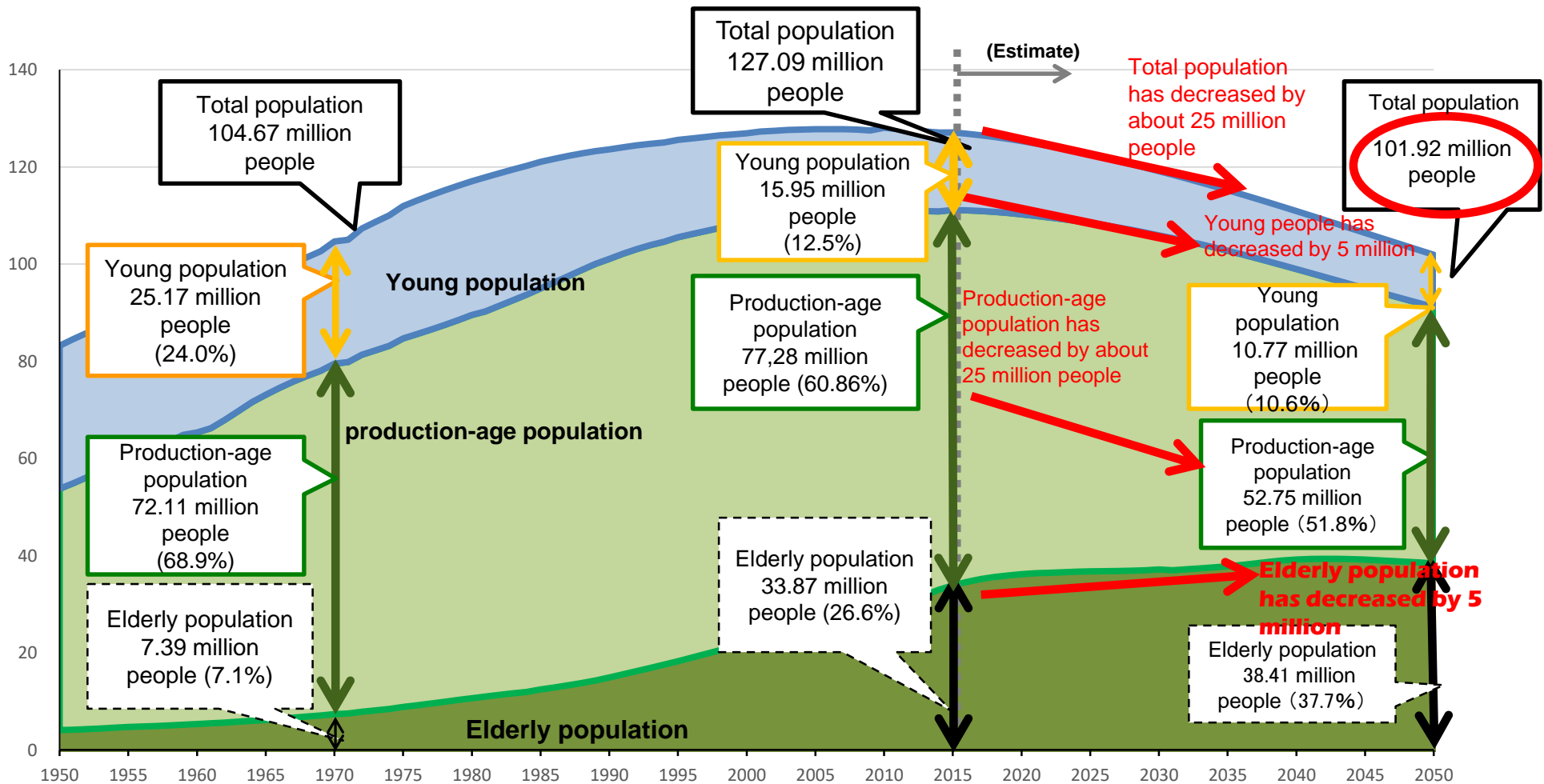


Recent Urban Policy Initiatives

Yoshimasa Uno, Director of City Planning Division, City Bureau,
Ministry of Land, Infrastructure, Transport and Tourism

Population changes by age group

○ In 2050, Japan's total population will be 101.92 million, down by approx. 25 million from 2010 (an approx. 20% decline).
 ○ The population of persons age 65 or older will increase approx. 5 million in contrast to a decline in production-age population (age 15–64) of approx. 25 million and approx. 5 million in the young population (age 0–14). As a result, the rate of aging will increase from around 25% to 40%.



Source: Compiled by the Ministry of Land, Infrastructure, Transport and Tourism based on the "Population Census Report" and "Annual Report of Population Estimates" by the Ministry of Internal Affairs and Communications, and estimates of medium fertility (medium mortality) in "Population Projections for Japan (2017)" by the National Institute of Population and Social Security Research.

