

Planning of housing safety net using private rental houses

(Research period: FY 2015–2017)

Hiroshi Hasegawa, Research Coordinator for Housing Performance(Dr.Eng.),
Housing Department

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1. Introduction

As the birth rate declines and the population ages, an important policy issue is to reinforce the housing safety net to enable the supply of houses for people, such as the single elderly and low-income people who require special consideration in housing (hereinafter “people in need of special considerations in housing”). Public housing used to play the central role as a housing safety net. Yet, as the national government and municipalities face tighter financial situations, it has become difficult to increase the amount of public housing. Meanwhile, the number of vacant private rental houses has been consistently increasing, and effective use of vacant houses has become a social challenge.

Thus, the Act to Partially Revise the Act on the Promotion of the Supply of Rental Houses for People in Need of Special Considerations in Housing was enacted on October 25, 2017. This revision stipulates the establishment of plans of municipalities to increase the supply of rental houses for people in need of special consideration in housing. In addition, a new registration system was established so that private rental houses would not decline for people in need of special consideration in housing as tenants.

Based on such changes in policies, the General Technological Development Project of the Ministry of Land, Infrastructure, Transport and Tourism, a development project for strategic management technologies for regional and reliable living functions (FY 2015–2017) examined methods to plan housing safety nets using private rental houses in FY 2017. It organized ideas concerning the establishment of plans to promote the supply of rental houses for people in need of special consideration in housing targeting municipalities.

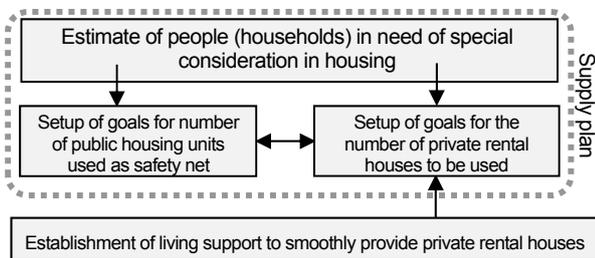


Figure 1: Framework of examining housing safety net planning methods

2. Housing safety net planning methods

Case studies were conducted targeting city A in a large city (population: 1.5 million) and city B, the capital city of a prefecture (population: 0.27 million), and the concept of the plan was organized.

(1) Estimate of households in need of special consideration in housing

The household in need of special consideration in housing is defined as households eligible for using public housing where the household income is too low to afford the average rental cost of a house that satisfies the minimum standard for living in a given region based on the range of the proper ratio of rent to income (approximately 14% to 21% depending on the number of people in a household and income).

The number of households in need of special consideration in housing was estimated for every five years from 2015 to 2045 based on the national census and housing and land statistics. The number of households continues to increase in city A from about 42,000 households in 2015 to 50,000 households in 2040 (Figure 2). The increase in the number of elderly household residents aged 60 or older becomes especially significant. Meanwhile, in city B (Figure 3), the number of households gradually decreases from 11,000 households in 2015 to 8,400 households in 2045.

(2) Number of public housing units under management and the goal for the number of private rental houses to be used

The red lines [1] in figures 2 and 3 indicate the number of public housing units in each city in 2015, and the blue line [2] the sum of [1] and the number

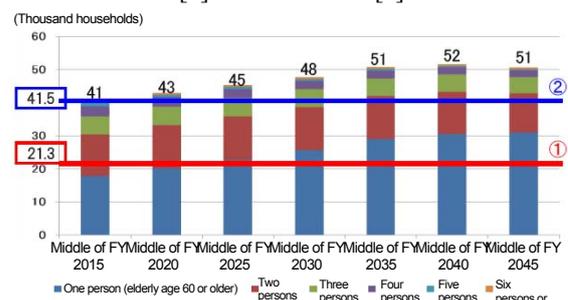


Figure 2: The result of estimating households in need of special consideration in housing in City A

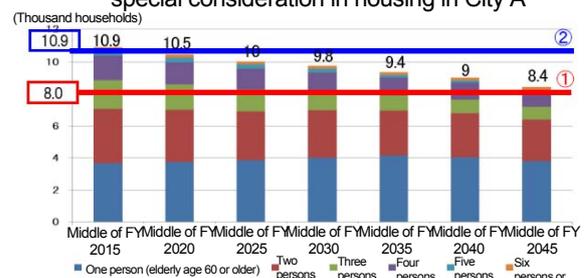


Figure 3: Result of estimating households needing special consideration in housing in City B

households receiving housing support as public assistance for living in private rental housing besides public housing (hereinafter “the number of public housing and housing assistance”).

The result of estimating the number of households in need of special consideration in housing in 2015 and the number of public housing units and housing assistance were nearly the same in both city A and city B. City A, where the number of households in need of special consideration in housing is increasing, is expected to maintain the number of public housing units in stock while increasing the number of private rental houses to be used as safety net housing (hereinafter “SN housing”) to up to 30,000 houses in 2040. Meanwhile, city B, where the number of households in need of special consideration in housing, can reduce the number of public housing units by about 20% to about 6,200 houses in 2045 by schematically terminating the use of and renewing public housing units that exceed their service lives (Table 1). About 2,000 private rental houses are going to be used as SN housings.

