas expansion

- To promote the development of new technologies that contribute to the improvement of productivity and safety in housing design, construction, etc., such as AI-based design support and labor-saving construction using robots.
- To improve productivity and safety in the maintenance and management of housing by conducting remote inspections of houses using sensors and drones, etc.

(Indexes) Market size of existing housing distribution and renovation [12 trillion yen (2018) → 14 trillion yen (2030)]

Housing Performance Standards, Residential Environment Standards, Dwelling Area Standards (Targeted and Minimum)

The national plan sends a message to residents, housing-related companies and other stakeholders by defining four standards as the basis for targets. The thinking behind these standards is described below.

• Housing Performance Standards

These standards define guidelines for the formation of quality housing stock with functions and performance characteristics that will meet the needs of residents and society.

• Residential Environment Standards

These standards define guidelines for the provision of quality residential environments that match local characteristics. They are provided as reference indicators for use in planning, including the formulation of prefectural plans by local governments.

• Targeted Dwelling Area Standards

These standards define the area of housing required for a household with a given number of members, as the basis for quality residential living standards, allowing for a variety of lifestyles. There are two standards. The General Targeted Dwelling Area Standard is based on detached houses suburban areas and general non-urban areas, while the Urban Targeted Dwelling Area Standard is for collective housing in central urban areas and surrounding areas. Numerical targets have been set for targeted area standards, especially for households with children.

• Minimum Dwelling Area Standard

This standard defines the absolute minimum area required for a household with a given number of members, as the basis for a healthy residential lifestyle enriched by culture.

Figure 3-1-23: Standards in the Basic Plan for Housing

Housing Performance Standard		Residential Environment Standard	
Guideline to create quality housing stock having function and performance responding to the needs of residents and social demands		Guideline to ensure quality residential environment suiting the status of the region	
1. Basic Function (1)Structure of housing unit (2)Public facility for apartments 2.Residential performance (1) Earthquake resistance, (2) Fire prevention, (3) Security, (4) Durability, (5) Consideration for maintenance, (6) Thermal insulation, (7)Indoor air environment, (8) Daylight, (9) Sound insulation, (10) Consideration for the elderly, (11) Others 3. Exterior performance (1) Environment performance (Energy conservation, reduce waste material during construction and demolishing, use of local or recycled building material) (2) Exterior (Arrangement of exterior walls, roofs, gates and fences, etc. And harmony of the design with surroundings)		1. Safety. Security (1)Safety measure for earthquake and big fire, (2)Safety measure for natural disaster, (3)Safety in daily life, (4)Prevent environment inhibition 2. Beauty. Richness (1)Greenery, (2)Space and scope in the city area 3. Sustainability (1)Maintenance of high-quality community and city area, (2)Consideration to environmental load 4. Ease of access to daily living services (1)Ease of access to life services by households with the elderly and/or children, (2)Universal design	

Dwelling Area Standard			Area according to the number of persons in the household (EX) (Unit:m ²)			
			1 person	2 person	3 person	4 person
Minimum Dwelling Area Standard	Standard on minimum dwelling area in accordance with the number of persons in the household based on and required to lead a healthy and cultural lifestyle		25	30 [30]	40 [35]	50 [45]
Targeted Dwelling Area Standard	Standard on dwelling area in accordance with the number of persons in the household, assuming diversified lifestyle, required to realize rich living.	<Urban housing> For apartment housing unit in city and surrounding area	40	55 [55]	75 [65]	95 [85]
		<General housing> For detached housing unit in suburbs and non-city area	55	75 [75]	100 [87.5]	125 [112.5]

[] When a 3-5 year old child is a member of the household

2. Variety of Housing Policies

(1) Housing Policies for an Aging Society

People aged 65 and over accounted for approximately 5% of Japan's total population until 1950, but this figure had reached 28.6% by 2020. The ratio is forecast to exceed 30% by 2025, which means that Japan's population is aging at a faster rate than the populations of any other country in the world. In response to this trend, the following measures are being taken in the housing sector in tandem with welfare policies.

The Act for the Stable Housing for the Elderly

"The Act for the Stable Housing for the Elderly" was enacted in 2001 in response to the rapid aging of Japan's population, and was designed to create a residential environment in which the elderly people can feel secure. In 2011, it was amended to establish the registration system of Housing with Support Services for the Elderly which have barrier-free construction, etc. and provide support services in cooperation with nursing and medical care.

Guidelines Concerning the Housing Design for the Elderly

"The Act for the Stable Housing for the Elderly" establishes Basic Policies for Securing Stable Housing for the Elderly. In accordance with these policies, Guidelines Concerning Housing Design for Elderly stipulate that the elderly should be able to continue living in their dwellings even when their physical capabilities deteriorate as a result of aging and other factors. The guidelines indicate factors that should generally be taken into consideration when designing standard-sized housing, and will be reviewed as necessary to reflect changes in the social situation, technological advances and other developments.

In 2009, the guidelines were revised to reflect changes in the Act. Additional measures include individual support for residents who suffer from impaired mental or physical functions or disabilities.

Figure 3-2-1: Schematic of the Guidelines Concerning Housing Design for the Elderly

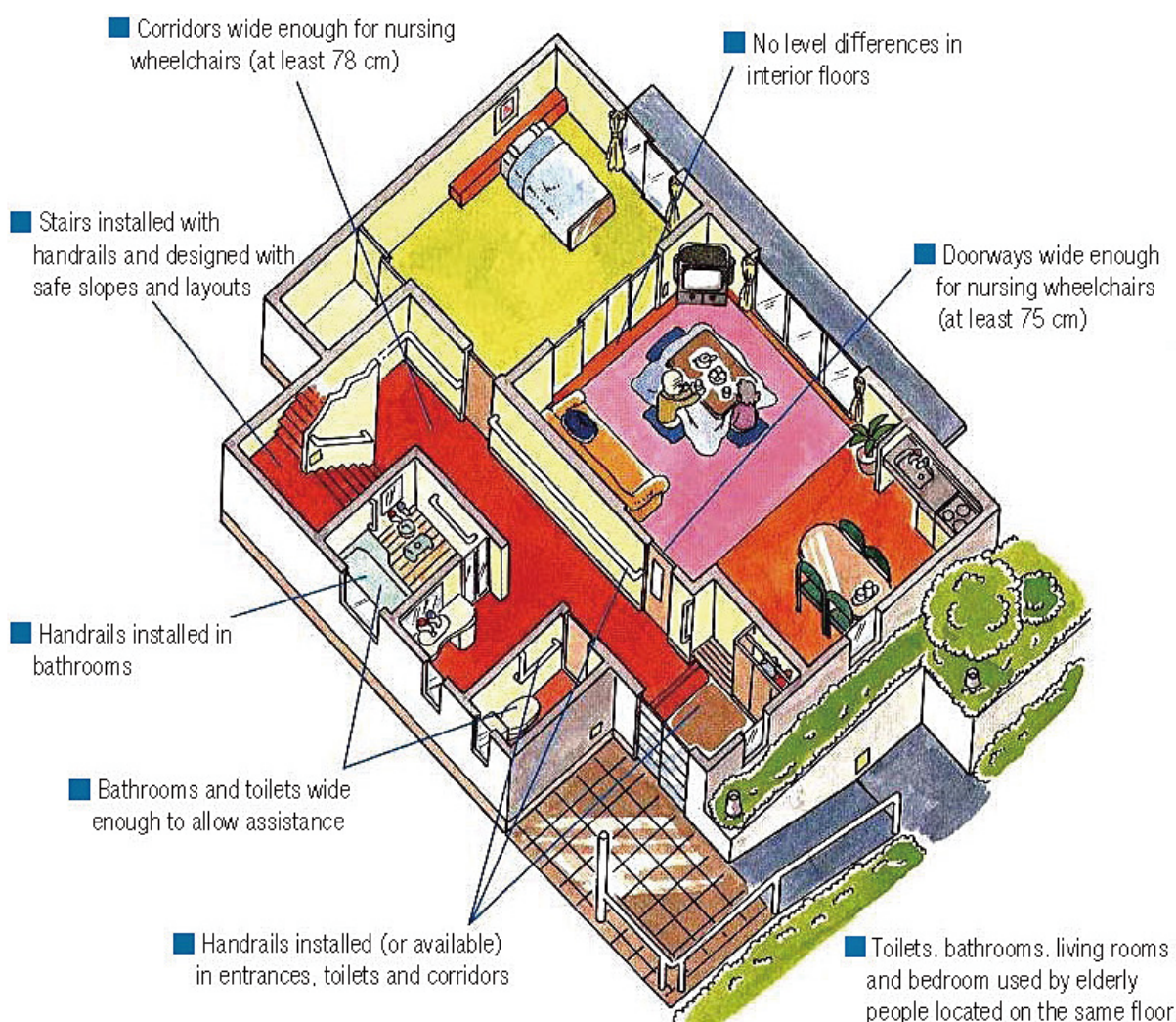


Figure 3-2-2: The Act for the Stable Housing for the Elderly (Overview)

○ **Basic Policies** The Minister of Land, Infrastructure, Transport and Tourism and the Minister of Health, Labor and Welfare must adopt)

[Items to be indicated] Items relating to the establishment of targets for the supply of rental housing and rest homes for the elderly; Basic items concerning the promotion of improvement of high-quality living environment suitable for elderly; Basic items concerning adoption to Plan to Ensure Stable living for the Elderly in prefectures and in municipalities, etc.

○ **Plan to Ensure Stable Living for the Elderly in prefectures**
(It is desirable for municipal governments to adopt these based on the basic policies)

○ **Plan to Ensure Stable Living for the Elderly in municipalities**
(It is desirable for municipal governments to adopt these based on the basic policies, etc.)

[Items to be indicated] Goal of the supply for rental housing and rest homes for the elderly living in their area; Items concerning the promotion of the supply aimed at achieving the goal of the supply; Items concerning adjustment of management; Items concerning the promotion of improvement of housing with high-quality living environment suitable for the elderly; Items concerning the promotion of the institutions for the services of residential support systems for the elderly

○ **The Registration System for Housing with Support Services for the Elderly by prefectural governor, etc.** (Registration is possible for nursing homes for the Elderly)

[Registration standard]

<Standards for housing>

Housing scale and structure (enacted barrier-free access, etc.)

<Standard for services>

Providing services (service of grasp of the condition and service of life counseling is essential)

<Standard for contracts>

Contracts ensuring housing stability such as lease contracts; preservation measures such as prepayment of rent, etc.

[Duty for accredited sector]

Information disclosure of the entry; Explanations for residents before signing up

[Guidance and supervision by the administration]

Collection of reports, on-site inspections, and direction, etc.

○ **Approval system for lifetime-leasing projects by prefectural governor, etc.**

Rental contracts limited to the lifetimes of the tenants. The contract should continue as long as the tenant stays alive but should terminate when he/she dies (excluding the possibility of succession).

[Approval standard]

<Standards for housing>

Adopting residents for physical functions of elderly people, such as no differences in floor levels, handrails installed in bathroom etc., sufficiently wide corridors and others

<Standards for residents>

Elderly person (over the age of 60); alone or with house mate is elderly relatives (It's acceptable for his/ her partner to be under the age of 60)

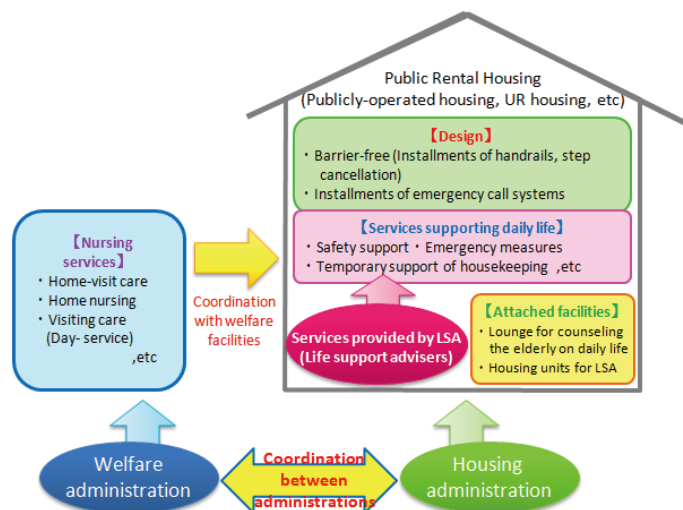
<Standard for contracts>

If prepaid rent is received, the grounds for calculation of the prepaid rent are clearly stated in writing and necessary preservation measures must be implemented, etc.

Silver Housing Project

The Silver Housing Project targets people aged 60 or older who are able to live their daily lives independently. It provides public rental housing with facilities and specifications that take the needs of the elderly into consideration, as well as services offered by life support advisers. These include daily life guidance, checking on the well-being and safety of the residents, and liaison in cases of emergency. The project started in FY1987 in cooperation with the Ministry of Health, Labor and Welfare (MHLW), and managed 25,004 housing units on 1,039 housing estates as of the end of March 2022.

Figure 3-2-3: Schematic of the Silver Housing Project



House-Moving Support Scheme for the Elderly

A mismatch has arisen between the size of the housing stock and people's needs as a result of the fact that fewer households such as the elderly households and so on often live in larger dwellings while larger households with growing children tend to live in smaller dwellings. This scheme encourages householders basically aged 50 or over who own their own homes to move to dwellings that are more suited to their needs. It then leases their homes for subleasing to households with children.

Photo 3-2-1: Example of Silver Housing:

Sun Gold Villa, Ebetsu City, Hokkaido

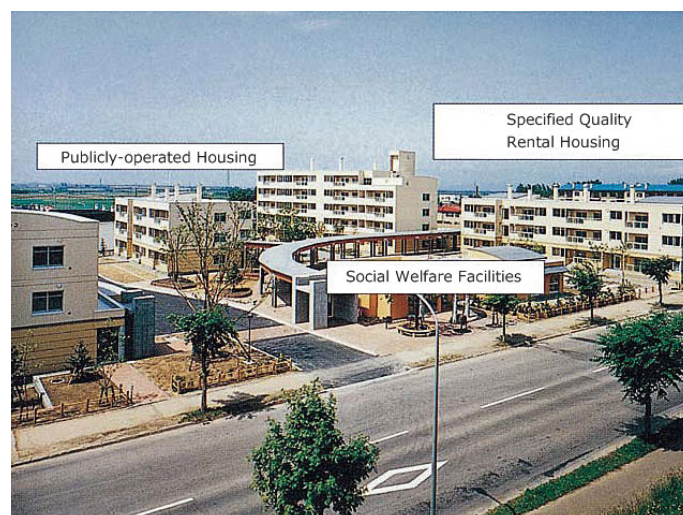
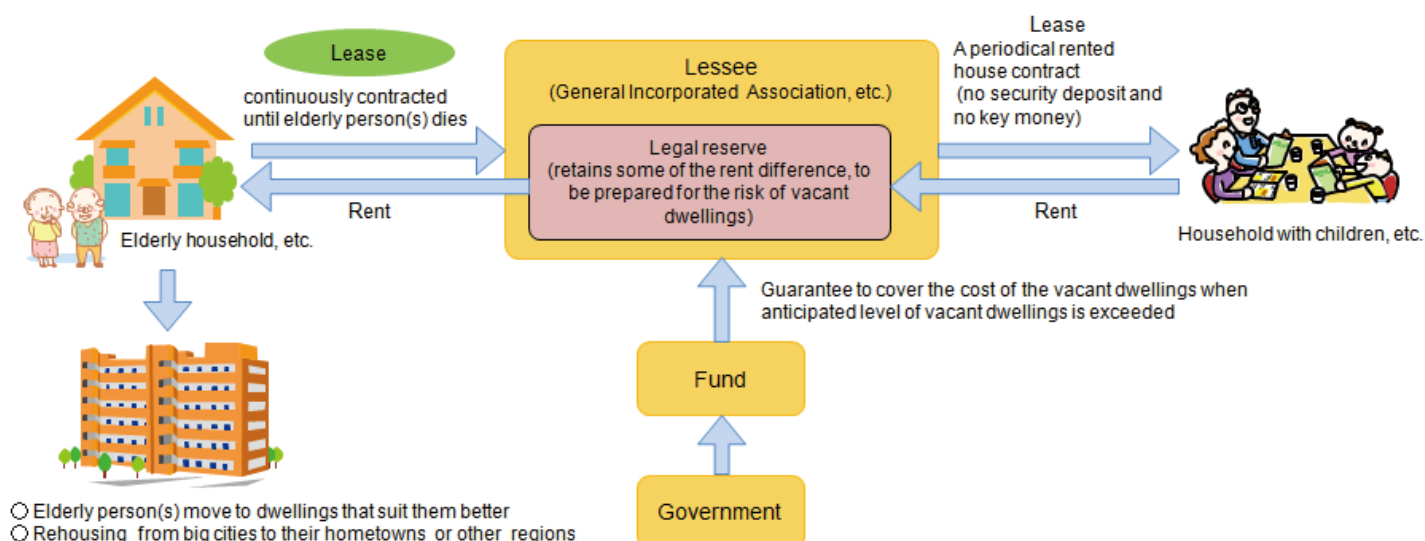


Figure 3-2-4: House-Moving Support Scheme for the Elderly



(2) Promoting Housing Quality Assurance

“The Housing Quality Assurance Act (HQAA)” was enacted to create market conditions that allow consumers to buy housing with confidence and promote improvements in the mechanisms for handling disputes over housing. The Act called for the establishment of the Housing Performance Indication System, the Housing Dispute Resolution System, and Defects Warranty Liability. “The Act for Secure Execution of Defect Warranty Liability under HQAA” was also enacted in 2007 to oblige suppliers of new housing to secure funding for enforcing Special Cases for Defects Warranty Liability. Measures under this Act, which came into force on October 1, 2009, are outlined below.

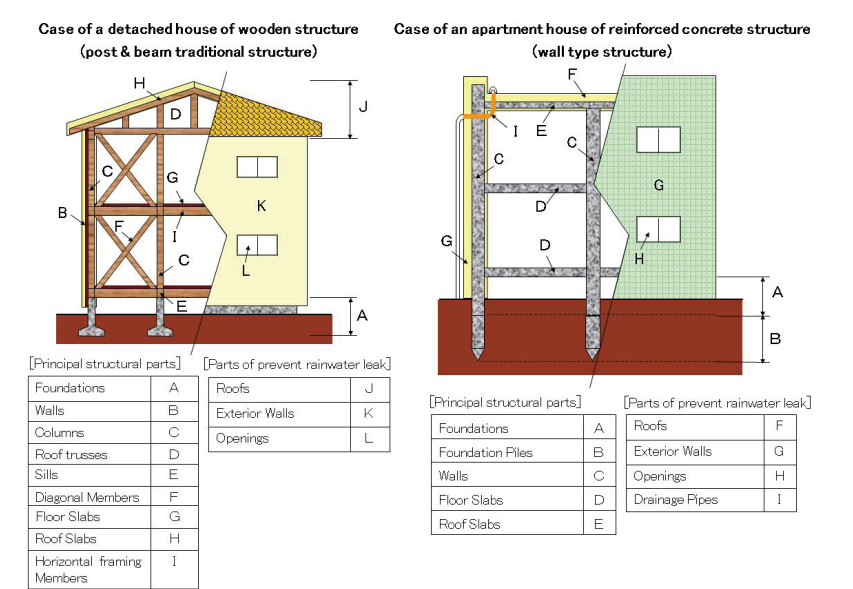
Housing Performance Indication System

- The system establishes common rules (standards for indication and evaluation methods) to ensure that housing performance factors such as structural capacity, sound insulating performance and energy efficiency are properly indicated, thus allowing consumers to make objective comparisons.
- To enhance the reliability of evaluation results, third party bodies have been set up to carry out objective evaluations of housing performance.
- To ensure that the indicated housing performance levels are achieved, performance levels indicated in evaluation reports are attached to each contract and treated as part of the contract.

Defects Warranty Liability

- The law requires home builders to provide a defect warranty (including the right of purchasers and other parties to demand repairs) against defects in principal structural parts such as columns, beams and other elements, as well as parts used to prevent rainwater leakage, for 10 years in case of the acquisition contract of newly built housing on the vendors or the contractors.
- Under contracts with vendors or contracts for purchases of newly built houses, it will also be possible to extend the warranty period of the defects warranty liability of new housing to 20 years.

Figure 3-2-5: Principal structure parts in Housing, which 10 years Liability is mandatory



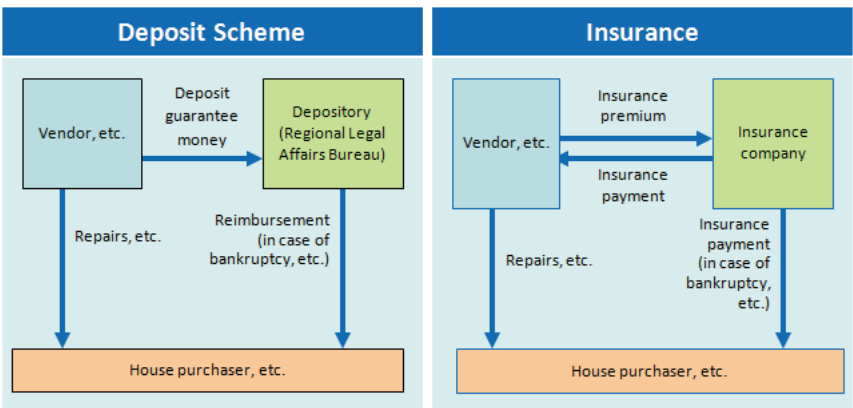
The Act for Secure Execution of Defect Warranty Liability under HQAA

This act obliges suppliers of new housing to set aside funding for fulfilling the 10-year of defects warranty liability required by the HQAA.

To ensure that this funding is available, the act states that suppliers should participate in deposit schemes or defect warranty insurance, and specifies insurance companies as underwriters.

This enables the purchaser of housing to claim the reimbursement of repair costs and other necessary expenses from the deposit, or make a direct claim for insurance money from the insurance company if it becomes impossible to obtain satisfaction under the defects warranty liability if the supplier goes bankrupt, or for other reasons.

Figure 3-2-5: Principal structure parts in Housing, which 10 years Liability is mandatory



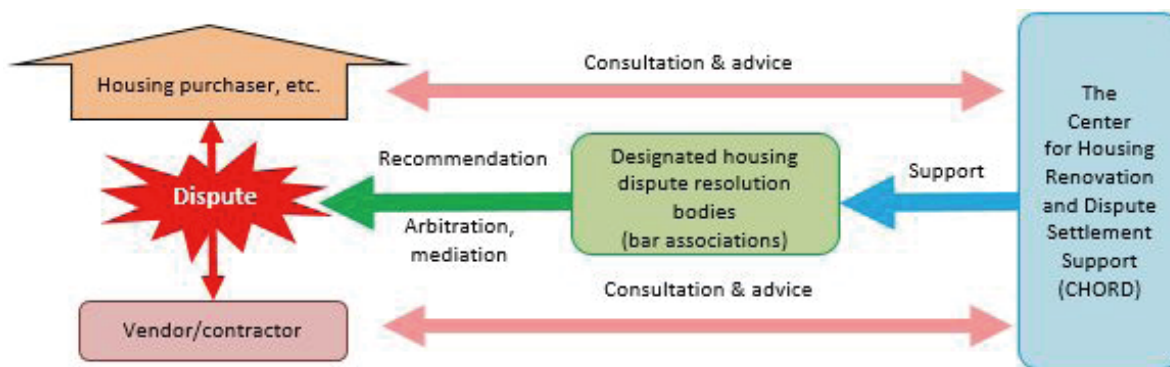
(3) Housing Dispute Resolution System

Housing Dispute Resolution System

Housing dispute resolution bodies (Specifying the bar association of 52 nationwide) have been put in charge of quickly and fairly resolving disputes between vendors or contractors and housing purchasers concerning housing whose performance has been evaluated under the HQAA, or housing for which insurance contracts have been concluded under “The Act for Secure Execution of Defect Warranty Liability under HQAA.”

The Center for Housing Renovation and Dispute Settlement Support (CHORD) was also established to support the housing dispute settlement operations of housing dispute resolution bodies.

Figure 3-2-4: House-Moving Support Scheme for the Elderly



(4) Improvements in Schemes for Condominiums

Situation on Condominiums

The supply of condominiums began to increase significantly in the late 1970s, and in recent years has reached almost 100,000 units per annum. By the end of 2022, the cumulative number of units supplied had reached approximately 6,943,000 units, many of which are owner-occupied properties housing some 15.00 million people. As such, they constitute an important component of Japan’s housing and the numbers are increasing steadily.

However, condominiums are based on unit ownership of a single building by many residents. As a result, there are many tough issues to deal with, including differences in individual owners’ attitudes towards the community life, problems in reaching decisions among people with different values and difficulties in making technical judgments concerning the building’s structure. As a result, condominium owners’ associations frequently find it very hard to reach a consensus.

In particular, there is concern that the advancing age of a rapidly growing number of condominiums could cause some very serious problems if nothing is done to deal appropriately with maintenance, management and renewal. These problems not only include deterioration in the living environment of the common owners of aging buildings but also a decline in the quality of life and urban environment of others living in the neighborhood. As a result, both the owners of condominiums and society at large are under pressure to find solutions.

