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# Preparing Our Housing for the Transition to a Post-Baby Boom World: Reflections on Japan's May 26, 2015 Vacant Housing Law

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## Abstract

*For more than a decade, policymakers and planners around the United States have increasingly been making a concerted effort to address the needs of the retiring baby boomers, particularly in funding for health care, long-term social services, elder justice, and retirement security. The 2015 Japanese Special Measures Law to Further a Response to Vacant Housing provides local governments and municipalities in Japan with expansive powers to identify vacant homes and compel owners to repair or remediate them. The Japanese Vacant Housing Law asks us to consider more carefully (1) what will happen to housing when the baby boomers die, and (2) what measures can be taken to prevent an abandoned housing crisis of equal scale in the United States. This article reviews general demographic trends in the United States and Japan, provides a summary of the 2015 Japanese Vacant Housing Law, and recommends development of data to assist with policies in the United States that can better address, and possibly prevent, a potential exacerbation of vacant and abandoned housing related blight over the course of the next 45 years.*

## Introduction

Although Japanese welfare and social planners developed policies during the 1980s and 1990s to address health and welfare issues related to aging, they only recently began to address the significant increase in vacant and abandoned housing stock at unexpected rates because of the country's aging demographic. The 2015 Japanese Special Measures Law to Further a Response to Vacant Housing<sup>1</sup> (Vacant Housing Law, or VHL) provides local governments and municipalities in Japan with expansive powers to identify vacant homes and compel owners to repair or remediate them. For cases in which an owner refuses to comply with an order to repair, cannot be identified, or has died intestate, the law grants the local municipality expansive taking powers. Properties thus acquired may be used only for cultural, social, or governmental purposes that are predefined in an approved smart growth-oriented response plan. Municipal and prefectural governments are granted the authority to raise taxes to fund implementation of the law.

For more than a decade, policymakers and planners around the United States have increasingly been making a concerted effort to address the needs of the retiring baby boomers, particularly in funding for health care, long-term social services, elder justice, and retirement security. On the housing front, investments in assisted living and nursing and retirement homes have rapidly expanded. State and local governments have focused on supporting “aging-in-place” to enable individuals to remain in their homes past retirement and still receive the services and access to amenities that they need (2005 WHCoA, 2005). Little policy research, however, has been published to investigate what may happen to housing as the baby boomer generation passes away. In many ways, this failure to consider the housing effects of the baby boomers dying reflects the Japanese policy approach toward aging during the 1980s and 1990s. The Japanese Vacant Housing Law asks us to consider more carefully (1) what will happen to housing when the baby boomers die and (2) what measures can be taken to prevent an abandoned housing crisis of equal scale in the United States.

## Demographic Background

Japan's population is aging and declining. Between today and 2060, Japan's population is projected to decline from 125 million inhabitants to roughly 81 million inhabitants, an overall 35-percent projected decline (Nikkei, 2015). In 2012, the annual death-to-population ratio exceeded 1 percent of the population per year, and that ratio is projected to continue rising at a steady rate in the foreseeable future. (See exhibit 1 and Japanese Ministry of Internal Affairs and Communications, Statistics Bureau, 2015).

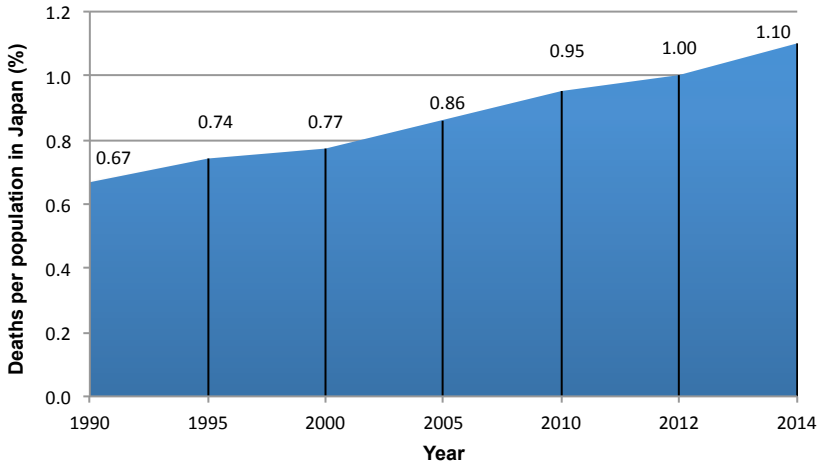
American baby boomers, those born between 1945 and 1965, comprise 80 million individuals. In 2010, the first of this generation began to retire (Colby and Ortman, 2014). By 2030, 60 million Americans are projected to be between the ages of 66 and 84. Their numbers will dwindle to 2.4 million by 2060. Based on these assumptions, by 2040, the U.S. death-to-population ratio is expected to reach and surpass the 1-percent death-to-population ratio currently being experienced in Japan. The U.S. death-to-population ratio is projected to remain above 1 percent through 2060 (exhibit 2; U.S. Census Bureau, 2014). In numbers, annual deaths are projected to exceed 4 million individuals beginning in 2041 and will remain at or between 4 and 4.1 million individuals through 2057.

