Serviced Housing for the Elderly



Overview of Registration System for Serviced Housing for the Elderly

- OCertain local governments including prefectures register housing that satisfies standards for universal access, living assistance for residents, etc.
- OOperators disclose information on housing (ex. fees, services) so that possible tenants can select housings that satisfy their needs.

O Requirements for Registration

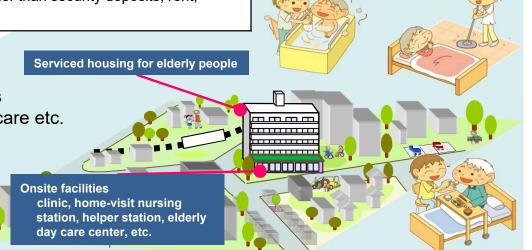
Technical	Oln principle, floor area of 25 m² or more OStructure and facilities satisfy certain standards OUniversally accessible structure
Services	ORequired services: status check services and living consultation services
Contract	OContracts should aim for stability of the housing, for example prohibiting the operator from unilaterally canceling the agreement due to long-term hospitalization ONo collection of money for anything other than security deposits, rent, compensation for services etc.

O Requirements for Tenants

Must be age 60 or older, or must be certified as a person requiring special assistance/nursing care etc.

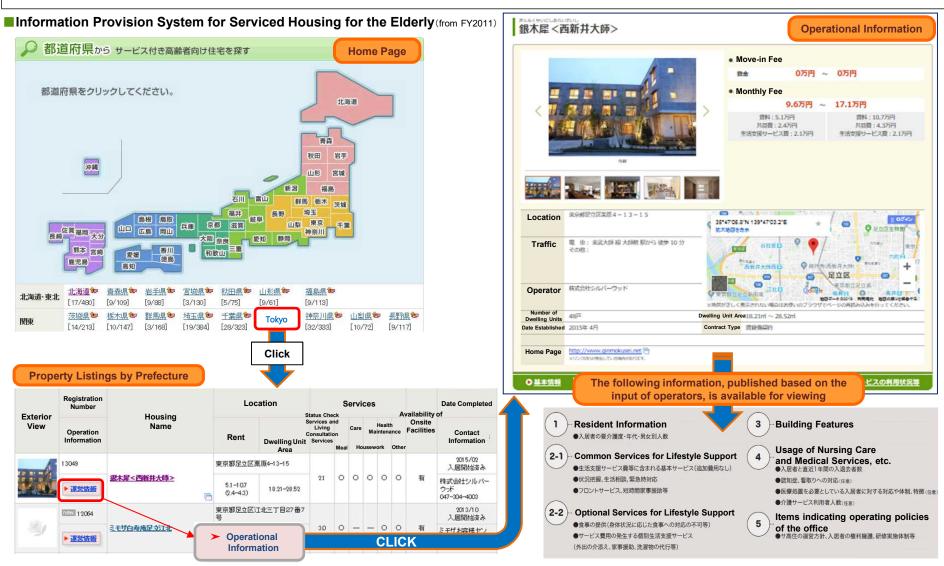
O Registration (as of June 2023)

Number of units	283,487
Number of buildings	8,222



Overview of Information Provision System for Serviced Housing for the Elderly

The Information Provision System for Serviced Housing for the Elderly releases registration information, in conjunction with registration by operators, and assists possible tenants in selecting housings that satisfy their needs, through the disclosure of information on operation of the housing, such as on status check services and living consultation services.



Overview of Subsidies to Promote Supply of Serviced Housing for the Elderly

Requirements

- ① Serviced housing for the elderly registered under the Act on Securement of Stable Supply of Elderly Persons' Housing must be supplied.
- The maximum amount of rent must be less than or equal to the amount (112-240 thousand yen/month) set according to the municipality in which the housing is located.
- The amount of rent for a resident shall be set so that it can remain balanced with the amount of neighborhood comparable rent.
- The method of collecting rent, etc. from residents must not be limited to payment in advance.
- The housing must be registered for at least 10 years as a serviced housing for the elderly under the Act on Securement of Stable Supply of Elderly Persons' Housing.
- 6 The financing for the project must be assured.
- The project must be consistent with the municipality's community development policy.
- When a request is received from a local government for the use as emergency temporary housing or welfare evacuation shelter, the operator of a serviced housing for the elderly shall discuss with that local government, such as by concluding an agreement. Also, in the event of a disaster, except in the case of special circumstances, such as operational difficulties, etc., the operator shall accept persons requiring special consideration (in principle, persons qualified to move into a serviced housing for the elderly) after consulting with a local government.
- (9) In principle, a newly built serviced housing for the elderly must not be located within sediment disaster special alert areas or flood damage prevention areas.
- ① Among serviced housings for the elderly built "outside the residential attraction areas in the location normalization plan areas" and "in the disaster red zone (disaster risk areas, landslide prevention areas, sediment disaster special alert areas, prevention areas of slope failure, or flood damage prevention areas)," and with three or more units, the housing shall not, in principle, fall under the category for which will be publicly announced for the failure to follow recommendations by the mayor of the municipality based on the Act on Special Measures Concerning Urban Regeneration.
- n Possible tenants must have access to nursing care services by a provider of their choice.
- ① Operators of serviced housing for the elderly must provide and update the information of that housing on the Information Provision System for the Serviced Housing for the Elderly.
- ① Operators must disclose their pledge to respect the matters specified by the national government as those to be respected as operators of serviced housing for the elderly on the Information Provision System for the Serviced Housing for the Elderly.
- 1 In principle, energy conservation standards must be conformed.
- (5) For a serviced housing for the elderly placed in a municipal regional disaster prevention plan, an evacuation plan should be prepared and evacuation drills should be conducted.

