

Chapter 5 Creating a Comfortable Living Space

Section 1 Realizing Affluent Residential Living

1 Securing Stability of Residential Living and Advancing its Betterment

In accordance with the new release of the Housing Life Master Plan approved at the March 2011 Cabinet meeting, covering FY2011 to FY2020, to reflect the full-scale emergence of an aging society with falling birth-rates, declining population and families, changes in the socio-economic climate such as difficult employment and income environment, needs for housing life support services and more, the MLIT is advancing the implementation of measures aimed at securing the stability of residential living and its betterment with the following goals: a. Building a living environment that supports safe, secure and affluent residential living; b. Proper management and revitalization of housing; c. Preparing the environment for a housing market in which diverse housing needs are properly fulfilled; and d. Assuring the stability of housing for those who require special housing consideration.

(1) Building a living environment that supports safe, secure and affluent residential living

To create safe, secure housing and residential environments, we are advancing earthquake-resistant construction of houses and buildings to be better prepared for large-scale earthquakes, while at the same time promoting “Smart Wellness Residences and Cities,” where different types of residences—such as households with elderly people, households with disabled people, or households raising children—can interact to create places to live that are safe and healthy. It also encourages the construction of housing with better energy-saving performance, utilization of local wood, etc. to get closer to the goal of realizing a low-carbon society.

The MLIT is also keen to preserve and form townscape and scenic beauty to add to the comfort and affluence of residential life, while enhancing the convenience of houses for people like the elderly living in urban areas, based on the concept of universal designs.

(2) Proper management and renewal of housing

While apartment buildings have become a vital mode of housing for the nation as we reached a stock of about 6.01 million apartments (as of the end of 2013), we are urged to respond to a variety of tasks involved in advancing the proper management and renewal of these buildings.

For this, the MLIT is implementing the “Apartment Building Management Optimization and Renewal Promotion Project,” which aims to optimize the management and renewal of aging apartments buildings by accumulating success stories of forming consensus to address the challenges regarding apartment buildings.

In order to facilitate the renewal of aging apartment buildings, the “Law to Revise a Part of Laws related to the Facilitation of the Reconstruction of Apartment Buildings”—which contains the establishment of an apartment building premises sale system as well as special provision for easing the floor-area ratio—was established in June 2014 and put into effect in December of the same year. Along with this, the “Guidelines for the Sale of Apartment Building Premises with Insufficient Earthquake Protection” was drawn up and a consultation system is in place for receiving advice from specialists.

(3) Preparing the environment for a housing market in which diverse housing needs are properly fulfilled

a. Preparing a market that facilitates the smooth trading of existing houses

Based on the "Used Housing/Renovation Total Plan" (March 2012) and the "Research Report on the Distribution Promotion/Utilization of Used Housing" (June 2013), efforts of (a) and (b) were promoted to set up a market that facilitates the use of existing housing.

In addition to improving the building evaluation technique, in order to establish said improvements in the existing housing market and the home financing market, the "Used Housings Market Activation Roundtable" was held from September 2013 as a means for the private businesses and financial institutions involved in the existing housing distribution to exchange opinions. In March 2015 the results from these discussions were summarized in the "Used Housings Market Activation Roundtable Report".

Also, in the 2014 Tax Reform, in addition to making special provisions for the registration and licensing tax on acquiring existing houses that require a specific level of quality improvement, they have also decided that if an existing house is to have earthquake-resistance construction work done to it after acquisition, that it would be subject to mortgage tax breaks and other special provisions. Also, in the 2014 revision to the taxation system, a preferential measure for the registration license tax related to housing purchases in the buyback-resale business was created as a potential catalyst for expanding the existing housing/renovation market. Further, in the 2015 revision to the taxation system, a new measure was created to reduce the real estate acquisition tax that is imposed on the buyback-resale businesses.

(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 FY2014, there were 9,305 telephone inquiries regarding remodeling, 808 calls for checking quoted remodeling costs, and 884 calls for expert consultation regarding remodeling.