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<sup>1</sup> Akiya Nado Taisaku no Suishinn ni Kansuru Tokubetsu Sochihou, *Law Heisei 26-127*, 2015 (<http://www.mlit.go.jp/common/001080536.pdf>).

### Exhibit 1

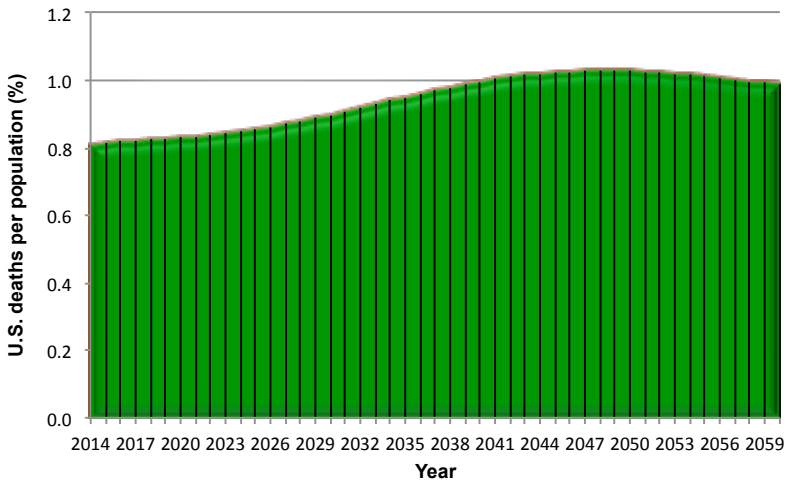
Percentage of Deaths per Population in Japan Passed the 1-Percent Threshold in 2012



Source: Japan Statistical Yearbook 2015

### Exhibit 2

Percentage of U.S. Deaths per Population Is Projected To Pass the 1-Percent Threshold in 2041



Source: U.S. Census Bureau (2014)

As the death-to-population ratio remains constant during the 2040-through-2060 period at 1 percent, natural population growth in the United States is estimated to decline from 1 percent to 0.8 percent per year (Ortman, 2013). The gap in population (to thus secure a constant population growth) is assumed to be controlled through immigration growth (Colby and Ortman 2014; Ortman, 2013). Myers and Pitkin predicted in 2009 that “the eventual housing sell-off among the

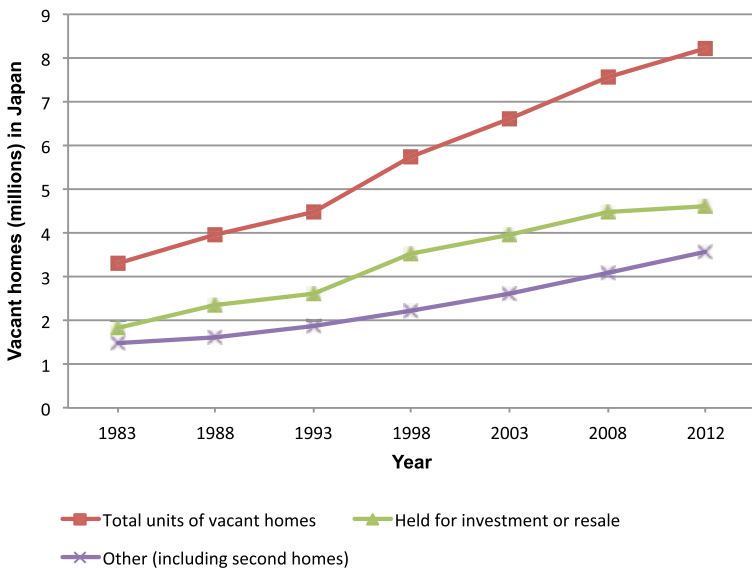
boomers will create a substantial imbalance of supply relative to demand, particularly in states where there is not a substantial, growing, younger generation or large immigrant inflows to absorb the homes for sale” (Myers and Pitkin, 2009: 6; see also Khimm, 2012). Others believe, however, that the “[d]eclining household growth (in the United States) because of increased household dissolutions among the elderly will be spread out over many decades” and may not be as precipitous as is taking place in Japan (Masnick, 2015: 3; Lee, 2014). With these conflicting predictions, Japan’s need to enact the May 26, 2015 Japanese Vacant Housing Law warns of a potentially significant vacant housing problem between 2040 and 2060 when the death-to-population ratio reaches (and depending on the number of immigrants, potentially exceeds) Japan’s current ratio. Thus, the Vacant Housing Law calls us to think about proactive steps we could take today to prevent exacerbating housing issues as the baby boomer generation leaves us.