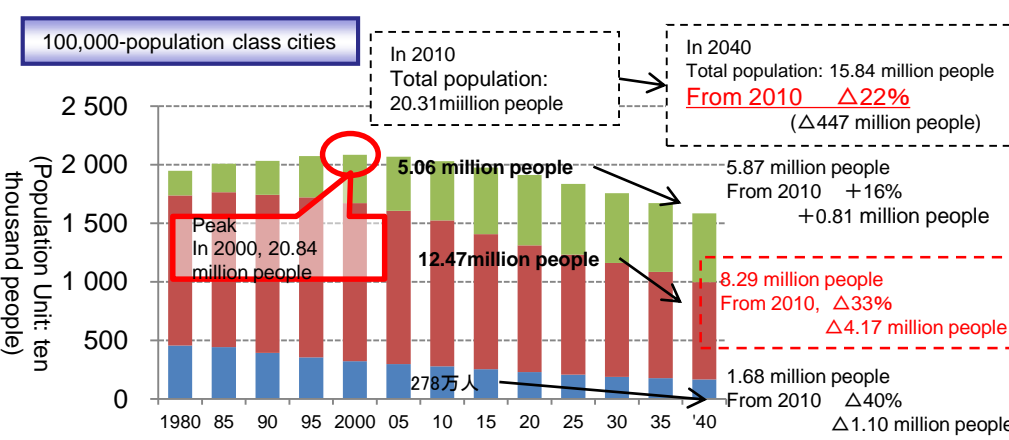
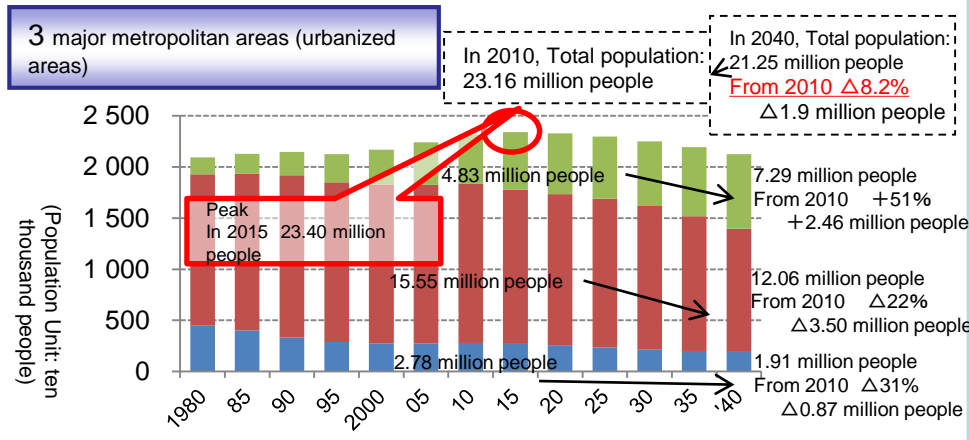
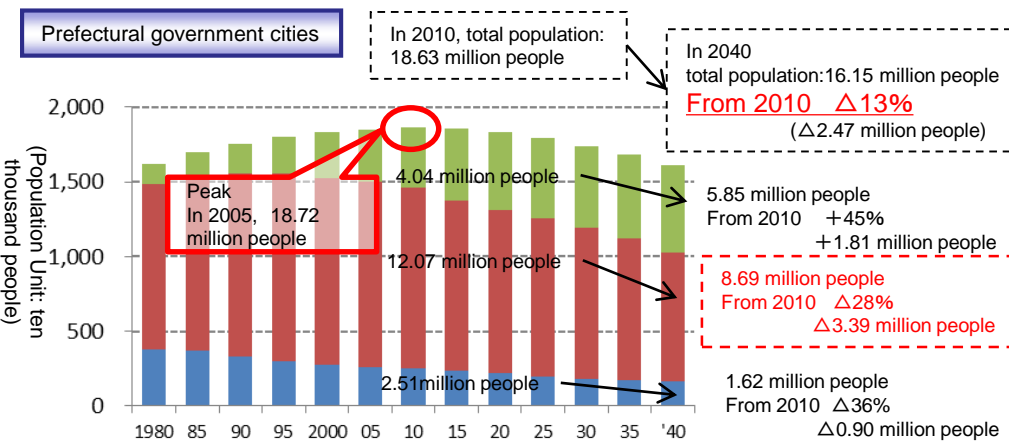
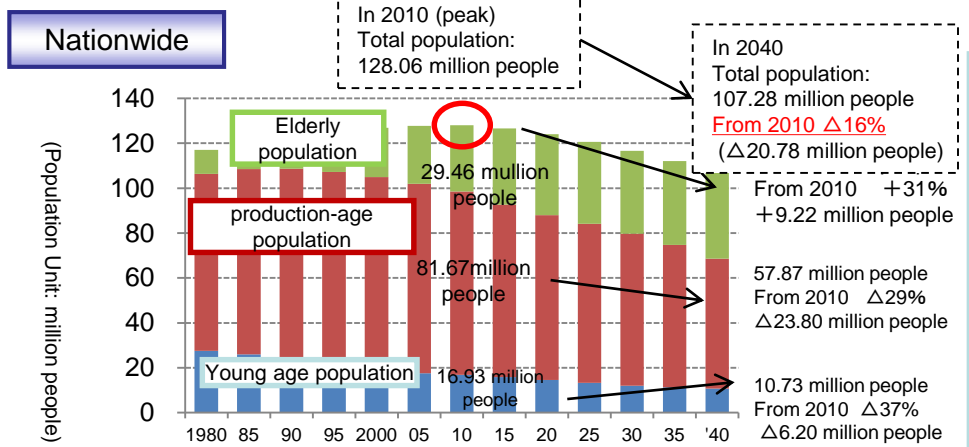
Note 1: The production-age population is the population of people age 15–64. The elderly population is the population of people age 65 or older.
 Note 2: The information in the parentheses () is the percentage of the total population comprised by the young population, production-age population, and elderly population.