In FY2014, there were 2,493 subscriptions to 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, and subscriptions to the large-scale repair work liability insurance program for large-scale apartment building repairs were filed for 618 apartments.

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 where 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 are properly managed and information can be provided to the consumers.

(b) Developing a market environment in which consumers can purchase existing houses without worry

Consumers who consider the purchase of existing housing may worry about the quality and performance of housing. Therefore, to expand the existing housing distribution market, it is necessary to build an environment where consumers can purchase an existing house without worry.

In order to do this, we are promoting the popularization of appropriate inspections based on the "Existing Housing Inspection Guidelines" (established in June 2013), which are guidelines pertaining to the inspection of current state of housing, so that consumers can get a grasp on the condition of the existing housing.

In terms of the Existing Housing Sale Warranty Insurance System, an insurance package that covers both inspections and warranty to defects, there is a growing variation in insurance products—such as the new insurance product developed in FY2013 which has a shorter coverage period but is relatively inexpensive—which has resulted in an increase in the number of subscriptions, from 4,072 in FY2013 to 8,261 in FY2014.

Like the Remodeling Defect Liability Insurance Program, the Existing Housing Defect Liability Insurance Program allows consumers to search through a list of registered traders at a website to aid in their trader selection.

b. Forming long-lasting quality stocks

(a) Housing quality assurance

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.” At the same time, a housing performance marking program has been put into effect for objective assessment of the basic performance characteristics of new and existing houses, such as earthquake-resistance, energy-saving measures, preventing measures against deterioration, etc. In FY2013, Housing Design Performance Assessment Reports were issued for 195,973 houses to assess them in their stage of design documentation, Constructed Housing Performance Assessment Reports (New House) were issued for 172,361 houses to evaluate them on site inspection, and Constructed Housing Performance Assessment Reports (Existing House) were issued for 324 existing houses.

Disputes arising in connection with houses that have been subjected to a constructed housing performance evaluation are to be promptly and legitimately settled by local bar associations that are a designated housing dispute settlement agency, with support from the Center for Housing Renovation and Dispute Settlement Support. The Center also accepts applications for consultation on housing issues. In FY2014, there were 27 cases of application for dispute processing regarding a house for which a constructed housing performance evaluation report was issued by designated housing dispute processing agency, and 822 cases of consultation regarding a house for which a constructed housing performance evaluation report was issued by the same center.

(b) Approaches to longer-lasting 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-lasting Quality Housing”) under the “Act on the Promotion of Dissemination of Long-Lasting Quality Housing.” (Certified houses in FY2013: 100,029).

We are also supporting progressive approaches to renovation that contributes to the longevity of existing housing.

(c) Promotion of wooden housing

In recognition of the national need for wooden housing, as much as 80% of the Japanese people favor wooden housing ^{Note}. The MLIT supports not only the construction of long-lasting quality wooden housing by a group of contractors working in the entire process of housing, from supplying local timber and other materials, to designing and constructing housing, but also the development of human resources relevant to the construction of wooden housing, to create quality wooden stock.

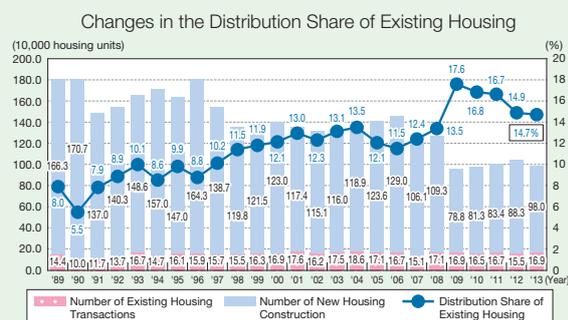
Note Public Poll on Forestry and Living conducted by the Cabinet Office (2011)

