

Chapter 5 Creating a Comfortable Living Space

Section 1 Realizing Affluent Residential Living

1 Securing Stability of Residential Living and Advancing its Betterment

The Basic Housing Policy (National Plan), which covers the period from FY2016 to FY2025 and was adopted by a Cabinet decision in March 2016, was devised in light of changes to the socioeconomic climate, namely the full-scale emergence of an aging society with falling birth-rates and declining population and families. The plan sets out eight targets and fundamental measures: From the perspective of inhabitants, (i) Anxiety-free housing situation for child-rearing households and member of young generation wishing to marry and have children, (ii) Housing that allows the elderly to live independently, and (iii) Ensure a steady supply of housing for individuals requiring special consideration from the perspective of housing stock, (iv) Structure a new housing circulation system exceeding the property ladder, (v) Upgrade to safe and higher-quality housing stock through rebuilding and renovation, (vi) Promote use or elimination of increasing vacant homes; and from the perspective of industry and community, (vii) Housing industry growth that contributes to a strong economy, and (viii) Maintain or improve the appealing aspects of residential area. Based on this plan, the MLIT is driving forward with efforts to provide residential living that meets the needs of each and every citizen, as well as measures toward the realization of safe, secure, high-quality living environments.

(1) Goals and Basic Policies

(i) Anxiety-free housing situation for child-rearing households and member of young generation wishing to marry and have children

To establish an environment in which child-rearing households and member of generation wishing to marry and have children can choose and be ensured of obtaining desired housing, we are executing support to enable them to live in a house meeting the required quality and area according to the income of household.

In addition, in order to establish an environment that enables people to want to have and raise children, leading to desired birthrate of 1.8, we are promoting measures to ensure families the ability to live with or near grandparents to enable childrearing with the help of grandparents.

(ii) Housing that allows the elderly to live independently

To improve and supply housing that elderly individuals can live in safety without anxiety, we are continuing work to promote barrier-free homes and heat shock measures (the effects of sudden increases in temperature on the human body), and promoting elderly housing with supportive services attached for elderly life support facilities.

We are also working to ensure housing in the area in which elderly residents wish to live and on environment where elderly individuals receive nursing, medical and life services.

(iii) Ensuring a steady supply of housing for individuals requiring special consideration

We are striving to establish an environment in which individuals with difficulty ensuring residence in the housing market independently can find housing and live without anxiety. Such individuals include low-income earners, elderly, handicapped, single-parent household, multiple birth households, public financial support recipient, foreigners, homeless, etc. (persons requiring special assistance in securing housing).

a. Creating a new housing safety net that comprises private rental housing and vacant houses

To promote the supply of rental housing to people requiring special assistance in securing housing, the Bill to Partially Amend the Act on Promotion of Offering of Rental Housing to People Requiring Special Assistance in Securing Housing was adopted by a Cabinet decision in February 2017 and submitted to the Diet. The bill proposes measures for the creation of supply promotion plans by local governments, and the creation of a rental housing registration system for encouraging smooth move-ins by people requiring special assistance in securing housing.

b. Supplying public rental housing

To adequately support the delivery of public housing supplied by local governments to low-income earners in serious need of housing, and to promote the supply of quality rental housing to households consisting of elderly people who need special consideration to stabilize their housing in each area, the MLIT set up the Regional Excellent Rental Housing Program as a scheme that complements public housing by subsidizing the expenses required to develop public rental housing and reduce rents.

Figure II-5-1-1 Purposes and Results of Public Rental Housing

	Purpose	Number of houses managed
Public housing	Supplies quality rental housing to low-income earners who are in serious need of housing with low rent.	About 2.17 million houses (FY2015)
Improved housing	Supplies public rental housing to existing residents who are in serious need of housing in a deteriorating residential area.	About 150,000 houses (FY2015)
UR Rental Housing	Supplies quality rental housing that is conveniently located for access to work, focusing on family-oriented rental housing not in ample supply from private business entrepreneurs, in major urban areas, as well as develops residential districts (In FY2002, a privately supplied support rental housing program was launched to support the supply of family-oriented rental housing from private business entrepreneurs.)	About 740,000 houses (FY2015)
Agency rental housing	Supplies quality rental housing to meet the regional demand for rental housing	About 130,000 houses (FY2015)
Quality regional rental housing	Provides subsidies to private land owners to fund maintenance and other expenses and cover rent cuts to provide quality rental housing for households consisting of elderly people, childraising families, etc.	- About 108,000 designated quality rental houses (FY2015) - About 42,000 designated quality rental houses for elderly people (FY2015)

(Notes) 1 The number of rental houses managed by the Urban Renaissance Agency includes subsidized quality rental housing for the elderly.