Note 3: 2015 includes proportional distribution by age of the population of indeterminate age.
 Note 4: The years 1950–1969 and 1971 do not include Okinawa.

(Year)

Population trends by city size

- oPopulation decline began earlier in regional cities than in the three major metropolitan areas, and further population decline is projected going forward.
- oOf particular concern is growth in the aging population in contrast to a projected drastic decline in the production-age population, leading to a decrease in regional vitality.



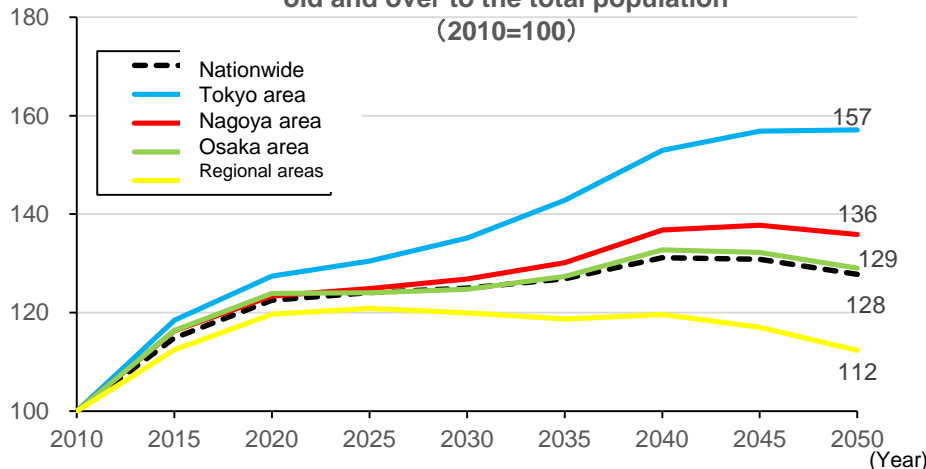
*Three major metropolitan areas (urbanized areas) = The urbanized areas of the capital area, the Kinki area, and the Chukyo area
 Prefectural government cities = Municipalities that have prefectural governments, excluding the three major metropolitan areas
 100,000-population class cities = Municipalities with a population of 50,000–150,000, excluding the three major metropolitan areas and prefectural government cities

•Source: "Population Census," National Institute of Population and Social Security Research (March 2013)
 •Note: Fukushima prefecture is excluded from the total because estimates were only made for the prefecture as a whole.

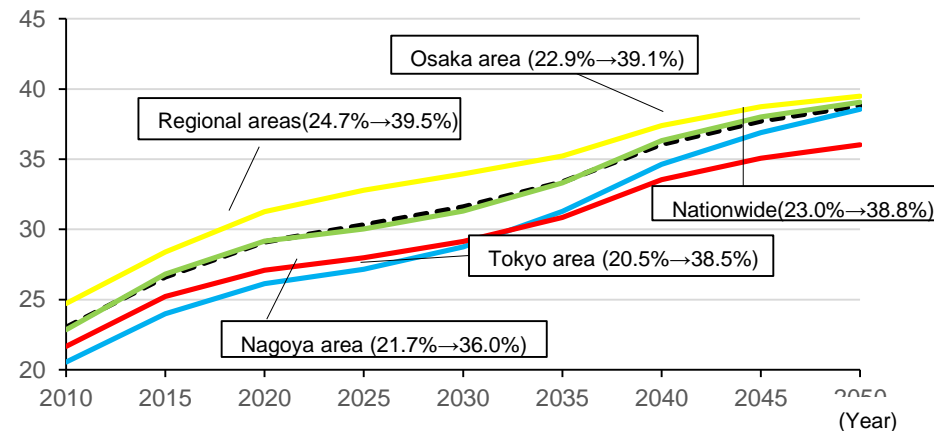
Rapid advancement of population aging

- Looking at the index for the elderly population (2010 = 100) shows a striking increase in the Tokyo metropolitan area up to 2050.
- Looking at the rate of aging shows a continual rise in all areas. The population shift in the regional areas consistently exceeds that in the three major metropolitan areas.