Column

Distribution Promotion/Utilization of Existing Housing

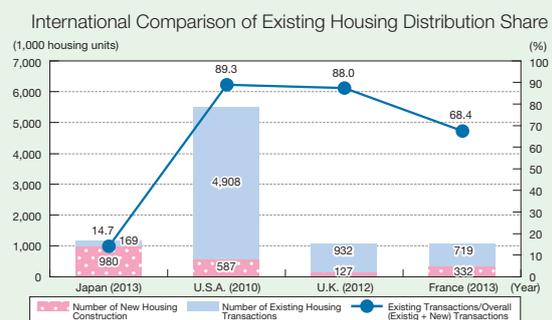
As the number of available houses becomes greater than the number of households and further population decline is expected, it is important to become a society where “good quality is built, well-maintained, and used for a long time.”

Within the distribution of all housing (existing housing + new housing), the share of existing housing distribution in Japan is low compared to new housing, and is at very low level compared to countries in Europe and North America. It has been pointed out that in spite of there being actual housing stock available, this stock is not being used for upgrading/moving. For this reason, it is important to vitalize the distribution of existing housing so that existing housing of good quality can be purchased with confidence.



(Note) For 1993, 1998, 2003, 2008, 2013, the distribution amount of existing housing was calculated with numbers for January through September being used to calculate the full-year equivalent.

(Source) Compiled by MLIT from “Housing Construction Statistics” by MLIT, “Housing and Land Survey” by MIC



(Notes) 1 France: For the yearly distribution amount of existing housing, the monthly distribution amount of existing housing was annualized and the yearly average of that number was used.

2 Number of housing transactions was for those with a transaction amount of over GBP40,000. Therefore HMRC—the survey facility providing this data—estimates that due to this threshold, 12% of the overall housing transactions do not get included as subjects of the survey.

(Source) Japan: “2013 Statistical Survey of Housing and Land” by MIC, “2013 Housing Construction Statistics” by MLIT

United States of America: U.S.Census Bureau “New Residential Construction”, “The 2011 Statistical Abstract” (2010 Data)
<http://www.census.gov/>

United Kingdom: Department for Communities and Local Government “Housing Statistics” (2012 Data)
<http://www.communities.gov.uk/>

France: Ministère de l'Écologie, du Développement durable et de l'Énergie “Service de l'Observation et des Statistiques”, “Conseil général de l'environnement et du développement” (2013 Data)
<http://www.driea.ile-de-france.developpementdurable.gouv.fr/>

Therefore, for the purpose of sharing the basic directions for expanding and vitalizing the existing housing/reconstruction market as well as the issues involved, MLIT established the “Used Housing Market Vitalization Roundtable” in September 2013 as a place where those involved in real-estate transactions and financing can have an honest and free exchange of opinions. The results from these discussions were then summarized in a report in March 2015. In this report the roundtable discussions that took place over the 2 years was summarized around the themes of (1) improving building evaluations and getting established in the market, (2) creating a supply of available quality housing and preparing the conditions to promote the distribution of such housing, (3) efforts for the financial aspects in contributing to the vitalization of the used housing market, (4) vitalizing the one-family rental house market, (5) cooperating with regional policy.

Going forward, based on these roundtable discussions, we will continue to hold “Used Housing Market Vitalization Roundtable” as necessary for the purpose of sharing the awareness of current conditions/issues and facilitating mutual role-sharing and cooperation with those involved, as we work to actualize the efforts to vitalize the used housing/renovation market of Japan.

c. Making housing available to fill varied dwelling needs and closing gaps between supply and demand for housing

(a) Home financing

The Japan Housing Finance Agency offers securitization support services to support the availability of long-term, relatively low fixed-rate home loans from private banking institutions. Its operations include Flat 35 (buy-out type) that consolidates the securitization of housing loan receivables of private banking institutions and Flat 35 (guaranteed type) which supports the private banking institutions themselves becoming the originator ^{Note 1} to handle the securitization. The performance result for Flat 35 (buy-out type) up to the end of March 2015 was 944,489 cases of buy-out applications and 665,259 cases of successful buy-outs, with 329 financial institutions participating. The performance result for Flat 35 (guaranteed type) up to the end of March 2015 was 20,148 applications for insurance coverage and 12,416 cases receiving insurance coverage, with 5 financial institutions participating.