(3) Necessity of responding to regional demand and improving living support to effectively use private rental houses

Figure 4 shows the difference between the demand for people in need of special consideration in housing and the number of public housing units in city B in individual junior high school districts. The supply and demand balance greatly varies among regions. Table 2 shows the policy of using public housing in central urban areas where the demand is high and the estimated number of available private rental houses. The number of public housing units is in short supply compared to demand. In addition, city and prefectural plans are going to reduce the number of housing units by terminating the use of houses that exceed their service lives.

Table 1: Decrease in the number of public housing and the number of private rental houses used (City B)

(Year)	2015	2020	2025	2030	2035	2040	2045
Number of people in need of special considerations	10.9	10.5	10.0	9.8	9.4	9.0	8.4
Number of public housing *1	8.1	8.0	7.9	7.9	7.8	6.9	6.2
Number of private rentals *2	2.8	2.5	2.1	1.9	1.6	2.1	2.0

(Unit is thousand households and thousand units)
 *1: Legally set service life is 70 years for fireproof structures, 45 years for semi fireproof structures, and 30 years for wooden structures
 *2: Abbreviation of private rental housing, hereinafter

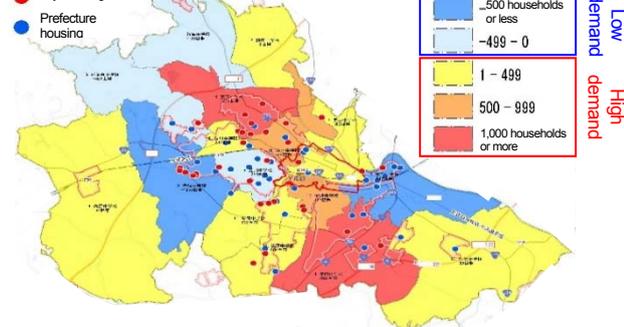


Figure 4: Demand and supply balance of public housing (City B, estimate for 2025)

Table 2: Necessary number of private rental houses and available number of units

(year)	2015	2020	2025	2030	2035	2040	2045
Number of people in need of special considerations	644	604	569	552	521	488	439
Number of public housing *1	186	186	150	150	102	102	102
Number of rented units *2	0	60	60	60	60	60	0
Necessary number of private rental housing	458	358	349	342	359	326	337
Available number of rental houses*3	Max: 376 Tenant non-declining rate: about 30%: 113 units Tenant non-declining rate: about 93%: 350 units						

*1: Based on action policies positioned as the public housing service life elongation plan in city B and applicable prefecture
 *2: The city purchases properties with higher rent than the upper limit of the rent of SN houses and uses them as public housing for 20 years.
 *3: The number of houses that satisfy the following conditions are estimated based on the data of construction plan outlines and housing and land statistics
 [1] Constructed after 1981 (under new earthquake resistance standards)
 [2] Housing area is 25 m² or more (larger than the minimum standard)

Table 3: Main concerns of moving into private rental houses and ways to eliminate them

	Factors of concern	Living support service
Upon contracting	• Difficulty finding cosigners	• Cosigner agent service
	• Inability to understand contracts, inability to communicate	• Contract procedure support service (a person accompanying contract signing, dispatching of interpreters, etc.)
While occupying a unit	• Risk of delayed rent payment	• Ret debt warranty service • Rent support, payment of living support as an agent of the recipient of living support
	• Anxiety toward causing neighborhood problems	• Living support service (watching, safety confirmation, living consultation, etc.)
	• Risk of sudden changes in health conditions	• Furniture, asset, and property organization and disposal service, funeral agent service
When moving out	• Risk of dying alone	• Reinstatement rules, inspection and appraisal upon moving out by third parties
	• Anxiety toward problems concerning reinstatement	

Private rental houses need to be actively used to respond to housing demand within a region. The estimated number of available private rental housing units was up to 376 units. This means that there are enough vacant private rental houses to accept people in need of special consideration in housing who cannot be accommodated in public housing after 2020. Yet, landlords are sometimes worried about accepting single elderly people in need of special consideration in housing and reject renting houses to them (Table 3). According to a survey conducted by the national government, only about 30% of landlords do not feel the sense of rejection toward accepting single elderly people. The number of actually available units estimated based on this number is 113 units, which is far too few to respond to the demand. The ratio of landlords who would not reject single elderly people needs to be increased to more than 90% to respond to the demand. Ideas to overcome such a situation include the spread of subleasing systems through living support organizations and the improvement of living support services through cooperation between public and private services (such as examples shown in the right column of table 3).

3. Future plans

This paper summarized the concept of setting utilization targets for private housing and private rental houses and the supply of living support services to use private rental houses given the increasing demand among people in need of special consideration in housing. The author is going to summarize and release the outcomes of this study as a guideline.