

Big Cities Suffering From Housing Headache

By Yoshito Honma

The land price spiral which began in central Tokyo several years ago has seriously affected people's lives and is raising serious problems for the administration of greater Tokyo. Land price inflation is no longer just an economic problem but is also a serious political and social issue. Salaried company employees can no longer secure reasonable housing at a reasonable price within easy commuting distance from their workplaces. Daily commuting time is beyond tolerable limits, while the exodus in search of housing has exacerbated the undisciplined sprawl of outlying urban areas.

In the Tokyo area in 1986, the price of residential land rose by more than 100% year-on-year within a radius of 20 kilometers from the city center. In 1987, land prices doubled in locations as much as 30 kilometers away, spreading beyond Tokyo proper to the neighboring prefectures of Kanagawa, Saitama and Chiba.

Nine years' salary

In 1986, residential land located 35-40 kilometers from the Tokyo central station could be had for around ¥400,000 per 3.3 square meters (about \$930 per square meter at the rate of ¥130/\$). In 1987, the price had risen past ¥600,000 (\$1,400). To find land for ¥400,000 per 3.3 square meters, prospective homeowners had to go another 15 kilometers, or 50-55 kilometers from Tokyo Station.

As a result, a house within tolerable commuting distance of Tokyo now costs the equivalent of nine years' income for an average salaried worker. A condominium is equivalent to seven years' income. In the U.S., a salaried worker can buy a house for the equivalent of 3.3 years' average annual income even in the New York and Los Angeles areas. What is more, that American employee will be getting a house twice as spacious as any his Japanese counterpart can buy.

According to the "Recommendation Relating to Urban Policy," submitted to



A new apartment building in Tokyo—high-quality interiors help make up for a lack of space.

the Japanese government by the Organization for Economic Cooperation and Development in 1986, per capita home floor space in Japan is roughly 26 square meters, compared to the 35-40 square meter OECD average. The rise in the price of housing, reflecting soaring land prices, is compelling Japanese to live in ever smaller houses located ever farther from city centers.

As a result of land price inflation, the asset value of residential land in Japan (residential land area in all prefectures multiplied by the average price of residential land in prefectural capitals) now exceeds ¥1,800 trillion. This is almost double the value of all the residential land in the United States. The situation is so abnormal that the 23-ward area of Tokyo, with only 4% of Japan's total residential land, accounts for 22% of the nation's residential land assets value, or a staggering ¥400 trillion. With respect to the price of housing, it is said that \$1 worth of housing in the U.S. is equivalent to ¥1,000 worth of housing in Japan, this at a time when

the dollar is worth less than ¥130 on foreign exchange markets.

The causes of Tokyo's land inflation are fairly clear. Firstly, as their surplus funds have grown, corporations have become heavily involved in speculative land deals. As of the end of fiscal 1986, the outstanding balance of loans extended to real estate companies by Japanese banks totaled ¥30.2 trillion, an increase of 36% over the year before. This compares with a total outstanding balance amounting to ¥273 trillion.

Second, the internationalization of Tokyo and the concentration of information-related operations in the city led to a serious shortage of office space in the city center. The shortage was worsened by Tokyo's growing role as an international financial center, and its functions as Japan's political and economic hub.

Third, the government failed to adopt effective land and urban policies. Thus part of the responsibility clearly rests with the government.

Today the government has at long last begun in earnest to map out an effective land policy. The target is to enable salaried workers to purchase a home within a tolerable commuting distance of central Tokyo at a price equivalent to 5-5.5 years of average annual income. This target, however, will not be easy to attain.

Multiple dwellings

The land price spiral in Tokyo has also harmed the housing situation in other parts of Japan, and especially in other big cities. According to the 1983 Housing Statistics Survey, residential housing in Japan totaled 38,650,000 units, of which 18,680,000 were concentrated in the Big Three cities of Tokyo, Osaka and Nagoya. In short, close to half of the nation's housing was concentrated in only a few percent of its land. Hardly surprising, then, that there should be problems.

If the national average for housing as based on various attributes is 100, then

the prefecture with the most normal housing situation is Okayama, followed by Gunma, Yamaguchi, Oita and Akita, all far from any of the Big Three cities (Fig. 1). The most distorted housing situations are in Tokyo and Osaka in that order. But what is meant by distorted?

The first distortion is the great number of multiple-unit dwellings. In the Big Three urban areas alone there are 6,480,000 multiple-unit dwellings, accounting for 69.5% of the national total. The share of multiple-unit dwellings in total housing in the Tokyo area is 43.9% and in the Osaka area 36.8%. Nationwide, 64.4% of all housing is in the form of single-unit dwellings, but in the Tokyo area the percentage is a low 51.2%, dropping even further in Osaka to 46.6%. The percentage of owned as opposed to rental homes is also low in the Big Three cities. Also in these three cities, rental housing shows a high percentage: Tokyo 45.5%, Osaka 44.2% and Nagoya 36.5%.

