

Causes of Abandoned Property in Super-aging Japan and Remaining Tasks: An Examination of Owner-Unknown Land and Vacant Houses

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Abstract | This article reflects upon the fundamental causes of the issue of abandoned property in Japan's super-aging society and examines the adjustments to the law that the Japanese government has pursued to remedy the matter as well as related debates. To do so, this research examines the effects that property law has had on changes in land utilization in an aging society, focusing on owner-unknown land and vacant houses. The fundamental cause of vacant houses and owner-unknown land in Japan cannot be attributed to "inevitable" changes in social structure, such as the population aging or the low birth rate, nor is it the fault of a lapse of responsibility on the part of the Japanese citizens. Rather, it is deficiencies in Japan's land policy, housing policy, tax policy, farmland policy, and other such legal institutions governing property that have brought about these problems. Such inadequacies have led to problems of nonregistration of inheritance, taxes on the deceased, and inheritance measures and land conversion, and with Japan confronting the current era of low economic growth and population decline, property asset values in the Japanese countryside have been in decline. Such unique socioeconomic factors in Japan have combined to generate an increase in abandoned property. In order to address this issue, the Japanese government has recently enacted and revised relevant land laws including the Act on Special Measures for the Promotion of Measures for Vacant Houses, the Act on Special Measures for the Facilitation of Use of Owner-Unknown Land, the Basic Act for Land, and the Real Property Registration Act. Yet some have raised questions as to the efficacy of these efforts and pointed out the limits of legalistic approaches. Rather than overhauling the current legal system to treat the fundamental cause of land being abandoned, amendments and new legislation are being put out in a piecemeal fashion that addresses only the overt symptoms of the underlying issue. The existing regulations and tax system that were put in place to curb the fast-and-loose development of land during the era of postwar national land development must be comprehensively overhauled in line with social changes. Doing so would require drastic deregulation and support measures to be pursued in the vein of revitalizing the countryside and local areas most affected by the rise in abandoned property.

Keywords | abandoned property, vacant houses, owner-unknown land, non-registration of inheritance, inheritance measures, aging

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Vacant Houses: A Legacy of an Aging Society?

With continued economic crises following the bursting of its bubble economy in the 1990s and the social crises posed by aging and low birth rates that followed in the 2000s, Japan finds itself confronting a plentitude of social issues. While brought to the fore by the plunging of real estate prices that had shot up rapidly during the economic bubble, real estate troubles are once again rearing their head as demographic crises most represented by aging and population decline have grown intractable since the turn of the millennium. While Korea recognizes the issue of vacant houses a social problem as well, the protracted stagnation of Japan's real estate market has resulted in countless cases of real estate asset value collapsing, most commonly in rural areas, and as a result, the number of vacant houses, vacant retail property, and vacant lots that have been abandoned is on the rise.

There is a general understanding that the primary factor contributing to the issue of vacant houses in Japan is regional decline engendered by low birth rates, aging, and population decline. The rate of increase in vacant houses by region is inversely proportional to the rate of the population increase (Nakai 2012, 52). As the number of older people living alone with no one to pass down their assets to—or only heirs that live in urban areas—increases, a considerable number of the homes once occupied become empty (E. Satō 2019, 112). The owners of vacant houses are growing older as well, with a survey showing that in 1991 homeowners over the age of sixty made up 63.5 percent of the total, a figure which grew to 75.2 percent by 2010 (K. Satō 2017, 27). In the super-aging society of Japan, the issue of abandoned land and buildings that arose in some rural areas due to the rural exodus during the era of economic growth, at the height of national land development, is spreading to urban areas.

Terms like “vacant property,” “abandoned property,” and “derelict property” have been used by different researchers to describe unoccupied houses, idle land, vacant lots, shuttered schools, boarded up industrial facilities, abandoned railroad tracks and more. Mallach (2010, 1) defined abandoned property as “a property whose owner has stopped carrying out at least one of the significant responsibilities of property ownership, as a result of which the property is vacant or likely to become vacant in the immediate future.” Here, “responsibilities of property ownership” refer to payment of taxes and municipal fees, maintaining the property in conformity with relevant codes and ordinances, and keeping it from becoming a nuisance to the community. Han Su Kyoung and Lee Hee Yeon (2016) broadly interpreted the term in their conceptualization to mean property that appears vacant or abandoned; having been previously developed, land or



Source: (Left) Author's photo on Aug. 22, 2018; (Right) Author's photo on Feb. 14, 2019.