## The Japanese Vacant Housing Law

The decline in Japan’s population described previously has been visibly reflected in Japan’s housing issues. In 2008, there were 7.6 million vacant and abandoned homes in Japan (Mallach, 2014). As of October 2013, there were 8.2 million vacant and abandoned homes in Japan—double the amount of vacant housing in the mid-1990s, reflecting 13.5 percent of Japan’s total housing stock (MLIT, 2015a). Exhibit 3 is an annotated copy of a chart based on Japan’s Ministry of Internal Affairs data showing the increase over time in vacant housing, measured as the percentage of vacant and abandoned housing over other housing, in Japan from 8.6 percent (3.3 million homes) in 1983 to 13.5 percent (8.2 million homes) in 2013 (MLIT, 2015a).

### Exhibit 3

General Data on Vacant Housing in Japan Between 1983 and 2012



Source: MLIT (2015b)

In response to this vacant and abandoned housing crisis, on May 26, 2015, the Japanese Diet adopted the Vacant Housing Law with the purpose of addressing the burgeoning abandoned housing problem in the country (see exhibit 4). The 2015 Japanese Vacant Housing Law provides local governments and municipalities in Japan with expansive powers to identify, remediate and repair, or tear down and develop alternative uses for homes abandoned or neglected by senior citizens who have either passed away intestate or who are physically or mentally incapable of taking care of their properties. The core policy reason for adopting the law was to “prevent fires and emergencies, health and sanitation issues, and aesthetic and landscape deterioration that have a severe effect on the living environment and to protect the lives, health, and assets of area residents” (VHL Article 1).

The law thus authorizes local municipalities and wards to develop local response plans based on a survey of vacant housing that identifies and classifies the housing. The plan is then used to implement regulations developed by the Ministry of Land, Infrastructure, Transport, and Tourism and the Ministry of Internal Affairs and Communications (VHL Articles 4–6).

To assist with implementation efforts, local municipalities are authorized to create Consultation Councils constituted of local residents, members of the municipal council, lawyers, real estate agents, and representatives of construction companies and cultural associations (VHL Article 7). Prefectural and national tax authorities are instructed to provide local municipalities with metadata relating to ownership of identified vacant properties (VHL Article 10). The information thus gathered is entered into a database that helps keep track of the housing and of any progress in remediation (VHL Article 11). At the same time, municipal and ward employees are granted authority to enter and search vacant homes to provide notice to identified owners of the remedial actions needed to return properties to habitable use (VHL Articles 9, 12–14). Owners who are unable or unwilling to take remedial measures are summoned to (or may petition for) a public hearing at which they can present evidence and witnesses in their defense (VHL Article 14). Failure to comply will result in fines (VHL Article 16).