The quality of rental housing and the the distribution of public rental housing also pose problems. The national average public rental housing accounts for 5.3% of all dwellings nationwide, but only 3.9% in the Tokyo area. Of Japan's total dwellings, private rental housing accounts for 24.3% (21.5% with bathrooms and other

facilities for exclusive use, and 2.8% with facilities for communal use). In the Tokyo area, the percentage of private rental housing is 31.7% (22.0% with facilities for exclusive use, and 4.7% with facilities for communal use). This is an indication of the large proportion of poor-quality private rental housing in big cities.

The floor space per household of wood-en private rental housing as counted in terms of *jo*—a traditionally used space unit measuring roughly 1.65 square meters—averages a mere 15.2 *jo* (25 sq. m.) in the case of multiple-unit dwellings with exclusive facilities and 7 *jo* (11.5 sq. m.) in dwellings with communal facilities. This compares with 28.5 *jo* (47 sq. m.) for all

housing in Japan, and 36.4 *jo* (60 sq. m.) for privately owned homes.

Under five home-building programs of five years each so far carried out by the government, the minimum standard for a four-member family has been a so-called 3DK apartment (dining room-kitchen and three bedrooms) with a total floor space of 50 square meters. The aim of the programs is to guarantee this minimum space for all families. Families in private rental housing, however, often do not have even this minimum space. Of all households in Japan, 11.4% are living in dwellings which fall short of this minimum standard. In Tokyo, the percentage is more than 15%. Most of these substan-

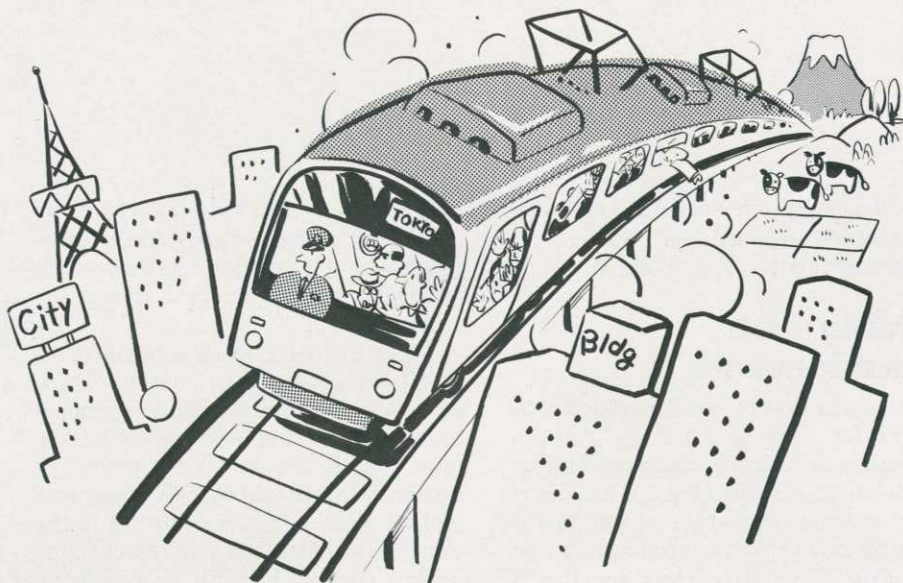
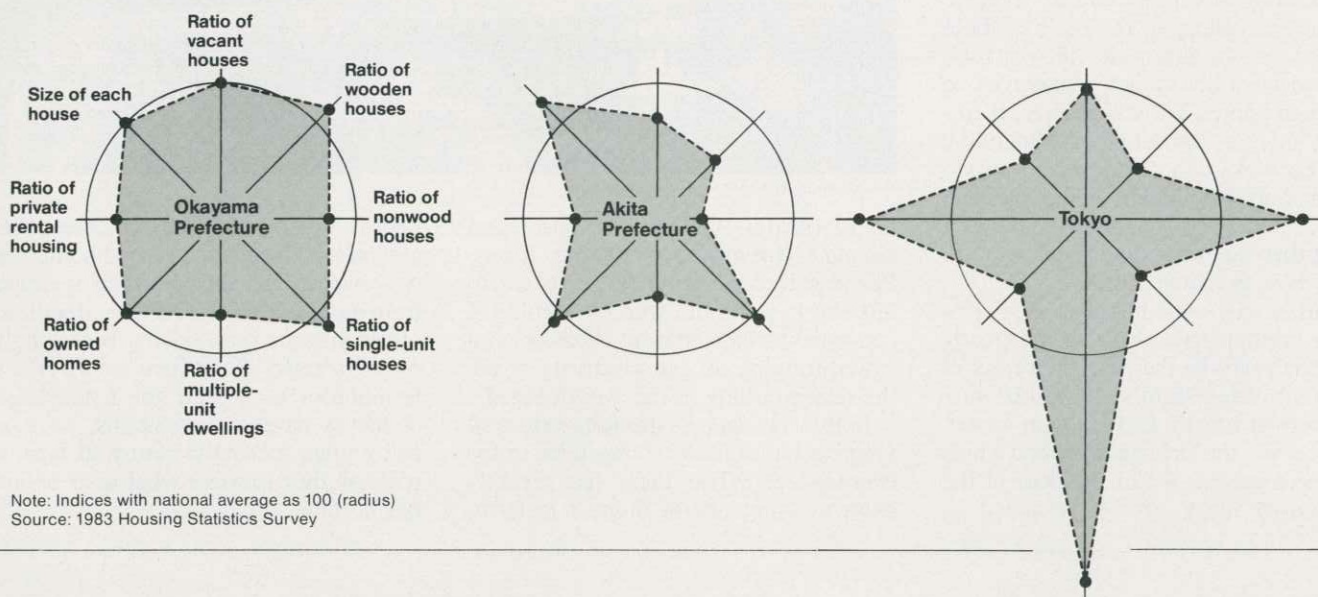