Figure 1. A newly constructed home and housing lot (left) and an abandoned property (right) in the city of Tsuchiura, Ibaraki Prefecture

buildings that are currently improperly utilized and are either empty or inadequately physically, economically, or socially maintained. Physical abandonment (unkempt exterior, structural hazards, etc.) and economic abandonment (unpaid taxes, mortgage, utilities, etc.) refer to the abandonment of a property itself, but social abandonment refers to the negative effects that an abandoned property has on its immediate vicinity (5-6). The term “abandoned property” has recently been used in Japan in the sense of any property for which the obligations of management or ownership have been neglected, regardless of whether the property is in use. But for the purposes of discussing proprietors’ abandonment of management of and responsibility for their property, rather than simply the issue of vacancy or desuetude, this article uses the expression “abandoned property.”

The issue of abandoned property in Japan, most commonly seen in the issue of vacant houses (*akiya*), has led to housing or land being improperly managed and left in disrepair, resulting in a variety of negative consequences for nearby land and even entire areas. Property abandonment has not only direct effects, such as ruining buildings or land, but is pointed out as engendering numerous local issues in regard to the environment, public safety, fire prevention, disaster prevention, sanitation, and neighborhood landscape. In that it is a negative externality for the local economy in terms of causing neighboring property values to drop and commercial districts to see slowdowns, property abandonment is also explained as a “negative externality” or “negative external economy” of a society in population decline (Ozaki 2022, 92).

When Korean academics first took interest in the issue of vacant houses in Japan, some of the first possible causes of the phenomenon considered were

demographic factors and Japan's fixed assets tax (property tax). However, as the author paid many visits to areas across Japan starting in 2016 for research on the issue of vacant houses, the question that arose was that if the underlying cause of the increase in houses going vacant was indeed a demographic factor such as population decline or aging, then according to the general principle of the market, a decrease in demand for housing would be met with a decrease in supply of housing, leaving a proper amount of housing on the market. However, as figure 1 illustrates, even in areas where houses are going vacant left and right, new homes and lots are being developed. If houses are going vacant, why are newly built homes still being supplied? This question sparked doubt that demographic factors alone could account for the increase in vacant houses.

In field studies conducted by the author, the idea that Japan's fixed asset tax is another primary factor in the vacant house phenomenon became less persuasive. The reason the fixed asset tax is credited as feeding the increase in vacant houses is that the land tax rate increases by up to six times when a property owner tears down the house that stood on it or leaves it vacant. As a result, there is a tendency by owners to abandon property rather than demolish it. Yet the countless empty lots the author encountered during field research complicated the seemingly neat explanation for the increase in houses going vacant. If tearing down a house and abandoning the vacant lot meant a six-fold hike in taxation rate, why would property owners neglect their empty lots after demolition of the houses that once stood on them?

It is important to note that for the fixed asset tax to be a contributing factor to the increase in vacant houses, one predicating condition must be fulfilled. To establish the circumstance in which an heir, having inherited a home after the passing of their parent(s), to abandon the home and leave it vacant due to the burden of the fixed asset tax, the heir must have first obtained ownership of the property through the legal procedure of registration for taxes to have been levied against them as the new owner. That is, if the inheritor of a property fails to register this fact, there is no need to pay the fixed asset tax; as they are not legally the owner of the property, they are not compelled to pay the fixed asset tax. As such, whether unregistered housing or land is abandoned to go vacant or torn down and made into an empty lot, the fixed asset tax has no bearing on the case. This is one reason for the abundance of vacant lots, not just vacant houses, in residential areas. While the idea of a person not registering the title of the property they inherit may sound outrageous to those living in Korea, where real estate values are extremely high, the amount of land for which the owner on the title is difficult to determine due to non-completion of registration of inheritance is on the rise in Japan, emerging as a social issue of its own. Land for which the