For houses that are entitled to receiving securitization support, 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 the loan 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 years of its repayment (for the first 10 years for long-lasting quality housing).

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

(b) Housing Tax System

With the housing acquisition environment growing worse, and in order to prop up the existing housing construction, major improvements were made in the 2015 taxation reforms with regard to dealing with the recoil reduction from the 10% increase of the consumption tax rate planned for April 2017, such as extending the tax-free measures for gift tax in the case of gifts from lineal ascendants for housing purchase funds to the end of June 2019, and raising the maximum tax-free limit to JPY300 million. Also, a maximum housing benefit of JPY300,000 cash benefit had been created, along with the expanding of the home buyer's tax break in accordance with the 8% increase of consumption tax rate in April 2014. This applicable cut-off date has now been extended 1.5 years from the year-end of 2017 to the end of June 2019 to match the 1.5 year postponement of the 10% increase in the consumption tax rate.

It is hoped that with these measures in place, the housing acquisition of the younger generation will be promoted and the predictability will get higher for those who are considering housing acquisitions, and that these factors will contribute to the stabilization of the housing market.

(c) Preparing the rental housing market

To improve the stocks of owner-occupied houses, such as stand-alone houses and condominium apartments, by making them available for rent in the rental housing market, the MLIT is working to prepare the rental housing market by disseminating the fixed-term housing rental system, developing standard contracts for subleasing ^{Note 2} original rental housing, and developing DIY type lease ^{Notes 3 & 4} guideline.

(d) Improving the residential environment by promoting measures against vacant houses

To ameliorate the residential environment which can deteriorate due to an accumulation of vacant houses that are not

Note 1 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.

Note 2 A rental housing management firm renting a building from its owner (landlord) or else for subleasing and then hiring it out as a sublessee to a sublessee (resident).

Note 3 The type of lease where the landlord does not do the repairs but rents it "as is" and the tenant makes repairs and improvements with his/her own funds.

Note 4 DIY usually means doing your own repairs, assembling, and home carpentry without the help of professionals, but in this case the DIY-type lease includes instances where the tenant hires a professional to make facility improvements or remodeling according to his/her own preferences.

being properly managed, we are working on developing ways to use or dispose of vacant houses and buildings, as well as a consultation system for owners of vacant houses.

(4) Assuring housing stability for those who require special consideration for housing

a. Supply of public rental housing

To deliver 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, the MLIT set up the Regional Excellent Rental Housing Program as a scheme that complements the public housing and subsidizes the expenses incurred for the development of public rental housing and also for the reduction of the rents.

To provide a housing safety net for those who are obliged to leave their homes because of dismissal or any other reason, the MLIT promotes a single-source information service that gives out information about public housing available to retiring individuals, and rental housing from the Urban Renaissance Agency, in coordination with local branches of Hello Work (Public Employment Security Office), and has also taken measures aimed at stabilizing the dwelling of the retiring individuals.

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 (FY2012)
Improved housing	Supplies public rental housing to existing residents who are in serious need of housing in a deteriorated residential area.	About 150,000 houses (FY2012)
UR Rental Housing	Supplies quality rental housing that is conveniently located for access to work, focusing on family-oriented rental housing hardly in ample supply from private business entrepreneurs, in major urban areas, as well as develops residential districts (since FY2002, a privately supplied support rental housing program has been launched to support the supply of family-oriented rental housing from private business entrepreneurs).	About 750,000 houses (FY2012)
Agency rental housing	Supplies quality rental housing to fill the regional demand for rental housing.	About 130,000 houses (FY2012)
Regional excellent rental housing	Provides subsidies to private land owners to fund maintenance and other expenses and cover rent cuts to provide excellent rental housing for households consisting of elderly people, child-raising families, etc.	- About 131,000 designated excellent rental houses (FY2013) - About 39,000 designated excellent rental houses for elderly people (FY2012)

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

2 The number of public rental housings does not include those of the Specified Good Rental Housings and Subsidized Rental Housings with High Quality for Elderly.