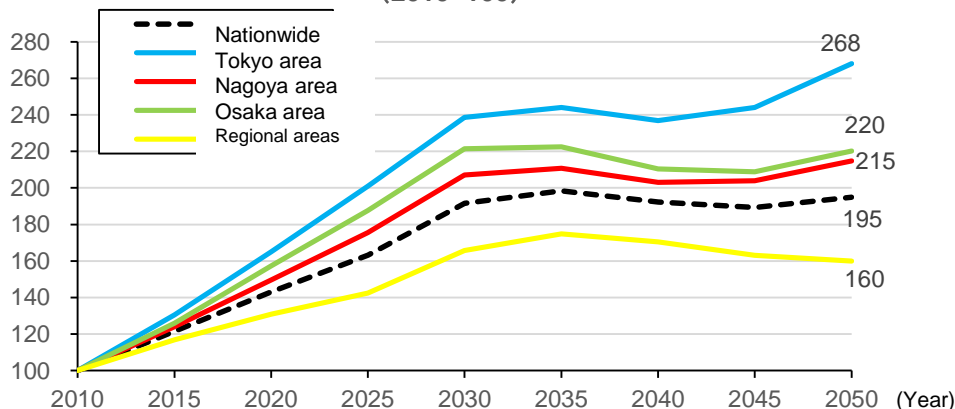
Trends in the ratio of the population of people 65 years old and over to the total population (2010=100)



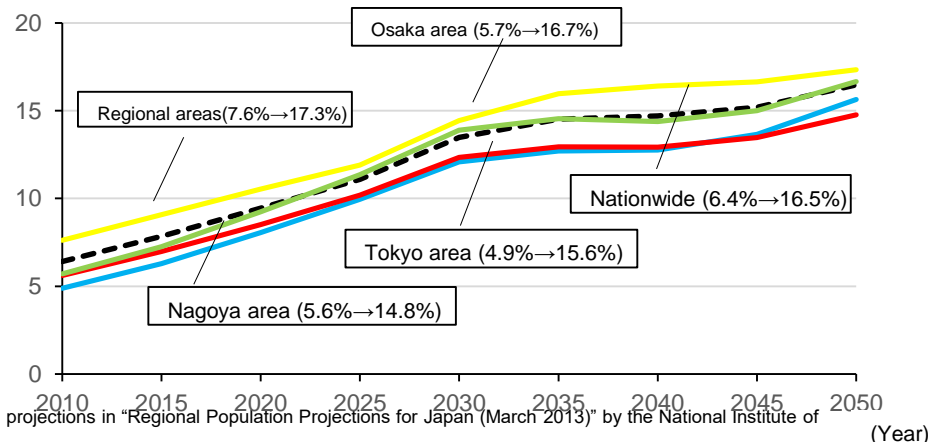
(%) Trends in the ratio of the population of people 65 years old and over to the total population



Trends in the ratio of the population of people 80 years old and over to the total population (2010=100)



Trends in the ratio of the population of people 80 years old and over to the total population



Source: "Population Census" by the Ministry of Internal Affairs and Communications for 2010 and 2015; moderate-range projections in "Regional Population Projections for Japan (March 2013)" by the National Institute of Population and Social Security Research up until 2040

2045 and 2050 are estimated values according to the National Spatial Planning and Regional Policy Bureau.

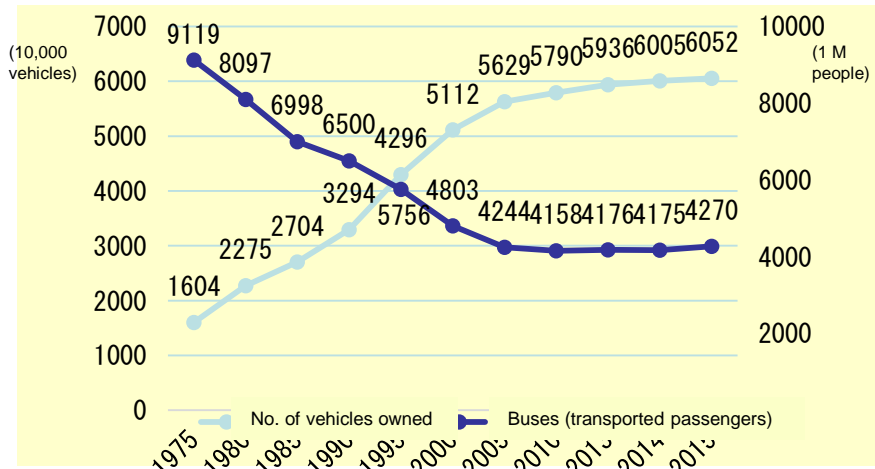
Note: The information in the parentheses in the graph showing percentage changes is data from 2010 and 2050.

Regional Public Transportation: Current state and issues

- Regional public transportation is positioned relatively low, and there is a marked decrease in passengers being transported.
- Along with deteriorating management of private business operators that undertake regional transportation, there is a decrease in regional public transportation networks and a growing decline in service level, such as operating frequency.