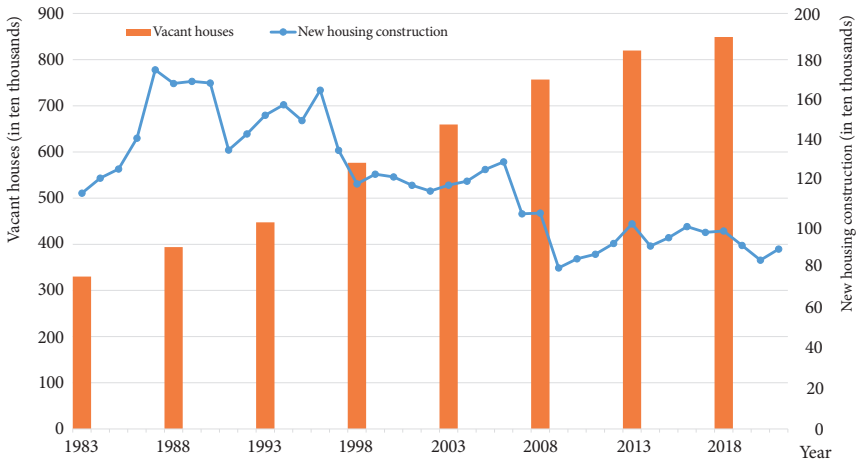
proprietor is not immediately discernable or, if discernable, is not reachable for reasons such as nonregistration, has been termed “owner-unknown” (Hōmushō Hōsei Shingikai Minpō-Fudōsan Tōkihō Bukai 2019).

As newly developed housing continues to go up in the same areas that arising number of houses go vacant, the logics of population decline or an aging society are insufficient to explain the preponderance of vacant houses Japan. Put differently, factors beyond the demographic ones (like population aging) or those related to property tax are at work in the rise of abandoned property—factors such as institutional problems in Japanese society, like the owner-unknown land. As a result, this article endeavors to excavate the fundamental causes of the problem of abandoned property in Japan’s super-aging society, and examine the overhaul of legal systems instituted by the Japanese government to address the issue, as well as debate surrounding it.

In order to do so, this research utilizes the case of vacant houses and owner-unknown land to examine the effects of property law on changes in land-use in an aging society. Japan has introduced or amended numerous legislation such as the Act on Special Measures for the Promotion of Measures for Vacant Houses (Akiya tō taisaku no suishin ni kansuru tokubetsu sochihō, 2014), hereinafter “Vacant Houses Special Measures Act,” and Act on Special Measures for the Facilitation of Use of Owner-Unknown Land (Shoyūsha fumei tochi no riyō no enkatsuka tō ni kansuru tokubetsu sochihō, 2018), hereinafter “Owner-Unknown Land Act,” in addition to amendments to the National Land Use Planning Act in 2020, and the Civil Code and Real Property Registration Act in 2021. While issues and limitations of these legal systems have been raised, rather than analyzing the phenomenon of abandoned property, this research endeavors, by examining it and its encompassing debate, to consider the more fundamental cause of the issue.

Inheritance Measures and the Surge in Vacant Houses in an Aging Society

According to data from Japan’s Ministry of Agriculture, Forestry and Fisheries, the total area of agricultural land reallocated for housing between 2013 and 2018 was 20,670 hectares (Nōrin Suisanshō 2013-18). Moreover, according to the country’s Cropland Act, when converting farmland into a lot for personal housing, the allowed area is capped at 500 square meters. If we suppose that single-family housing was constructed on the maximum amount of farmland converted for housing, around 410,000 new units could have been constructed



Source: Created by the author based on data from Kokudo Kōtsūshō (1983-2021) Sōmushō Tōkeikyoku (2018).

Figure 2. Vacant houses in Japan and new housing construction (1983-2021)

between 2013 and 2018. Yet during the same period, the number of vacant houses in Japan increased by 290,000 units (Sōmushō Tōkeikyoku 2018). While in some cases land converted for development ends up being turned into rural housing or multi-unit dwellings, it is important to note that more land on which new housing can be constructed is being supplied via farmland conversion than the number of homes going vacant. In fact, the number of new dwellings that went up in this five-year period totaled 4,670 thousand (Kokudo Kōtsūshō 1983-2021). Even if we take into consideration cases in which vacant houses were torn down and made into vacant lots, parking lots, or parks, the supply of newly constructed housing far outstrips the increase in vacant houses. While the rising number of vacant houses poses serious regional issues, new housing is going up at a rate sixteen times higher than the rate of increase of vacant houses, and agricultural land is continually being converted for housing use on a scale that dwarfs the rate of home vacancy by some 100,000 units.