Laws Relating to Condominiums

Rights and duties concerning condominiums are stipulated by “The Act for Building Unit Ownership, etc.” for Building which was enacted in 1962. “The Act for Improving Management of Condominiums” was enacted in 2000 with a view to ensuring that these dwellings offer a favorable living environment. It established measures for promoting the appropriate management of condominiums by setting up a Licensed Condominium Manager Scheme, and a registration system for condominium management companies.

Since an increase in the number of aging condominiums is likely to result in an increase in rebuilding projects, “The Act for the Facilitation of Rebuilding of Condominiums” enacted in 2002 called for the establishment of condominiums reconstruction cooperatives and systems to facilitate the transfer of related rights. Moreover, revisions were made in 2014 for the establishment of a condominium-site sales system and to permit exceptions to floor-area ratio reduction.

In Addition, for the purpose of promoting the anti-seismic repair of condominium buildings, “The Act on Promotion of Seismic Retrofitting of Buildings” was amended in 2013, by which the requirements were eased for resolution of cases of projecting large-scale anti-seismic repairs for condominiums, etc. that have been approved as necessitating anti-seismic repairs. Also, “The Urban Renewal Act” was amended in September 2016, for the purpose of promotion of renewal activity of housing complexes.

In June 2020, the “Bill for Partial Revision to the Act on Advancement of Proper Condominium Management and the Act for the Facilitation of Rebuilding of Condominiums” was established, with the aim to strengthen the government’s involvement in the management of condominiums, expand the scope of certification for the necessity of removal, and establish a system for dividing the site of housing complex.

Policies for Condominiums

A condominium comprises a single building subdivided among large numbers of owners, and in order to enable residents to live comfortable lives, it is necessary for them to lay down basic rules for maintaining and managing the condominium and living their daily lives. The Standard High-rise Apartment-Building Management Bylaw was drawn up in 1982 as a reference for the use of condominium owners' associations when they are compiling or revising their management terms and conditions according to the circumstances of each condominium. The Bylaw has been revised numerous times to strengthen the legislative framework for condominium management and to reflect the various changes affecting condominiums. The name had revised to the Standard Condominium-Management Bylaw at 2004, in 2016, revisions were made to address new matters, such as utilization of external experts and reorganization of community provisions, etc., and in 2017, revisions with the establishment of the Private Lodging Business Act. In 2021, revisions were made to respond to IT-based general meetings, board of directors meetings, etc.

In 2006, the Condominium Record System (Condominium Mirai (Future) Net) was set up to allow condominium management information to be registered and viewed. The system's objectives are to promote appropriate management further by enabling owners to ascertain a condominium's management situation from historical information about repairs and other matters, as well as to improve the environment for potential purchasers by allowing them to take into consideration the management situation.

In 2007, the Manual for Seismic Retrofitting of Condominiums was drawn up. It provides a comprehensive overview of issues that should be considered in connection with anti-seismic diagnoses and improvements and operational problems that may arise. It also indicates currently feasible countermeasures.

In 2008, Standard Formats for Long-Term Improvement Plans, and the Guidelines and Comments on the creation of Long-Term Improvement Plans were formulated to encourage systematic maintenance and improvement. And Guidelines for the Reserve for Condominium Repair was drawn in 2011, in order to provide basic knowledge on repair reserve and indicate the appropriate level of its amount, and to provide fundamentals for assessment of the amount of repair reserve indicated by housing distributors. In 2021, the Standard Formats for Long-Term Improvement Plans and the Guidelines and Comments on the creation of Long-term Improvement Plans were revised to reflect the review of the planning period for existing condominiums, etc., and the Guidelines for the Reserve for Condominium Repair were revised to reflect the review of the standard amount of reserve for repair, etc.

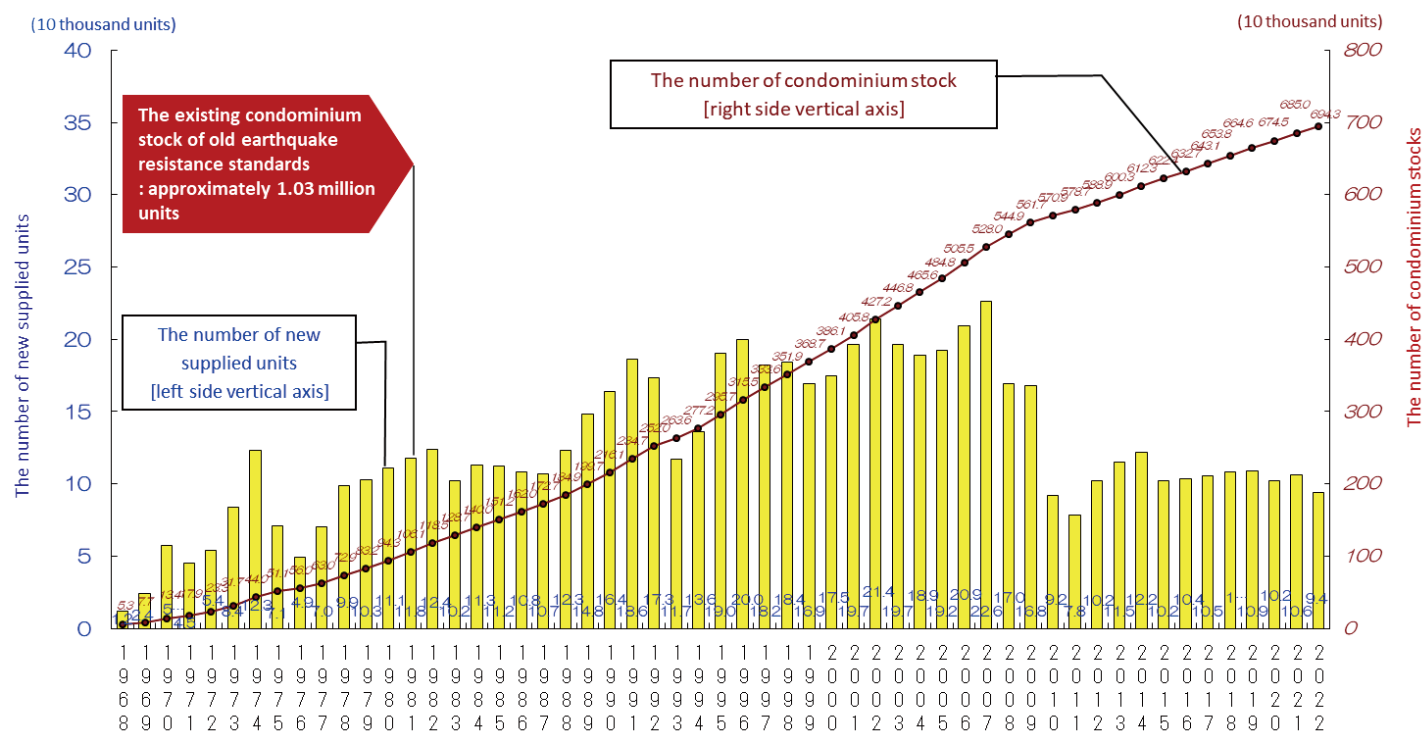
In addition to the above measures, in the amendment of the Act on Advancement of Proper Condominium Management in 2020, with a view to promotion, etc. of voluntary measures regarding proper management by the management association, the Condominium Management Plan Approval System was created. Also, in the amendment of the Act on Facilitation of Reconstruction of Condominiums, standards used to designate a condominium as being condemned (danger of external wall fall-off, insufficient fire safety, corrosion of piping systems and other components, and non-conformance to barrier-free requirements) were added in order to facilitate the smooth renovation of deteriorated condominiums and to promote the renovation of housing complexes, and the land-division system for housing complexes was created.

Along with these, the Condominium Land Sale Guidelines were revised, and the Required Demolition Approval Manual and the Guidelines for Land Division for Revitalization of a Condominium-Type Housing Complex were revised. In the amendments to the taxation system in 2023, measures for reduction of the fixed asset tax for condominiums were created for cases when large-scale repair work for extending the useful life of a condominium has been implemented on a management-plan approved condominium, and other condominiums that meet certain criteria.

Also, toward the further promotion of policies on condominiums, in October 2022, a study meeting on the Way Future Policies on Condominiums Ought to Be was established, and in August 2023, an outline related to the policies on condominiums in general was created by the meeting.

Figure 3-2-8: Trends in Japan’s Condominium Stock

- (1) Condominium stock at the end of 2022 is about 6.943 million units.
- (2) Multiplying (1) by 2.2 (average number of people per household according to the 2020 census), it is estimated that about 15 million people (over 10% of the Japanese people) live.



Notes:

- 1. The number of new units supplied is an estimate based on statistics of construction starts.
- 2. The condominium stock is estimate as the number of units at the end of each calendar year based on the cumulative number of new units supplied.
- 3. The term “condominium” here refers to mid/ high-rise (minimum three stories), built-for-sale, collective housing with either a reinforced concrete structure, steel encased reinforced concrete structure or steel structure.
- 4. The number of condominiums before 1968 is an estimate based on the number of Japan Housing Corporation and The Local Housing Supply Corporations that the MLIT knows.

Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Condominium Rebuilding Projects

Aging condominiums present a number of problems. They suffer from various structural and facilities shortcomings, including limited living space, poor earthquake resistance and a lack of elevators. Moreover, as vacancies increase, more of them are offered for rent and the remaining residents become increasingly the elderly.

At the same time, since condominiums are private property collectives, any rebuilding should basically be carried out through the self-help efforts of the unit owners. Rebuilding a condominium cannot be easily decided because it requires the agreement of the owner for each unit. With respect to cases where it becomes imperative to demolish and rebuild a condominium because of old age, the central and local governments work closely together to improve their consultation and information-providing systems, and support formulate measures, such as subsidies, funding and taxation, etc.

Figure 3-2-9: Case Study: Rebuilding Project (Ota Ward, Tokyo)

	Before rebuilding Construction: 1968	After rebuilding Completion: 2006
Site area	Approx. 15,900m ²	Approx. 15,900 m ²
The number of buildings/ The number of stories	8 buildings/ 5 stories above the ground	2 buildings/18 stories above the ground and 1 story under the ground
Total floor area	Approx. 18,600 m ²	Approx. 48,800 m ²
The number of housing units	368 units	534 units



before rebuilding



after rebuilding

Photo by Akira Kawakami

(5) Improving the Existing Housing and Remodeling Markets

Existing Housing Market: Current Situation and Policies

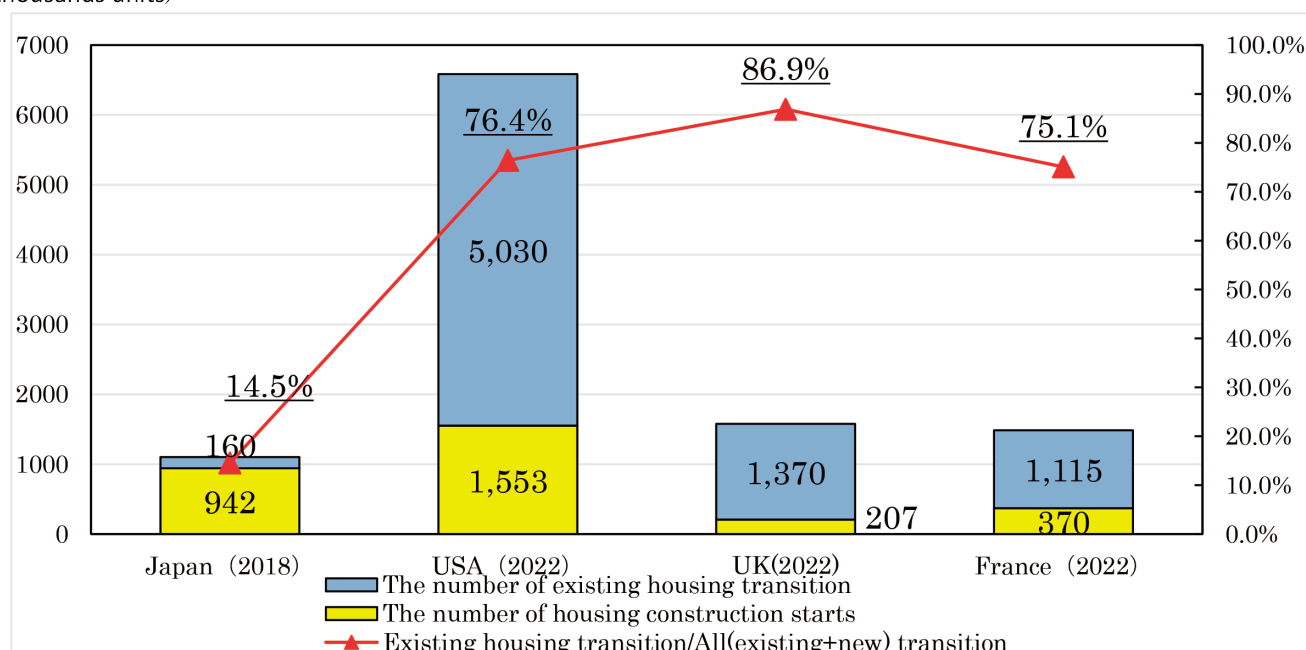
Estimates suggest that existing (second-hand) housing accounts for approximately 15% of Japan's housing market (existing housing units as a proportion of total new and existing housing units available). This is low compared with about 78% in the United States, about 87% in the United Kingdom, and about 75% in France. Moreover, it is difficult to argue that housing stock is used for a long time in Japan because estimates show that demolished housing in Japan has an average age of approximately 38 years as compared to 67 years in the United States and 81 years in the United Kingdom. There is concern that this short demolition and rebuilding cycle has an impact on the global environment because it increases the amount of industrial waste generated. As a result, it is necessary to revitalize the secondary market for existing houses through improvements that will enable buyers to purchase second-hand housing with confidence. Since Japan has entered the age of full-scale depopulation and aging, due to a declining activation of the existing-house distribution market is important from the viewpoints of effective use of housing stock, manifestation of economic effect by market extension, realization of comfortable housing life by facilitating change of residence according to life stages, etc. Accordingly, the following activities are ongoing in order to develop an environment for the proper evaluation of asset value of housing, secure transaction of existing housing, etc.

With this in mind, the following initiatives have been adopted.

- Promotion of the dissemination of the existing-housing transaction warranty insurance, which combines inspections and warranties, including the authorization of a service that supports guarantees of brokers in transaction between individuals for the first time in 2016.
- Promotion of the dissemination of proper inspections through developing an implementation system of inspections by the enforcement of the “Act for Partial Revision of the Real Estate Brokerage Act,” in April 2018, nurturing trained engineers by the existing-house inspector training conducted by the registered training institution and the rationalization on the regulations on the survey method for existing-house inspections, etc.
- The price appraisal manual for building lots and building-transaction companies was revised in July 2015 so that price valuations accurately reflect existing housing quality and the maintenance and management situations, including remodeling.
- With regard to providing information on transactions involving existing housing, the operation of a system for providing real estate transaction pricing and other information held by designated real estate distribution organizations via the Internet (Real Estate Information Network System, or REINS), which started in FY2007.
- Start of operating “Land General Information System” on the home page of the MLIT from FY2006 to provide information of individual transaction prices, etc., for real estate based on the information of questionnaires sent to purchasers registered in the real estate register, ensuring that individual properties cannot be identified.
- Started the Condominium Mirai (Future) Net in 2006. This serves as a condominium record system that allows condominium management information to be registered and viewed.
- Exceptional measures of registration and license tax for real estate agencies and buying and selling a secondhand home with certain quality improvement were taken in the FY2014 tax amendments. (This was extended in the FY2016, FY2018 and FY2020 tax amendments.) In the FY2015 tax amendments, exceptional measures of real estate acquisition for real estate agencies were taken and it was extended in the FY2017. In the FY2018 tax reform, the coverage of this measure will be expanded to building sites, e.g., when the target house is a “Secure R” house. Various exceptional measures, such as tax deductions for housing loans also came to be applicable in those cases where seismic retrofitting works are carried out after purchasing a secondhand home. In the FY2019 tax reform, this special measure was extended. In addition, in the 2014 tax reform, tax deductions for housing loans also came to be applicable in those cases where seismic retrofitting works are carried out after purchasing a secondhand home.

Figure 3-2-10: International Comparison of Secondary Markets for Existing Housing Units

(thousands units)



Sources:

Japan: Ministry of Internal Affairs and Communications, Annual Report on the Housing and Land Survey 2018,
Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Statistical Survey of Housing Construction Starts 2018 (data: 2018)
USA: New Residential Construction | U.S.Census Bureau | Existing-Home Sales | National Association of REALTORS
UK : House building, UK: permanent dwellings started and completed | Office for National Statistics
Monthly property transactions completed in the UK with value of £40,000 or above | GOV.UK
France: House Prices in France : Property Price Index, French Real Estate Market Trends in the Long Run
Inspection générale de l'environnement et du développement durable
Construction de logements : résultats à fin juillet 2022 (France entière) | Données et études statistiques

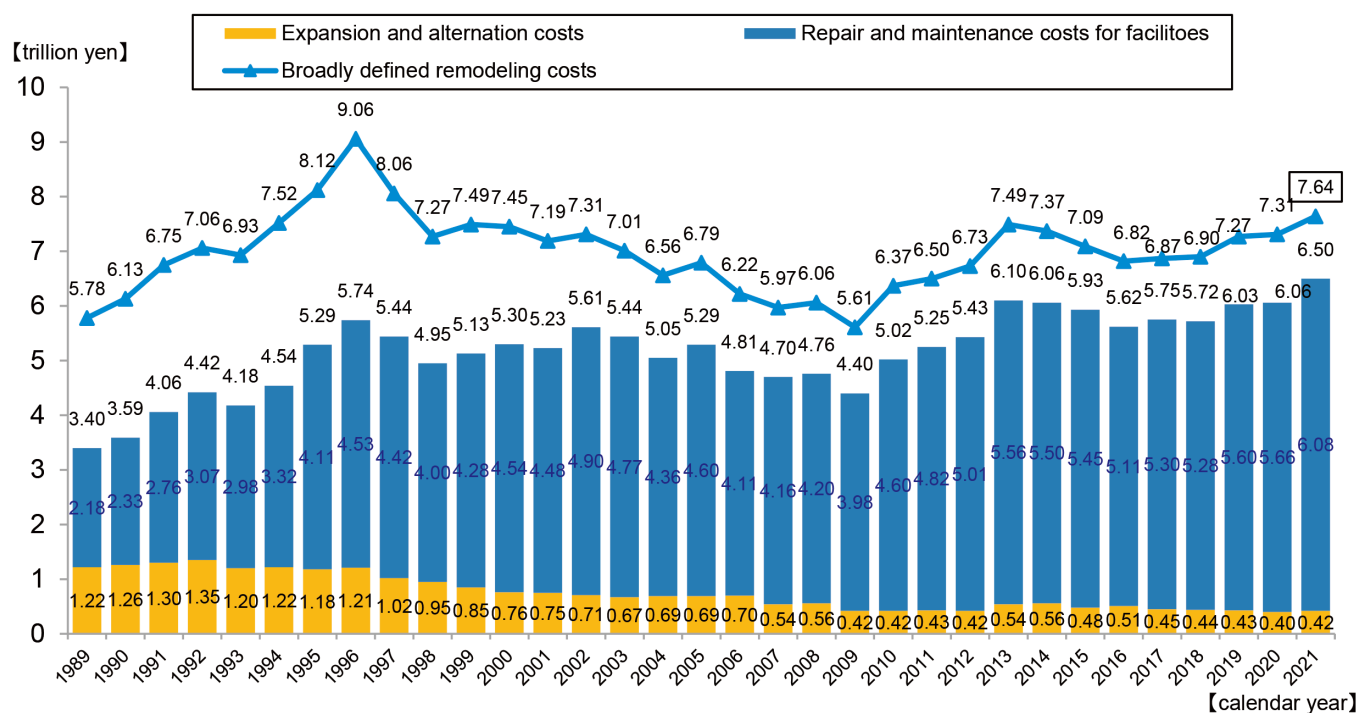
Housing Remodeling: Current Situation and Policies

While quantitative improvements of Japan's housing stock have continued, the number of dwellings that do not satisfy the new earthquake resistance standards amounted to approximately 7 million units in the 53.6 million total stocks in 2018. For these reasons, it is necessary to encourage the revitalization of the housing remodeling market from the perspective of creating a high-quality housing stock, improving the housing environment to make it safer, more secure and more comfortable, and promoting the secondary market in existing housing.

To make more effective use of the existing housing stock, remodeling is vital for properly upgrading maintenance, management, and earthquake resistance, enhancing “energy” conservation, and improving barrier-free access. For these reasons, various steps are being taken to promote housing remodeling, including the following:

- Promotion of “Remodeling liability insurance system” and “Major repair work liability insurance system”, combining home inspection and warranty.
- Establishment of “Free remodeling estimate/check service” and “Specialist-consultation system” by local bar associations in FY2010 to provide an opportunity for consultation about specific estimates.
- Promotion of “Remodeling Information in the Respective Regions Provision” , establishing housing consultation desks including remodeling, etc.
- Promotion of anti-seismic improvements under “The Act on Promotion of Seismic Retrofitting of Buildings”, Projects for Creating Stock of Safe Housing and Building, regional housing grants, and taxation schemes for promoting seismic retrofits of buildings
- Introduction of the investment-type tax reduction in FY2009, in addition to the old housing-loan tax reductions for the special-exceptions measures under the taxation system when energy-efficiency improvement work or barrier-free remodeling is carried out. Creation of exceptional measures under the taxation system when renovation for approved long-lasting, high-quality housing is done in FY2017.
- Spreading the Standard Condominiums Management Bylaw, Standard Formats for Long-Term Improvement Plans and Guidelines and Comments on the Creation of Long-Term Improvement Plans and Guidelines for the Reserve for Condominium Repair. Provision of education by consultation business and holding seminars through the Condominium Management Center.

Figure 3-2-11: Trends in the Size of the Housing Remodeling Market



Source: Center for Housing Renovation and Dispute Settlement Support

Notes:

1. The estimated market size does not include large-scale repairs of built-for-sale condominiums, remodeling of common-use areas, remodeling of rental housing by owners, and work on exteriors.
2. "Broadly defined remodeling costs" refer to expansion and alteration costs with increase in the number of units, and also include purchases of remodeling-related household consumer durables and interior products.

(6) Promoting the Supply of Quality Rental Housing

Features of Conventional Tenancy Contracts

Under “The Land Lease and House Lease Law” to date, tenancy contracts have been renewed automatically and the rental housing relationship maintained when the contract expires, unless one of the parties concerned gives notice rejecting renewal. The law also provides that a landlord who gives notice rejecting renewal must have valid reasons. In other words, once landlords lease their housing, they cannot cancel the contract unless there are valid reasons for doing so. Looking at the overall situation, including the payment of eviction fees as well as the circumstances making it necessary for a landlord or a tenant to use the building, there is a problem in that it is impossible to say in advance whether such valid reasons exist or not.

Overview of the Terminal Tenancy System

• Introduction of the Terminal Tenancy System

“The Act Concerning Special Measures for Promotion of Supply of Quality Rental Housing” was established in 1999 and the terminal tenancy system was created to deal with problems facing the rental housing market, such as those mentioned above. The system creates a rental housing relationship whereby the contract terminates without renewal on the mutually agreed expiry date stipulated by the landlord and the tenant.

• Terminal Tenancy Contracts

A terminal tenancy contract terminates without renewal on the expiry of the period stipulated in the contract. Consequently, the tenant cannot continue to lease the property unless the landlord and the tenant mutually agree to conclude a new contract.

Terminal tenancy contracts cover buildings for commercial and other uses, as well as buildings for residential use.

Moreover, at the concluding, it is compulsory for landlords to agree to written contracts (A contract by the electromagnetic record is handling that is equal to a contract with the document.) and provide prior written detail of the contract (An electromagnetic methods is handling that is equal to a provision of the document).

For tenancy contracts concluded on or after March 1, 2000, the landlord and the tenant may select either a conventional tenancy contract (ordinal tenancy contract) or a terminal tenancy contract, following discussions.