Advancement of motorization and decline in passengers

- Substantial advancement of motorization



*The number of vehicles owned at the end of March every year; buses (transported passengers) are the numerical value for each fiscal year
 Source: "Annual Report on Motor Transportation" and "Published Data on the Automobile Inspection & Registration Information Association" compiled by the Ministry of Land, Infrastructure, Transport and Tourism

- Significant decrease in transported passengers

	1990	2000	2010	2015
Bus operators	6.5 B people	4.8 B people	4.2 B people	4.2 B people (35% decrease compared to 1990)
Regional railroads	510 M people	430 M people	380 M people	410 M people (20% decrease compared to 1990)

Source: "Annual Report on Motor Transportation," "Annual Report on Railway Transportation," and research by the Ministry of Land, Infrastructure, Transport and Tourism

Fall in regional public transportation service

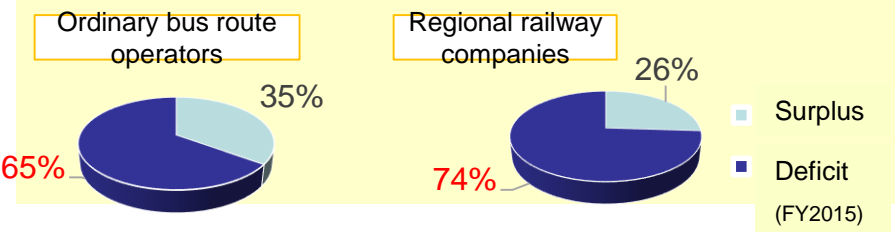
- In the 6 years from FY2010 to FY2015, approx. 7,509 km of ordinary bus routes were completely discontinued.
 In the 15 years from FY2000 to FY2015, 37 lines/approx. 754 km of railway tracks were discontinued.

- Existence of regions with no public transportation

	Area lacking public transportation	Population in that area
Bus 500 m (no service) Rail 1 km (no service)	36,477 km ² (approx. 30% of the area of inhabitable land in Japan)	7.351 million people (5.8% of the population in Japan)

Source: According to FY2011 research by the Ministry of Land, Infrastructure, Transport and Tourism

- At least 60% of operators of ordinary bus routes and at least 70% of regional railway companies have a current account deficit.



(Businesses with a fleet of at least 30 (FY2015))

The environment involving regional public transportation is expected to become tougher as the population rapidly declines going forward.

Source: Data compiled by the Public Transport Policy Department, Policy Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Compact city plus network aims

○ Through realization of economic density via concentration of housing and urban functions, compact urban development is an effective **policy method for the purpose of achieving specific administrative aims**, such as **maintaining/improving day-to-day conveniences for residents**, **energizing the regional economy** by boosting productivity in the service industry, and **decreasing administrative costs** by optimizing administrative services, etc.

Urban issues

Circumstances surrounding cities

- Falling population/rising number of elderly
- Sprawling urban area



■ Drop in functions that support urban life

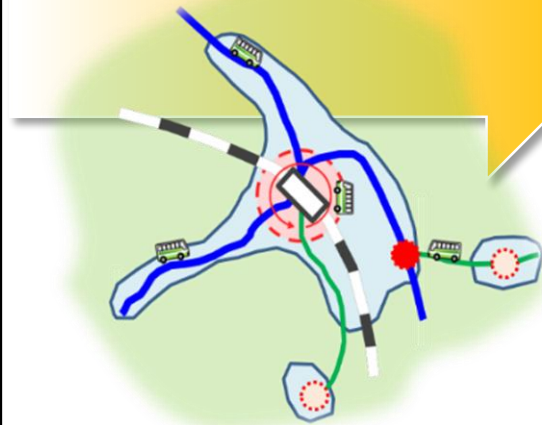
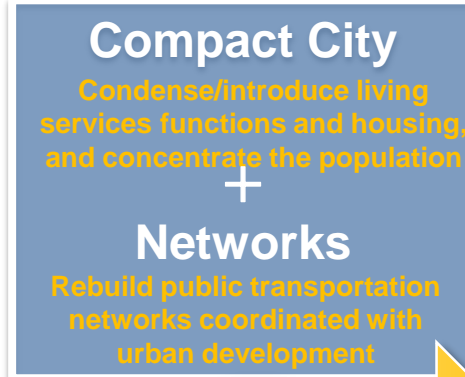
- Difficulty maintaining living services (medicine, welfare, commerce etc.)
- Shrinking public transportation networks/declining service level

■ Deteriorating regional economy

- Stagnant regional industry, withdrawal of companies
- Declining city center, little-used/unused ground and growing number of empty stores

■ Tough financial situation

- Growing social welfare spending
- Handling aging infrastructure



A compact city of multipolar networks that links central hubs and living hubs via highly convenient public transportation

Examples of compact development outcomes

Maintenance/improvement of living conveniences, etc.

- Maintenance of living services functions
 - Improved utilization environment, such as ensuring access to living services facilities
 - Participation in society by the elderly
- ➔ Urban environment where elderly and parents raising children can live safely/comfortably

Energizing the regional economy

- Boosting productivity in the service industry, encouraging investment
 - Increased consumption due to more opportunities to go out/stay longer
- ➔ Contribution to regional earning power due to maintenance/improvement of business environment

Reduction in administrative costs

- Streamlining infrastructure maintenance/management
- Optimizing administrative services
- Maintaining land prices/ensuring fixed asset tax revenues
- Curbing social welfare spending by promoting health