As figure 2 shows, while the number of vacant houses is continually on the rise, the number of new houses being constructed, while showing a decrease from the height of the effects of the bubble economy in the late 1980s, has stayed at a generally steady level. This has led to a prolonged surplus in the housing supply (E. Satō 2019, 112), with not only a rising number of vacant houses, but continued demand for new housing in the forms of increased demand for

efficiency apartment rentals, a preference for newer or more quality housing resultant from a chronic avoidance of existing housing, as well as the unbalanced distribution of the population in the capital area. The issue is not so much that existing development lots or vacant houses are being made into new housing by redevelopment or reconstruction, but that the conversion of agricultural land into land for housing development in the outskirts of the city—that is, urbanizing areas or suburbs—is playing a role in the occurrence of vacant houses in existing urban areas.

As housing and land for housing development in residential areas is mostly abandoned, becoming vacant houses and vacant lots rather than being redeveloped or reconstructed, or at best used as paid parking lots, there is a surplus of existing developable land. So why is it that more and more agricultural land continues to be converted for development, and more new buildings are entering the housing supply? Forecasts of a decline in housing demand due to aging, low birth rate, and population decline have become common sense at this point, meaning there must be a rationale that transcends these social risks as to why new housing is continually being supplied. In short, converting farmland and erecting houses on it continues to be more economically profitable. In order to understand how that is, we must first look at Japan's inheritance tax.

Two aspects of Japan's inheritance tax stand out. First is that Japan has the highest progressive tax rate for inheritance in the world. Inheritance assets with values that fall into the lowest tax bracket, where the tax base excluding basic deductions is up to ten million yen, are taxed at 10 percent. Inheritances worth up to fifty million yen are taxed at 20 percent, those up to 100 million yen are taxed at 30 percent, those up to 200 million yen retaxed at 40 percent, those up to 600 million yen are taxed at 50 percent, and those above 600 million yen are taxed at 55 percent (Kokuzeichō 2022). In short, the more assets a person inherits, the more taxes they must pay. Second, compared to liquid or financial assets like stock holdings, the tax assessment rate for real estate like land or buildings is relatively low. Property is assessed at about 70-80 percent of movable assets of the same market value, and land that has been developed into multi-unit housing is assessed at an even lower level.

Considering these two characteristics, there is widespread understanding of measures for avoiding inheritance tax, with one main tactic being to reinvest financial assets into real estate before bequest rather than passing down the financial assets themselves. Developing and managing multi-unit housing, such as an apartment building, on a plot of land allows for even greater tax exemptions, making it a popular inheritance tax measure (Yamazaki and Nakagawa 2020, 200-201). At a basic level, it is impossible to lower tax liability as for certain of

Japan's real estate taxes, namely the capital gains tax and the fixed asset tax. However, when the asset holder reallocates financial assets by investing their value in land before their death, they are able to shave off inheritance tax liabilities.

As a result of this, many argue that Japan's inheritance tax system exerts great force on the rental housing market. There are numerous cases in which shoddily built apartments have gone up on the outskirts of cities due to this sort of tax measure, and those built on converted farmland have influenced the rental market to a considerable extent (Yamazaki and Nakagawa 2020, 203). Because of the difference in tax liability assessment for financial and real estate assets with equal economic value, people are taking their financial assets and purchasing farmland—which is less expensive than housing sites—or converting their existing farmland into a housing site and building multi-unit housing there, allowing them to save on taxes and pull in rental income. Such methods have been highlighted in Japanese magazines, newspapers, and online media as “inheritance tax measures” and “tax break schemes” deemed “legal” by tax preparers, legal experts, and real estate brokers. An increasing number of aging affluent people who accumulated assets during Japan's period of rapid growth, contrasted with a middle class whose net income has long since plateaued, has prompted the recent interest in such methods for ducking tax liabilities.