Overview of Subsidies

Housing

		Subsidy Rate (※)	Upper Limit (※)
1	Floor area of 30 m² or more (and equipped with certain facilities)	1/10	1.35 million yen/unit
New Construction	Floor area of 25m or more		1.20 million yen/unit
	Floor area less than 25m²		0.70 million yen/unit
② Renovation		1/3	1.95 million yen/unit
③ Existing Renovation		1/3	Varies depending on refurbishment

**The subsidy rate and upper limit vary depending on more detailed criteria.

Elderly Living Support Facilities

	Subsidy Rate	Upper Limit	
Renovation Existing Renovation	1/3	10 million	
New Construction	1/10	yen/facility	

Renewable Energy and Other Facilities

	Subsidy Rate	Upper Limit
·Solar Panels ·Storage Batteries	1/10	40 thousand yen/unit in total
Solar Water-heater		20 thousand yen/unit



Example of Renovation of a School into Serviced Housing for the Elderly



Image of Community Facilities

Overview of Taxation System to Promote Supply of Serviced Housing for the Elderly

Fixed Asset Taxes

Applicable Period March 31, 2025

The municipality can reduce from the fixed asset taxes for five years, at a rate determined by ordinance within the range from 1/2 to 5/6, with reference to 2/3 regarding tax amount, for the portion equivalent to 120m per unit.

Main Requirements

- ① Floor Area: 30m² to 160m² per unit (including common areas)
- 2 Number of Units: more than 10 units
- ③ Subsidies: Applicants must receive the national government subsidies for the construction of serviced housing for the elderly.
- 4 Structure: The main structural components must be fire resistant or quasi-fire resistant construction.

Real Estate Acquisition Taxes

Applicable Period March 31, 2025

Housing: 12 million yen per unit will be deducted from tax base.

Land: The greater of the following amounts will be deducted from taxes;

- \bigcirc 45 thousand yen (1.50 million yen \times 3%)
- 2 Assessed value of land /m² × 1/2(special burden adjustment measures) × twice the floor area of housing (up to 200 m²) × 3%

Main Requirements

- ① Floor Area: 30m² to 160m² per unit (including common areas)
- 2 Number of Units: more than 10 units
- 3 Subsidies: Applicants must receive the national government subsidies for the construction of serviced housing for the elderly.
- 4 Structure: The main structural components must be fire resistant or quasi-fire resistant construction.

Overview of Financing to Promote Supply of Serviced Housing for the Elderly

Japan Housing Finance Agency (abbreviated as JHF) provides loans to finance the construction and improvement of rental housing to be registered as "Serviced Housing for the Elderly," or the purchase of used housing intended to be used as such rental housing.

< Financing for Construction of Serviced Housing for the Elderly >

[Main Requirements for Rental Housing Eligible for Financing]

Rental housing eligible for financing shall conform to all of the following criteria ① through ⑥;

- 1 The rental housing must be registered as "Serviced Housing for the Elderly" as stipulated in Article 5, Paragraph 1 of the Act on Securement of Stable Supply of Elderly Persons' Housing and be limited to the housing under a lease agreement. During the term of the loan, the registration must be renewed every five years.
- ② The building shall meet one of the following performance standards: insulation performance grade 3 or higher, primary energy consumption grade 4 or higher, or building energy consumption performance standards.
- ③ The total area of the rental housing portion eligible for the loan must be at least 200 m².
- 4) The site area must be at least 165 m².
- ⑤ Other technical standards set by JHF must be conformed.
- 6 The applicants must receive the subsidy decision for the "Serviced Housing for the Elderly Development Projects."

[Main Requirements for Loan Applicants]

Applicants eligible for the loan shall conform to all of the following criteria ① through ③;

- ① Individual or corporate.
- 2 Those who have ownership or leasehold (superficies and leasehold) of the land on which the construction is planned.
- ③ Those who are expected to properly manage the serviced housing for the elderly throughout the repayment period and ensure repayment of the loan.

Main Financing Requirements, etc.

Loan Amount and Eligible Project Cost	Within 100% of the project cost (construction cost, removal work cost, land acquisition cost, and other expenses) eligible for financing	
Borrowing Rate	35-year or 15-year fixed rate 15-year fixed rate: 2.51% 35-year fixed rate: 2.73% *Both percentages refer interest rates as of February 2023, when the prepayment restriction system is used.	
Repayment Method	Principal and interest equal monthly payments or equal monthly payment of principal	
Repayment Period	Repayment Period Up to 35 years (in one-year increments) **Principal deferment period: within one year (during the redemption period)	
Collateral	The building and land subject to the loan must be placed on the first priority mortgage for JHF.	