#### **Exhibit 4**

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**Overgrown Vegetation, Trees, and General Dilapidation Are Clearly Visible at an Abandoned Home in the Middle of Nakano Ward in Tokyo**



*Source: Sato (2015)*

To raise funds for the attendant costs, the national government is authorized to implement a national tax, and municipalities and wards are authorized to charge attendant fees and levy local taxes (VHL Articles 15–16). Properties that revert to the local municipality or ward because owners cannot be identified or refuse to take action can be demolished or refurbished, but they may be used only for cultural, social, or governmental purposes that are predefined in an approved smart growth-oriented response plan (VHL Article 1).<sup>2</sup>

## Proactive Responses for America’s Elderly Citizens

Proactive measures for America’s elderly citizens will allow policymakers and planners to formulate policies for predicted shrinking demographics and shifting housing needs beginning over the course of the next 25 years and lasting through 2060. Designing policies around death, in both Japan and the United States, touches on deep cultural taboos. Thus, it is much easier to design policies for elderly citizens that focus on facilitating graceful aging, including the preference of aging-in-place. A response to the shifting demographics of a rapidly expanding elderly population and contracting younger population that includes planned, focused, and proactive policies must nevertheless include a “what then?” calculus. By including the “and after death?” question into housing policy, policymakers can make the tough optimization choices necessary to spare the next generation the costs of dealing with a national blight problem similar to the one currently experienced in Japan. (Compare Faiola, 2006; Johnston, 2015; Mallach, 2014; Myers and Ryu 2008.)

### Database

While the demographic changes in Japan led to the adoption of the Vacant Housing Law, policymakers in the United States need appropriate tools to understand and predict the likelihood of a similar housing crisis here in the United States. Census data and U.S. Department of Housing and Urban Development’s (HUD’s) United States Postal Service (USPS) Vacant Address Data allow for a strong understanding of the number of vacant housing units. Interactive tools, such as the Mapping America’s Futures tool developed by the Urban Institute, have been used by municipalities to provide equally valuable information on the demographic shifts that municipalities and local governments face (Mayor’s Housing Task Force, 2014; Pendall, 2015; see also Misra, 2015).

Similar data in Japan have proven insufficient, however, to predict and prevent the current vacant and abandoned housing problem. Thus, the Vacant Housing Law requires localities to build and gather databases that track vacant and abandoned housing and include information on the status of the homes and their ownership and relevant metadata from tax rolls and similar governmental sources (VHL Article 11). The information gathered enables Japanese municipalities to sort out which homes are truly abandoned and which are neglected (VHASS, 2015). Local governments

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<sup>2</sup> By October 2015, the Ministry of Land, Infrastructure, Transport, and Tourism had promulgated regulations and guidelines as required under VHL Article 10 (providing municipalities with metadata from the tax rolls), Article 14 (hearing rules and concomitant forms), and Article 15 (regarding the appropriate use of fees and tax levies raised). At the same time, the Ministry (in association with a nonprofit organization created for the purpose) was administering a publicly accessible Internet page that details implementation progress in municipalities throughout the country. The website also identifies abandoned homes and provides information as to whether they are available for purchase by private parties before reverting to a local municipality (*Akiya Soudann Madoguchi Kennsaku Shisutemu*, “Vacant Housing Assistance Service System [VHASS],” 2015).

then can (1) require identified owners to remove nuisances by repairing or remediating the properties or (2) acquire properties that have been abandoned and convert them for public uses. A similar database in the United States could inform local governments' development of specific responses that target local and regional responses to addressing blight. (See Lee, Terranova, and Immergluck, 2013, discussing the Vacant Property Registration Ordinance Database that keeps track of local vacant property registration ordinances in the United States. See also Popper and Popper, 1987, who proposed converting abandoned areas of the Great Plains into a "Buffalo Commons" and Mallach, 2015, who proposed converting vacant and abandoned properties in urban environments to agricultural uses).

## **Immigration**

It is not altogether clear how immigration patterns will change in the United States and how these potential changes might affect the housing market. Even if immigration increases, immigrants will not necessarily settle in areas currently inhabited with large aging adult populations. Given the current political climate, it could well be that decisionmakers will prefer a more restrictive immigration policy. In either case, immigration policy outcomes could increase the death-to-population ratio and (without appropriate and preventative land use planning) intensify a potential abandoned housing problem as profound as the one that Japan faces today (See, in general, AILA, 2008; FAIR, 2008; Hipsman and Meissner, 2013). A public discussion on the economic effects of immigration from this vantage point is therefore in order. (For discussions of the economic effects of immigration, see, in general, AILA, n.d.; National League of Cities, 2013; Rogers, 2013.)

## **Conclusion**

With a more robust database that builds on census data and HUD's USPS Vacant Address Data, local governments will be in a position to better determine which solutions would be most appropriate in preventing a Japanese-style blight problem. Understanding changing demographics may also inform immigration reform policies. Better information would permit a robust national debate on how to implement policies that could allow for managing properties abandoned by elderly citizens.

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