Table 3-2-1: Comparison of Terminal Tenancy Contracts and Conventional Tenancy Contracts

	Terminal Tenancy Contracts	Conventional Tenancy Contracts
Contract method	1. Limited to notarized written contracts, etc. * A contract by the electromagnetic record is handling that is equal to a contract with the document. 2. The landlord must deliver to the tenant, in advance, a document that is separate from the contract, explaining that “this lease shall not be renewed and shall terminate when the contract period expires.” * An electromagnetic methods is handling that is equal to a provision of the document	May be written or verbal
Renewability	Unlimited	Contracts concluded prior to March 1, 2000: 20-year Contracts concluded on or after March 1, 2000: Unlimited
Validity of building leases of less than one-year duration	Contracts of periods of less than one year (such as six months) are valid	Deemed to be leases that stipulate no contract period
Validity of special agreement pertaining to changes in building rental fees	Both the right to request an increase and the right to request a decrease can be excluded by a special agreement	Only the right to request an increase can be excluded by a special agreement
Pre-expiry cancellations	1. Even if there are no special agreement, pre-expiry cancellations by the tenant is possible under the law in the case of residential buildings with a floor area of less than 200m ² if it becomes difficult for tenants to use the building in question as a residence for their own lives as a result of unavoidable circumstances 2. In cases other than 1, if a terminal tenancy contract includes a special agreement concerning pre-expiry cancellations, said the special agreement shall be followed	If the contract includes a special agreement concerning pre-expiry cancellations, said special agreement shall be followed

Table 3-2-2: Utilization and examples of use of Terminal Tenancy Contracts

	Terminal Tenancy Contracts
Utilization rate of terminal tenancy contracts *1	<ul style="list-style-type: none"> Utilization rate: 2.1%
Awareness rate of terminal tenancy contracts *1	<ul style="list-style-type: none"> Those who know: 12.3% Only know the name: 25.5% Don't know / NA: 61.3% ○ About 40% of people are aware of this, from the answer of “Those who know” plus “Only know the name”. ○ The Ministry of Land, Infrastructure, Transport and Tourism has prepared the “Standard contracts for fixed-term rental housing” along with Q & A regarding the fixed-term rental system and has made them public in order to promote their use.
Recent principal examples of use of terminal tenancy contracts *2	<ul style="list-style-type: none"> Renting private-housing with rebuilding plan Renting private-housing with large-scale repair plan Renting absent private house on the owner's transfer period, etc.

Source: *1 Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Survey of the housing market (2020)

*2 Ministry of Land, Infrastructure, Transport and Tourism (MLIT), Booklet “A terminal tenancy contract for landlords”

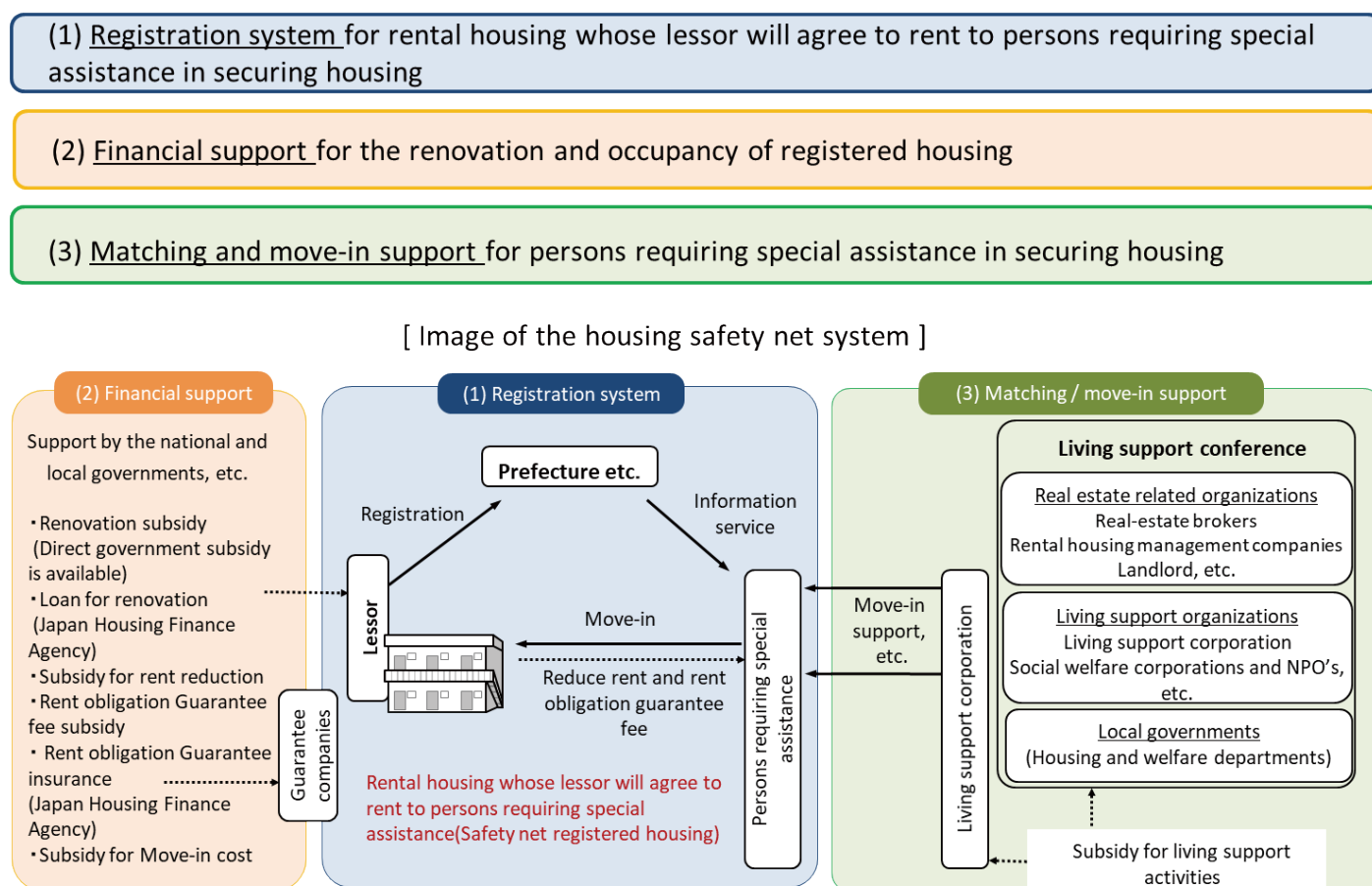
(7) Building a Residential Safety Net

“The Act to Promote the Supply of Rental Housing for People Who Require Consideration in Securing Housing” was enacted in July 2007. It is intended to encourage the effective use of the existing housing stock by means of priority residence schemes and other measures to streamline the management of publicly-operated housing, which plays a central role in securing stable housing for the elderly, households with children and other low-income groups. Equally important, it will promote the creation of a flexible, multi-layered housing safety net that is tailored to regional circumstances, encouraging the private sector to supplement publicly-operated housing by supplying public rental housing, improving information systems to support people in moving into rental housing that accepts the elderly and households with children, and revitalizing the overall housing market by instituting rental claim guarantee schemes and streamlining conditions to allow NPOs and other organizations to provide financial support for housing.

Moreover, under the “Act for Partial Revision of the Act for Promotion of Offering of Rental Housing to Persons Requiring Special Assistance in Securing Housing” (enforced on Oct. 25, 2017), a new housing safety net system has recently been established, including a registration system for rental housing whose lessor will agree to rent to persons requiring special assistance in securing housing utilizing vacant rooms and houses in private sector rental housing.

This system consists of three pillars: (1) Registration system for rental housing whose lessor will agree to rent to people requiring special assistance in securing housing; (2) Financial support for the renovation and occupancy of registered housing; and (3) Matching and move-in support for persons requiring special assistance in securing housing. As of the end of September 2021, more than 600,000 housing units have been registered.

Figure 3-2-12: Framework of the housing safety net system



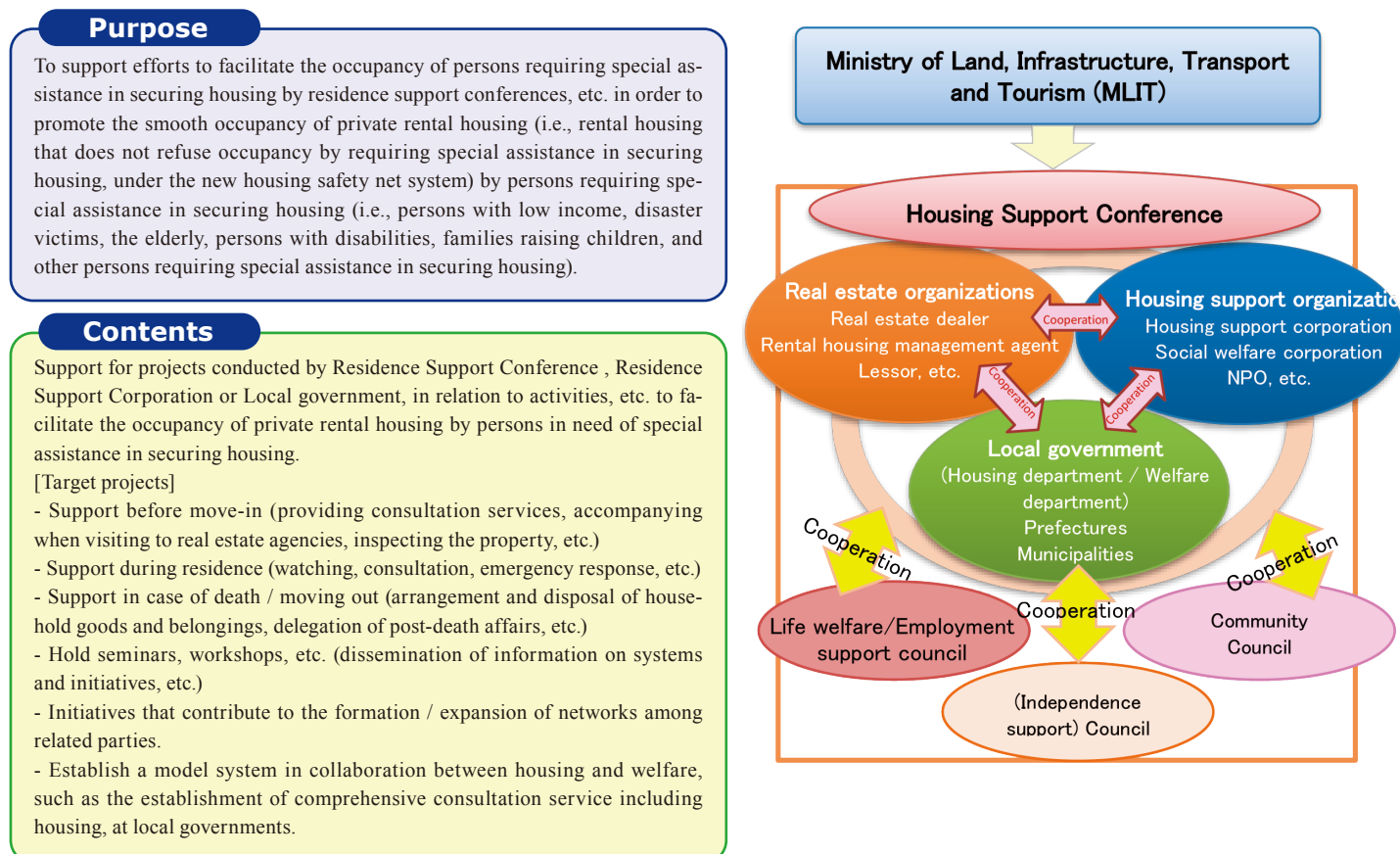
"Act for Partial Revision of the Act for Promotion of Offering of Rental Housing to Persons Requiring Special Assistance in Securing Housing" (enforced on Oct. 25, 2017)

Housing Support Conference Activity, etc. Support Project

The Housing Support Conference Activity, etc. Support Project was established under the budget for 2011 with a view to promoting smooth housing for people who require consideration in securing housing (e.g. the low income groups, the victims, the elderly, the disabled, households with children) to private sector rental housing.

Since the FY2017 budget, because a system for designation of residence support corporations was established in the “Bill for Partial Revision to the Act on Promoting the Supply of Rental Housing for Persons in Need of Housing Security Considerations,” promulgated in April of the same year, the project to support the activities of Residence Support Conference etc. has been implemented in order to provide support to Residence Support Conference and Corporations or Local government from the perspective of continuing to promote the smooth occupancy of private rental housing by persons requiring special assistance in securing housing.

Figure 3-2-13: Housing Support Conference Activity, etc. Support Project

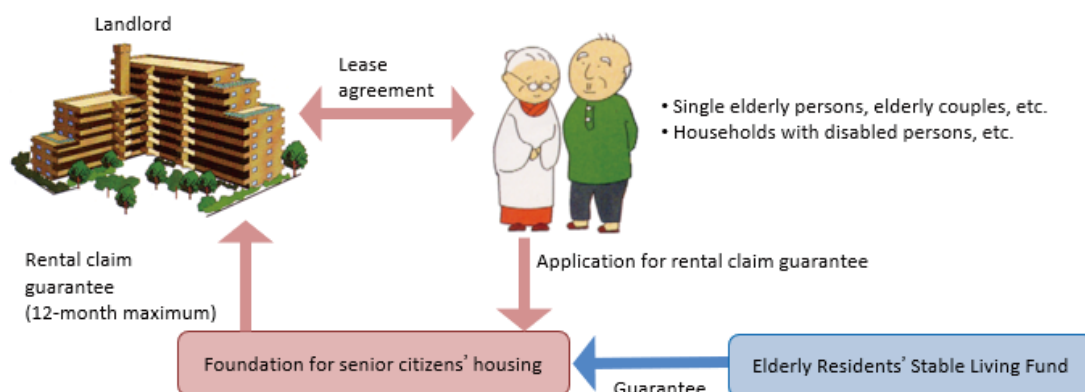


Rental Claim Guarantee Scheme

Foundation for senior citizens' housing runs a Rental Claim Guarantee Scheme that targets the elderly, disabled, foreigners, households with children, and households who have been evicted from their residences, and provides guarantees against unpaid rent, expenses for restoring vacated properties to their original state, and expenses required for litigation. By thus eliminating landlords' concerns, its support makes it easier for such households to move into private sector rental housing.

From 2017, a system has been established to register rent debt guarantee companies that meet certain requirements as persons who can properly perform rent debt guarantee business in the country.

Figure 3-2-14: Rental Claim Guarantee Scheme



(8) Global Warming Countermeasures in Housing and Buildings

Recent trends of energy conservation measures for housing and other buildings

In Japan, energy consumption in the business and residential sectors has increased about 20% in the period from 1990 to 2016 and accounting for about one-third of the total energy consumption in Japan, while consumption has been decreasing in the industrial and transportation sectors. In December 2015, the “Paris Agreement”, an international framework for reducing greenhouse gas emissions, was adopted (enforced in Nov. 2016). Based on this agreement, the Japanese government announced a reduction target as an international commitment. Thus, then-Prime Minister Suga declared in his general policy speech on October 26th, 2020 that Japan would aim to achieve carbon neutrality by 2050, and at the Leaders Summit on Climate on April 10th, 2021 he declared that Japan would aim to reduce its greenhouse gas emissions by 46% by FY 2030 from its FY 2013 levels. He announced a policy to continue efforts in its challenge to meet the lofty goal of cutting its greenhouse gas emissions by 50%.

In order to achieve these, it is necessary to drastically review the energy saving measures in the housing and building sectors, which account for about 30% of the total energy consumption in Japan. For this purpose, in the 208th Session (ordinary session) of the Diet, the Act on Partially Amending the Act on the Improvement of Energy Consumption Performance of Buildings to Realize Decarbonized Societies was enacted and was promulgated on June 17th, 2022. In the amendment of the Act, regarding the realization of decarbonized societies, the enhancement of energy saving measures, based on the Building Energy Efficiency Act (the Act on the Improvement of Energy Consumption Performance of Buildings) and the promotion of the use of wood through an amendment of the Building Standard Act were set as two main measures, and related to these activities were amendments to the Act on Architects and Building Engineers and the Act on the Japan Housing Finance Agency, thus resulting in four amendments to the Acts.

Specific Measures Adopted by the Housing and Construction Sectors

1) Regulation and Guidance under the Act Concerning the Rational Use of Energy, etc.

With regard to the measures for housing and buildings under the “Act concerning the Rational Use of Energy”, established in 1979, an obligation to make efforts for energy saving was imposed on all new buildings at the time of establishment. Then, in 1980, energy saving standards (1980 Standards) were established for the insulation and solar radiation shielding performance of the exterior heat insulation of housing, and then the standards were gradually strengthened (1992 Standards, 1999 Standards). Since 2003, notification of energy saving measures has been required for new construction of buildings above a certain size, and then the target size and activities requiring notification were expanded. In 2013, the concept of primary energy consumption was introduced to the energy saving standards to enable comprehensive evaluation of heat insulation performance and facility performance (2013 Standards). Further, since 2008, housing builders who construct more than a certain number of ready-built houses have been required to make efforts to comply with higher standards than the energy saving standards (Housing Top Runner Standards) (Housing Top Runner System).

The Building Energy Saving Act, promulgated in 2015, established a system of compliance obligation for non-residential buildings of 2,000 m² or more to comply with the energy saving standards (enforced in April 2017), and the effectiveness of compliance obligation was ensured by linking the conformity assessment of building energy consumption performance with building verification inspections. In addition, as guidance measures (enforced in April 2016), the certification and indication system for buildings with excellent energy-saving performance were positioned.

Further, the revised Building Energy Saving Act, promulgated in 2019, includes the following measures, etc., from the perspective of taking highly effective and comprehensive measures responding to the characteristics of houses and buildings according to scales and uses. (Partially enforced in Nov. 2019, to be fully enforced in April 2021)

- 1) Add medium-sized (300m² to 2,000m²) non-residential buildings to the scope of the system of compliance obligation.
- 2) Strengthen the supervision system for the notification obligation system for medium and large-scale housing such as condominiums.
- 3) Add custom-built detached houses and rental apartments to the scope of the Top Runner System.
- 4) Establish a system for the obligation of architects to explain the energy saving performance of small-scale housing / buildings to their owners.

Further, in the amended Building Energy Efficiency Act, which was promulgated in 2022, the following measures, etc. were incorporated, with the aim of fundamentally raising energy saving performance, promoting activities for higher energy-saving performance, making repairs for the purpose of energy saving in the building stock, promoting the introduction of equipment that uses renewable energy, and others.

- 1) Energy Efficiency Standards for all newly built housing and non-housing (to be enforced within three years after promulgation)
- 2) Addition of condominiums for sale to the target of the Housing Top Runner System (enforced in April 2023)
- 3) Promotion of the Energy Efficiency Labeling System (to be enforced in April 2024)
- 4) Provision for the Building Renewable Energy Use Promotion Area System (to be enforced in April 2024)

2) Promotion of assessment and indication of energy-efficiency performance, and others of housing and other buildings

a. Building-Housing Energy-efficiency Labeling System based on the Act for the Improvement of the Energy Saving Performance of Buildings

Pursuant to the Building Energy Efficiency Act, a new Building Energy Efficiency Labeling System is scheduled to go into effect in April 2024 in order to develop a market environment in which buildings that have high energy efficiency are highly valued, by enabling consumers, etc. who intend to rent or purchase a building to understand its level of energy efficiency and to compare its performance with that of other buildings.

In the new Building Energy Efficiency Labeling System, obligations to make efforts in energy efficiency labeling will be imposed on businesses that lease out or sell buildings. This will be done in the same manner as in the current system. Changes from the current system are as follows: A new public notice of the contents, method, etc. of labeling must be provided (together with this, a label must be attached that states that the business operator is required to provide such notice on all advertisements and promotions, etc.), and A review of the system, such as enabling measures, including recommendations, etc. to be taken against business operators that do not perform labeling according to the notice. Also, at the same time, in accordance with the new labeling system, BELS (Building-Housing Energy-efficiency Labeling System) third-party certification will also be reviewed.

F3-2-15: Image of the Label showing the energy saving performance of a building

	Housing unit	Non-residential building
Third-party certification		
SELF-AUTHENTICATING		

*Label for a residential building is also awaiting verification.

b. Housing Performance Indications under the Housing Quality Assurance Act

To provide consumers with assistance with information regarding housing performance when they are making their choices, efforts are underway in line with “The Housing Quality Assurance Act” to promote the wider use of the Housing Performance Indication System, which provides indications of housing performance, including energy conservation.

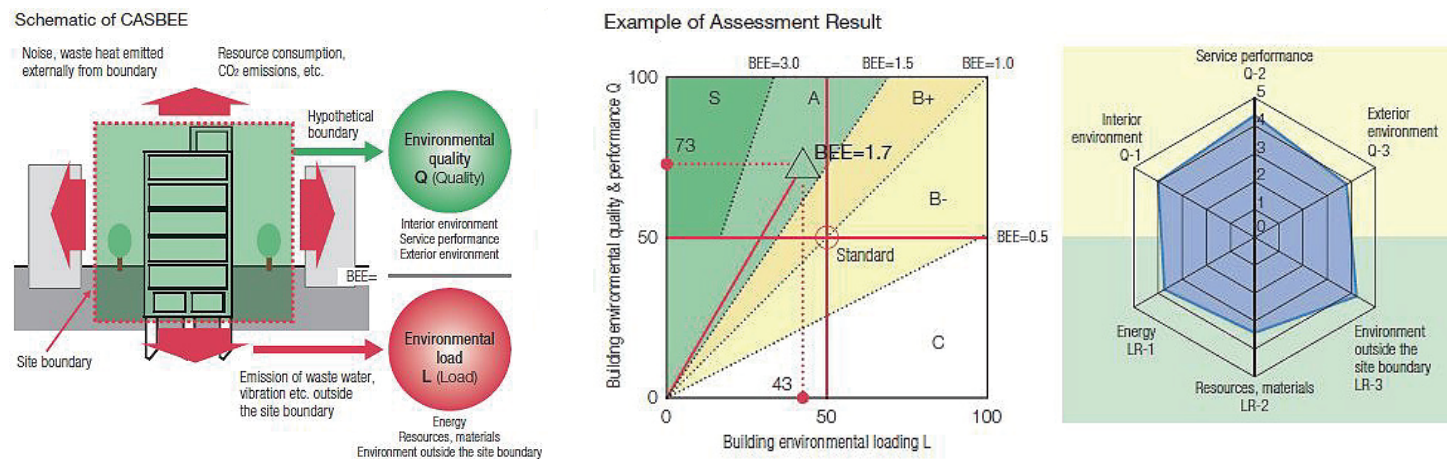
c. The development and promotion of CASBEE

To promote the supply of buildings with superior environmental performance in the market, a consortium of entities from industry, government, and academia has been developing and promoting the wider use of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE). CASBEE is used to comprehensively assess buildings from two perspectives-enhancing interior environmental quality and performance, and reducing environmental loadings through energy conservation, also it presents its findings in an easy-to-understand format.

Various tools are steadily being provided to allow the use of CASBEE in evaluating building environmental performance in a range of scenarios, from new construction, existing buildings, and renovation. Efforts are also being made to strengthen assessments of life cycle CO₂ as part of measures to cope with global warming.

In the area of local government building-administration, there has been a growing trend in recent years to require building owners to seek comprehensive environmental performance assessments of their buildings. In some local governments have introduced programs that employ CASBEE as one of the requirements for approval. These programs are; permission requirements for an Integral Designing System under the “The Building Standard Law”, and the adoption of requirements for projects granted by local governments, certification of system results, and making of preferential interest rates available in tie-ups with private financial institutions, etc. There are high expectations for many local governments to promote the use of CASBEE in the future as they adapt it to the characteristics of their own regions.

Figure 3-2-16: Schematic of the Comprehensive Assessment System for Built Environmental Efficiency (CASBEE)



3) Use of Tax System to Encourage Construction of Energy-Efficient Housing (Taxation Systems Relating to Energy-Efficiency Retrofits)

A tax deduction scheme for income tax and fixed asset taxes is in place for improvement of energy-efficiency retrofits. (See “4. Housing Tax Systems”)

Table 3-2-3: Taxation Systems Relating to Energy Efficiency Retrofits of Housing (Income Tax, Fixed-property Tax)

<Income Tax Deduction>

	Tax Incentive for Home-improvement
Eligible projects	<ul style="list-style-type: none"> i. Heat insulation of windows ii. Heat insulation of flooring iii. Heat insulation of ceilings iv. Heat insulation of walls v. Installation of solar power generation equipment vi. Installation work for high-efficiency air-conditioning system; installation work for high efficiency hot water supplying system; installation work for solar-heat utilization <p>* Projects in Categories ii through iv are only eligible when carried out together Category i projects. (vi will be started at April 2014)</p> <p>* Projects in Categories i through iv must meet or exceed the 2016 standards, and Category v and vi projects must be of a specified type.</p> <p>* The Category i project, the requirement was changed into “Heat insulation of windows” from “Renovation work on all windows in all habitable rooms” in FY2022.</p>
Deductions	<p>[Until March 2014] An amount equivalent to 10% of the actual cost or standard cost of energy efficiency retrofits, whichever is lower (maximum: ¥2 million, or ¥3 million if solar power generation equipment is installed)</p> <p>[Between Apr. 2014 and December 2023] An amount equivalent to 10% of standard cost of energy efficiency retrofits (maximum: ¥2.5 million, or ¥3.5 million if solar power generation equipment is installed)</p> <p>* It is necessary to calculate the “standard cost” of the renovations.</p>
Issuer of certification	<ul style="list-style-type: none"> • A <i>Kenchikushi</i> (licensed architect) working for an architectural firm • A registered housing performance evaluation organization • A designated confirmation and inspection body • Housing defect liability insurance corporation
Availability	From April 1, 2009 to December 31, 2023

<Fixed-property Tax Deduction>

Tax Incentives for Energy Efficiency Retrofits
Where energy conservation renovation work is carried out in a dwelling that existed on or before April 1, 2014 (excluding rental housing), fixed-property tax on that dwelling will be reduced by one-third in the following year.