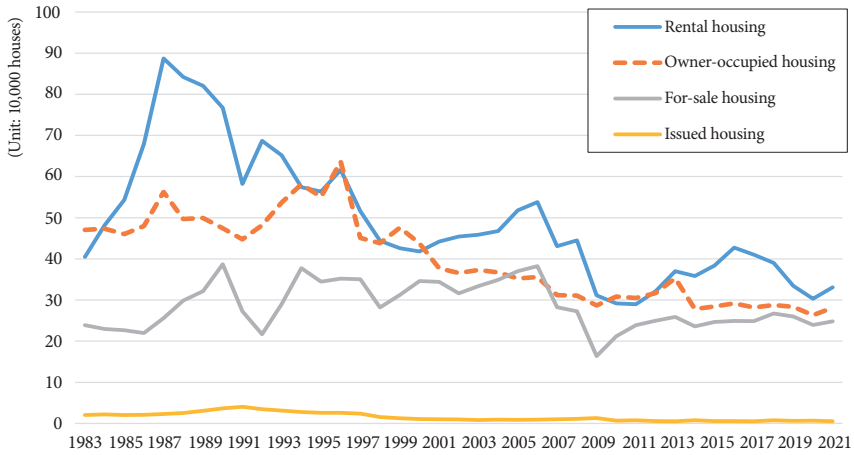
Beside the issue of reallocation of farmland, some have pointed to issues of the “productive green area” system (*seisan ryokuchi seido*) being exploited by farms for tax break purposes. For instance, a farmer in possession of agricultural land in the vicinity of a city may have their land redesignated as a productive green zone, allowing for massive inheritance and fixed asset tax exemptions as they hold onto the land for the long term without cultivating it. While long-term farming is a requirement for the designation, the system for confirming the performance of such requirements is nominal, allowing owners to possess the land free of tax burden until they can turn a profit, such as by selling it at a high water mark for value, converting or portioning off the land for housing, or putting up rental housing. When farmers convert their agricultural land and erect apartments, in particular, they need not sell their land, meaning no capital gains tax, and if they take out a loan for constructing and/or maintaining an apartment, that loan amount will be deductible from inheritance tax. Moreover, due to the zero-interest-rate policy that has been ongoing in Japan since February 1999, loans pose very low burdens to borrowers. In addition, when rental housing goes up on a piece of land, its assessed tax value further dips, with the tax assessment of the building decreasing in proportion to the ratio of leases, with about 30 percent of a building's value generally being reduced to the value of the leases

(Yamazaki and Nakagawa 2020, 203-205).

For instance, it has become common to have rental property management companies like Leoplace21 and Daito Trust Construction lease private land for thirty years and build houses on it, then sublease this housing to renters, ensuring a rental income for the land's owner. Such methods have acted as a catalyst setting off a private rental housing boom in that they allow farmers and aging people to supplement their incomes while cutting their tax liabilities. In recent years, however, the excessive expansion of subleased housing has resulted in shoddy construction and houses going empty, putting the burden of plunging lease prices on the property owner to shoulder (Kim Soo-hyun 2021, 140).

The enactment of the Law on Productive Green Areas (*Seisan ryokuchihō*) in 1974 essentially exempted inheritors of long-cultivated farmland from inheritance taxes by applying a deferment system for tax payments, as well as applying the fixed asset tax and agricultural land tax to the land, allowing for massive tax breaks. But the system came under immense criticism as unfair after a slew of “fake farms” were uncovered (Hotchi 2008, 5-6), and in 1991 the Long-term Continuous Use Farmland System (*chōki einō keizoku nōchi seido*) was abolished, followed by an amendment to the Law on Productive Green Areas in 1992 which relaxed previously fastidious requisites for “productive green area” designation, prompting a jump in the number of designated productive green areas. However, with the cessation of the productive green area system in March 2022, existing such areas had to be newly redesignated as “special productive green areas” (*tokutei seisan ryokuchi*) in order to continue receiving associated benefits. According to the 1992 amendment of the Law on Productive Green Areas, designations of productive green areas would be lifted all together in 2022 (Kokudo Kōtsūshō 2022b), when the thirty-year cultivation obligation that began at the time of designation expired. This has resulted in concerns that much of this farmland may become rezoned for housing. While farmers who wish to continue cultivating their land may seek redesignation as special productive green areas, many older farmers who have no descendants to take over their land and face challenges to continued farming may see this as a chance to get rid of their land and reap a profit. If this indeed becomes the case, the regular farmland that had already been converted for new housing as an inheritance tax measure could be magnified by this redesignation of productive green areas into development tracts, posing further distortions of the housing market.