➔ Sustainable urban management even in financing

Reduced burden on the earth's environment

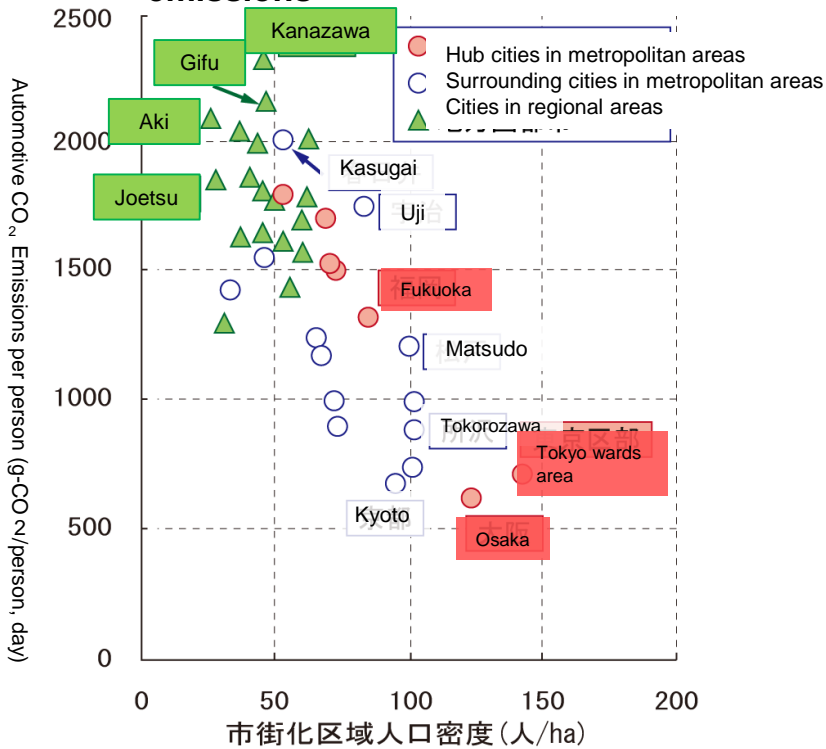
- Efficient energy utilization
- Reduced CO₂ emissions

➔ Realization of low-carbon urban structure

Outcomes of compact development...Reduced environmental load

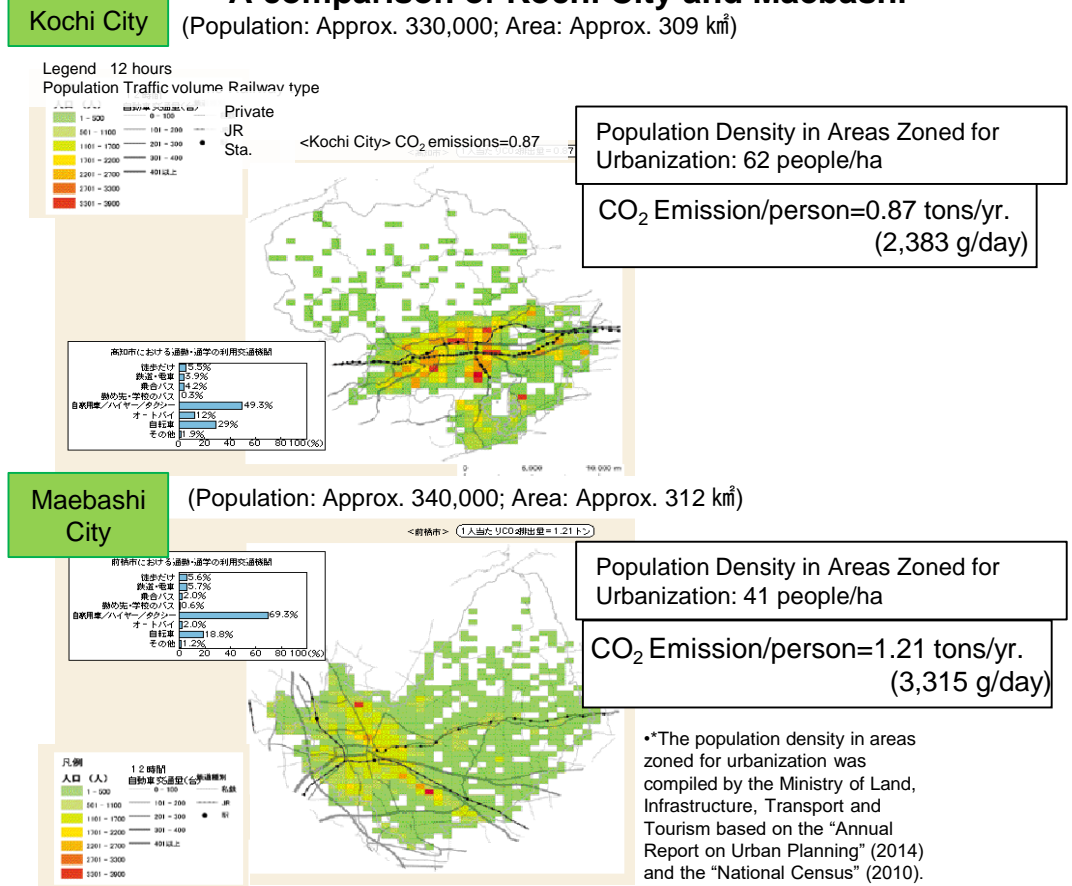
- The denser the urban population, the greater the tendency toward reduced CO₂ emissions due to motor traffic.
- A comparison of Kochi City and the city of Maebashi, which have similar populations and area scale, shows lower CO₂ emissions in Kochi City, which has a cohesive urban structure and low dependence on motor transportation.