4) Subsidy Systems

a. Project to Promote Utilization of Environment and the Stock

Support for housing and building projects that provide leading technology contributing to following things in design, equipment, operation system, etc.; energy conservation, CO₂ reduction, promotion of wooden construction, low-carbon housing/buildings using building technology and creativity for wooden housing that is suited to the climate and the natural features where it is located, healthy, continuity in case of disaster, measures against the declining birthrate, crime prevention, long-life buildings, etc. (¥66.3billion in the FY2023 budget)

1) Leading projects for sustainable buildings, etc.

Support for housing and building projects that provide leading technology contributing to following things in design, equipment, operation system, etc.; energy conservation, CO₂ reduction, promotion of wooden construction, low-carbon housing/buildings using building technology and creativity for wooden housing that is suited to the climate and the natural features where it is located, healthy, continuity in case of disaster, measures against the declining birthrate, crime prevention, long-life buildings, etc.

[Major objects of subsidization] Expenses to be spent on improvement of built structures for the leading technology, on verification of the results, and others

[Subsidization rate] 1/2, and others

2) Energy-saving promotion projects for existing buildings

Support for energy-saving renovation of buildings where energy consumption is reduced by more than a certain percentage and barrier-free renovation in conjunction with such renovation, and support for energy-saving diagnosis and indication of existing houses and buildings above a certain size.

[Major objects of subsidization] Costs, etc. for contribute to energy-saving, barrier-free construction, inspection of effects, etc.

[Subsidization rate] 1/3, and others

3) Energy-saving block development project(limited to a continued project)

Support for projects that achieve high energy-saving performance for an entire city block by area-wide use of energy in multiple buildings through the introduction of energy management systems that optimize energy supply, etc., and that contribute to the spreading and raising the awareness of such technologies.

[Major objects of subsidization] Costs, etc. for maintenance of energy-saving related facilities such as energy supply equipment and energy management system, inspection of effects, etc.

[Subsidization rate] 1/2

4) Partial renovation / partial ZEH renovation model demonstration project

To establish a model for partial energy saving renovation and partial ZEH renovation, demonstration / dissemination projects by private businesses, etc. will be supported by providing verification / trial fields and a system for technical verification by experts, etc.

[Major objects of subsidization] Cost for studying / disseminating evaluation methods and renovation models, cost for renovating demonstration / verification houses, etc.

[Subsidization rate] Fixed amount

b. LCCM Housing Improvement Promotion Project

While seeking reduction of CO₂ emissions and longer useful life not only in the stage of use but also reduction of CO₂ emissions in the material manufacturing and construction stages, and demolition stage, provide support through Energy Creation for LCCM housing, which reduces CO₂ emissions to minus throughout the life cycle (in each of the stages of construction, occupancy, repair/renewal/demolition). (Budget in FY 2023: included in the national expenditure of 27.92 billion yen).

[Major targets of subsidies: Design expenses, added expenses in works that qualify for subsidies in construction works, etc., and others]

[Subsidy rate: ½ the maximum allowable subsidy of 1.4 million yen household]

c. Projects to promote renovations for long-life, quality housing

To give support to long-life quality housing renovations aimed at improving the housing stock quality, such as the measures to counter deterioration of existing housing and the improvement of their energy-efficiency performance (included in ¥27.9 billion of “Project for Comprehensive promotion for Carbon Neutral on Housing and Building” in the FY2023 original budget).

[Major objects of subsidization] Expenses to be spent on renovation work to improve housing performance, expenses to be spent on inspection, expenses to be spent on preparation of history of renovation and plans pertaining to maintenance, and others

[Subsidization rate] 1/3 (upper limit of ¥1 million subsidy per housing-unit, and others)

d. Housing Eco Reform Promotion Project

For approaches for the modification of existing housing into housing with a high ZEH level (which indicates a high energy saving performance) the national government provides direct support. (Initial budget in FY 2023: included in the Housing/Building Carbon Neutral Comprehensive Promotion Project (27.918 billion yen))

[Major targets of subsidies: Total amount of the expenses for diagnosis of the energy efficiency of housing, energy saving design, etc., expenses for reaching the ZEH level, and energy-saving improvement-work expenses]

[Subsidy rate: Expenses for the diagnosis of energy efficiency: in cases when a private company is the client, the client can receive 1/3 of the expense of the diagnosis. In cases when the public sector is a client, the client can receive 1/2 of the expense of the diagnosis.

[Total amount of the energy-saving design, etc. expenses and energy-saving improvement-work expenses: 40% (maximum amount: 350,000 yen / household)]

e. Housing and Building Energy Saving Modification Promotion Project

In cooperation with approaches taken by local governments, support related to modifications to promote energy saving, and other support for existing housing and buildings is provided. (Initial budget in FY 2023: included in the grants for comprehensive infrastructure development, etc.)

[Major targets of subsidies: Total amount of the assessed savings in energy expenses, energy saving design, etc., expenses and energy saving improvement-work expenses]

[Subsidy rate for housing: Total amount of the energy saving design and other expenses and energy saving improvement-work expenses: as described below, according to the energy saving level after modification

- Standard level of compliance for energy saving: 40 (maximum amount: 300,000 yen / household)
- ZEH level: 80 (maximum amount: 700,000 yen / household), etc.

Subsidy rate for buildings: Energy saving improvement-work expenses: as described below, according to assessed savings in energy after modifications:

- Energy saving standard compliance level: implementation by the private sector: 23%, implementation by the public sector: 11.5% (maximum amount: 5,600 yen / m²)
- ZEB level: implementation by the private sector: 23%, implementation by the public sector: 11.5% (maximum amount: 9,600 yen / m²), etc.]

f. Regional residence-greening projects

To strengthen the production system of wooden houses in the area and reduce the environmental load, wooden housing / buildings with excellent energy saving performance and durability using local materials through a cooperative system of material supply, design, construction, etc. promote the improvement of wooden housing / buildings with excellent energy saving performance and durability using local materials, as well as the energy-saving renovation of housing, and support young people and households raising children. (included in \27.9 billion of “Project for Comprehensive promotion for Carbon Neutral on Housing and Building” in the FY2023 original budget)

[Major objects of subsidization]

- i. Long-life type: Amount equivalent to the additional cost required to construct long-life quality wooden housing.
- ii. Advanced energy-saving type: Amount equivalent to the additional cost required to construct certified low-carbon housing or performance improvement plan certified housing.
- iii. Zero-energy housing type: Increased construction costs caused by building zero-energy housing
- iv. Energy saving repair type: Of the cost of remodeling a wooden house, to improve the energy-saving function
- v. Quality building type: Amount equivalent to the additional cost required to construct wooden buildings with a designated quality, such as certified low-carbon building.

[Subsidization rate] (i) (ii) (iii) (v) 1/2, (iv) Flat rate

g. Induce energy-efficient housing by reducing the housing loan interest rate

When a housing that is superior in energy efficiency and others is acquired, the Japan Housing Finance Agency (JHF) makes a reduction of interest rates of Flat 35 for a certain period. Flat 35 is whole-period, fixed-interest housing loans provided by JHF in cooperation with financial institutions of private sector.

(9) Promoting Wooden Housing

The Current Wooden Housing Situation

An opinion poll conducted by Japan’s Cabinet Office underlined the deep-rooted demand for wooden housing in Japan when it revealed that approximately 80% of the respondents said they would choose wooden housing when building or purchasing their own homes.

In fact, wooden housing accounts for around 50% of total housing starts, but reaches around 80% when it comes to detached houses only.

An analysis of wooden-house producers shows that about 50% wooden housings in common post & beam construction are produced by firms who supplies fewer than 50 units per year. However, the number of skilled carpenters, who play such an important role, has been decreasing in recent years.

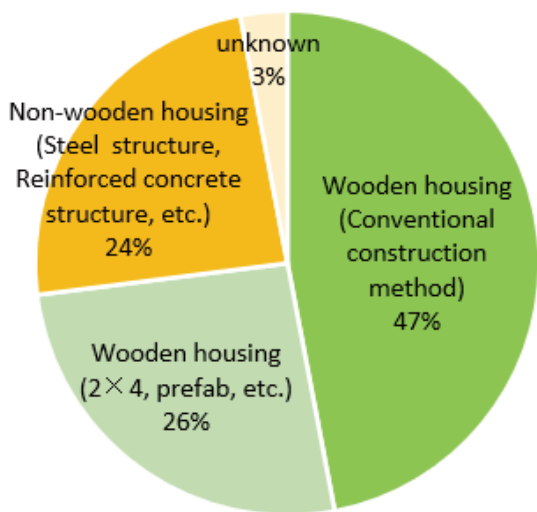
Measures to Promote Wooden Housing

Relevant legislation in the form of “The Basic Act for Housing” sees wooden housing promotion measures as part of the “formation of a favorable living environment that matches the nature, history and culture of the regions,” and calls for the “continuation and improvement of traditional techniques for using wood in housing construction.” “The basic plan for housing based on the Act has also incorporated “securing and training players including skilled carpenters,” “development of designers,” and “promotion of the supply of wooden housing, etc.”

More specifically, the government supports the activities of small- and medium-size construction firms, in cooperation with local wooden house producers; improvement of providing with wooden long-life quality housing, zero-energy housing and certificated low carbon-consuming buildings, promotion of improvement of leading wooden-construction methods and achieving a level of expertise in the theory and techniques necessary for carpenters engaged in production of wooden houses.

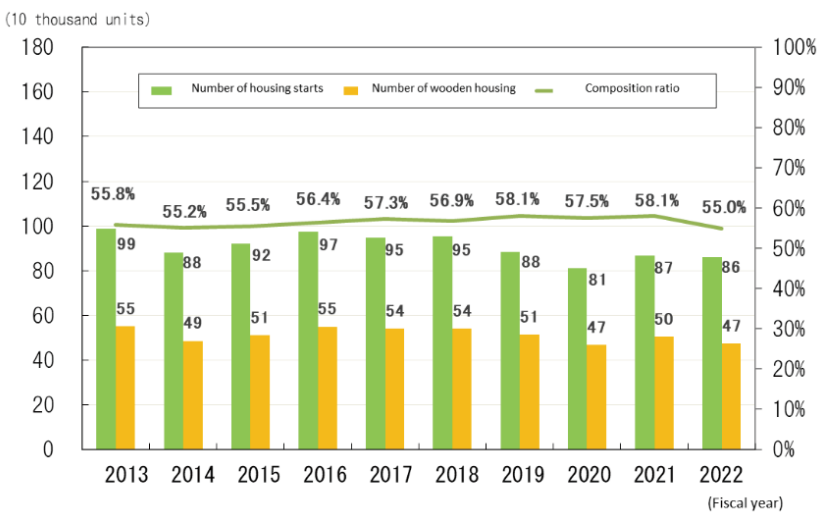
Local governments take the lead in using subsidies to promote comprehensive and systematic regional housing policies, including wooden housing promotion, while allowing maximum independence, creativity and initiative.

Figure 3-2-17: The Housing Needs of the Japanese People



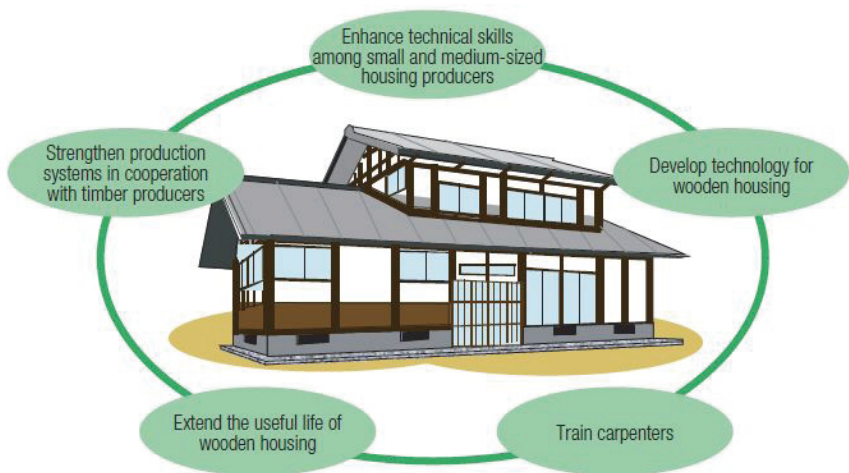
Source:Cabinet Office, Survey of cyclical use of forest resources (2019)

Figure 3-2-17: The Housing Needs of the Japanese People



Source:Cabinet Office, Survey of cyclical use of forest resources (2019)

Figure 3-2-17: The Housing Needs of the Japanese People



(10) Extending the Useful Life of Housing

Promoting Initiatives to Extend the Useful Life of Housing

The Basic Plan for Housing (National Plan), drawn up in September 2006 and reviewed in March 2011, indicated a transition to a stock-based housing policy. This has resulted in measures to encourage initiatives to extend the useful life of housing. In light of the fact that the average actual age of demolished housing in Japan is about 40 years, it has become vital to use housing more carefully and for a longer time if the country is to become stock-based society.

To extend the useful life of housing, it is required to construct houses that boast excellent durability and that are easy to manage and maintain. At the same time, it is necessary to promote systematic inspections and repairs, and to allow smooth changes in interior décors and facilities in accordance with the daily lives of the inhabitants. It is also important to assist the secondary market of existing houses by development of the record maintenance system of housing information, such as records of how dwellings were built, maintained and managed, and improving information service methods on performance and quality of existing housing.

“The Act Concerning the Promotion of Long-Life Quality Housing” was promulgated on December 5, 2008 and came into force on June 4, 2009 as the core legislation relating to creation of systems for the approval of plans pertaining to the construction and maintenance of “Long-Life Quality Housing,” which is defined as superior housing with features to support long-term use in good condition. The main focus of this law is to encourage the spread of Long-Life Quality Housing. On May 28, 2021, the “Act for Partial Revision of the Act on the Promotion of Long-term Quality Housing for the Purpose of Improving Housing Quality and Establishing a Smooth Transaction Environment, etc.,” which mainly provides for expansion of the scope of certification and streamlining of certification procedures, was promulgated in order to further promote the formation of excellent housing stock by further promoting the spread of long-lasting high-quality housing. Approved housing is eligible for exemptions from income taxes, etc. Other initiatives to promote the shift to long-life housing include the subsidized project for the development of long-life housing, the development of housing history records, and the improvement of housing finance.

The purpose of these initiatives is to create an environment in which people will feel confident that their houses are suitable for long-term residence, and in which they can enjoy enriched lifestyles commensurate with Japan’s status as a mature society.

Figure 3-2-20: International Comparison of Average Years Elapsed before a House is Demolished

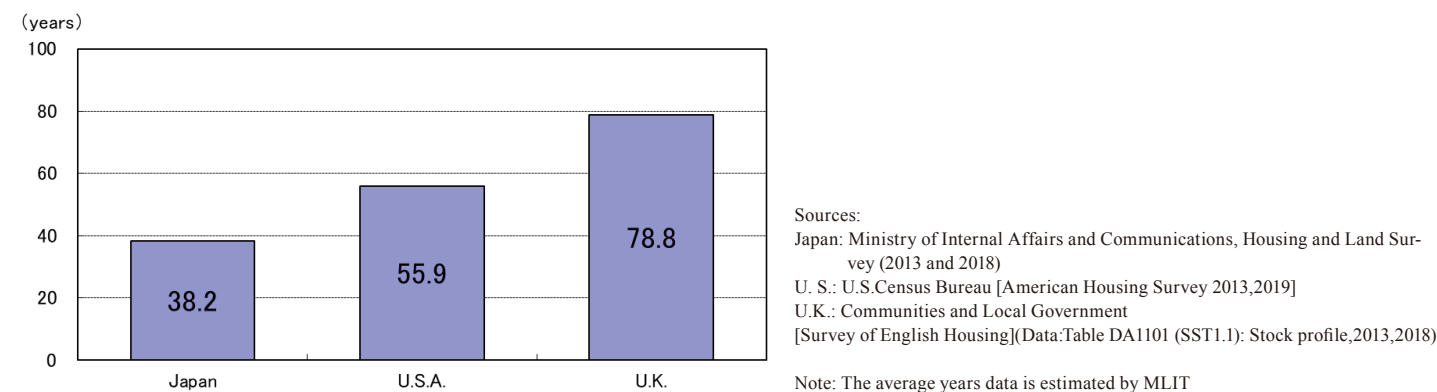
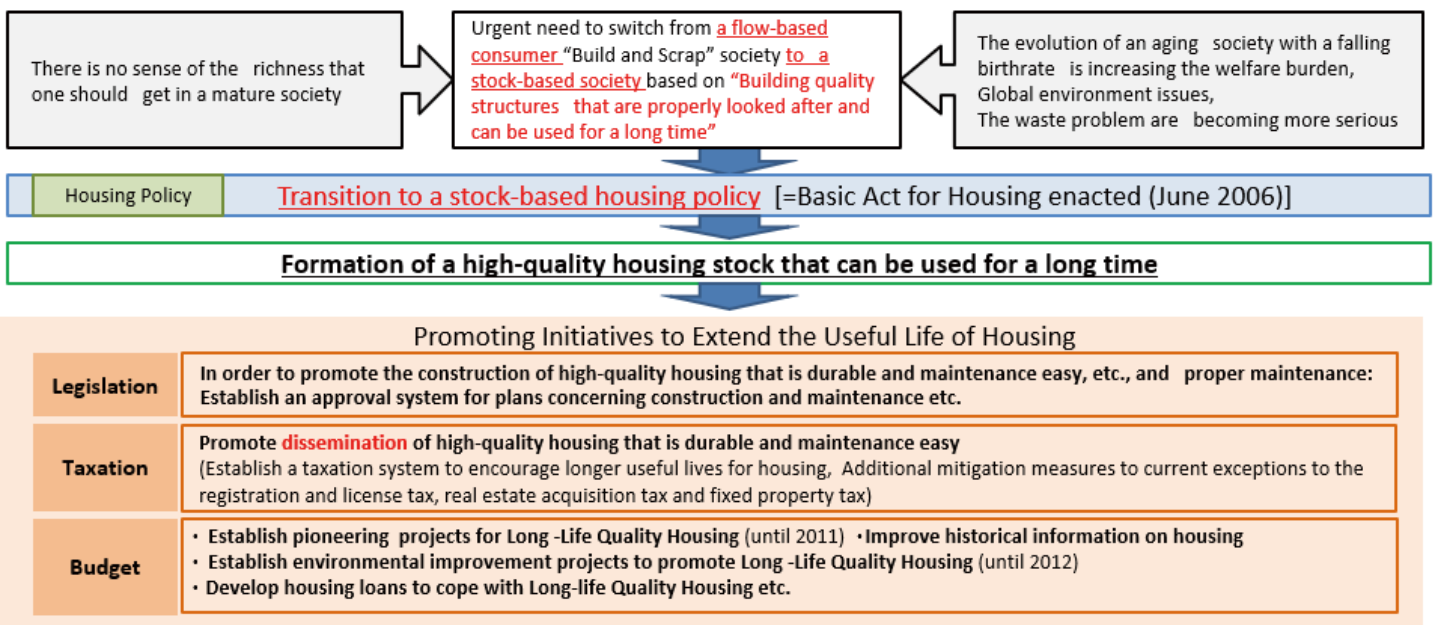


Figure 3-2-21 Promote the Initiative to Extend the Useful Life of Housing



(11) Enhancing Earthquake Resistance of Housing and Buildings

Promote Earthquake-resistant Housing and Buildings

Prepares for disasters such as the Tokyo metropolitan area earthquake and the Nankai Trough giant earthquake, based on “The Act on the Promotion of Seismic Retrofitting of Buildings”, the government are promoting the earthquake resistance of houses and buildings such as obliging the reporting of seismic diagnosis results for large-scale buildings used by an unspecified number of people and the labeling system related to the earthquake resistance of buildings. As of 2018, the earthquake resistance rate is about 87% for houses. Of the buildings subject to mandatory seismic diagnosis, the earthquake resistance rate of large buildings requiring urgent safety confirmation was approx. 90% as of March 31, 2022.

Subsidy to promote seismic retrofitting of housing and buildings has been given for many years in such forms as the granting of Comprehensive Subsidies for Social Infrastructure Development.

Figure 3-2-17: The Housing Needs of the Japanese People

Figure 3-2-22: Overview of the Act on Promotion of Seismic Retrofitting of Buildings

The Act enforced 1995
Act for Partial Revision of the Act enforced 2006
Act for Partial Revision of the Act enforced 2013
Act for Partial Revision of the Act enforced 2019

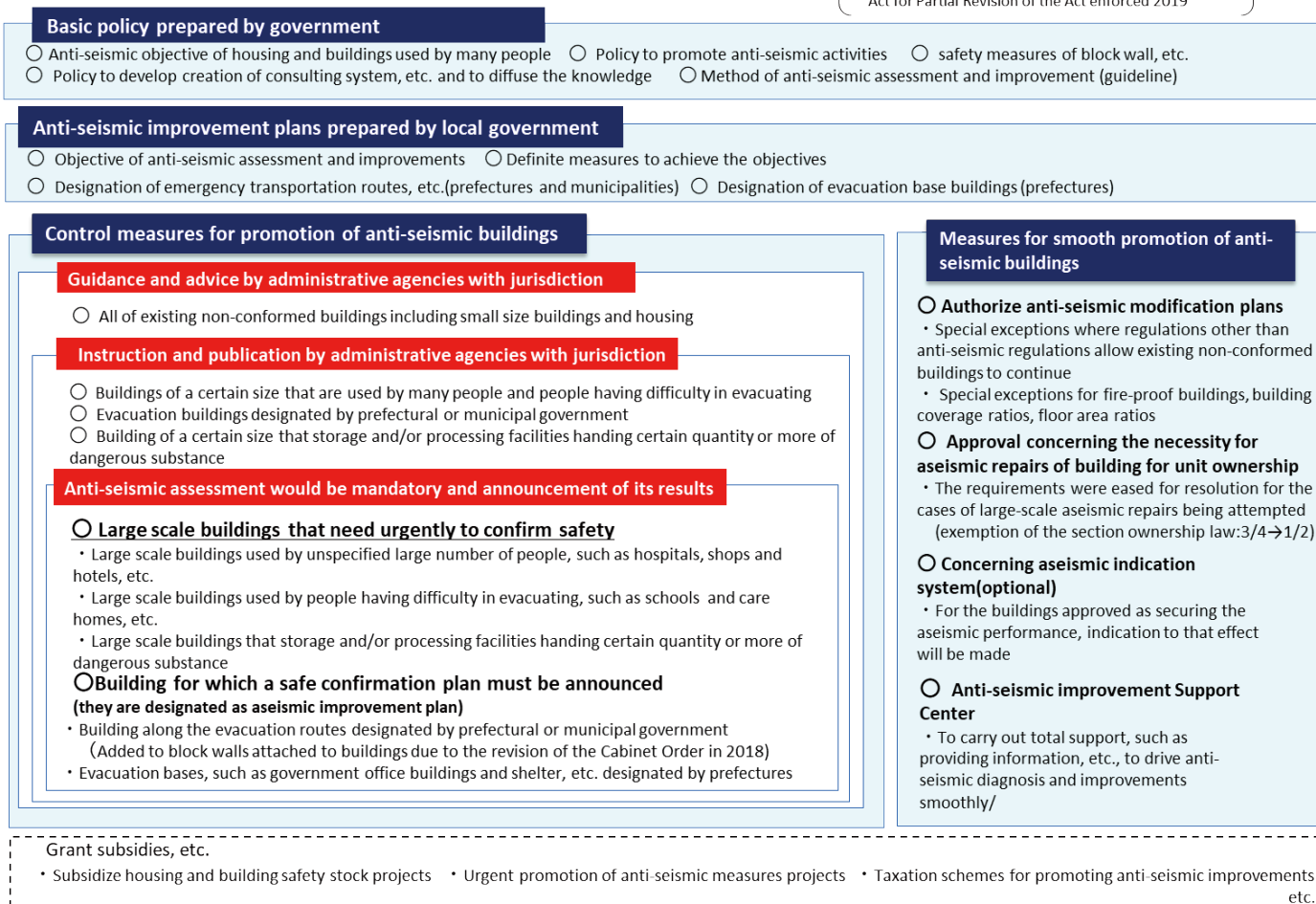


Table 3-2-4 Subsidy Criteria and Rates for Safe Housing and Building Stock Formation Projects (Aseismic Category) (As of 2021)

* Core project such as comprehensive subsidies for social infrastructure development, etc.