2 The number of public rental housings does not include Specified Quality Rental Housing and Subsidized Quality Rental Housing for the Elderly.

3 The Specified Quality Rental Housing Institution and Subsidized Quality Rental Housing for the Elderly Institution were reorganized and the Quality Regional Rental Housing Institution was established in FY2007.

Source) MLIT

c. Using private rental housing

In order to facilitate the promotion of smooth move-in to private rental houses by elderly handicapped, foreigners, families with small children and others in similar circumstances, we are providing housing assistance such as information services and consultation services through Residential Support Councils (66 councils (47 prefectures and 19 municipalities) established as of the end of FY2016), which is made up of regional public organization, real estate related organizations and housing assistance organizations.

(iv) Structuring a new housing circulation system exceeding the property ladder

The revitalization of the existing housing circulation market is crucial toward effectively using housing stock, creating economic effects from market expansion, and realizing prosperous residential living through the streamlining of the process of moving in different life stages; thus, we are developing measures to improve the quality of existing housing, to form markets that properly appraise high-quality existing housing, and to develop environments in which people can confidently purchase and sell existing housing.

a. Improving the quality of existing housing

The MLIT pursues the dissemination of housing that is structured and equipped to meet or exceed certain levels of performance requirements, such as durability and ease of maintenance and management ("Long-life Quality Housing") under the Act on the Promotion of Dissemination of Long-life Quality Housing. (Certified houses in FY2015: 104,633). In addition, in FY2016, we launched a system for certifying Long-Lasting Quality Housing regarding renovations and additions to existing housing.

Furthermore, we provide support concerning aid and taxes for renovations that strive to extend the life, strengthen the earthquake resistance, or improve the energy efficient performance of existing housing.

b. Formation of markets that properly appraise high-quality existing housing

The general thinking in Japan is that housing has absolutely no market value 20 to 25 years after it is built; it is important to correct this convention and create an environment in which high-quality existing housing is properly appraised.

Toward that end, we are continuing to define and diffuse proper appraisal methods for real estate brokers and appraisers so that the performance and renovated condition of buildings is properly reflected in their appraisals.

We are also providing support for efforts to develop and diffuse comprehensive mechanisms for maintaining, improving, appraising, circulating and financing housing stock in collaboration with stakeholders, including financial institutions, so that high-quality housing stock throughout the entire market, including the financial market, is properly appraised.

c. Developing environments in which people can confidently purchase and sell existing housing

A 10-year defect liability obligation has been mandated for the basic structural part of new housing in accordance with the Housing Quality Assurance Promotion Act. In addition, a housing performance marking program has been put into effect to objectively assess the basic performance characteristics of new and existing houses, such as earthquake-resistance, energy-saving measures, preventing measures against deterioration, etc.

Additionally, the Act to Partially Amend the Real Estate Brokerage Act was promulgated in June 2016 to allay concerns over transactions involving existing housing and provide consumers with accurate information about the quality of housing by having real estate brokers encourage the use of experts to perform building inspections.

(v) Upgrade to safe and higher-quality housing stock through rebuilding or renovation

Housing investment has major ramifications for the economy, and plays a substantial role as a key element of internal demand. We are driving forward with housing investment to improve housing quality by encouraging the improvement of earthquake resistance, insulation and other energy-efficient properties, and durability through such efforts as rebuilding housing that is not sufficiently earthquake resistant and otherwise updating old stock, and renovating housing to make it universally accessible.

In addition, the Act to Partially Amend the Act on Special Measures concerning Urban Reconstruction, etc., for encouraging the reconstruction of housing complexes was established in June 2016 and enacted in September of that year.

a. Preparing the market environment in which consumers can remodel their homes without worry

Consumers planning to remodel their homes are concerned about how much the remodeling will cost them and how to select the right contractors. Reassuring worried consumers is essential to expanding the home remodeling market.

