TPR, 57 (2) 1986

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Challenges for Japanese urban policy

Some findings from the OECD *review**

Urban Japan is in a transitional phase and in the coming decades will be confronted with considerable urban policy challenges. Urban deconcentration has joined rural to urban migration as a policy concern, as has urban renovation in addition to new building. These urban policy challenges—particularly related to housing standards, lack of infrastructure provision, natural hazards, high land prices, urban sprawl, urban decline and public expenditure—are analysed. The paper concludes by considering questions of major importance for the future of Japanese cities.

This paper arises from the review of urban policies in Japan which the OECD conducted in 1984 and 1985 at the request of the Japanese Government. Its purpose is to stimulate thought and discussion and not, at this stage, to give proposals or conclusions. However, two conclusions of a personal nature underlie what follows.

First, Japan has met its urban challenges more effectively than is often thought in other countries. It has certainly handled urbanisation more successfully than any of the countries which have experienced comparable rates of urban growth. This has been achieved through a range of initiatives taken by those who have participated in the urban development process. Government policies have mostly taken the form of supporting framework legislation and direct intervention in the development process.

The second conclusion is that, despite this success, urban Japan is in a transitional phase. In the coming decades it will be confronted with considerable challenges of urban restructuring and the quality of urban community life. Some of these challenges may assume dramatic proportions unless great vigilance is shown. This will involve a major challenge for Japanese society, which cannot be met without the progressive definition of a consistent long-term urban policy. One of the major objectives should be to encourage systematically the development of local and private initiatives.

* The opinions expressed in this paper are those of the author and do not necessarily represent those of the OECD or of the governments of its member countries.

The main urban policy challenges

HOUSING POLICY

There has been a marked improvement in the housing situation in Japan. Despite the exceptional urban population growth rate, the number of housing units per household rose from just under unity in 1958 to just over unity in 1968, and to 1.1 in 1983. However, the number of unoccupied housing units rose from two per cent of total units in 1958 to 8.6 per cent in 1983. Similarly, the average size of existing housing units as a whole rose from 75.5 m^2 in 1963 to 80.3 m^2 in 1978. The average size of units under construction went up from just under 90 m^2 in 1967 to just over 90 m^2 in 1981.

Nevertheless, significant problems remain. In 1980, in terms of housing unit size, 19 million households out of 33 million (57 per cent) were under the Average Housing Standards[1] and 4.7 million, or 14.5 per cent of the total, under the Minimum Housing Standards.[2] This situation is compounded by two factors whose effects seem to point in the same direction. The situation is particularly difficult in the major metropolitan regions. Half of the households under the Average Housing Standards and just over half under the Minimum Housing Standards were in the two regions of Tokyo (Kanko-Rinkai) and Osaka (Kinki). In the same year, two-thirds of Tokyo families said their dwellings were too small, too old, under-equipped or did not get enough daylight. One-third of detached houses were under 29 m^2 in size.

Sixty per cent of the existing housing stock is owner-occupied and 40 per cent is rented, but the latter figure is slightly higher (46 per cent) in the major metropolitan regions. Seventy-five per cent of the Japanese dwellings under the Minimum Housing Standards are rented units. Further, the difference between owner-occupied housing and rented housing seems much greater than in other OECD countries. In 1980 the average size of the former was 106 m^2 and of the latter 41m^2. In the case of housing starts in 1981, the figures were respectively 120 m^2 and 55 m^2. It is difficult to interpret this situation, but the rented housing sector does not appear to play the same role in the housing market in Japan as it does in major European towns.

Lastly, it is to be noted that the share of residential construction in GDP is substantially higher in Japan than in other major developed countries (7.4 per cent against 6.4 per cent in France, 4.8 per cent in the USA and 3 per cent in the United Kingdom).[3] The total construction sector has 5.4 m jobs (10 per cent of total employment) and 541 000 enterprises, 99.4 per cent of which consist of SMEs or one-man firms.[4]

INFRASTRUCTURE PROVISION

The delay in providing public facilities in line with development is an extremely serious problem in Japan. It concerns not only total budget allocations for urban facilities, but also rapidly rising costs due to very high urban densities and the need to cater for major natural hazards. An opinion poll on the improvement of public facilities and infrastructure held in 1981 in towns with over 100 000

inhabitants showed that demand was mainly centred, in order of priority, on sanitation, areas for green space and sport and the road system. In the case of sanitation, the average rate for connection with the sewerage system is only 77 per cent in towns with over 100 000 inhabitants (73 per cent in Tokyo), and 50 per cent in towns with 50 000 to 100 000 inhabitants.