		Housing (Including Collective Housing)	Government Buildings, etc.
Anti-seismic diagnoses		<ul style="list-style-type: none"> ●Subsidy rate [Implemented by private sector] central government:1/3 local government:1/3 [Implemented by local government] central government:1/2 	<ul style="list-style-type: none"> ●Subsidy rate [Implemented by private sector] central government:1/3, local government:1/3 [Implemented by local government] central government:1/3 (buildings alongside evacuation routes designated by a prefectural or municipal government, disaster prevention centers designated by a prefectural government)
Individual support	Anti-seismic Improvements, etc. (*Rebuild and removal costs, which meet certain requirements are also eligible for subsidies)	Housing <ul style="list-style-type: none"> ●Regional requirements:N/A ●Subsidy rate [Implemented by private sector] central government:11.5% local government:11.5% [Implemented by local government] central government:11.5% *The detached house may receive subsidy either (1) or (2) (1) 23% of the cost of seismic retrofit work (2) the cost of seismic retrofit work; <ul style="list-style-type: none"> less than ¥1 million, ¥204,000, ¥1 million or more and less than ¥2 million, ¥306,000, ¥2 million or more and less than ¥3 million, ¥509,000, more than ¥3 million, ¥713,000 condominium, central government:1/6 local government:1/6 	Buildings used by large numbers of people, etc. (Department store which is more than 3 stories and more than 1,000m ² , etc.) <ul style="list-style-type: none"> ●Regional requirements:None ●Subsidy rate [Implemented by private sector] central government:11.5%, local government:11.5% [Implemented by local government] central government:11.5% (Buildings used by large numbers of people designated by local government:1/3)
		Buildings alongside emergency transportation roads and evacuation roads (Limited for the building that is important for disaster prevention, such as densely built-up area and areas that would be damaged by tsunami flood, etc.) <ul style="list-style-type: none"> ●Regional requirements; Areas alongside emergency transportation routes or evacuation routes ●Subsidy rate [Implemented by private sector]central government:1/3, local government:1/3 [Implemented by local government]central government:1/3 (disaster prevention centers, buildings alongside evacuation routes:2/5) 	Disaster prevention bases of Buildings, etc. in evacuation areas <ul style="list-style-type: none"> ●Regional requirements:Evacuation areas, etc., designated or scheduled to be designated in district disaster prevention plans ●Subsidy rate [Implemented by private sector] central government:1/3, local government:1/3 [Implemented by local government] central government:1/3 (buildings alongside evacuation routes designated by a prefectural government or municipalities, disaster prevention centers designated by a prefectural government:2/5)
		Buildings alongside evacuation routes, etc. <ul style="list-style-type: none"> ●Regional requirements:Areas alongside evacuation routes, etc. ●Subsidy rate [Implemented by private sector]central government:11.5%, local government:11.5% [Implemented by local government]central government:11.5% 	
	Planning, PR, etc.	<ul style="list-style-type: none"> ●Regional requirements Projects based on initiatives stipulated in anti-seismic renovation promotion plans, etc. (Plan formulation costs, anti-seismic improvement design costs, PR costs, real estate evaluation costs for loans subject to lump-sum repayment in the event of death, related administrative fees, etc.) ●Subsidy rate [Implemented by private sector]central government:1/3, local government:1/3 [Implemented by local government]central government:1/2 	
Package support		Housing except condominiums <ul style="list-style-type: none"> ● Local requirements: N/A ● Subject of grant Sum of the cost of reinforcement design etc. and the cost of seismic retrofit work ● Amount of grant (Fixed amount in the central and local governments) Dense urban areas (including fire prevention repairs) ¥1.5 million, heavy snow areas ¥1.2 million, others ¥1 million ● Eligible municipalities Local governments that implement the following activities and verify / review the performance of activities every year. (1)Activity to promote earthquake-proofing directly to housing owners by visiting them or other means. (2)Activity to promote seismic retrofit for the housing units that received support of seismic diagnosis. (3)Activity to improve technical capability of renovation contractors etc. and activity to facilitate contact from owners to contractors etc. (4)Dissemination and awareness raising concerning need for earthquake-proofing 	-

The Great Hanshin-Awaji Earthquake

• Outline of earthquake damage

An earthquake of magnitude 7.2, hit the Hanshin-Awaji region before daybreak on Jan. 17, 1995, and caused the worst damage that Japan has suffered since WWII. The number of deaths exceeded 6,000 and the number of houses that were completely destroyed or half-destroyed amounted to about 250,000, and about 390,000 residential structures were partially destroyed. It also caused serious damage to transportation facilities, such as roads and railways, and critical urban infrastructure, such as electricity, gas and water supply.

• Restoration and reconstruction measures

The central and local governments set up headquarters to take necessary measures for immediate restoration and reconstruction the area, and energetically proceeded to support victims and to restore the urban infrastructure through Post-earthquake Quick Inspection of Damaged Buildings for earthquake-damaged buildings; the construction of about 50,000 emergency temporary housing units; and the establishment of “The Special Measures Act for Reconstruction of Disaster-stricken Urban Areas”.

To ensure enough housing for people who lost their homes, Publicly-operated Housing was constructed quickly and on a massive scale; 73,000 houses were started in Hyogo Prefecture by Aug. 1996.

In parallel, support for housing reconstruction, etc. of disaster victims was promoted by extended loans from the GHLC (currently Japan Housing Finance Agency: JHF)

• Realization of the importance of safety and earthquake-resistance

With the occurrence of this earthquake, people realized again that “safety and a sense of security” form the base of life, thus sufficient space is needed in environments.

Also urban design needs consideration for alternative urban functions, back-up systems and sufficient administrative capacity in the event of emergency. The earthquake-resistance quality of housing and buildings has also received a great deal of attention again, and “The Act on Promotion of Seismic Retrofitting of Buildings” has been enacted, by which the owner of a building that is used by many people is required to make an effort to get an anti-seismic assessment, etc.

Table 3-2-5: Outline of the Great Hanshin-Awaji Earthquake

Based on the “Hanshin-Awaji Earthquake announcement (definite news)” (2006. 5. 19. Fire and Disaster Management Agency of the Ministry of Internal Affairs and Communications official)

Outline of Earthquake (Japan Meteorological Agency)	Date occurred	5:46 a.m., on Tuesday, Jan. 17, 1995																																											
	Name	1995 South Hyogo Prefecture Earthquake																																											
	Location of epicenter	Awaji Island (Lat. 34° 36' N, Long 135° 02' E)																																											
	Hypocenter depth	16km																																											
	Seismic intensity	M7.3																																											
	Local seismic intensity	Presumably 7:* Presumably 6: Hyogo pref. Kobe City, Sumoto City Presumably 5: Kyoto pref. Kyoto City, Shiga pref. Hikone City, Hyogo pref. Toyooka City *Report of field examination by Japan Metrological Agency Hyogo pref. Kobe City: Takatori (Suma-ku), Ohashi (Nagata-ku), Daikai (Hyogo-ku), Sannomiya (Chuoku), Rokkomichi (Nada-ku), Sumiyoshi (Higashinada-ku), Ashiya City: Around Ashiya Station, Nishinomiya City: Syukugawa etc. Part of Takarazuka City, North of Awaji Island (Hokudan-cho, Ichinomiya-cho and Part of Tsuna-cho)																																											
	Tsunami	No occurrence																																											
Statistics	Earthquake Victims and Damage to Structures	Earthquake Victims; Deaths: 6,434, Missing: 3, Injured: 43,792 (Serious injury: 10,683, Minor injury: 33,109) Damage to housing Completely destroyed: 104,906 buildings, 186,175 households. Half destroyed: 144,274 buildings, 274,182 households Partially destroyed 390,506 buildings. Total 639,686 buildings Damage to non-housing Public buildings 1,579 buildings, Others 40,917 buildings Educational and Cultural Facilities 1,875 places, Roads 7,245 sections, Bridge 300 places, Rivers 774 sections, Landslips 347 sections, Block fences,etc.2468 places Water supply interrupted: approx. 1.3 million households *Ministry of Welfare Gas supply interrupted: approx. 860,000 households *Agency for Natural Resources and Energy Electric current interrupted: approx. 2.6 million households *Agency for Natural Resources and Energy Number of subscriber's telephone lines affected: over 300,000 *Ministry of Posts and Telecommunications *Water supply interrupted, Gas supply interrupted, electric current interrupted and subscriber's telephone lines affected is the peak time.																																											
	Fire	Fire outbreaks Building fire 269 places, Vehicles fire 9 places, Others 15 places, Total 293 places Areas of destroyed by fire: 835,858 m² <table><tr><th rowspan="3">burnt-out type \ use</th><th rowspan="3">Hyogo</th><th colspan="3">Except Hyogo</th><th rowspan="3">Total</th></tr><tr><th rowspan="2">Housing</th><th colspan="2">Non-housing</th></tr><tr><th>Public bld.</th><th>others</th></tr><tr><td>Fully burned Total</td><td>7,035 buildings</td><td>1 buildings</td><td>0 buildings</td><td>0 building s</td><td>7,036 buildings</td></tr><tr><td>Half burned</td><td>89 buildings</td><td>5 buildings</td><td>0 buildings</td><td>2 buildings</td><td>96 buildings</td></tr><tr><td>Partially burned</td><td>313 buildings</td><td>8 buildings</td><td>2 buildings</td><td>10 buildings</td><td>333 buildings</td></tr><tr><td>Small fires burned</td><td>97 buildings</td><td>6 buildings</td><td>1 buildings</td><td>5 buildings</td><td>109 buildings</td></tr><tr><td>Total</td><td>7,534 buildings</td><td>20 buildings</td><td>3 buildings</td><td>17 buildings</td><td>7,574 buildings</td></tr></table> *Classification of Housing , Non-housing was unknown Suffering households: Hyogo-ken 8908 households, Except Hyogo-ken Fully collapsed 16 households, Half collapsed 6 households, Small collapsed 39 households Total 8,969 households *Classification of Fully collapsed, Half collapsed and Small collapsed in Hyogo-ken was unknown				burnt-out type \ use	Hyogo	Except Hyogo			Total	Housing	Non-housing		Public bld.	others	Fully burned Total	7,035 buildings	1 buildings	0 buildings	0 building s	7,036 buildings	Half burned	89 buildings	5 buildings	0 buildings	2 buildings	96 buildings	Partially burned	313 buildings	8 buildings	2 buildings	10 buildings	333 buildings	Small fires burned	97 buildings	6 buildings	1 buildings	5 buildings	109 buildings	Total	7,534 buildings	20 buildings	3 buildings	17 buildings
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The Great East Japan Earthquake

• Outline of earthquake damage

Table3-2-6: Outline of the Great East Japan Earthquake

(March 9th, 2021, Fire and Disaster Management Agency of the Ministry of Internal Affairs and Communications officials)
 “The 2011 Off-the-Pacific-coast-of-Tohoku Earthquake (the Great East Japan Earthquake) announcement”

Outline of Earthquake (Japan Meteorological Agency)	Date occurred	14:46 p.m. March 11, 2011
	Name	The 2011 off the Pacific coast of Tohoku Earthquake
	Location of epicenter	Sanriku offshore (Lat. 38° 1' E, 142° 9' E)
	Hypo central depth	24 km
	Seismic intensity	M 9.0
	Local seismic intensity (Maximum presumably upper weak 6)	<div>Presumably 7</div> <div>Miyagi pref.: Kurihara City</div> <hr/> <div>Presumably strong 6</div> <div> Miyagi pref.: Wakuya-cho, Tome City, Misatomachi, Osaki City, Natori city, Zaou-machi, Kawasakimachi, Yamamoto-cho, Sendai city, Ishinomaki city, Shiogama City, Higashimatsushima City, Ohira-mura Fukushima pref.: Shirakawa City, Sukagawa City, Kunimi-machi, Kagamiishi-machi, Tenei-mura, Naraha-machi, Tomioka-machi, Okuma-machi, Futaba-machi, Namie-machi, Shintchi-machi Ibaraki pref.: Hitachi City, Takahagi City, Kasama City, Hitachiomiya City, Naka City, Cikusei City, Hokota City, Omitama City Tochigi pref.: Ohtawara City, Utsunomiya City, Moka City, Ichikai-machi, Takanezawa-machi </div> <hr/> <div>Presumably weak 6</div> <div> Iwate pref.: Ofunato City, Kamaichi City, Takizawa-mura, Yahaba-cho, Hanamaki City, Ichinoseki City, Oshu City, Fujisawa-cho Miyagi pref.: Kesennuma City, Minamisanriku-cho, Shiroishi City, Kakuda City, Iwanuma City, Ogawara-machi, Watari-cho, Matsushima-machi, Rifu-cho, Taiwa-cho, Osato-cho, Tomiya-machi Fukushima pref.: Fukushima City, Koriyama City, Nihonmatsu City, Koori-machi, Kawamata-machi, Nishigo-mura, Nakajima-mura, Yabuki-machi, Tanagura-machi, Tamakawa-mura, Asakawa-machi, Ono-machi, Tamura City, Date City, Motomiya City, Iwaki City, Soma City, Hirono-machi, Kawauchi-mura, Iitate-mura, Minamisoma City, Inawashiro-machi Ibaraki pref.: Mito City, Tsuchiura City, Ishioka City, Joso City, Hitachiota City, Kitaibaraki City, Toride City, Tsukuba City, Hitachinaka City, Kashima City, Itako City, Bando City, Inashiki City, Kasumigaura City, Sakuragawa City, Namegata City, Tsukubamirai City, Ibaraki-machi, Shirosato-machi, Tokai-mura, Miho-mura Tochigi pref.: Nasu-machi, Nasushiobara City, Haga-machi, Nasukarasuyama City, Nakagawa-machi Gunma pref.: Kiryu City Saitama pref.: Miyashiro-machi Chiba pref.: Narita City, Inzai City </div>
	Tsunami	<ul style="list-style-type: none"> Soma Maximum wave 15:51 p.m. March 11, upper 9.3m *1 Ayukawa, Ishinomaki City Maximum wave 15:26 p.m. March 11, upper 8.6m *1 Miyako Maximum wave 15:26 p.m. March 11, upper 8.5m *1 Ofunato Maximum wave 15:18 p.m. March 11, upper 8.0m *1 Hachinohe Maximum wave 16:57 p.m. March 11, upper 4.2m *1 Kamaishi Maximum wave 15:21 p.m. March 11, upper 4.2m *1 Oarai Maximum wave 16:52 p.m. March 11, 4.0m Shoya, Erimo-cho Maximum wave 15:44 p.m. March 11, 3.5m <p>*1: There are some periods for which we have no data because the observatory was damaged by the tsunami. So there is some possibility that higher tsunami waves had hit. (Meteorological Agency)</p>
Statistics	Earthquake Victims and Damage to Structures	Earthquake victims; Deaths: 19,747 people Missing: 2,556 people Injured: 6,242 people Damage to housing Completely destroyed or lost: 122,005 buildings. Half destroyed: 283,156 buildings Partially destroyed: 749,732 buildings Inundation above ground floor level: 1,489 buildings Inundation under ground floor level: 9,786 buildings Damage to non-dwellings Public buildings: 14,527 buildings Others: 92,890 buildings Water supply interrupted: approx. 257,000 households *Ministry of Welfare Gas supply interrupted: approx. 40,000 households *Agency for Natural Resources and Energy Electricity interrupted: approx. 871,000 households *Agency for Natural Resources and Energy Number of subscriber's telephone lines affected: over 190,000 *Ministry of Posts and Telecommunications *The number of water supply interrupted, gas supply interrupted, electric current interrupted and subscriber's telephone lines affected is the peak time.
	Fire	Fire outbreaks: 330 places (Hokkaido 4 places, Aomori pref. 11 places, Iwate pref. 33 places, Miyagi pref. 137 places, Akita pref. 1 places, Yamagata pref. 2 places, Fukushima pref. 38 places, Ibaraki pref. 31 places, Gunma pref. 2 places, Saitama pref. 12 places, Chiba pref. 18 places, Tokyo 35 places, Kanagawa pref. 6 places)

Photo3-2-2: Damage from Tsunami



Photo3-2-3: Damage from Earthquake



●Situation of measures taken for recovery and rebuilding (to secure stability in housing for those who lost their housing)

Various measures are being taken for the full-fledged recovery and rebuilding in the areas affected by the Great East Japan Earthquake of March 11, 2011. This is being done urgently and, in particular, the following measures are being taken for the securing of stability of housing for those who lost their housing. All-out efforts will be made continuously from now on for recovery and rebuilding in the affected areas and for the stability of the lives of the victims.

1) Securing of stability of housing of victims

a. Support for supply of publicly-operated housing in the affected areas

In an attempt to reduce the burden of local governments on their supply of disaster-relief publicly-operated housing, the rates of subsidies regarding the supply of housing and reduction of rents are raised. Furthermore, as special support measures, a new subsidy system was created regarding expenses that are required for the purchase and preparation of land for disaster-relief publicly-operated housing, expenses to further reduce rents for residents in disaster-relief publicly-operated housing for low income people and expenses for supplying quality rental housing of the disaster-recovery type. At the same time, special measures are taken regarding requirements for applicants to live in publicly-operated housing.

Table 3-2-7: Provision of disaster-relief publicly-operated housings and future outlook (As of September FY2023)

(number of households)

		End of FY2016	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2023	Plan
Iwate pref.		4,594	5,284	5,672	5,734	5,833	5,833	5,833	5,833
Miyagi pref.		13,784	15,415	15,823	15,823	15,823	15,823	15,823	15,823
Fukushima pref.	Tsunami and earthquake	2,758	2,807	2,807	2,807	2,807	2,807	2,807	2,807
	Refugees from nuclear plant	3,400	4,707	4,767	4,767	4,767	4,767	4,790	4,890
	Returnees	69	283	293	397	423	423	431	453
Total		24,605	28,496	29,362	29,528	29,653	29,683	29,661	29,806

Notes: Tsunami and earthquake means disaster-relief publicly-operated housing for tsunami and earthquake victims. Refugees from nuclear plant means the same housing for refugees from nuclear plant and Returnees means the same housing for returnees who returned from escaped place.

The plan number of Refugees from nuclear plant, 4,890 unit, includes cancelled housings, 123 units.

Photo 3-2-4:Example of maintenance of disaster relief-public housing (Soma city, Fukushima pref.)



Photo 3-2-5:Example of maintenance of disaster relief-public housing (Otsuchi-cho, Iwate pref.)



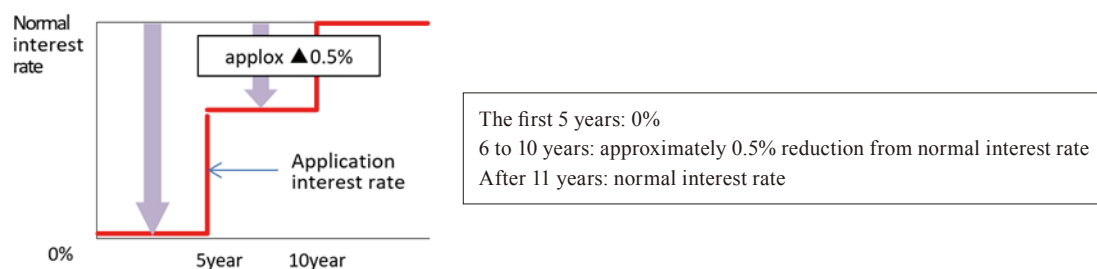
2) Support for self-rebuilding by the victims

a. Expansion of loans for the repairing and rebuilding of houses for restoration

In order to support housing reconstruction, etc. by disaster victims, such measures as reducing loan interest rates and the prolongation of the periods of deferment are made regarding loans for rebuilding of houses affected by the disaster. These are granted by the Japan Housing Finance Agency and, in addition, loans for land for rebuilding housing as a result of the disaster have been implemented as support to cover the cases of disaster affected housing and land.

Figure 3-2-23:Image of reduction of loan interest rates and examples of repayments for disaster restoration housing loan (construction or purchase)

■Image of reduction of loan interest rate



■Example of repayment

Loan amount	Repayment amount			Total interest expenses
	First 5 years	6 to 10 years	After 11 years	
¥20,000,000	¥0 (0%)	¥55,714 (0.92%)	¥60,050 (1.45%)	¥4,960,978

<Premise>

- loan amount: ¥20,000,000
- () means applying the loan interest rate (the example at the time of September 1, 2023)
- Interest rate when taking out group credit life insurance
- Repayment period is 40 years (the principal will remain the same for the first 5 years)
- Equal monthly payments with interest

b. Expansion of the special treatment for repayment by victims who have been granted loans from the Japan Housing Finance Agency

For disaster victims who have been granted loans from the Japan Housing Finance Agency (JHF) (including former GHLC finance and Flat 35 Purchase Program), implementation has been carried out for special treatment, which means the postponement of payment or repayment for up to five years, and reduction of interest rates during the grace period.

For the victims of the Great East Japan Earthquake, there has been much very generous assistance from other countries.

Please visit the following websites to see details regarding the situation resulting from the March 2011 disasters, and actions that are being taken for reconstruction by MLIT and the rest of the Japanese government offices and agencies.

MLIT https://www.mlit.go.jp/page/kanbo01_hy_001411.html

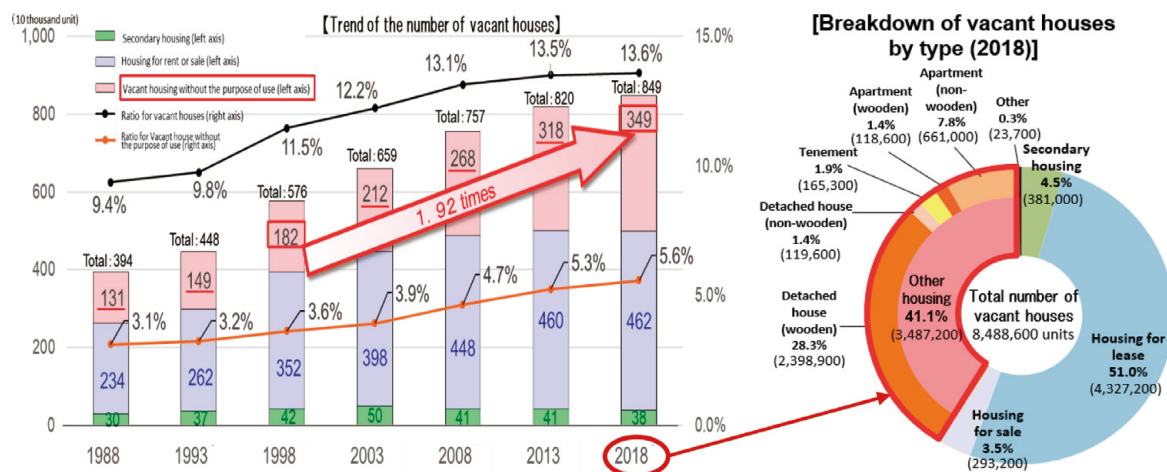
Reconstruction Agency <http://www.reconstruction.go.jp/english/topics/links/>

(12) Vacant house countermeasures

Current status of vacant houses

In recent years, the number of vacant houses has been increasing year by year due mainly to the declining population, aging of existing houses, and changes in social needs. According to the Housing and Land Survey conducted by the Ministry of Internal Affairs and Communications, the total number of vacant houses in Japan as of October 1, 2018 was 8.49 million, accounting for 13.6% of the total number of houses. Of the total number of vacant houses, the number of vacant houses belonging to “Vacant housing without the purpose of use” excluding “Secondary housing” such as villas, “Housing for rent” and “Housing for sale” was 3.49 million, which has increased about 1.9 times in the past 20 years.

Figure 3-2-24: Number of Vacant Houses and Breakdown by Type



Source: Ministry of Internal Affairs and Communications, Housing and Land Statistics Survey

[Type of vacant houses]

Secondary residences: Villas and others (residences where people sleep over occasionally)

Housing for rent or sale: Housing, whether new or used, that is vacant for rent or sale.

Vacant houses without the purpose of use: Housing other than the above where there are no residents, such as a house where the resident household has been absent for a long period due to job transfer or hospitalization, or house that is to be demolished for reconstruction.

Amendment of the Vacant Houses Special Measures Act

In the course of the problem of vacant houses becoming increasingly serious throughout Japan, the Act on Special Measures Concerning Promotion of Measures against Vacant Houses, etc. (hereinafter called the “Vacant Houses Act”) was enacted in 2014, mainly focusing on responses to specific vacant houses, etc. that have significant adverse effects on their surrounding area. Since the enforcement of the Vacant Houses Act in 2015, local governments have made steady progress in the creation of measures to deal with vacant houses, such as the devising of plans for measures against the existence of vacant houses, etc. and the demolition of vacant houses that have been condemned, and other works.

In the meantime, the number of vacant houses is on the rise due to a population decline, etc. Among the number of vacant houses, the number of houses with no purpose of use is expected to increase to 4.7 million in 2030. Due to this, enhancement of measures is imperative, and there is an increasing need to take action even before houses become vacant and to take action at an earlier stage when vacancies do occur. There is an increasing need to create added social value by utilizing vacant houses according to the needs of communities, thereby contributing to the vitalization of local economies and communities.

In order to strengthen measures by means of regulatory systems, in the 211th ordinary session of the Diet, the national government submitted a bill for the amendment of the Vacant Houses Act, and after deliberations in both houses, i.e. the House of Representatives and the House of Councilors, the Act was passed on June 7th, 2023, promulgated on June 14th, and was enforced on December 13th. The amended Act stipulates that the measures shall be strengthened comprehensively with the three major pillars of “enhancement of utilization” and “securing control” of vacant houses, etc. as well as “demolition of vacant houses that have been condemned, and other actions.”

Status of utilization of the Vacant Houses Act by municipalities

As of March 31, 2023, a total of 1,450 municipalities (about 83% of all municipalities in Japan) have already formulated the vacant house countermeasure plan, which is the basis of vacant house countermeasures by municipalities. In addition, 195 municipalities are going to formulate such a plan in the future. As a result, about 94% of municipalities are scheduled to formulate countermeasures.