Efforts currently taken in this regard include the Check Quoted Remodeling Costs for Free service available from the Housing Telephone Consultation Desk at the Center for Housing Renovation and Dispute Settlement Support, in which consumers can receive consultation on specific quotations, and Free Expert Consultation Programs at local bar associations.

In addition, the MLIT is promoting initiatives so that consumers can remodel their homes without worry, such as the Remodeling Defect Liability Insurance Program, an insurance package that combines an inspection on remodeling works in progress with warranties against possible defects in the works or the large-scale repair work liability insurance program for large-scale apartment building repairs.

Contractors seeking to be insured are registered with the Housing Defect Liability Insurance Corporation, subject to their possession of a construction business license, proven performance, etc. The Program allows consumers to browse through a list of registered contractors at an Association of Housing Warranty Insurance website as a helpful tool in choosing contractors.

Further, under the “Housing Renovation Business Organization Registration System,” we are working on building an environment in which there is a healthy development of the housing renovation business and consumers renovate their homes with confidence, by having housing renovation business operators that meet certain standards registered to ensure that the work of housing renovation businesses is properly managed and information can be provided to the consumers.

(vi) Promote the use or elimination of increasing vacant homes

The MLIT encourages municipal governments to develop the Vacant Housing Countermeasure Plan, depending on their local circumstances, based on the Vacant Houses Special Measures Act, which was fully enforced in May 2015 (357 municipalities have completed their plans (as of March 31, 2017)), which promotes the use and removal of vacant houses and buildings, and reinvigorates circulation of housing.

(vii) Housing industry growth that contributes to a strong economy

To contribute to the realization of a strong economy, we are encouraging the expansion of the housing industry by promoting the development of high-quality wooden housing and buildings, supporting the cultivation of skilled woodworkers and other people to build them, the development and diffusion of new technologies such as cross-laminated timber (CLT), and the creation and expansion of new business markets involving housing, such as the use of IoT.

(viii) Maintain or improve the appealing aspects of residential areas

In line with the features of the region, including nature, history, culture etc. aiming to create not only individual houses but also to enrich the living environment and the community and are striving to maintain and improve the appeal of residential areas by forming prosperous communities and improving the safety of residential areas by improving densely-populated urban areas and the like.

(2) Comprehensive, Systematic Promotion of Measures**(i) Housing finance**

It is important that a variety of mortgages, which are short-term adjustable-rate or long-term fixed rate, are stably available so that consumers can choose and obtain houses in the housing market.

The Japan Housing Finance Agency offers securitization support businesses to support the availability of long-term, relatively low fixed-rate mortgages from private financial institutions. Its operations include Flat 35 (Purchase Program), which consolidates housing loan receivables of private financial institutions, and Flat 35 (Guarantee Program), which supports private financial institutions themselves becoming originators^{Note} to handle the securitization. For houses that are entitled to Flat 35, property inspections are carried out against a defined set of technical requirements, such as durability, to assure their quality. In addition, the framework of the securitization support service has been leveraged to launch Flat 35S, which reduces the interest rate of loans on the acquisition of houses that meet any one of the performance requirements: earthquake-resistance, energy-saving performance, barrier-free readiness, and durability/modifiability, for the first 5 years of repayment (for the first 10 years for Long-Lasting Quality Housing).

The Agency also provides direct financing services in those areas that are politically significant but that cannot be easily conducted by private financial institutions, such as financing housing designed for disaster recovery or elderly rental housing with supportive services.

Note A business enterprise that possesses assets to be liquidated. An originator raises funds by securitizing its assets, by transferring its credit, real-estate properties, etc., to a special-purpose company.

(ii) Housing tax system

The FY2017 tax reform expanded the scope of tax credits for renovations to include repairs to improve durability in addition to repairs to improve earthquake resistance and energy efficiency in an effort to encourage the formation of a high-quality housing stock of superior durability and other attributes toward revitalizing the circulation of existing housing and the renovation market. This broad expansion created a tax credit for renovations to improve housing to the level of Long-Lasting Quality Housing, and streamlined requirements regarding improvements of energy efficiency. The tax reform also extended the application period of preferential measures for both real estate acquisition taxes imposed on acquisition of housing through buyback/resale, and registration license taxes imposed on registrations of property ownership of buildings to be used as housing and the like.