It has taken a major effort to raise the average amount of public green space per inhabitant in the major Japanese towns (3 m^2 in Tokyo). Even so, it is low in comparison with the figure of between 10 and 70 m^2 in other similarly sized OECD cities. In addition, the natural environment is diminishing. In the Tokyo region, the area of farmland and forests has declined from 44 per cent to 14 per cent of the total between 1945 and 1980.

Another illustration of the density and congestion of urban Japan is that the percentage of urban space used for the road system is considerably lower than in other major OECD cities. In 1981 the length of road in Japan related to the number of cars in use was about four times less than the figures for France and Germany.

NATURAL HAZARDS

The risks from natural hazards, which are exceptionally serious in Japan, are compounded by dense urban development and minimising their effects involves heavy financial costs. Earthquakes are the hazard which have made the deepest impression on the Japanese. It is considered that over 100 000 people would be killed and injured in Tokyo in an earthquake of the same scale as that of 1923. The problems associated with landslides, floods, fires and typhoons are acute in very many towns.

LAND PRICES

The most intractable problem in Japanese towns is the price of land, which is astronomical compared with other OECD countries. The average price in residential areas is approximately £650/m^2 in Tokyo, £550/m^2 in Osaka and £250/m^2 in the other towns with over 300 000 inhabitants. What is probably an even more serious factor, due to its practical and psychological effects, is that land prices have continually risen much more rapidly than prices in general, apart from a brief decline in 1975. The rise for residential sites was 15 times as rapid from 1955 to 1974 and seven times as rapid from 1975 to 1983. The Long-Term Plan for Tokyo notes that the average price of building land in Tokyo has tripled in the past 10 years and, partly for this reason, small plots of under 100 m^2 represent half of all building land.

Another point to be noted is that housing construction costs in Japan are high by western standards. This is perhaps due to the patchwork structure of the building industry. Three bedroom accommodation at an hour and a half commuting time from central Tokyo costs approximately £135 000, with the land component accounting for almost half the total price. The average price of housing is between five and eight times the average annual salary as against three to five times in the United Kingdom and the United States.[5]

The effects of the land reform instigated in the late 1940s has been extremely marked. At that time large agricultural estates were parcelled out to approximately

two million small-scale former tenant farmers. This resulted in the emergence of small farm units of approximately a hectare per household on average.

No close analysis of the current pattern of land ownership, nor of changes in it, is available. However, a very high degree of fragmentation appears to persist. It seems clear that, with present price levels, the land question involves numerous and powerful interests.

The agriculture sector in Japan is powerful and protected. In 1982 4.6m households were still considered as farming households against 6.1m in 1960. But only 13 per cent were working full-time in agriculture and 70 per cent earned over half their incomes from non-farming activities. Farming in Japan does not pay. In 1982 5.5m persons, or 10 per cent of the total working population, were engaged in primary activities (chiefly farming and fisheries), but these activities accounted for only four per cent of GDP.[6] Yet the average income of 'farming' households is considered to be 12.5 per cent higher than the average Japanese household income. The explanation of this seems to be the combination of farming with other sources of employment, government subsidies and lower tax rates.

On a more general basis it is considered that the rise in land prices has been a key factor in recent economic development in Japan. Rising land prices provided the capital necessary to stimulate the growth of the Japanese economy and for this and other reasons political difficulties arose over controlling the rising price of land.

URBAN SPRAWL

Although it is difficult to come by precise figures, it seems that the combined effect of many factors has been to force a growing proportion of new urban development further and further out from existing urban areas. In summary these factors are:

(a) the price of land;
(b) the division of land into small plots;
(c) infrequent use of expropriation powers;
(d) the possibility of avoiding heavy development costs;
(e) the remarkable efficiency of the Land Readjustment Projects; and
(f) exemptions for small-scale building operations, of under 1000 m^2 in Urbanisation Promotion Areas and under 3000 m^2 in Urbanisation Control Areas.

URBAN DECLINE

Conversely, declining population in a number of towns has become progressively more serious since 1970. It is affecting town or conurbation centres, towns where industries are in a critical situation or are being relocated, and towns with serious housing price, density or environmental problems. The example of Osaka seems significant, although somewhat exceptional in certain respects; the population decreased from 3.15 million in 1965 to 2.65 million in 1980.