Urban population density and auto CO₂ emissions



Source: Taniguchi, Mamoru. "Time-series Analysis of Automotive CO₂ Emissions from the Perspective of Urban Structure," Journal of the City Planning Institute of Japan, No.43-3, October 2008

A comparison of Kochi City and Maebashi



•Note: CO₂/person is only for the passenger traffic category.
 •Data: Compiled by the Ministry of the Environment based on "Grid Square Statistics of 2000 Population Census" by the Ministry of Internal Affairs and Communications, 2005 Japan Digital Road Map Association, "Digital Map 25000 (Spatial Data Framework)" by the Geospatial Information Authority of Japan
 •Source: Excerpt from the 2006 "White Paper on the Environment"

Planning system for forming a compact city

Urban planning based on the City Planning Act

Aim: Curb suburban sprawl (disorderly urbanization) and implement effective urban infrastructure improvement through designated city planning areas, area classifications (dividing lines), regulation on development activities, and city planning projects.

Methods: Regulations for the private sector, government infrastructure improvement
 →Control urban expansion of scale against development pressure

Location optimization plans based on the Urban Reconstruction Act

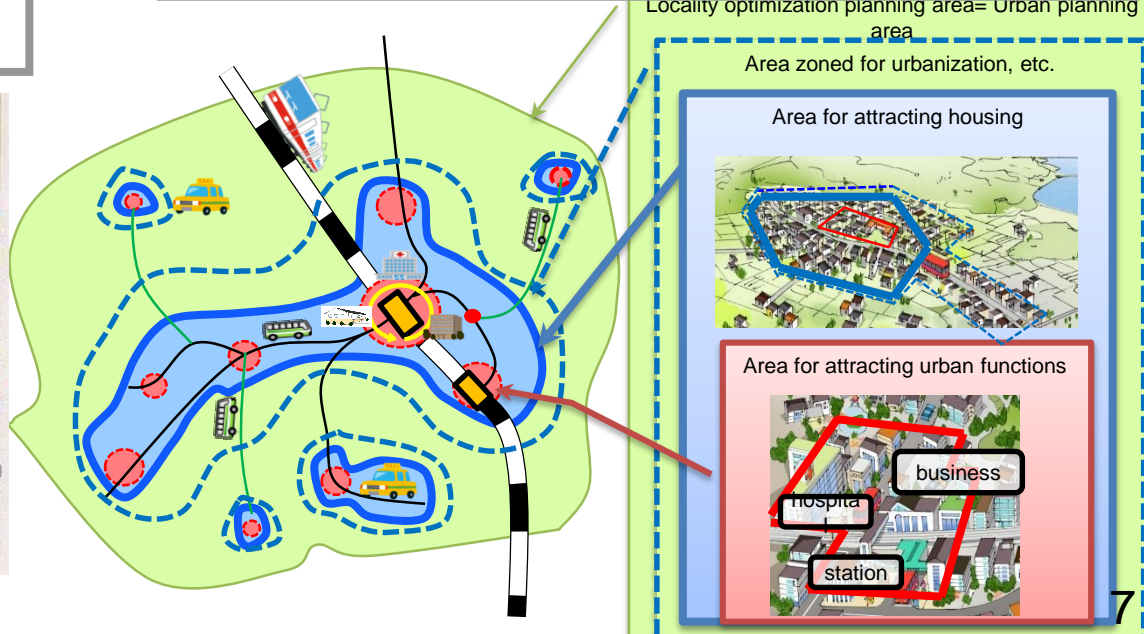
Aim: Premised on regulations for urban planning, develop a compact city by attracting location functions such as housing, medicine/welfare, and commerce to the downtown area/along public transportation routes, etc. through enticements such as deregulation, tax/financing support, etc.

Methods: Economic incentives for the private sector
 →Control appropriate locality of urban functions amid a decreasing population



- City planning areas**
- Area zoned for urbanization**
 - Urbanized area and area prioritized for urbanization within 10 years
 - Designation of zoning (regulate building use, density, form, etc.)
 - Implementation of urban facilities, urban development projects
 - Urbanization control area**
 - In principle, development will not be approved (development permit)
 - In principle, public investment will not occur.

- ### Support measures for locality optimization plans
- Subsidies, consulting for creating plans
 - Subsidies, financing, and tax-based support for improving enticement facilities
 - Subsidies for improving public transportation networks
 - Special floor area ratio for improving enticement facilities (areas that attract for specified uses)



- While viewing the overall urban structure, move forward with attracting residential functions and urban functions such as medicine, welfare, commerce, etc. and the related formation of sustainable regional public transportation networks, based on the Act on Special Measures Concerning Urban Reconstruction that was revised in 2014 and the Act on Revitalization and Rehabilitation of Local Public Transportation Systems.
- To promote municipal efforts to attract/aggregate necessary functions, support the creation/implementation of plans through budgetary measures, etc.