The number of actions taken by the mayors of municipalities against identified vacant houses, etc., has been increasing year by year. As of March 31, 2023, 37,421 cases of advice / guidance, 3,078 cases of recommendation, 382 cases of order, 180 cases of administrative subrogation, and 415 cases of summary subrogation have occurred.

Table 3-2-8: Formulation of Vacant Houses Countermeasure Plan

	Number of municipalities	Ratio
Already formulated	1,450	83%
To be formulated	195	11%
FY2023	69	4%
FY2024 or thereafter	16	1%
Time not determined	110	6%
No plan to formulate	96	6%
Total	1,741	100%

Table 3-2-9: Measures Taken for Identified Vacant Houses, etc. * Number of municipalities in parentheses

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	total
Advice/guidance	2,440(125)	3,288(208)	4,252(274)	4,690(326)	5,587(399)	6,122(406)	6,081(422)	4,961(418)	37,421(808)
To be formulated	60(24)	215(73)	303(92)	383(107)	442(136)	473(145)	564(157)	638(159)	3,078(417)
Order	6(5)	19(16)	37(27)	42(20)	40(32)	65(46)	84(60)	89(57)	382(130)
subrogation Administrative	2(2)	10(10)	12(12)	18(14)	28(25)	24(22)	47(43)	39(36)	180(129)
subrogation Summary	8(8)	28(24)	40(33)	51(46)	67(55)	67(55)	83(73)	71(54)	415(228)

In addition, as an effect of the measures taken by municipalities for vacant houses, the number of identified vacant houses that have been removed or repairing, etc. has reached 22,148. Moreover, as a result of the various measures taken by municipalities for vacant houses, including not only advice and guidance under the Vacant Houses Act but also measures based on ordinances and the provision of information under the Vacant Houses Act, the total number of houses that have been removed or otherwise disposed of by their owners reached about 168,000 in the four and a half years up to March 31, 2023.

Tax system utilization

In addition to measures under the Vacant Houses Act, special taxation measures have been created for some vacant houses to be distributed in the market, and for the demolition of other vacant houses, and for their lots to be distributed in the market by municipalities. Specifically, if by December 31st of the year in which three years have elapsed since the date of inheritance, an heir who inherits a house that was used as the residence of the decedent sells the house (including its site, provided that the house will be renovated to be earthquake-proof if it is not already earthquake-proof) or the site after demolition, the heir is entitled to deduct 30 million yen from the transfer income from the house or site. As of March 31st, 2023, a total of 63,602 confirmation letters for such deduction have been issued.

As a result of the amendments to the tax system in FY 2023, the period of application to the above system has been extended to December 31st, 2027. Also, in the case of transfers made through the end of 2023, only cases where the seller has performed seismic repair or demolition by the time of transfer are applicable. However, in the case of transfers made on or after January 1st, 2024, for cases where the buyer has performed seismic repair or demolition pursuant to a sale and purchase agreement during the period from the time of transfer to February 15th of the year after the year of transfer, they will also be applicable.

Support for vacant house countermeasures

1) Comprehensive support project for vacant house countermeasures

Support for the initiatives implemented by municipalities under the vacant house countermeasure plan on Vacant Houses Act, such as removing and utilization of vacant houses, and support for the superior initiatives to make a study/survey or reform works, etc. to utilize vacant houses implemented by NPO, private enterprises, etc.

2) Support project for removing and utilization, and so on, of vacant houses

In districts for which the measures concerning vacant houses, etc. are applicable and are specified in the plans for measures against vacant houses, etc., support is provided for local governments that are engaged in the utilization of vacant houses, demolition of vacant houses and houses that are in substandard condition in order to seek development of, and improvements to the living environment.

3. Environmental Improvement in Urban Areas

(1) Development of Urban Residential Areas

Some existing urban areas require renewal because of factors that include high concentrations of aging wooden housing and inadequate development of public facilities. Depending on local characteristics, a variety of project methods are used to improve these areas. Some projects are designed to create good urban environments, supply of comfortable urban housing and improve residential environments and facilities, while others seek to improve the ability of areas to withstand disasters. Described below are four representative examples of these projects.

Urban Renewal Project

<Objectives of the project>

Based on “The Urban Renewal Act”, which was enacted in 1967, this project is executed in existing urban areas where low-rise wooden houses are densely built and public facilities are insufficient. After existing buildings are demolished, medium-to high-rise fire-proof buildings are constructed. The original property owners together with new investors, become condominium owners of the new building by means of “property rights conversion” and “preferential sale to former owners.” The district is completely renewed through new construction of roads, parks and plazas, thus becoming resistant to earthquakes and fires.

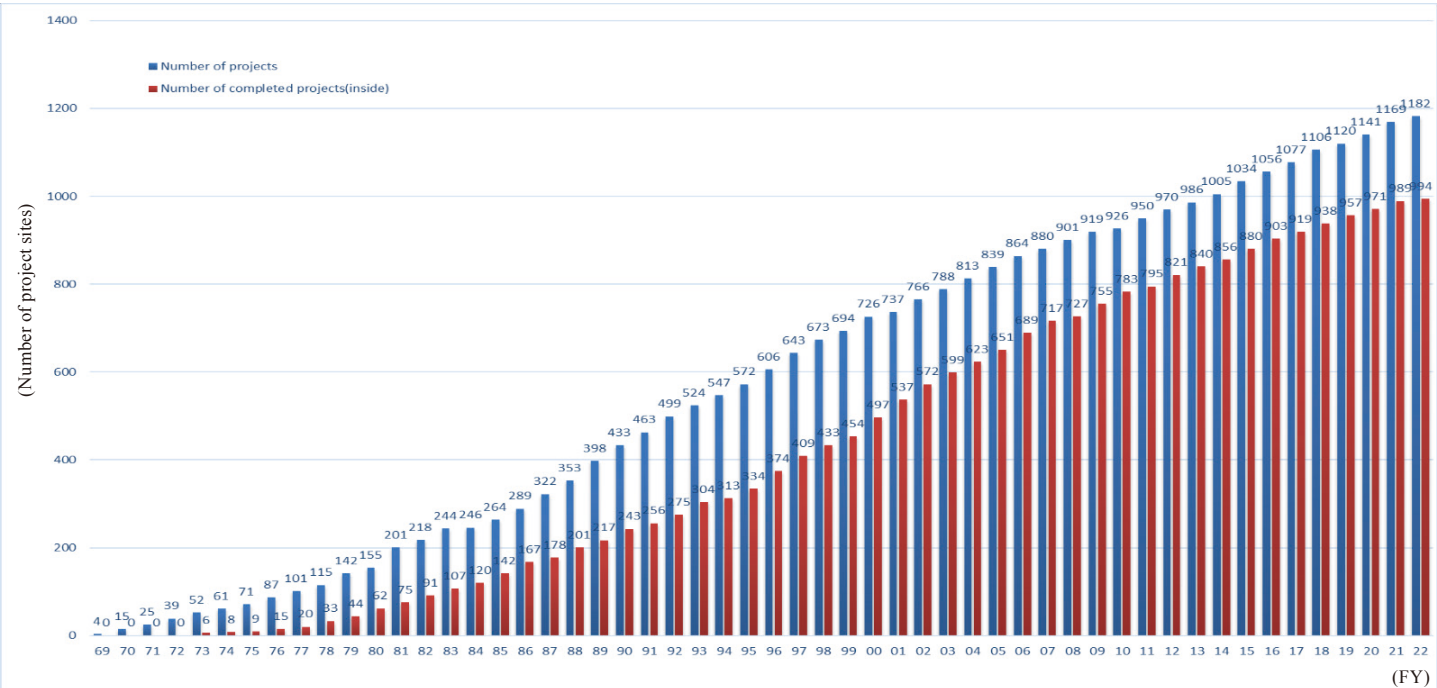
<Implementing bodies of the project>

Implementing bodies may be public organizations, such as local governments, Urban Renaissance Agency, and Local Housing Supply Corporations; urban renewal cooperatives consisting of landowners, leaseholders and others; renewal companies, or individuals.

<Project system>

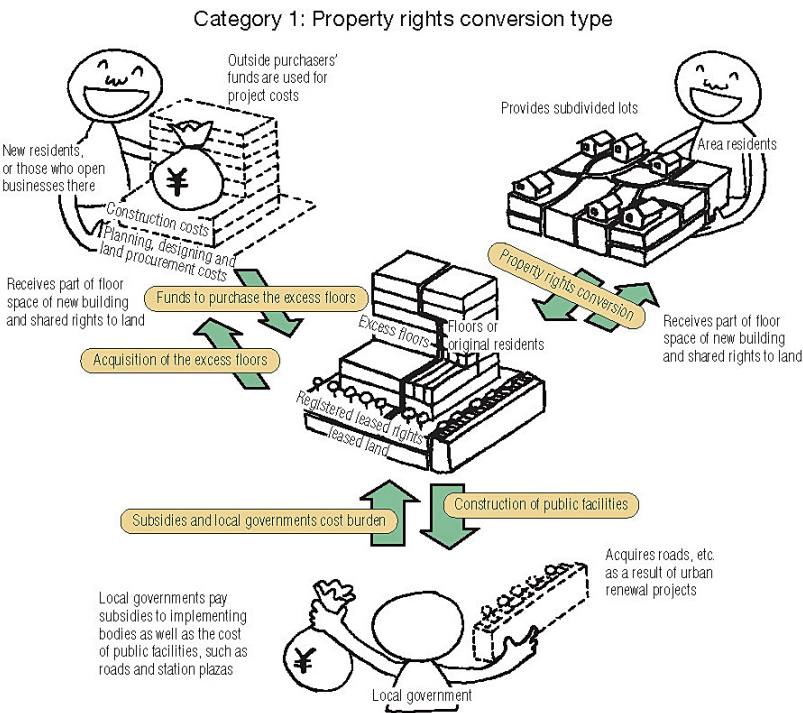
Funds required for implementing the projects, such as construction cost of buildings and public facilities, are covered by; revenue from selling the excess floors produced by intensive use of land; funds paid by local governments for the cost of public facilities such as roads and public squares that are brought about as a result of renewal; and subsidies from the central and local governments. The previous rights to land and buildings are converted to rights to part of the floor space of the new building and shared rights to the land. Therefore, those who have been doing business or living in the district, in principle, occupy the newly-built one (Property rights conversion type: CategoryI). There is another measure where the implementing body expropriates all the land and buildings first, then sells them back preferably to the former owners after completion (Preferential sale to former owner’s type: CategoryII)

Figure 3-3-1: Area and Number of Urban Renewal Projects by Implementing Body (as of March 31, 2023)



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

Figure: 3-3-2: System of Urban Renewal Projects



Source: Urban Renewal Association of Japan, Illustration of Urban Renewal Projects

Figure3-3-3: Urban Renewal Project area by implementing body (Statistics from FY1970 through FY2020)

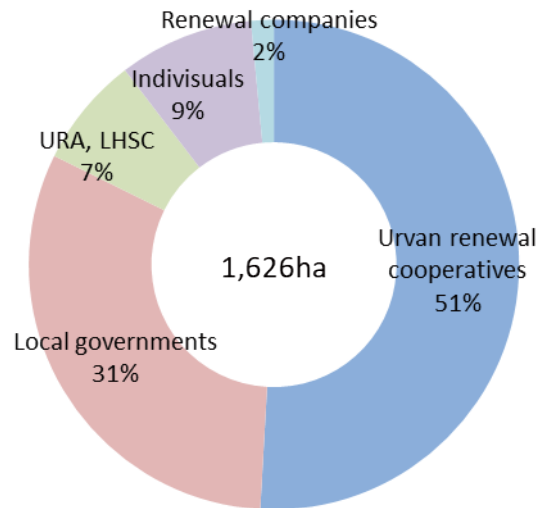


Figure3-3-4: Example of Revenue and expenditure of Urban Renewal Project (Hikifune Station Front District)

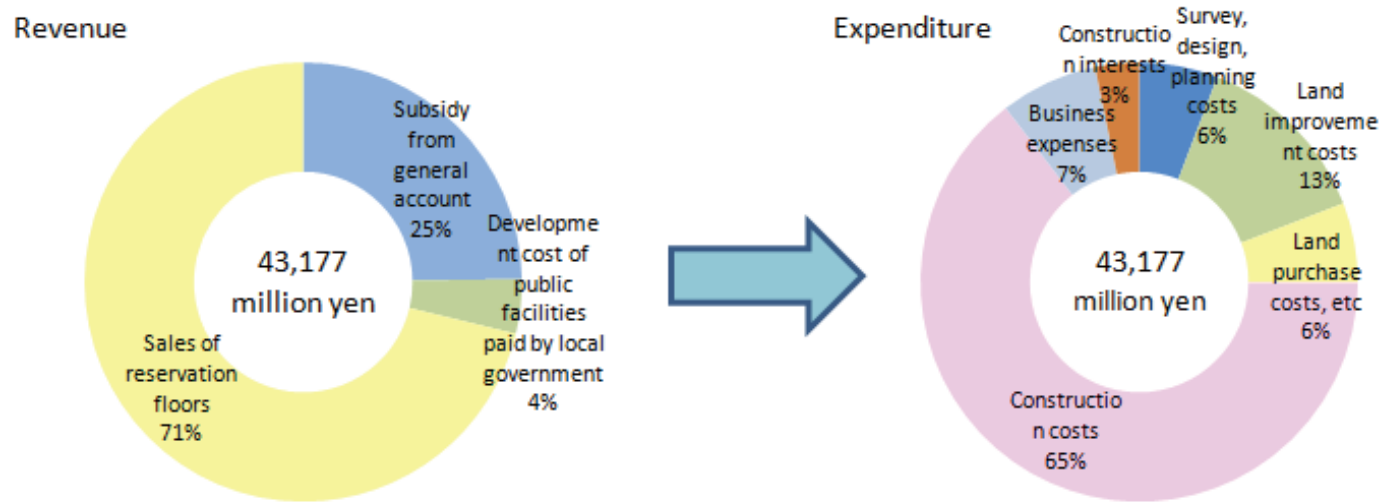


Photo 3-3-1: Hikifune Station Front District



Comprehensive Urban Residential Improvement Projects

<Project objectives>

Comprehensive urban residential improvement projects target existing urban areas. Their objectives include the creation of comfortable residential environments, the renewal of urban functions, the improvement of densely inhabited areas, the promotion of urban living and renewal of housing complex.

<Contents of the project>

These projects can be divided into the following types, according to the nature of the improvements made in urban residential areas.

1) Improvement Project for Densely Inhabited Areas

Methods used to improve housing and living environments, disaster prevention, etc. including the improvement to provide public facilities, and to encourage the demolition and replacement of dilapidated housing at densely inhabited area.

2) Localized Development Projects

The objective of projects are creation of sustainable living environments and remodeling of city functions, etc. in existing urban areas, especially in major cities. Activities include the improvement of public facilities and the supply of quality housing.

3) Inner-City Residential Renewal Projects

The aim of these projects is to improve relocation to central city areas. Measures include the development of public facilities and the supply of quality housing.

4) Housing complex stock-utilization Projects

Aim to revitalize housing complexes, where a rapid aging of residents as well as increase in the number of vacant units, etc. are expected, through comprehensive supports toward the development of life-supporting facilities, etc. for aged/child-rearing households by using existing stock, and remodeling projects, etc. to promote move-in of young households.

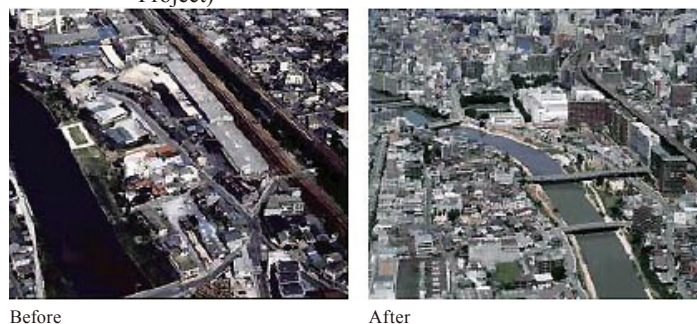
Facilitators of this project consist of local governments, Urban Renaissance Agency, local housing corporations, private-sector operators, etc. The national government pays the following costs for them:

- a. Preparation of development plans
- b. Provision of housing and living support facilities, etc.
- c. Provision of public facilities; roads, parks, etc.

Photo 3-3-2: Ikeda-Otoshi District, Neyagawa City (Comprehensive Urban Residential Area Improvement Project, Improvement of Densely-Inhabited Residential District)



Photo 3-3-3: Nakagawa Riverside District (Comprehensive Urban Residential Area Improvement Project, Localized Development Project)



Comprehensive disaster prevention project for densely built-up areas

<Project objectives>

Comprehensive environmental development is promoted for densely built-up areas where aging is rapidly progressing, such as development of life support functions, e.g. child-rearing support facilities and welfare facilities, in order to promote the lifestyles of various households as well as disaster prevention measures.

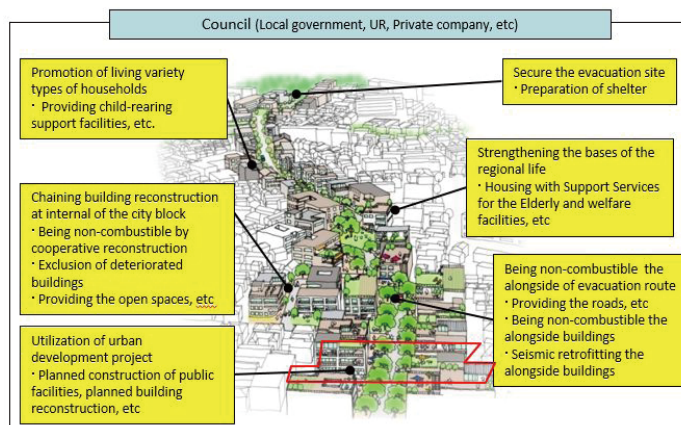
<Contents of the project>

This is a project for local governments to implement comprehensive environmental development of densely built-up areas by organizing a conference in each area and promoting / developing life-support functions etc., such as child-rearing support facilities, housing for the elderly, including support services, and welfare facilities, while promoting disaster prevention measures.

Facilitators of this project consist of local governments, Urban Renaissance Agency, local housing corporations, private-sector operators, etc. The national government pays the following costs for them.

- a. Preparation of development plans
- b. Provision of housing and living support facilities, etc.
- c. Provision of public facilities; roads, parks, etc.

Figure3-3-5: Image of comprehensive disaster prevention project for densely built-up areas



Townscape Improvement Projects

<Project objectives>

The townscape improvement project aims to develop residential areas with plenty of space and comfort in areas where development / improvement of housing environment is necessary.

<Contents of the project>

These projects are implemented by local governments and residents who have signed community development agreements. They involve various measures to develop and improve communities, including the renovation work to enhance the exterior appearance of houses, the installation of underground power and telephone cables, and the provision of roads, public squares and other community facilities.

Project participants include local governments and residents. The central government provides subsidies for certain costs, such as the following items:

- a. Association activities
- b. Preparation of development plans
- c. Provision of public facilities
- d. Renovation work to enhance the exterior appearance of houses, etc.

Photo3-3-4: Chofu District, Shimonoseki City (Townscape Improvement Project)



Blighted Residential Area Renewal Project

<Project objectives>

This project is carried out based on “The Residential Area Improvement Act”. It aims to renew densely-built dilapidated housing areas. This is a slum clearance type project which strives to improve the living environment and promote a massive construction of housing that ensures healthy and culturally satisfying living conditions.

<Project procedure>

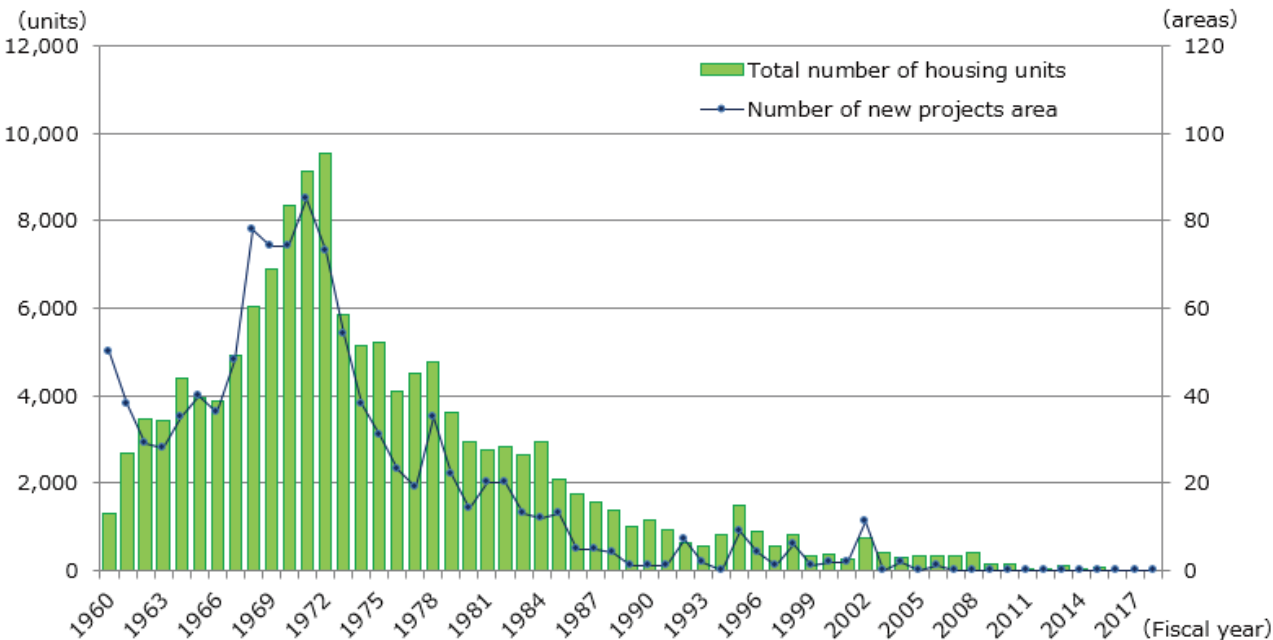
A local government implements a project with central government subsidy in the following procedures, as prescribed by the above act:

- a. Purchase and demolition of dilapidated housing
- b. Land procurement (Purchase of land, etc.); site procurement; change of location of buildings other than dilapidated housing; development of public facilities, such as roads, parks and meeting rooms.
- c. Construction of renewal housing for previous residents (mainly of rental housing, but housing can also be built for sale)
- d. Installation of temporary housing with regard to the above (a) and (b), if the property owner does not consent to the sale of his dilapidated housing and land, the Act enables the implementers to expropriate the property.

<Achievement of the project>

A total of approximately 135,000 housing units were constructed by this project from FY1960 through FY2019.

Figure3-3-6: Number of housing units and area of Blighted Residential Area Renewal Project



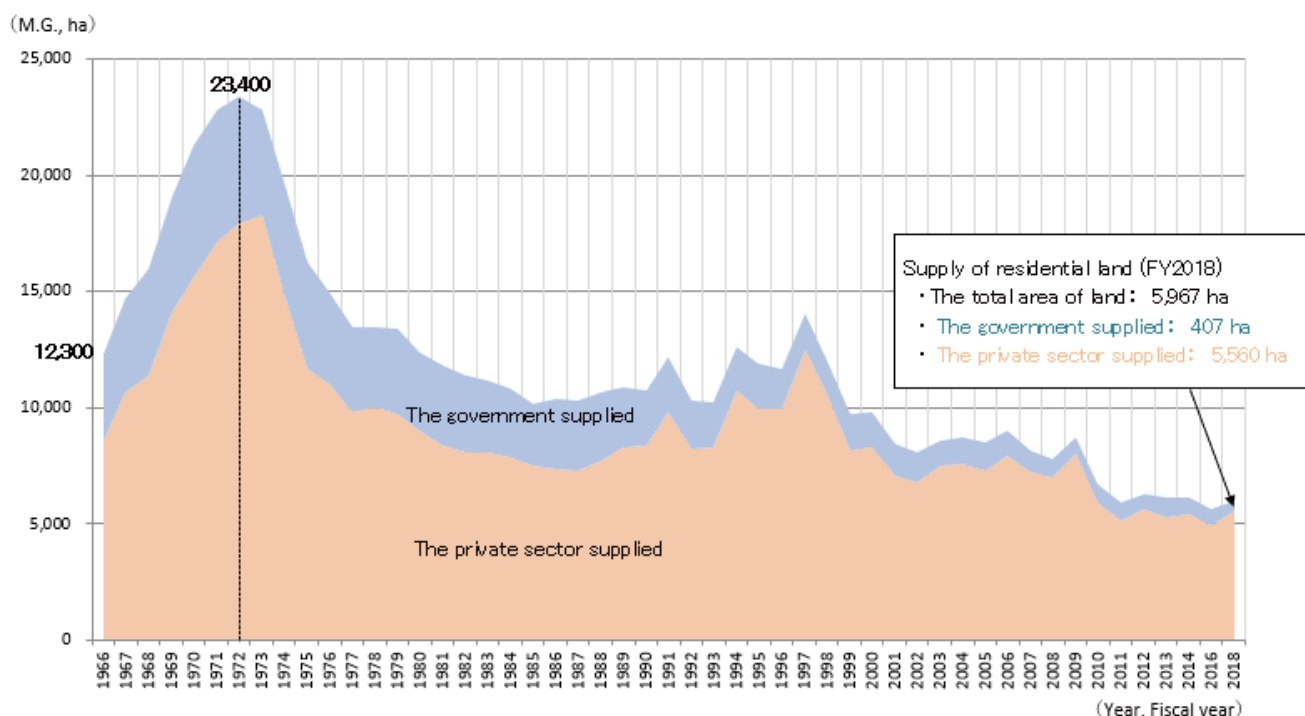
Source: Ministry of Land, Infrastructure, Transport and Tourism

(2) Changes in Totals of Land for Housing Supply and Development of New Residential Areas

Trends in the Supply of Land for Housing

In FY2018, the total area of land supplied for housing was 5,967ha, of which the government supplied 407ha and the private sector 5,560ha.