However, trends similar to those in other OECD cities are occurring elsewhere in Japan. The move to the outskirts has been more pronounced in the case of

middle-income families, with the proportion of low-income households rising in cities. The drop in population has been steeper in the inner city areas, especially for the 15–29 age group, while the number of elderly people (over 65) has risen in absolute terms. In Osaka the increase was from 26 per cent of the population in 1965 to 65 per cent in 1980.

In response to this situation the city has drawn up the Osaka Comprehensive Plan 1990. This sets the ambitious—but perhaps not realistic—objective of raising the population to 3 million in the year 2000 by creating employment, but also by developing a policy of various forms of aid for housing for young married couples and middle-income families.

HOUSING RENOVATION

An idea making increasing headway is that one of the main challenges, about which relatively little has been done so far, is the renovation of existing housing, an often difficult task considering the type of accommodation involved and its environment. The development and town planning scheme for Tokyo (1983) puts demand for housing in the period 1981–2000 at 2.7m units, consisting of 800 000 new and 1.9 million renovated units. According to the scheme an essential point is that the heaviest demand in the future will be for renovated housing and that the redevelopment of residential districts will become an important task.

As the urban population levels off (corresponding to the question raised from time to time of zero-sum urbanisation), the rivalry between towns and between town centres and the outskirts is becoming serious, as each endeavours to attract the maximum number of inhabitants. Apart from this question of rivalry, in view of the demand for a better kind of housing and environment, a key challenge in future Japanese urban policy is to restructure the cities and win back population and employment for existing urban areas.

PUBLIC PARTICIPATION

Although the price of land and fragmentation are a major challenge affecting Japanese towns, as elsewhere in the OECD another trend has increased in recent years. This concerns the obstacles and delays to development, especially to urban renovation or restructuring operations, arising from the direct or indirect resistance of the population in question. This shows the increasing importance attached to consultation and securing cooperation.

PUBLIC EXPENDITURE CONSTRAINTS

The impact of the limits on government spending on public works and facilities since 1980 has been unprecedented. The growth rate in this spending in the 1970s had been extremely rapid, about 15 per cent a year on average. The question is now whether expenditure constraints are a permanent feature related to the slow-down in economic growth, the inevitable increase in welfare expenditures and the existing high levels of public sector debt.

The public expenditure controls have also helped to focus attention on private funding for urban development and infrastructure, though how this approach could be implemented to good effect is not yet clearly perceived. Similarly, and for

the same reasons, financial transfers from the central government to local government and the latter's borrowing capacity have been strictly limited since 1980.

The future

Reference should be made in closing to some questions of major importance for the future of Japanese cities. First, the ageing of the population. Japan is still young, with nine per cent of the population over 65 against 11 per cent in the USA, 14 per cent in France and 15 per cent in Germany. But the country is now ageing at a speed unparalleled in the OECD. The proportion of over-65s will have risen from five to twelve per cent in the 40 years from 1950 to 1990, whereas the same rise took 175 years in France and 80 years in Germany. At 15.6 per cent in the year 2000, the proportion of over-65s will have either reached or exceeded that of other OECD countries.

In Japan questions are being asked about the possible changes in the attitude of young people to work, society, leisure and the environment. Osaka has been affected sooner than other towns by an outflow of economic activity and of young and middle-class families. The question has been raised of whether the young generation, brought up during the recent period of rapid urbanisation, may have different attitudes to urban living from those who moved to the cities from rural areas. Greater importance now seems to be attached to urban aesthetic standards and to the quality of architecture and the environment.

Even if it is still far behind OECD standards in this area, Japan is on an irreversible trend towards more recreational time and activities. Free time has risen by 28 per cent since 1960. Thirty per cent of employees were on a five-day working week in 1980 as against 26 per cent in 1975 and only 8.4 per cent in 1970. The proportion of Japanese playing sport of some kind rose from 45 per cent in 1965 to 68 per cent in 1979. The younger generation are mainly behind the rapid development of the leisure and travel industry and this will have many consequences on the demand for a more pleasant environment in and around towns.

NOTES AND REFERENCES

1 50 m^2 for two persons, 86 m^2 for four.

2 29 m^2 for two persons, 50 m^2 for four.

3 OECD *Economic Surveys*: *Japan* 1983, Paris, Organisation for Economic Cooperation and Development.

4 'Japan: A Survey', *The Economist*, 9 July 1983.

5 Ibid.

6 cf. OECD *Economic Surveys*: *Japan* 1983, op. cit.

7 cf. 'Japan: A Survey', op. cit.