Furthermore, as the timing of the planned consumption tax increase to 10% has changed, the application period for the home buyer's tax break, housing cash benefit and tax-free measure for gift tax has been extended by two and a half years to December 31, 2021, and the timing of the expansion of the housing cash benefit (raising the maximum amount from JPY 300,000 to JPY 500,000) and the tax-free measure for gift tax (raising the maximum amount from JPY 12 million to JPY 30 million) has been extended two and a half years to April 2019. It is hoped that with these measures in place, housing acquisition by the younger generation will be promoted and predictability will increase for those who are considering housing acquisitions, and that these factors will contribute to the stabilization of the housing market.

2 Supply and Utilization of Good Housing Land

(1) Land Price Trends

The official land prices in Japan for 2017 (as of January 1, 2017) showed that the average residential land price held steady against decline for the first time in nine years, while the average prices of commercial land and all categories of land use increased for the second consecutive year. In the three major metropolitan areas, the average residential land price increased very slightly from the previous year, while the average commercial land price increased more robustly (except in Nagoya). In regional cities, the decline of average prices of all categories of land use slowed, and in the four cities of Sapporo, Sendai, Hiroshima and Fukuoka, the increase in the average prices of all categories of land use outpaced that of the three major metropolitan areas.

(2) Present Status and Problems in Housing Land Supply

We are steadily implementing housing land measures based on population and household trends. The Urban Renaissance Agency now works only on the new town projects that have already been initiated. The MLIT also supports the development of public facilities relevant to the development of housing land, and offers preferential tax measures to promote the supply of housing land furnished with a good dwelling environment.

(3) Using Fixed-term Land Leases

A fixed-term land lease—in which the land lease ends for certain at the determined contract term and there is no renewal of the land lease—is an effective system for making residential acquisition at a low cost possible.

In order to spread this system smoothly, we are conducting the Fact-finding Investigations of the Use of Fixed-term Land Leases by Public Entities.

(4) Revitalizing Aging New Towns

The large-scale urban housing areas (New Town) that were systematically developed mainly in the suburbs of the metropolitan areas during the economic boom period are facing issues of decline in community vitality resulting from the quickly aging population and the continued decrease in population. There is a growing need for renewing the dilapidated housing and communal facilities as well as improving the functions that support daily life, in order to renovate these new town areas into cities that are easy to live in for everyone.

Also, with the aim of contributing to the revitalization of aging new towns, we are providing information on the methods and case examples of initiatives by residents, business proprietors and landowners/leaseholders for maintaining and enhancing a good regional environment and regional value.

Section 2 Realizing Comfortable Living Environments

1 Developing City Parks and Creating a Good Urban Environment

City parks are key urban facilities that fulfill a wide variety of functions, from serving as recreation spaces for people and as hubs for regional tourism and activity to creating good urban environments and improving urban disaster preparedness. Thus, we are systematically establishing national parks throughout Japan, and using general subsidies for social infrastructure development to support local governments' efforts to establish city parks and the like.

In addition, in April 2016, Subcommittee for Urban Management for a New Era under the Panel on Infrastructure Development set out policies for improving stock effects, accelerating public-private collaboration, and creating more flexible usage of city parks and the like to realize the potential of city parks of the future.

As of the end of FY2015, city parks were maintained at 106,849 locations nationwide, covering approximately 124,125 ha, or about 10.3m² per capita. In FY2016, 38.98 million people visited national parks, with 17 locations being developed and maintained.

Regarding green spaces, etc., in urban areas, the MLIT is providing comprehensive support in financial and technical aspects, pursuant to the initiatives based on the "Green Master Plan" formulated by municipalities to properly respond to global environmental issues, such as global warming and biodiversity preservation, and to aim at realizing green-rich city environments by preserving and creating good natural environments.

In addition, we are driving forward with efforts to realize city development in which cities coexist with greenery and agriculture, such as by surveying initiatives that contribute to the formation of good urban environments that are in harmony with green spaces and farmland and the exhibition of the multitude of functions of urban agriculture.