3 The Specified Good Rental Housings Institution and Subsidized Rental Housing with High Quality for Elderly Institution were reorganized and the Regional Good Rental Housings Institution established in FY2007.

Source) MLIT

b. Using private rental housing

In order to facilitate the promotion of smooth move-ins to private rental housing by people such as the elderly, disabled, foreigners and families with small children, we are providing housing assistance such as information services and consultation services through the Housing Assistance Council (48 councils (37 prefectures and 11 cities) established as of the end of FY2014), which is made up of local government, real estate related organizations and housing assistance organizations.

2 Supply and Utilization of Good Housing Land

(1) Land price trends

The results of the 2015 Posted Land Prices (as of January 1, 2015) for the national average showed that though the residential property prices fell the drop rate had decreased, and for commercial properties that prices had recovered from a decline and leveled out. The average for the 3 major metropolitan areas where prices had made an upward turn last year continued the rising trend for both residential properties and commercial properties. On the other hand, land prices for the rural areas still continue the downward trend, though the drop rate has decreased.

(2) Present status and problems in housing land supply

There is a driving shift from the traditional course of policy that promoted a large supply of new housing land to a housing land policy that reflects trends in population and household. 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.

To facilitate wider acceptance of this system, the MLIT is working to clarify things like the tax procedures for handling prepaid rents – a third kind of lump-sum payment next to deposits and premiums.

(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.

We also provide information on area management ^{Note} that aids in revitalization of the new towns.

Section 2 Realizing Comfortable Living Environments

1 Developing City Parks and Forming a Good Urban Environment

(1) Status of development of city parks and approaches to upgrading them

Because city parks are key facilities laid out to fill diversified public needs, national government parks, the development of national government parks, disaster preparedness parks, and the preservation of time-honored cities and green spaces have been implemented efficiently and on a planned basis, with primary emphasis on: a. Building a safe and secure municipality furnished with disaster preparedness parks that could serve as evacuation sites; b. Building safe and secure community sites to address the issues of an aging population with falling birthrates; c. Preserving and shaping a good natural environment that aids in building a recycling-oriented society and addressing global environmental issues; and d. Building sites for advancing tourism that takes advantage of regional characteristics or for inter-regional exchanges or collaboration.

As of the end of FY2012, city parks were maintained at 104,099 locations nationwide, covering 121,473ha, or about 10.1m² per capita. National government parks were visited by about 38.13 million people in FY2014, with 17 locations being developed and maintained.

Opening entire area of Michinoku Lakewood National Government Park in June 2014 (Kawasaki Town in Shibata district, Miyagi Prefecture)



Source) MLIT

Note Proactive efforts by residents, business owners, and landowners to maintain and improve the value of the region and its good environment

(2) Forming a green urban environment

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 the global environmental issues, such as global warming and biodiversity preservation, and to aim at realizing green-rich city environment by preserving and forming a good natural environment. Specifically, the MLIT is promoting preservation of greenery by advancing the development of green-rich city parks using the social capital development general grant, etc., and utilizing the Special Green Space Conservation District Program, which aims to protect planting of greenery by restricting the construction of buildings or purchasing land, and the Citizen Green Space Program, which makes green spaces available to citizens under contract. Greening of private land is also being promoted through the Green Space System and the District Plan Greening Ratio Ordinance System. Furthermore, we are facilitating the conservation of multi-function agricultural land within urban areas through the Production Greenland Area System.

Along with holding events like national “Protecting Greenery” gatherings and National City Greening Fairs to gain public awareness regarding greening, 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.