Figure3-3-7: Changes in supply of residential land



Source: Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

- Note: 1. From 1966 to 1988, estimations were carried out using M.G. (medium gross = value where the site consists of housing plus a narrow back street and play lots, etc.). However, the estimation method was partially revised, and since 1989, the area of only housing lots has been used in estimations.
2. "Public supply" refers to land supplied by the public sector such as the URA, local government and others, including land supplied through Land Readjustment Projects carried out by these organizations
3. "Private supply" refers to land supplied by the private sector such as private developers and landowners, including land supplied through Land Readjustment Projects by cooperation.
4. For Iwate Prefecture, Miyagi Prefecture, and Fukushima Prefecture, the amount of residential land provided from FY2011 to FY2014, the area converted from agricultural land to residential land ("Transfer and change of Agricultural Land" investigated by the Ministry of Agriculture, Forestry and Fisheries) is aggregated.

New Town Construction

The concentration of population in major cities during Japan's period of high economic growth created a need for the systematic supply of large areas of land for housing. Since the 1960s, major new towns have been built on the outskirts of major cities through new residential town development projects and land readjustment projects. The central government has provided subsidies for the development of public facilities, including roads, parks and rivers, needed for these new town projects. Public housing project entities have built a number of major residential cities (cities with populations of several hundred-thousand) on areas covering several thousand hectares. Examples include Senri New Town and Senboku New Town in Osaka prefecture, and Tama New Town and Kohoku New Town on the outskirts of Tokyo.

Photo 3-3-5: Tama New Town



Photo 3-3-6: Kohoku New Town



• New Residential Town Development Projects

New residential town development projects are implemented under “The New Residential Town Development Act”, which was enacted in 1963. Their purpose is to develop healthy urban residential communities near urban residential areas in which the demand for housing is especially high, and to provide substantial amounts of land for housing with good residential environments. The organizations that implement these projects, including local governments and local housing supply corporations, purchase entire target areas and develop residential towns.

• Land Readjustment Projects

Land readjustment projects are carried out under “The Land Readjustment Act” to develop and improve public facilities and facilitate the use of land for housing. Land substitution is used to achieve various goals, including the creation or modification of roads, parks and other public facilities, and the reshaping of lots. Benefits include the formation of healthy urban areas and the supply of quality land for housing. These projects have been carried out by various entities, including individual landowners, land readjustment cooperatives formed by landowners and others, local governments, the Urban Renaissance Agency, and Local Housing Supply Corporations.

• Urban Residential Area Infrastructure Improvement Projects

The aim of these projects is to encourage housing-land projects and housing stock improvement projects, especially in priority in areas that have priority regarding housing supply, especially in Japan’s three major metropolitan areas, through the comprehensive development of related public facilities and other infrastructure.

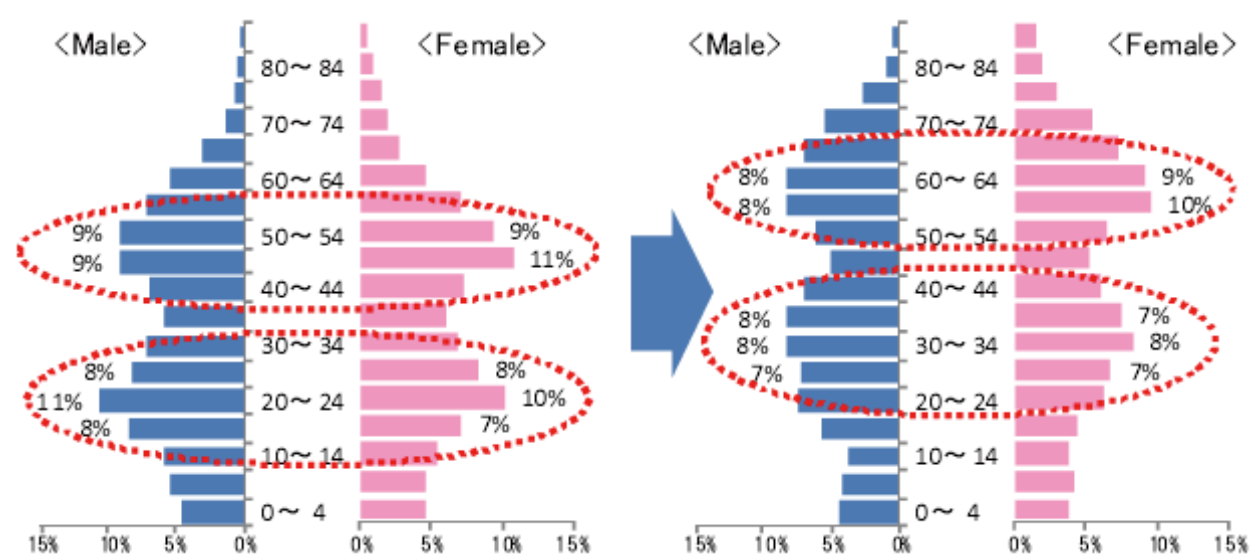
New Town Regeneration

New towns established several decades ago are now facing a range of problems, including the rising average-age of residents, the aging of the housing and facilities, and a growing gap between land-use patterns and actual needs.

It is necessary to work on the following matters to deal with these problems.

- Utilization of existing stocks including urban infrastructure and housing, accompanied by remodeling and rebuilding of facilities and changes in use to reflect contemporary needs.
- Dynamic utilization of community resources to maintain and manage communities established in new towns, and fostering of community businesses
- Regeneration of attractive communities in which diverse households and generations can benefit from nature and various urban facilities while also maintaining a good work-life balance
- Community development based on initiatives by residents, through cooperation among residents, local governments and public housing project entities, with the aim of creating communities in which community regeneration can be combined with the maintenance of an enriched environment.

Figure 3-3-8: The Demographic Configuration of Suwa-Nagayama, Tama New Town



Source: Ministry of Internal Affairs and Communications, Population Census

4. Housing Tax Systems

Main Types of Housing-Related Taxation in Japan

The following taxes are currently applied to housing, including the acquisition and maintenance of houses, in Japan. The information described in this section is as of September FY2021.

• Acquisition

1) Stamp duty (national tax)

- An amount based on the value stipulated in contracts, such as real estate sale agreements

2) Registration and license tax (national tax)

- Ownership maintenance registration: 4/1000 of appraisal value
- Ownership transfer registration: 20/1000 of appraisal value (If inheritance or division of co-ownership is the cause of the relocation: 4/1000)
- Mortgage settlement registration: 4/1000 of loan

3) Real estate acquisition tax (local tax)

- 4/100 of appraisal value (standard tax rate, based on fixed property tax valuation)

4) Consumption tax (national/local tax)

- 10/100 of sale price, etc., of houses (including 2.2/100 for local consumption tax)
- Land sales exempt from taxation
- Rents on rental housing are exempt

• Maintenance

1) Fixed-property tax (local tax)

- 1.4/100 of fixed property tax valuation (standard tax rate)

2) Urban planning tax (local tax)

- 0.3/100 of fixed property tax valuation (maximum tax rate)

Special Measures Pertaining to Housing-Related Taxes

A variety of special measures have been established in Japan concerning taxes applied at various stages, including acquisition and maintenance of housing. These are various reasons for these measures, such as the improvement of residential living standards by encouraging housing acquisition and the formation of quality housing stock. The main measures are as follows:

• Special Measures Relating to Acquisition

1) Tax relief for housing loans (income tax, individual inhabitant tax)

If a house is newly built, acquired or subjected to construction work of addition and/or modification, etc. through the utilization of a housing loan*, 0.7% of the year-end remainder of the housing loan, etc. in each year can be deducted from the amount of income tax liability for up to a maximum of 13 years. (See table below.)

*A loan used together with a loan that was taken out on the house, will also be applicable in order to pay for the expense of the land to be acquired for the house.

Deduction from personal resident-tax liability

For those whose amount of income tax liability is not deducted by the maximum possible amount of deduction in the housing loan tax-reduction system, the amount not deducted from their income tax liability can be deducted from the personal resident-tax liability in the following year (maximum amount: 97,500 yen).

In the case of a newly built housing unit or a purchased and resold housing (the reduction rate is a 0.7%)

Environmental performance of the housing unit, etc.	借入限度額		Deduction period
	Borrowing Limit: 2022, 2023	Borrowing Limit: 2024, 2025	
Long-term excellent housing/low-carbon housing	50 million yen	45 million yen	13 years*
ZEH-level energy efficient housing	45 million yen	35 million yen	
Energy Saving Standard Compliant Housing	40 million yen	30 million yen	
Other housing	30 million yen	0yen *	

*"Other housing" for which building confirmation for a newly built housing unit is carried out in 2024 or thereafter shall be excluded from the target of the housing loan tax reduction. (If occupation of "other housing" begins in 2024 or 2025, and for which building confirmation for a newly built housing unit was carried out by the end of 2023, the borrowing limit is 20 million yen, and the deduction period is 10 years).

In the case of a purchase of existing housing, the reduction rate is a 0.7%.

Environmental performance of the housing unit	Borrowing limit for housing occupied beginning in 2022 - 2025	Deduction period
<ul style="list-style-type: none"> Long-Term Excellent Housing /Low-Carbon Housing ZEH-Level Energy Efficient Housing Energy Saving Standards Compliant Housing 	30 million yen	10 years
Other housing	20 million yen	

Requirements for application

- (1) Income requirement: 20 million yen or less*
- (2) Housing floor area requirement: 50m² or more**
- (3) Requirement to move into residence: Must move into residence within 6 months from the time of acquisition of the residence or completion of the construction work
- (4) The period of reimbursement of the loan shall be 10 years or more.
- (5) Requirements when acquiring used housing: Either of the following shall be met:
 - (i) The house shall have been built on or after January 1st, 1982.
 - (ii) It shall have been certified by any of the following documents that the house meets certain seismic standards (including cases where seismic repair work has been done before moving in and the residence meets certain seismic standards).
 - a) A document certified by either a certified architect, designated confirmation and inspection body, registered housing performance evaluation body, or housing defect warranty liability insurance corporation (Seismic Standard Compliance Certificate)
 - b) A copy of the housing performance evaluation report in the construction stage (limited to housing of which seismic grade is 1, 2 or 3)
 - c) A document certifying that the housing unit is covered by insurance for an existing-housing sale and purchase-defect warranty (insurance certificate for an existing-housing sale and purchase-defect warranty)
- (6) Requirement for construction work for an addition and/or modification, etc.: construction work for which the cost exceeds one million yen** and for which floor area after completion of the construction work for an addition and/or modification, etc. will increase to 50m² or more.
- (7) The deduction related to a housing loan can be used together with the deduction for carryover of transfer loss.
- (8) Re-application is also allowed when a person to whom the housing-loan tax reduction was applicable temporarily moved out of the housing unit due to unavoidable circumstances, such as transfer to another location, and then later took up residence in the same housing unit again.
- (9) Application is also allowed when the person moved out of the housing in the same year that he or she moved into the housing unit (due to unavoidable circumstances, such as a job transfer to another region) and then moved back into the same housing again by December 31st of the same year.
- (10) Interest rate related to the housing loan when an employee has received a loan from their employer and other related bodies, based on the status of the employee: 0.2% or more

*40m² or more when moving into a newly built house for which building confirmation has been carried out by the end of 2023 (income: 10 million yen or less)

** Including seismic repair work

2) Registration and licensing tax reductions

The following reduced rates are available for registration and license taxes on residences.

- a) Ownership maintenance registration: 1.5/1000 (Certified Long-Life Quality Housing and Certified Low-Carbon Housing: 1/1000) (normally 4/1000)
- b) Ownership transfer registration: 3/1000 (Certified Long-Life Quality Housing and Certified Low-Carbon Housing: 1/1000 or 2/1000(detached house) (normally 20/1000)
- c) Mortgage settlement registration: 1/1000 (normally 4/1000)

3) Real estate acquisition tax reductions

- The following reduced tax rates can be applied to real estate acquisition taxes pertaining to the acquisition of houses.
- a) Examples of special measures relating to standard taxable amounts
 - i) Newly built houses: ¥12 million (Certified Long-Life Quality Housing: ¥13 million) deducted from standard taxable amount
 - ii) Existing housing: Specific amount (maximum of ¥12 million, based on year of construction) deducted from standard taxable amount
- b) Reduction of tax rate to 3/100 (normally 4/100)
- The following reductions in real estate acquisition tax are applied to the acquisition of land for housing.
- a) Reduction of standard taxable amount by one-half
- b) Reduction of taxation rate to 3/100 (normally 4/100)
- c) Deduction of amount calculated using specific formula from the amount of tax payable

• Special Measures Relating to Retrofitting Work

1) Tax measures to facilitate seismic retrofitting of existing housing

If an individual meeting certain requirements has made changes to improve seismic retrofitting of existing housing that is used for his/her own dwelling within the specific term, the individual can deduct 10% of the standard construction cost (a maximum of ¥250,000), etc. from their income tax. Also, fixed-property tax is deducted by 50% for the fiscal year after the retrofitting work. (With upper limits)

2) Tax measures to facilitate barrier-free retrofitting of existing housing

Specified persons*¹ who carry out specified barrier-free retrofitting*² in housing that is used as their own dwelling within the specific term can deduct 10% of the standard construction cost (a maximum of ¥200,000), etc. from their income tax for the fiscal year of the retrofitting. Also, fixed-property tax is deducted by one-third for the fiscal year after the retrofit. (With upper limits)

*1: Elderly persons, persons certified and requiring care or support, persons with disabilities, etc.

*2: Widening of corridors, reduction of staircase gradients, improvement of bathrooms and toilet rooms, removal of differences in elevations of floors, etc.

3) Tax measures to facilitate energy efficiency retrofitting

If an individual meeting certain requirements has made retrofitting to improve energy efficiency*¹ in housing that is used for his/her own dwelling within the specific term, the individual can deduct 10% of the standard construction cost (depending on the retrofitting work, a maximum of ¥250,000 or ¥350,000), etc. from their income tax for the fiscal year of the retrofitting. Also, fixed-property tax can deduct by one-third for the fiscal year after the retrofit. (With upper limits) (See Table 3-2-3)

*1: Retrofitting related to heat insulation of windows, or in conjunction with improvement of thermal insulation performance of floors, ceilings or walls, etc., or solar power generation, etc.

4) Tax measures to facilitate retrofitting for living together*¹

If an individual meeting certain requirements has made specified retrofitting for living together*¹ that is used for his/her own dwelling within the specific term, the individual can deduct 10% of the standard construction cost (a maximum of ¥250,000) from their income tax for the fiscal year of the retrofitting.

*1: Living with three generations of grandparents, parents and children

5) Tax system to promote improvement for long-life quality housing

When an individual has performed certain work on a housing unit for improvement of durability together with seismic repair work or energy-saving improvement work, or both such activities, for a housing unit for his or her own residential use within a specified period of time, then 10% of the amount equivalent to the standard construction work expenses, etc. can be deducted from the income tax liability. (If work for improvement of durability is performed together with either seismic repair work or energy saving improvement work, the maximum amount shall be 2.5 million yen; if it is performed together with both such activities, the maximum amount shall be 5 million yen.) If the house that has undergone seismic repair work is an existing seismic ineligible building with traffic obstruction, fixed property tax amount for the year following the construction is reduced by two-third, and the fixed property tax amount for the year after the construction is reduced by 50%.

• Special Measures Relating to Ownership

For newly built housing that meets certain requirements, fixed-property tax is reduced by one-half for a three-year period (a five-year period for fire resistive medium and high-rise buildings).

For Long-Life Quality Housing that meets certain requirements, fixed-property tax is reduced by one-half for a five-year period (a seven-year period for fire resistive medium and high-rise buildings). (For houses with a floor area of 50 m² to 280 m², an area up to 120 m² is covered.)

5. Housing Budget

National Budget

The FY2021 budget of central government for the general account amounted to ¥107 trillion, of which ¥6.1 trillion was earmarked for public works and ¥0.7 trillion for housing and urban residential areas projects.

Figure 3-5-1: General Account budget of FY2021 of Central Government

(100 million yen)

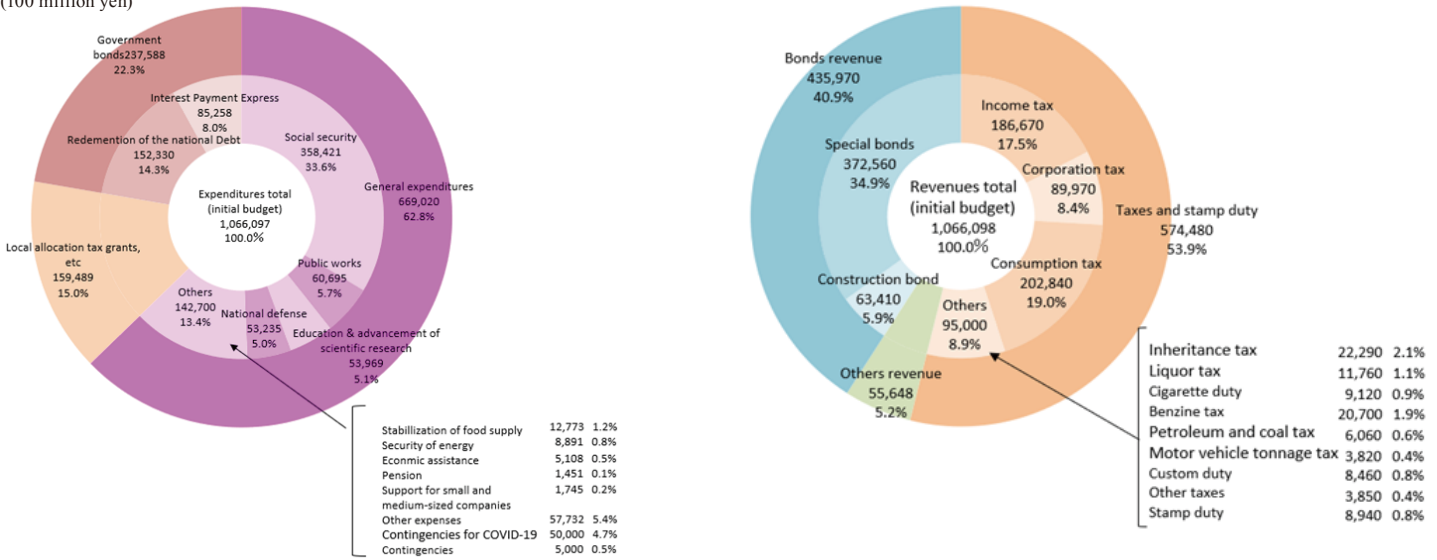
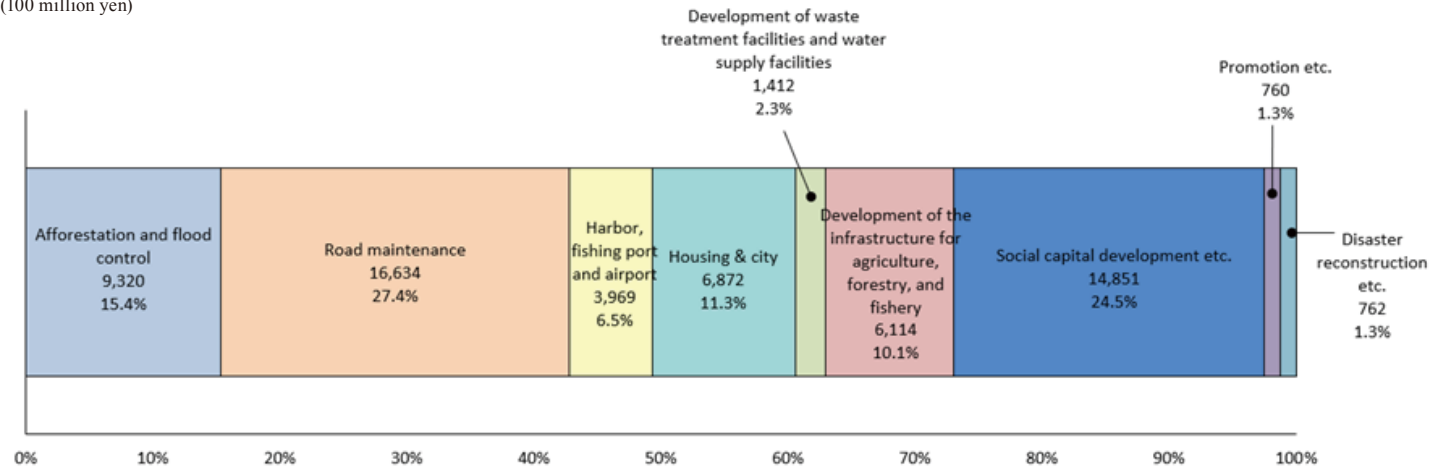


Figure 3-5-2: Breakdown of expenditures for public works projects (FY2021)

(100 million yen)



Treasury Investments and Loans

The central government provides loans or investment, including funds procured using the credit status of the state, for projects that are deemed appropriate for central government support. Recipients include central government special accounts, local governments and incorporated administrative agencies. Additionally, the central government helps incorporated administrative agencies and other entities to procure funds readily and on favorable terms by providing guarantees for borrowing in financial markets.

In the plan for FY2021, treasury investment and loans amounted to approximately ¥40.9 trillion, of which about ¥0.8 trillion, or 1.9%, was allocated to housing.

Table 3-5-1: Classification table of treasury investments and loans

(¥100million units)

Classification	FY2021	Ratio	FY2020	Ratio
(1) Small and medium-sized companies	145,207	35.5%	29,025	22.0%
(2) Agriculture, forestry and fisheries	7,593	1.9%	5,901	4.5%
(3) Education	48,594	11.9%	8,981	6.8%
(4) Welfare, medical care	20,422	5.0%	4,769	3.6%
(5) Environments	571	0.1	539	0.4%
(6) Industry, innovation	12,134	3.0%	11,655	8.8%
(7) Housing	7,920	1.9%	5,206	3.9%
(8) Social capital	30,647	7.5%	37,518	28.4%
(9) Overseas investments and loans, etc.	20,293	5.0%	20,387	15.4%
(10) Others	115,675	28.3%	8,213	6.2%
Total	409,056	100.0%	132,195	100%

Local Bonds

“The Local Government Act” and “The Local Financial Act” prescribe that issuing of local bonds, or public bonds issued by local governments, needs approval by the central government. This means that a bond issue is allowed only for specific projects that meet central governmental policies.

A bond issue is also permitted to cover part of the cost for housing construction carried out by local governments. Thus local governments, generally with unstable financial foundations, can secure funds and continue smoothly with their projects.

The amount of local bonds issued in FY2021 totaled about ¥13 trillion, of which ¥110 billion, or about 0.85%, was allotted to construction of publicly-operated housing.

Table 3-5-1: Classification table of treasury investments and loans

(¥100million units, %)

Contents		Planned amount for FY2021 (A)	Planned amount for FY2020 (B)	Difference (C=A-B)	Increase or Decrease (C/B)×100
1	General account bonds				
	(1) Publics works projects	16,098	16,195	△ 97	△ 0.6
	(2) Disaster prevention / mitigation / national resilience emergency measures project	0	4,778	△ 4,778	△ 100.0
	(3) Construction of publicly-operated Housing	1,103	1,110	△ 7	△ 0.6
	(4) Disaster-damaged area reconstruction projects	1,141	1,148	△ 7	△ 0.6
	(5) Construction of education & welfare facilities	3,319	3,327	△ 8	△ 0.2
	(6) Special projects	27,724	26,807	917	3.4
	(7) Rural and under populated area projects	5,520	5,210	310	6.0
	(8) Prior land acquisition for public area	345	345	0	0.0
	(9) Bonds for promotion of Administrative reform	700	700	0	0.0
	(10) Adjustment	100	100	0	0.0
	Sub-total	56,050	59,720	△ 3,670	△ 92.7
2	Publicly-operated enterprise bonds	24,726	25,418	△ 692	△ 2.7
3	Special financial bonds	54,796	31,398	23,398	74.5
4	Retirement allowance bonds	800	800	0	0.0
5	Extraordinary budget bonds	(241)	(247)	(△ 6)	(△ 2.4)
Total		(241) 136,372	(241) 117,336	(△ 6) 19,036	(△ 2.4) 20.9

Other items for which agreement (approval) is anticipated

1 Refinancing bonds issued for various reasons, such as changes in fund categories

2 Revenue reduction bonds issued in the event of a reduction in revenues from local taxes and other sources

3 Special reconstruction transfer bonds issued by fiscal reconstruction bodies

(Remarks) Items shown in () under government budget loan bonds are funded by loans based on government budgets, etc., such as special loans for disaster relief funds, and which are not included in the total.