In addition, along with holding events such as national "Protecting Greenery" gatherings and National City Greening Fairs to gain public awareness regarding greening, the MLIT is working on various measures such as awarding certificates of commendation for people promoting greening, as well as evaluating/certifying greening/green area conservation efforts by businesses.

To intensify efforts to form a green urban environment, open spaces such as parks, green spaces and farmland must exhibit a multitude of functions, and measures must be taken to tackle various challenges, such as the existence of areas with low parkland area per capita, the progression of the deterioration of park facilities, and the decrease of urban farmland that constitutes valuable green space in cities. In addition, the Basic Plan on Promotion of Urban Agriculture was adopted by a Cabinet decision in May 2016, and urban policy has changed to include urban farmland as a crucial part of cities, while indicating the direction of important measures.

In light of the above, the Bill to Partially Amend the Urban Green Space Conservation Act was adopted by a Cabinet decision and submitted to the Diet in February 2017, with the goals of further promoting the conservation of green spaces in cities, the greening of cities and the appropriate management of urban parks, and contributing to the formation of quality urban environments through efforts to systematically conserve farmland within cities. The bill contains provisions to, among other things, relax area requirements in production green zones and to establish several systems, including a system to certify plans to establish and manage green spaces opened to citizens through the establishment of green spaces on the same level as parks by NPOs and other private entities using open land and the like, a system to determine through

Figure II-5-2-1

Miharashi Hills of Hitachi Seaside Park, a Reviving Tourism Base (Hitachinaka City, Ibaraki Pref.)



Source) MLIT

public invitation who can establish and manage park facilities, and a rural residential area system for preserving good living environments in harmony with agriculture.

2 Advancing Roads that Prioritize Pedestrians and Bicycle Riders

(i) Creating people-oriented, safe, and secure walking spaces

To achieve social safety and security, it is important to make people-oriented walking spaces that assure pedestrian safety. In particular, based on the results of an emergency joint inspection that was carried out in FY2012, we are advancing efforts to improve school routes used by children who walk to school. Schools, the Board of Education, road administrators, police, and other related organizations have worked together to implement traffic safety measures such as maintaining sidewalks, painting colors on curbs, and installing guardrails, as well as implementing joint periodic inspections based on the “School Route Traffic Safety Program” to ensure the safety and security of children through these enhanced measures.

(ii) Creating a safe and comfortable cycling environment

Over the past 10 years, the total number of fatal and injury traffic accidents has decreased by 40%. However, the number of accidents made by bicycles hitting pedestrians has decreased only by 20%, which indicates that a safer, and more comfortable cycling environment is needed. Therefore, the MLIT is working together with the National Police Agency to revise and popularize Guidelines for Creating a Safe and Comfortable Cycling Environment. In addition, with the Act on Promotion of Use of Bicycles promulgated in December 2016, we continually make efforts to promote the use of bicycles, by preparing bicycle network plans, improving bicycle lanes, mainly in roadways, and disseminating of information about utilizing bicycles to promote tourism in regions.

(iii) Developing quality walking spaces

The MLIT supports the development of pedestrian roads and rest facilities that create high quality pedestrian environments and that also tie together rich scenery and abundant nature with historical sites, in order to develop regions that are attractive and that promote health through walking.

(iv) Developing road signs that are easy to understand

The MLIT is working on the installation of road signs that are easy to understand to help guide pedestrians who are in an unfamiliar place to their destinations.

(v) Building a flexible system of road administration

To implement a flexible system of road administration that provides a diversity of road functions tailored to the needs of the local residents -- including safe walking spaces and places of regional buoyancy and human exchange, and making motor-vehicle traffic smoother and safer -- the MLIT is implementing: (a) preferential measures, such as the construction of new sidewalks on national or prefectural highways by municipalities other than the designated cities; (b) a system for suggesting that municipalities refurbish pedestrian safety facilities; (c) preferential measures for road occupancy, such as boulevard trees planted by NPOs or others, street lamps, etc.; (d) preferential measures for the administration of offstreet convenience facilities to keep roads and roadside facilities under integrated management; (e) preferential measures for road occupancy of facilities installed by road cooperation groups; and (f) flexible management of permits for road occupation for regional activities involving the use of roads.