2 Advancing Roads that Prioritize Pedestrians and Bicycle Riders

a. 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.

b. Creating a safe and comfortable cycling environment

Bicycles play an important role as an accessible means of transportation, but the number of bicycle and pedestrian accidents in 2013 increased compared to the previous 10 years, pointing to the need for a safer, more comfortable environment for cycling. In light of this, the MLIT is working on making the “Guidelines for Creating a Safe and Comfortable Cycling Environment” (November 2012, MLIT, National Police Agency) more widely known, so that each region’s road administrators and prefecture police are encouraged to work on formulating and maintaining bicycle network plans, reallocating road space, and enforcing strict adherence to traffic rules in order to create environments that make bicycle usage safe and comfortable.

c. 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.

d. 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.

e. 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.; and (d) preferential measures for the administration of off-street convenience facilities to keep roads and roadside facilities under integrated management.

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 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 let the council 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 (as of March 2015, Integrated Urban/Regional Transport Strategies had been formulated or were being formulated in 81 cities), with the stakeholders taking their respective shares of responsibility for implementing measures or projects. 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, and city planning programs.

(2) Promoting Smart Use of the Roads

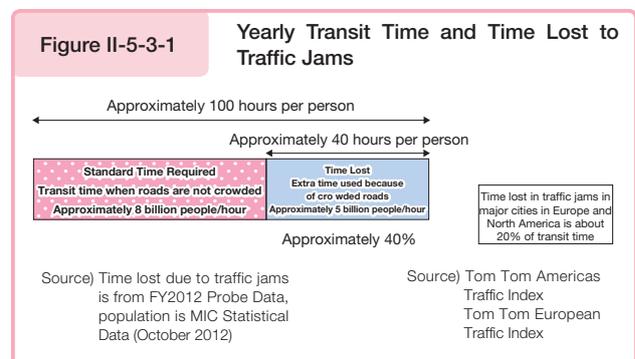
Compared to other countries, Japan’s road networks are weak, with fewer lanes on expressways and existing networks that are not fully utilized. Specifically, due to the uneven time/space aspects of the traffic demands, there are problems with travel performance, such as traffic jams occurring at certain locations as well as issues of safety, ease-of-use, and cooperation with the districts. For example, currently the amount of time a car is stuck in traffic is approximately 40% of all transit time. Compared to Europe and North America where this figure is approximately 20%, this is a great social loss.

In order to achieve road transit service that is smooth, safe, comfortable and contributes to increasing area vitality, MLIT is moving forward with efforts to further improve the functionality of existing roads by working on developing necessary networks, as well as improving operations and small-scale enhancements.

MLIT is also working on traffic demand management and bottleneck prevention strategies that are based on scientific analysis, in order to make smooth transit possible.

In order to secure safe road transit, the MLIT is putting into effect thorough and efficient accident prevention measures on arterial highways using ‘Big Data’, such as, for example, prevention against sudden braking. In addition, the MLIT is redirecting traffic on residential roads to expressways that are safer in order to eliminate through traffic while also implementing limits on traffic speed.

To improve the usability of roads, the MLIT is working to improve the service of road guides and rest stops, as well as revitalizing the flow of people and goods by improving access to traffic hubs such as airports/seaports, and developing transport nodes such as station plazas.



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.

In order to promote cooperation among local areas, the MLIT is working on strengthening accessibility, including direct connections between expressways and facilities. By being flexible in building additional Smart ICs, we are working on increasing accessibility to the distribution centers and tourism hubs from expressways and on the consolidation and sophistication of measures based on the concept of “compact” and “networked”. This is also being undertaken to alleviate traffic jams around the existing ICs. In view of vitalizing the local area by promoting the use of expressways and improving convenience, the MLIT will move forward with directly connecting expressways and facilities based on the appropriate load, especially for areas that have large-scale distribution centers, industrial complexes, and commercial facilities near the expressways.

In terms of the toll system for the Tokyo Metropolitan Area—per the “Basic Policy” of the Arterial Highways Workshop that organizes and unifies toll rate level and start/end points, and starts charging fees in FY2016—we will move forward with concrete planning (For the Kinki Region, we will start sorting through the issues specific to the area in preparation for starting in FY2017).