Location optimization plan (created by municipalities) Act on Special Measures Concerning Urban Reconstruction (enforced from August 1, 2014)

Areas for attracting urban functions

Establish areas to attract life services and facilities that entice said areas.

Entice urban functions such as medicine, welfare, etc. to hub areas.

◆Promote sites for urban functions (welfare, medicine, commerce, etc.)

- Financial affairs/financing for enticement facilities
- Relaxing floor area ratio for rebuilding welfare/medical facilities, etc.
- Effective utilization of public real estate/little-used/unused ground

◆Urban development for a walkable city

- Maintenance/improvement of walking spaces

Improve walking spaces and bicycle-friendly environments.

◆Relax control of locations of urban function outside the area

- Notification regarding locations outside the area intending to be used for enticing functions, municipal encouragement

Areas for attracting housing

Establish areas that attract residents to maintain population density.

Entice housing along public transportation lines.

◆Improve residential environment within the areas

- Proposal system for urban planning by housing businesses, etc.

◆Relax control of housing outside the areas

- Notification regarding housing development outside the areas that is over the specified scope, municipal encouragement

Multipolar network-type compact city



Regional public transportation network formation plan Act on Revitalization and Rehabilitation of Local Public Transportation Systems (enforced from November 20, 2018)

- Creation centering on local public organizations
- Coordination with urban development
- Rebuilding public transportation networks that consider the entire region

Plan to restructure regional public transportation networks

(local public organizations create plans with agreement from businesses, etc.)

Form cyclical public transportation networks in hub areas.

Feeder (branch lines) transport via community buses, etc.

Introduce on-demand taxi-sharing, etc.

Approval from the Minister of Land, Infrastructure, Transport and Tourism

Special cases of relevant laws/ordinances, enhanced budgetary measures

→In addition, the Act on Revitalization and Rehabilitation of Local Public Transportation Systems was revised in August 2015 to create systems such as funding for projects that rebuild regional public transportation networks.

Location optimization plan

Plan to restructure regional public transportation networks

Coordinate



Achieve a virtuous circle

(1) Subsidies for the cost of creating plans

(support projects for forming compact cities)

- Subsidies for costs associated with creating location optimization plans and dispatching experts, etc. necessary to build consensus among local residents, etc.
- Subsidies for maintaining former sites, removing facilities when specific enticement facilities are moved from outside an area for attracting housing into an area for attracting urban functions.

(Subsidy Rate: 1/2–1/3 nationally)

(2) Subsidies/financing/tax-based support for improving enticement facilities

1. **Subsidies** (comprehensive social infrastructure development subsidy, support program for urban function locations)

- Subsidies for improving enticement facilities in areas for attracting urban functions (medicine, social/welfare, education/culture, parenting support; Subsidy Rate: 1/2–1/3 nationally)
- *Facilities for social interaction among elderly in special wards, government-ordinance cities in the three major metropolitan areas
- *When municipalities offer rental fee exemptions, etc. for public real estate, direct support is also possible from the national government to private businesses.

2. **Financing** (organization for promoting urban development)

- Subsidies for improving enticement facilities in areas for attracting urban functions, etc.

3. **Tax system**

- Special cases of replacement purchase of business properties related to moving enticement facilities from outside to inside an area for attracting urban functions
- Reduced income tax, etc. for an entity that offers land for an enticement facility
- Reduced property tax for facilities of urban convenience improved together with urban function, etc.

(3) Subsidies for improving public transportation networks

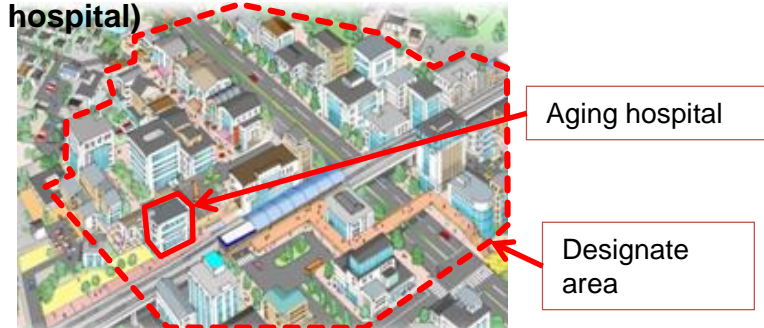
(comprehensive social infrastructure development subsidy)

- Subsidies for access to functions necessary to day-to-day life, and public transportation facilities that support location enticement (LRT, plaza in front of stations, bus transfer terminals/waiting rooms, etc.; Subsidy Rate: : 1/2–1/3 nationally)

(4) Special floor area ratio for improving enticement facilities

- When specific uses are stipulated for enticement facilities in urban planning (areas that attract for specified uses), the floor area ratio can be relaxed only for those uses.

(Ex.: When an enticement facility has been stipulated as a hospital)



Designate an area and relax floor area ratio only for use as a hospital

*A complex is also permissible.

(Ex.: A floor area ratio of 200% is changed to 400% only for the hospital)