CHAPTER IV Overseas Development and International Cooperation in the Field of Housing and Buildings

The housing market around the world is rapidly expanding in accordance with increasing populations and urbanization. There is also a forecast that Asia-Pacific region countries will account for more than half of the number of new housing starts in the world. Under such circumstances, in the Japanese housing and building fields as well, relevant institutions, including MLIT, Urban Renaissance Agency (UR) (Incorporated administrative agency) and Japan Housing Finance Agency (JHF) (Incorporated administrative agency) are promoting overseas development to newly emerging countries and international cooperation with foreign countries in cooperation with private-sector enterprises.

Enforcement of the Overseas Infrastructure Development Act and support for overseas development by government

In recent years, as a move to promote the overseas development of Japan's infrastructure systems, the "Act on the Promotion of Participation by Japanese Business Operators in Overseas Social Infrastructure Projects (Overseas Infrastructure Development Act)" was enforced in 2018. In response to the enforcement of this Act, independent administrative agencies, etc. under the control of the MLIT are now able to develop overseas projects in a full scale. Accordingly, project development by independent administrative agencies in newly emerging countries is becoming active in the field of housing and construction, such as provision of know-how by JHF on mortgage financing systems for newly emerging countries, etc. and provision etc. of know-how by UR on mass supply and management of housing to newly emerging countries, etc.

In addition, the "Project for Supporting International Development of Housing and Building Technology," newly established by the MLIT in FY 2018, provides support for initiatives to improve the environment for project development in newly emerging countries, in order to promote the overseas development of Japanese businesses in the field of housing and construction and to raise the standard of housing construction in newly emerging countries, etc. Utilizing this support project, a number of private sector businesses, etc. including the Japan International Association for the Industry of Building and Housing (JIBH) and the Hokkaido Building Engineering Association, have been developing projects in newly emerging countries every year.

Technical Cooperation with Newly Emerging Countries, etc.

As part of technical cooperation to newly emerging countries in the field of housing and construction, training projects have been conducted periodic through the Japan International Cooperation Agency (JICA) (Incorporated administrative agency). In recent years, training programs have been conducted in the fields of building disaster prevention, improvement of housing / living environment, etc. Each training program is based on Japan's extensive experience and know-how and provides education on policies in the relevant fields. Every year, trainees from many countries participate in the training.

In addition, Japan has dispatched long-term experts to Indonesia, China, Thailand, the Philippines, Vietnam, Laos, Myanmar, Romania, Peru, Mexico, and El Salvador.

Also, the Building Research Institute, a national research and development agency, has been conducting training on seismology and earthquake engineering since 1962 for engineers and technicians of developing countries, etc. in cooperation with JICA for the purpose of making contributions to improvements in seismic-disaster preparedness measures in developing countries or regions. Note that since 2005, a master's degree has been conferred to trainees who have participated in the annual training and acquired specified credits, in cooperation with the master's program (disaster management) of the National Graduate Institute for Policy Studies (National university corporation). In addition, Japan has developed and disseminated seismic resistance and isolation technologies for houses and buildings through overcoming many disasters and is striving to disseminate these technologies to overseas countries through training and workshops by the Japan Society of Seismic Isolation and other organizations. In specific fields, Japan provides technical cooperation, etc. in response to requests from other countries. For example, given the growing interest in China in the industrialization of building production, in August 2019, five private-sector parties from Japan and China, including the Building Center of Japan, Better Living, and the Japan-China Association Building and Housing Industry, signed a memorandum of cooperation on the industrialization of building production. In November of the same year, a seminar was held in Beijing by both China and Japan, where a series of Japan's strengths, such as industrialization of building production and technologies to supply housing in large quantities, were introduced. In addition, with regard to the formulation of building technology regulations under the Construction Law enacted in Cambodia in 2019, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has been conducting research and studies to prepare and propose draft model standards for structural safety and fire safety in a three-year plan starting in FY2020. In March FY2023, MLIT proposed model standards. By developing a draft model standard for building technology regulations based on Japan's experience and knowledge, it is expected to help improve the investment environment in Cambodia and promote the overseas expansion of Japanese companies.

Promotion of international standardization

In the field of housing and construction, we are actively participating in discussions for the establishment of international standards through the International Institute of Building and Housing (IIBH), with the aim to create an environment that facilitates the entry of Japanese companies into overseas markets. In the formulation of international standards by the International Organization for Standardization (ISO), we have been working vigorously in the fields of fire prevention, structure, etc., and have been taking initiatives to reflect the opinions of Japan.

Information exchange and international contribution through bilateral and international conferences, etc.

In order to exchange information and make discussions, etc. with foreign countries concerning the housing and construction fields, we participate in international conferences in related fields and hold bilateral conferences on a regular basis.

Specific activities to this end include participation in the Inter-jurisdiction Regulatory Collaboration Committee (IRCC), which exchanges information with organizations in charge of building regulations in various countries, and regular holding of the Japan-U.S.-Canada Building Experts Meeting (BEC), the Japan-China Building and Housing Conference, and the Japan-France Building and Housing Conference to exchange opinions on standards and research on wooden buildings. In October 2021, JIBH held WOODRISE 2021 KYOTO, a global event aimed at developing mid-to-high-rise wooden buildings.

Moreover, the MLIT, in cooperation with the UNESCO, has dispatched staff to mitigate damage from earthquake disasters in the housing and construction fields, and is also contributing to improving the environmental performance of housing and buildings in cooperation with the OECD.

Glossary

用語索引

Region	地域
Three Major Metropolitan Areas The three major metropolitan areas consist of the Tokyo, Nagoya and Osaka metropolitan areas.	三大都市圏 (Sandai Toshiken) 東京圏、名古屋圏、大阪圏からなる大都市圏。
Tokyo Metropolitan Area The Tokyo metropolitan area is Tokyo and its surrounding areas. It is commonly considered to be Tokyo, Kanagawa, Chiba and Saitama Prefectures. In this book this is the same as the KEIHIN-YÔ metropolitan area in the National Census.	東京圏 (Tôkyôken) 東京を中心とする大都市圏。通常、東京都・神奈川県・千葉県・埼玉県からなる一都三県をいう。本書では、国勢調査で定義される京浜葉大都市圏も東京圏と標記している。
The Three Central Wards Chiyoda, Chûô and Minato Wards.	都心 3 区 (Toshin Sanku) 東京都千代田区、中央区、港区からなる区域。
The 23 Wards of Tokyo	東京 23 区 (Tôkyô Nijûsanku)
Housing type	住宅のタイプ
Terrace house Buildings which consist of two or more dwelling units joined by walls but each having an independent entrance to the street.	長屋建て、長屋 (Nagaya-date or Nagaya) 二つ以上の住宅を一棟に建て連ねたもので、各住宅が壁を共通にし、それぞれ別に外部への出入り口を有しているものをいう。
Detached house A house which consists of one dwelling unit.	一戸建て (戸建住宅) (Ikkodate (Kodate Jûtaku)) 一つの建物が一住宅であるものをいう。
Wooden structure	木造 (Mokuzô)
Housing for sale In the housing starts data, housing constructed to be sold.	分譲住宅 (Bunjô Jûtaku) フロー統計において、他者に売却するために建設される住宅をいう。
Owner-occupied housing In the housing stock data, housing which the owner lives in. In the housing starts data, housing which the owner has constructed for himself to live in.	持家 (Mochiya) ストック統計においてはその所有者が居住する住宅をいい、フロー統計においては自ら居住するために建設される住宅をいう。
Rented housing In the housing stock data, housing in which someone other than the owner lives.	借家 (Shakuya) ストック統計において、その所有者以外の者が居住する住宅をいう。
Company-supplied employee housing Housing which is owned or administered by private companies, etc. and rented to their employees as one of their benefits.	給与住宅 (Kyûyo Jûtaku) 企業等が福利厚生の一環として従業員用に建設し、賃貸する住宅。
Non-wooden	非木造 (Himokuzô)
Collective housing Buildings which consist of two or more dwelling units with common passages, staircases, and so on.	共同住宅 (KyôdôJûtaku) 一棟の中に二つ以上の住宅があり、廊下・階段などを共用しているものや、二つ以上の住宅を重ねて建てたものをいう。
Wooden prefab	木質系プレハブ (Mokushitsukei Purehabu)
Reinforced concrete structure	鉄筋コンクリート造 (Tekkinkonkurîtozô)
Steel-frame structure	鉄骨造 (Tekkotsuzô)

Japanese Concept “Collective housing”	
Mansion “Manshon” in Japanese means a non-wooden, middle- or high-rise collective housing. This differs very much from the original meaning, a large home. Residents usually own their occupied unit in the Japanese condominium law, however sometimes the unit is rented. “Manshon” is defined as a collective building which has individually owned space (unit) and common spaces such as corridors, entrance etc., under the “Act for improving Management of Condominium.”	マンション (Manshon) 日本でのマンションは、元の意味 (大邸宅) とは異なり、一般的には非木造の中高層共同住宅のことをさしており、分譲だけでなく賃貸の場合についてもマンションと呼ばれている。但し、「マンションの管理の適正化の推進に関する法律」においては、マンションとは、構造に関係なく、「二以上の区分所有者が存する建物で人の居住の用に供する専有部分のあるもの並びにその敷地及び付属施設」と定義されている。

<p>Apartment</p> <p>Apâto in Japanese has its origin from “Apartment house,” but it means a wooden, low-rise (rather low quality) collective housing. It is mostly rental housing.</p> <p>Collective</p> <p>“Korekutibu Jûtaku” in Japanese means co-dwelling, multi-units, housing, which have residence-shared common rooms such as a living room, dining room etc. It differs from the original meaning of collectives housing. Co-dwelling style housing was recently introduced primarily from Northern Europe.</p> <p>Cooperative</p> <p>In Europe, original cooperative housing is a collective housing developed by a housing cooperatives, owned by the cooperatives and occupied by the cooperative members. “Kôporatibu Jûtaku” in Japanese means a specif condominium in which designated resident “owner participate in its” planning and designing from the very beginning. It differs from the original meaning of a cooperative housing which was started in Europe more than 100 years ago.</p>	<p>アパート (Apâto)</p> <p>日本でのアパートは、英語の「アパートメント・ハウス」に由来しており、主に木造の低層賃貸共同住宅をさしている。</p> <p>コレクティブ住宅 (Korekutibu Jûtaku)</p> <p>日本で言う「コレクティブ住宅」は居間や台所などを共用する同居型の集合住宅をさす。欧米のコープ住宅（組合住宅）やコレクティブ住宅（集合住宅一般）とは異なる。最近、北欧から紹介されたものである。</p> <p>コーポラティブ住宅 (Kôporatibu Jûtaku)</p> <p>日本で言う「コーポラティブ」は、居住・所有する予定の人が住宅の計画や設計に参加する集合住宅を指す。それは 100 年以上前から西欧で始まったコープ住宅とは意味が異なっている。元来のコープ住宅は、住宅組合が開発し、所有し、組合の構成員が居住する集合住宅を指すものである。</p>
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Act	法律
The Publicly-operated Housing Act	公営住宅法 (Kôei Jûtaku Hô)
The Basic Act for Housing	住生活基本法 (Jûseikatsu Kihon Hô)
The Local Housing Supply Corporations Act	地方住宅供給公社法 (Chihô Jûtaku Kyôkyu Kôsha Hô)
The City Planning Act	都市計画法 (Toshi Keikaku Hô)
The Act to Promote the Supply of Rental Housing for People Who Require Consideration in Securing Housing	住宅確保要配慮者に対する賃貸住宅の供給の促進に関する法律 (Jûtaku Kakuho YôHairiyosha ni Taisuru Chintai Jûtaku no Kyôkyûno Sokushin ni Kansuru Hôritsu) 住宅セーフティネット法 (Jûtaku Sêfuthînetto Hô)
The Act on Promotion of Supply of Specified Quality Rental Housing	特定優良賃貸住宅の供給の促進に関する法律 (Tokutei Yûryô Chintai Jûtaku no Kyôkyûno Sokushin ni Kansuru Hôritsu)
The Act for the Stable Housing for the Elderly	高齢者の居住の安定確保に関する法律 (Kôreisha no Kyojûno Antei Kakuho ni Kansuru Hôritsu)
The Act for Secure Execution of Defect Warranty Liability	住宅瑕疵担保履行法 (Jûtaku Kashitanpo RikôHô)
The Act for building Unit Ownership, etc.	建物の区分所有等に関する法律 (Tatemono no Kubun Shoyû-tôni Kansuru Hôritsu)
The Act on Promotion of Seismic Retrofitting of Buildings	建築物の耐震改修の促進に関する法律 (耐震改修促進法) (Kenchikubutsu no Taishinkaishûno Sokushin ni Kansuru Hôritsu (Taishin Kaishû Sokushin Hô))
The Act Concerning Special Measures for Promotion of Supply of Good Quality Rental Housing	良質な賃貸住宅等の供給の促進に関する特別措置法 (Ryôshitsuna Chintai Jûtaku tōno Kyôkyûno Sokushin ni Kansuru Tokubetsu Sochi Hô)
The Act Concerning Promotion of Long-Life Quality Housing	長期優良住宅の普及の促進に関する法律 (Tyôki Yûryô Jûtaku no Fukyû no Sokushin ni Kansuru Hôritsu)
The Building Standard Law	建築基準法 (Kenchiku Kijun Hô)
The Residential Area Improvement Act This act is to implement “Blighted Residential Area Renewal Projects.”	住宅地区改良法 (Jûtaku Chiku Kairyô Hô) 住宅地区改良事業を実施するための法律。
The New Residential Town Development Act	新住宅市街地開発法 (Shin-jûtaku Shigaichi Kaihatsu Hô)
The Land Readjustment Act	土地区画整理法 (Tochi Kukaku Seiri Hô)
The Kenchikushi Act <i>Kenchikushi</i> (licensed architect) is a general concept in which a person plays the dual role of an architect and a building engineer in Japan.	建築士法 (Kenchiku Shi Hô) 建築士とは、建築家と建築技術者の両方の役割を担うことができる資格者。

The Housing Quality Assurance Act	住宅の品質確保の促進等に関する法律 (Jûtaku no Hinshitsu Kakuho no Sokushin-tôni Kansuru Hôritsu)
The Construction Business Act	建設業法 (Kensetsu GyôHô)
The Act Concerning the Rational Use of Energy	エネルギーの使用の合理化に関する法律 (Enerugîno Shiyôno Gôrika ni Kansuru Hôritsu) 省エネ法 (ShôEne Hô)
The Land Lease and House Lease Law	借地借家法 (Shakuchi Shakuya Hô)
The Private Lodging Business Act The New Private Lodging Business Act The Act established law for setting rules and disseminating sound private lodging services, among the rapidly increasing “Private Lodging,” in order to secure safety and hygiene, respond to trouble with neighbors, such as noise and garbage disposal that are becoming social issues, and respond to the various lodging needs of international visitors in Japan.	住宅宿泊事業法 (Jûtaku Syukuhaku Jigyô Hô) 民泊新法 (Minpaku Shin Hô) 急速に増加している「民泊（住宅の全部又は一部を活用して、旅行者等に宿泊サービスを提供すること）」について、安全面・衛生面の確保がなされていないこと、騒音やゴミ出しなどによる近隣トラブルが社会問題となっていること、観光旅客の宿泊ニーズが多様化していることなどに対応するため、一定のルールを定め、健全な民泊サービスの普及を図るものとして制定された法律。
The Vacant Houses Special Measures Act	空家等対策の推進に関する特別措置法 (空家法) (Akiya tō Taisaku no Suishin ni Kansuru Tokubetsu Sochi Hô (Akiya Hô))

Housing Policy	住宅政策
Housing Standards	居住水準 (Kyojû Suijun)
Housing Construction Five-year Program A program to show the level of housing standards to be achieved and the targeted number of housing units to be built based on the Housing Construction Planning Act.	住宅建設五箇年計画 (Jûtaku Kensetsu Gokanen Keikaku) 達成すべき居住水準の目標及び住宅建設戸数の目標を定めた、住宅建設計画法に基づく五箇年計画。
Minimum Housing Standards An indispensable standard for a healthy, civilized existence.	最低居住水準 (Saitei Kyojû Suijun) 健康で文化的な住生活の基礎として必要不可欠な水準。
Average Housing Standards	平均居住水準 (Heikin Kyojû Suijun)
Living Environment Standards	住環境水準 (Jûkankyô Suijun)
Publicly-operated Housing Publicly-operated housing is local government rental housing.	公営住宅 (Kôei Jûtaku) 地方自治体の賃貸住宅
Residential Safety Net	住宅セーフティネット (Jûtaku Sêfuthînetto)
Housing Performance Standards	住宅性能水準 (Jûtaku Seinô Suijun)
Specified Quality Rental Housing	特定優良賃貸住宅 (Tokutei Yûryô Chintai Jûtaku)
Basic Plan for Housing Based on the Basic Act for Housing, a plan was established to comprehensively and structurally promote the residential living improvement policy.	住生活基本計画 (全国計画) (Jûseikatsu Kihon Keikaku) 住生活基本法に基づき、住生活安定向上施策を総合的かつ計画的に推進するため策定された計画。
Silver Housing	シルバーハウジング (Shirubâ Haujingu)
Specified Public Rental Housing	特定公共賃貸住宅 (Tokutei Kôkyô Chintai Jûtaku)
Quality Rental Housing for the Elderly	高齢者向け優良賃貸住宅 (Kôreisha-muke Yûryô Chintai Jûtaku)
Housing for Sale to Persons with Savings Accounts	積立分譲住宅 (Tsumitate BunjôJûtaku)
Long-Life Quality Housing	長期優良住宅 (Tyôki Yûryô Jûtaku)
Quality Regional Housing for Sale	地域優良分譲住宅 (Chiiki Yûryô BunjôJûtaku)
Quality Regional Rental Housing (System)	地域優良賃貸住宅 (制度) (Chiiki Yûryô Chintai Jûtaku)
Local Housing Supply Corporations	地方住宅供給公社 (Chihô Jûtaku Kyôkyû Kôsha)
Treasury Investments and Loans	財政投融资 (Zaisei Tōyûshi)
Residential Environment Standards Guideline to ensure quality residential environment suiting the status of the region.	居住環境水準 (Kyojûkankyô Suijun) 地域の実情に応じた良好な居住環境の確保のための指針。
Targeted Dwelling Area Standards Standard on dwelling area living in accordance with the number of persons in the household, assuming diversified lifestyle, required to realize rich living.	誘導居住面積水準 (Yûdô Kyojû Menseki Suijun) 世帯人数に応じて、豊かな住生活の実現の前提として、多様なライフスタイルを想定した場合に必要と考えられる住宅の面積に関する水準。

Minimum Dwelling Area Standard Standard on minimum dwelling area in accordance with the number of persons in the household based on and required to lead a healthy and cultural lifestyle.	最低居住面積水準 (Saitei Kyojū Menseki Suijun) 世帯人数に応じて、健康で文化的な住生活の基礎として必要不可欠な住宅の面積に関する水準。
Housing Performance Indication System	住宅性能表示制度 (Jūtaku Seinō Hyōji Seido)
The Standard Condominium-Management Bylaw	マンション標準管理規約 (Manshon Hyōjun Kanri Kiyaku)
The Standard Condominium-Management Guide	マンション管理標準指針 (Manshon Kanri Hyōjun Shishin)
Condominium Mirai Net	マンションみらいネット (Manshon Mirai Netto)
REINS (Real Estate Information Network System)	レインズ (不動産取引情報提供サイト) (Reinzu (FudōsanTorihiki Jōhō Teikyō Saito))
Terminal Tenancy System	定期借家制度 (Teiki Shakuya Seido)
Kyoto Protocol Target Achievement Plan	京都議定書目標達成計画 (Kyōto Giteisho Mokuhyō Tassei Keikaku)
Energy-Conservation Judgment Standards	省エネ判断基準 (Shōene Handan Kijun)
Comprehensive Assessment System for Built Environment Efficiency	CASBEE (Kyasubī)
Category 1 Specified Buildings under the Act Concerning the Rational Use of Energy	省エネ法に基づく第一種特定建築物 (Shōene Hōni Motozuku Daiisshu Tokutei Kenchikubutsu)
Category 2 Specified Buildings under the Act Concerning the Rational Use of Energy	省エネ法に基づく第二種特定建築物 (Shōene Hōni Motozuku Dainishu Tokutei Kenchikubutsu)
Model Projects to Promote CO₂ Reductions	省 CO ₂ 推進モデル事業 (Shō CO ₂ Suishin Moderu Jigyō)
Tax Relief for Housing Loans	住宅ローン減税制度 (Jūtaku Rōn Genzei Seido)
Post-earthquake Quick Inspection of Damaged Buildings	応急危険度判定 (Ōkyū Kikendo Hantei)
City Planning and Building Administration	都市計画・建築行政
Building Coverage Ratio (BCR) Ratio of building area to site area.	建ぺい率 (Kempei Ritsu) 敷地面積に対する建築面積の割合。
Floor Area Ratio (FAR) Ratio of total floor area to site area.	容積率 (Yōseki Ritsu) 敷地面積に対する延べ面積の割合。
Land Readjustment Project	土地区画整理事業 (Tochi Kukaku Seiri Jigyō)
New Residential Town Development Project	新住宅市街地開発事業 (Shin Jūtaku Shigaichi Kaihatsu Jigyō)
Urbanization Promotion Areas (UPA) Urbanization promotion areas refer to areas already built up and areas to be urbanized systematically and preferably within the next ten years.	市街化区域 (Shigaika Kuiki) 既に市街地を形成している区域及びおおむね十年以内に優先的かつ計画的に市街化を図るべき区域。
Building Confirmation	建築確認 (Kenchiku Kakunin)
Building Official	建築主事 (Kenchiku Shuji)
Urban Renewal Project	市街地再開発事業 (Shigaichi Saikaihatsu Jigyō)
Blighted Residential Area Renewal Project Slum clearance type renewal project conducted based on Residential Area Improvement Act.	住宅地区改良事業 (Jūtaku Chiku Kairyō Jigyō) 住宅地区改良法に基づいて実施されるスラムクリアランス型の再開発事業。
Comprehensive Urban Residential Improvement Projects	住宅市街地総合整備事業 (Jūtaku Shigaichi Sōgō Seibi Jigyō)
Urban Residential Area Infrastructure Improvement Projects	住宅市街地基盤整備事業 (Jūtaku Shigaichi Kiban Seibi Jigyō)
Urbanization Control Areas (UCA) Urbanization Control Areas refer to areas where development is restricted in principle, with very few exceptions.	市街化調整区域 (Shigaika Chōsei Kuiki) 市街化を抑制すべき区域。
Designated Confirmation and Inspection Body	指定確認検査機関 (Shitei Kakunin Kensa Kikan)
Others	その他
Fiscal Year (FY) The fiscal year of Japan is from April 1 to March 31 of the following year.	会計年度 (Kaikei Nendo) 日本の会計年度は、4月1日から翌年の3月31日まで。

Names and Addresses of Concerned Organizations

関係機関

Housing Bureau, The Ministry of Land, Infrastructure, Transport and Tourism (MLIT)

国土交通省 住宅局
(Kokudo-Kōtsū-shō Jūtaku-Kyoku)

Add: 2-1-3, Kasumigaseki, Chiyoda-ku, Tokyo 100-8918
Tel: 03-5253-8111
<http://www.mlit.go.jp>

National Institute for Land and Infrastructure Management, The Ministry of Land, Infrastructure, Transport and Tourism (NILIM, MLIT)

国土交通省 国土技術政策総合研究所
(Kokudo-Kōtsū-shō Kokudo Gijutsu Seisaku SōgōKenkyūjo)

Add: 1 Tatehara, Tsukuba-shi, Ibaraki 305-0802
Tel: 029-964-2211
<http://www.nilim.go.jp>

Building Research Institute (BRI)

建築研究所
(Kenchiku Kenkyūjo)

Add: 1 Tatehara, Tsukuba-shi, Ibaraki 305-0802
Tel: 029-864-2151
<https://www.kenken.go.jp/>

Urban Renaissance Agency (UR)

都市再生機構 (UR 都市機構)
(Toshi Saisei Kikō (UR Toshikikō))

Add: 6-50-1 Hontyo, Naka-ku, Yokohama-shi,
Kanagawa (Yokohama Island tower) 231-8315
Tel: 045-650-0111
<https://www.ur-net.go.jp/>

Japan Housing Finance Agency (JHF)

住宅金融支援機構
(Jūtaku Kin-yu Shien Kikō)

Add: 1-4-10, Koraku, Bunkyo-ku, Tokyo 112-8570
Tel: 03-3812-1111
<https://www.jhf.go.jp/>

The Building Center of Japan (BCJ)

日本建築センター
(Nihon Kenchiku Sentā)

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<https://www.bcj.or.jp>

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