Figure II-5-3-2 Example of Effectively Installing Smart ICs

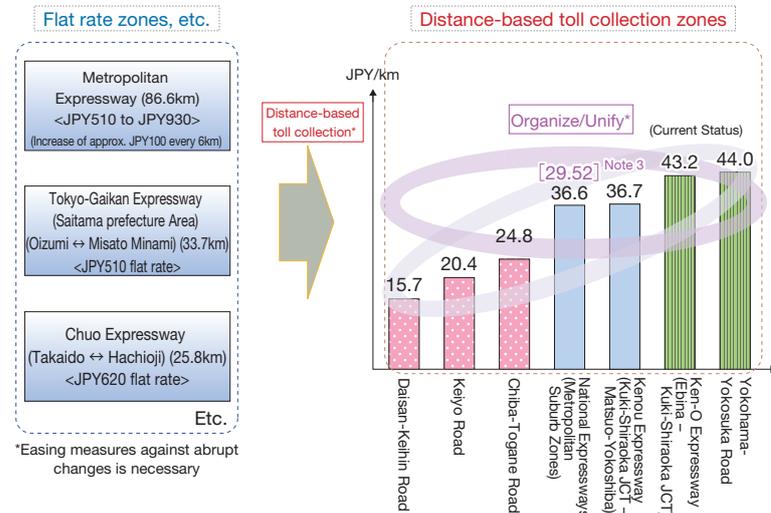
○By installing Shirakawa Chuo Smart IC, the access time to Shirakawa Kosei General Hospital was shortened and approximately 700 vehicles a year use it for emergency transport (2013 results)



Shirakawa Smart IC opened August 2009
2013 Amount of Traffic
approximately 2,700 cars/day

Source) MLIT

Figure II-5-3-3 Organizing and Unifying rate level for the Tokyo Metropolitan Area



*Easing measures against abrupt changes is necessary

(Notes) 1 The example for National Expressways (metropolitan suburb zones) is Tomei Expressway
2 In cases where standard-sized cars are using all lanes (except for Ken-O Expressway in which case users can only go up to 40km)
3 Toll standard in cases where consumption tax and terminal charges are excluded

Source) MLIT

Figure II-5-3-4 Realization of Seamless Toll System Based on OD (Image)

○For example, within the Ken-O Expressway, if the Origination and Destination is the same no matter which route is selected, the fee will be the same regardless of the administering agent.

[Toll rate for Route A > Toll rate for Route B]



[Toll rate for Route A = Toll rate for Route B]



Source) MLIT

(3) 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 regional public transportation assurance, maintenance and improvement projects, to accelerate the improvement of regional public transportation usage environment as part of its barrier-free community planning effort. In FY2014, low floor type cars were deployed by Toyama local railway.