Section 3 Realizing Traffic with Enhanced Convenience

(1) Advancing Implementation of Integrated Urban/Regional Traffic Strategies

Intensive city planning that ensures safe, smooth traffic requires a cross-sectional approach to the available transportation modes—such as cycling, railway, and bus—from the users' standpoint, rather than reviewing the transportation modes or their operators individually. To this end, each local government should inaugurate a council composed of public transportation operators and other stakeholders and allow the council to define a future vision of its cities and regions, and the types of transportation services to be made available, so that it can formulate "Integrated Urban/Regional Transportation Strategies" that cover relevant traffic measures and working programs, with the stakeholders taking their respective shares of responsibility for implementing measures or projects. (As of March 2017, Integrated Urban/Regional Transport Strategies had been formulated or were being formulated in 88 cities.) The national government is expected to support the implementation of integrated and strategic packages of traffic projects, such as the development of LRT^{Note} pursued according to the Strategies, as well as city planning programs.

(2) Approaches to Improve Public Transportation Usage Environment

For local public transportation, the MLIT supports the deployment of LRT, BRT, IC cards and other less constrained systems through the implementation of local public transportation assurance, maintenance and improvement projects, etc., to accelerate the improvement of local public transportation usage environment as part of its barrier-free community planning effort. In FY2016, the Kagoshima City Transportation Bureau deployed light rail vehicles.

(3) Upgrading Urban Railway Networks

Traffic congestion in the major metropolitan areas during commuting to and from work and school by train is improving substantially as a result of efforts such as establishing new lines, quadruple tracking and adding cars onto trains. However, the rate of congestion on some routes exceeds 180%, and requires continued efforts to mitigate congestion. Efforts in progress include quadruple tracking of Odakyu Electric Railway's Odawara Line and the like funded by the Designated Urban Railway Development Reserve Program.

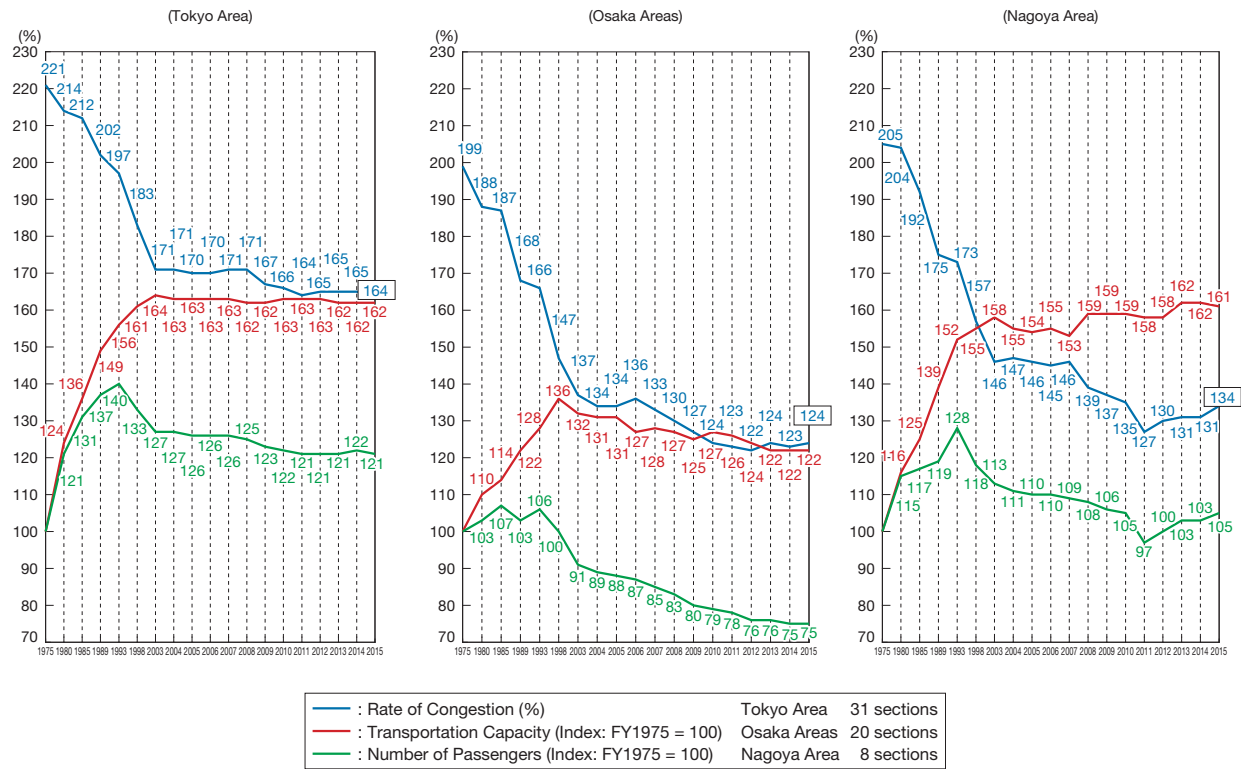
In addition, we are driving forward with efforts to improve user convenience by, among other things, continuing to develop the Kanagawa Eastern lines (Sotetsu - JR/Tokyu Through Line) by leveraging the Act on Enhancement of Convenience of Urban Railways, etc., a piece of legislation aimed at upgrading the speediness of existing urban railway networks, to further enhance the urban railway networks.