Fig. 1 Various Indicators of Housing Situation



other advanced nations, and people are seriously concerned about how to get by in their old age. According to the 1985 national census, 10.3% of the population was aged over 65, and the percentage is projected to rise to 15% in the 21st century. This rapid graying of the population will spur demand for three-generation housing from the parents' side as well.

Another recent trend has been toward second homes. In the Tokyo area it has become impossible for salaried workers to acquire acceptable housing, yet such key economic functions as finance and information continue to concentrate in the capital. Unable to abandon Tokyo, increasing numbers of white-collar workers are buying homes for their families as far as 100 to 200 kilometers from Tokyo while simultaneously maintaining one-room condominiums in the city. On weekdays, they live in the condominium. On week-

ends, they stay with their families. This pattern has begun to spread among middle-echelon employees.

The average one-room condominium measures about 15 square meters, contain no more than a bed, a small desk, the simplest kitchenette and a cramped shower room. It is the quintessential "rabbit hutch." Yet in today's Tokyo this is the only way many workers can secure both a place to work and place to live.

Responding to these changing residential patterns, the governmental Housing Loan Corporation has begun to expand its loan framework for large three-generation housing, and has initiated loans for "second homes" in the city. As a result of such official enticement, the floor space of recent housing starts in Japan has risen to around 120 square meters. This, however, is the result of parents rebuilding their homes for three-generation occupancy.

Among building starts in Tokyo, private apartments are increasing, especially one-room condominiums. The appearance of the "Tokyo business bachelor" has spurred the bipolarization of big city housing.

The United Nations named 1987 the International Year of Shelter for the Homeless. Member countries were supposed to work to improve their respective housing situations. Ironically, in Japan 1987 was the year in which soaring land prices caused a dramatic deterioration in housing standards for salaried workers particularly in Tokyo. Japan may have become a rich nation, but housing is still its Achilles' heel.

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Huddled Homes of Old Downtown

The Ginza is a name known to every Japanese. It is Tokyo's archetypal shopping and pleasure district, the very sound of its name evoking in the listener an image of the capital city's vigor and affluence.

Yet a scant kilometer away from the center of the Ginza, on the far banks of the Sumida River, is a place that one might doubt could possibly exist in a corner of ultramodern Tokyo. Here in Tsukudajima, cramped wooden houses jostle their eaves behind rows of potted trees and flowers set out on the streets in place of gardens. The alleys linking these elderly homes to the main streets are so narrow that two people can barely squeeze by one another; they are not so much passageways as extensions of the communal living space of the people dwelling there. Here you can still feel the communal warmth now disappearing so rapidly from Japan's big cities.

Before World War II, you could find residential districts like this anywhere in



Typical home in Tokyo's Tsukudajima, one of the capital's few remaining *shitamachi* districts

downtown Tokyo. In these neighborhoods was found the old-fashioned, human atmosphere of the *shitamachi*, the traditional "downtown" of Tokyo.

But the bombs of World War II incinerated the *shitamachi* residential districts. When Tokyo was rebuilt after the war, most *shitamachi* districts were transformed, never regaining even the shadow of their past form. At the same time, the nation's spectacular postwar economic

recovery turned downtown Tokyo into a hive of economic activity. Residential districts were swept aside into the suburbs, until it is now all but impossible to find any other place in the inner city that still retains the age-old *shitamachi* residences which live on in Tsukudajima. One can only wonder how long the streets and houses of Tsukudajima itself can survive in a Tokyo galvanized by internationalization and the information revolution.