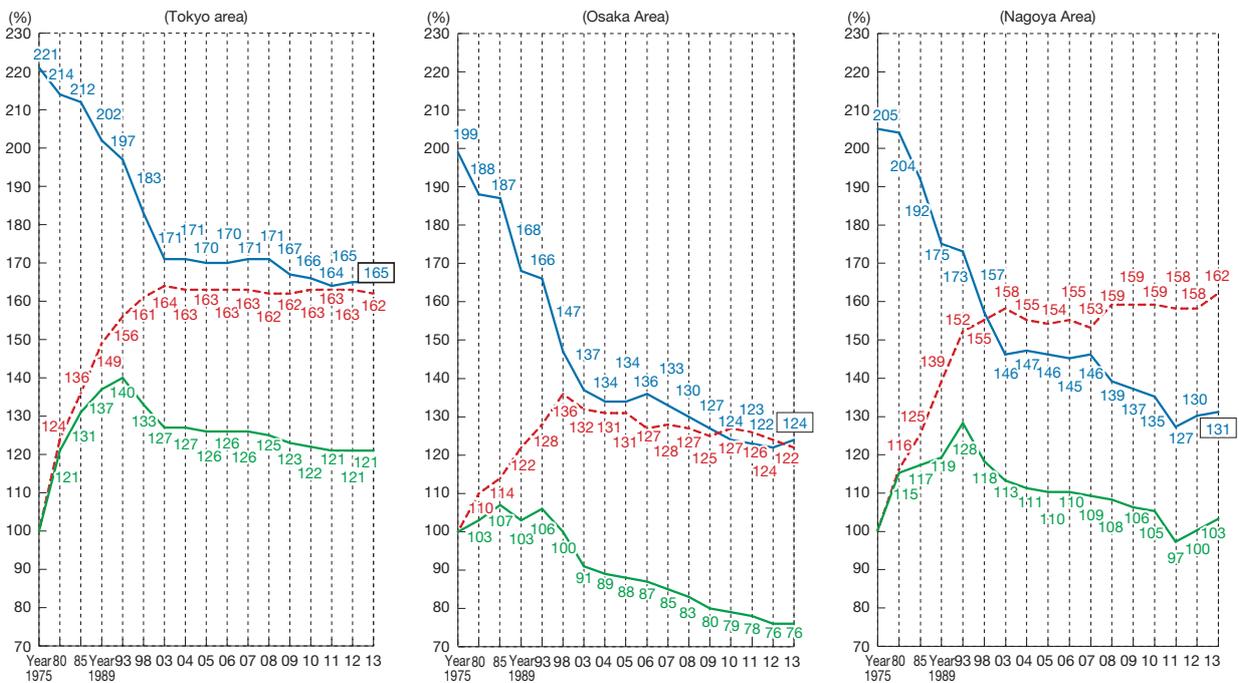
(4) Upgrading urban railway networks

Urban railway networks have upgraded to a considerable extent to date as they have been refurbished with a primary view to building up their transportation capacities to ease traffic congestion. As a result, traffic congestion in the major metropolitan areas during commuting to and from office or school by train are on the decline, keeping pace with the continuing trends towards an aging population with fewer births. The rate of congestion on some routes, however, remains as high as over 180% and demands continued efforts to mitigate congestion. Efforts in progress include quadruple tracking of Odakyu Electric Railway’s Odawara Line and modifications to Tokyu’s Toyoko Line, both funded by the Designated Urban Railway Development Reserve Program.

The Kanagawa Eastern lines (Sotetsu - JR/Tokyu Through line) and others have been developed by leveraging the “Act on Enhancement of Convenience of Urban Railways, etc.”, a legislation aimed at upgrading the speediness and traffic node functions of existing urban railway networks, to further enhance the urban railway networks, including added user convenience.

The conditions surrounding the urban railways is changing greatly, such as the rising necessity to strengthen the international competitiveness of cities, the progress of the declining birthrate and aging population and the impending era of population decline, as well as an increase in foreign tourists visiting Japan. Within these conditions—in view of constructing an increasingly high quality urban railway network in the Tokyo Metropolitan Area—improving airport access, dealing with train delays, and coordinating with city building have all become urgent issues to be resolved. For this reason, in April 2014, the Council of Transport Policy was consulted regarding the future of the urban railway in the Tokyo Metropolitan Area.

Figure II-5-3-5 Changes in the Average Rate of Congestion, Transportation Capacity and Passenger Capacity in the Three Major Metropolitan Areas (Index: FY1975 = 100)



Legend:
 — : Rate of Congestion (%)
 - - - : Transportation Capacity (Index: FY1975 = 100)
 — : Number of Passengers (Index: FY1975 = 100)

Tokyo Area: 31 sections
 Osaka Area: 20 sections
 Nagoya Area: 8 sections

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

(5) 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 FY2014, various cities moved forward with the renovation of public transportation networks. For example, Sapporo City built a loop to connect the existing streetcar lines, while Toyama City connected the south side and north side of Toyama Station with streetcars, and Fukui City moved forward with developing mutual accessibility between the streetcar line and the railway.

Figure II-5-3-6

Projected Path of Making a Loop (Sapporo City)



Source) Sapporo City

(6) 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.