In April 2016, the Council of Transport Policy issued a report regarding the future of urban railways in the Tokyo Metropolitan Area, which sets out ways for urban railways and the like to contribute to the strengthening of competitiveness on the world stage and other ways for the urban railways of the Tokyo Metropolitan Area to reach their potential, and we are engaged in efforts to realize that potential.

Note Short for Light Rail Transit. A next-generation rail transit system that offers excellent characteristics derived from the use of light rail vehicles (LRV), improvements to rails or stops, such as ease of getting on and out, punctuality, speediness and passenger comfort.

Figure II-5-3-1

Changes in the Average Rate of Congestion, Transportation Capacity and Passenger Capacity in the Three Major Metropolitan Areas (Index: FY1975 = 100)



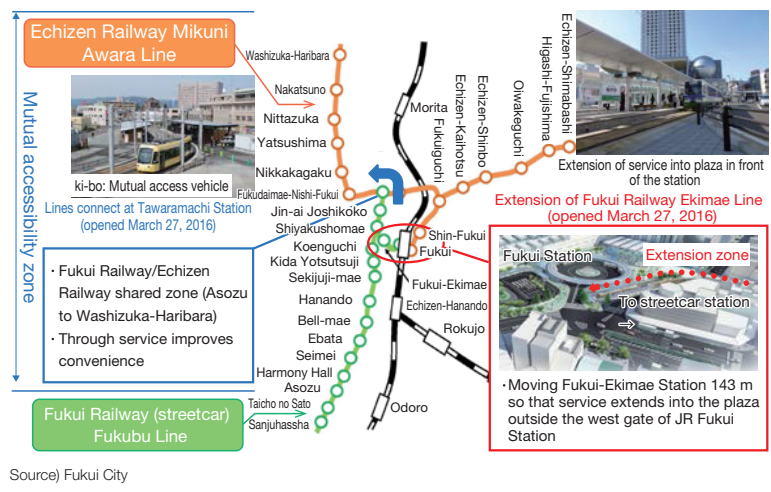
Source) Prepared by the MLIT from "Urban Transport Annual Report" compiled by the Institution for Transport Policy Studies and other relevant literature

(4) Development of Urban Monorails, New Transport Systems, and LRTs

The MLIT promotes the development of LRTs to encourage users' migration to public transportation facilities in order to streamline urban traffic flow, lighten environmental loads, and revitalize central urban areas, while keeping vulnerable road users assured of mobility in this era of aging population and falling birthrates. In March 2016, Fukui City completed the extension of the streetcar line into the plaza in front of JR Fukui Station and the development of mutual accessibility for the streetcar and railway lines. In other cities, efforts also continue to rebuild public transportation networks through initiatives such as making streetcar services universally accessible.

Figure II-5-3-2

Development of Mutual Accessibility/Extension of Service into Plaza in Front of the Railway Station (Fukui City)



Source) Fukui City

(5) Augmenting the Convenience of Bus Usage

The convenience of bus usage has been augmented by improving the punctuality and speediness features of bus services by using a Public Transportation Priority System (PTPS) and bus lanes, introducing bus location systems that provide information about the location of buses in service, and IC card systems that facilitate smooth boarding and disembarking.