Such so-called inheritance measures that accompany the conversion of farmland for other uses constitutes not a calculated allocation of housing based on considerations of demand in the housing market, but a choice to develop land and supply housing based on the individual circumstances of the landowners.



Source: Created by the author based on data from Kokudo Kōtsūshō (2022a).

Figure 3. New dwelling units in Japan by owner-occupant relation (1983-2021)

As such, it overheats the supply of new units in the housing market, exacerbating the issue of existing housing being deemed “surplus” items. Figure 3 shows the ground-breaking change on housing by owner-occupant relations. While there has been a steady decline in new owner-occupied housing going up since the 1997 Asian financial crisis, for-sale housing (including rental housing), the supply of which shot up in the 1980s, continues to make up a large proportion of overall new housing. Moreover, because rental housing built as a tax measure uses inexpensive materials to cut construction costs as much as possible, it would be questionable to call it “quality” housing. In addition, as many landowners choose to manage their properties on their own rather than through a management company to cut costs, there have been reports of mismanagement issues. As a result, low-quality rentals have flooded the market, and having been disregarded by the market and shoddily constructed, they quickly degrade, contributing to a growing amount of housing going vacant.

The objective of providing fixed asset tax and inheritance tax exemptions for land on which there are buildings, as opposed to undeveloped lots, was to actively solicit land use vitalization and housing construction by the private sector during the postwar reconstruction and high-growth period. Providing these tax benefits eased the burden on the state to provide public housing during the Japanese economy’s growth spurt and contributed to ameliorating the urban housing crisis. In encouraging the transition of farmland within city limits into

land for housing, the era's tax policy also accelerated urbanization. However, in the current era of population decline and low growth, Japan must fundamentally reexamine whether it is appropriate to maintain development-era tax and real estate policies. It would be contradictory to try to tackle the problem of increasingly underutilized housing without first moderating the housing supply. Moreover, the oversupply of housing and the vacant house phenomenon both contribute to the depreciation of property asset values, a fundamental backdrop for the occurrence of abandoned property in rural Japan, as will be examined below.

Causes of Owner-Unknown Land and Related Issues

1. Why Landowners Neglect Their Ownership: Proliferation of Non-registration of Inherited Titles

“Unclaimed land” and “owner-unknown land” are terms used in Japan to refer to land for which the owner's address and/or living status is unclear. It would be reasonable to say that Yoshihara Shōko's 2017 book was the first to bring the issue to the attention of the Japanese public in earnest. Critical of the government's inadequate response to preponderant land issues in this new era of population decline, Yoshihara underscores the need to face head on the issue of owner-unknown land, which is fundamentally emerging as land and housing depreciate.

The foremost reason that a landowner's whereabouts or status as alive or dead may be unknown is the unregistered inheritance of property. Generally, when the owner of a piece of land or a building passes away, their heir will register their inheritance, acquiring ownership through the procedure of changing the name on the real estate register to their own. However, because it is not required to register inheritances in Japan, the choice of whether to change the name on the title or when, if ever, to go through with the administrative process falls entirely on the inheritor. As such, in cases when an inheritance goes unregistered, the deceased's name remains on the register as the inheritor—whomever they may be—either utilizes the land or abandons it. If, after a time, another generational turnover takes place, the number of legal heirs increases exponentially, making for an even greater lapse between the information on the registration and the actual status of the property (Yoshihara 2017, 9-10). The underlying problem is that inheritors do not feel the need to make official the vesting of their inherited assets in the form of registration. As a result, over

generations, individuals are not making official the chain of titles through registration of inheritance (Yamanome 2018, 82-83).

Rural areas in Japan are rife with property that is registered to owners who have been dead for decades. This is made possible by the fact that if one plans to retain the land without sale, leaving one's ancestor's name on the title poses no problems. In the eyes of the inheritor, the administrative costs, taxes, and time spent registering an inherited property of very low value may constitute a net loss, driving them to be very circumspect about putting their name on the register (Lee Ho-sang 2019, 88), when forgoing the procedure poses no problems if they are using the land. Property values have consistently fallen in the wake of the collapse of Japan's bubble economy in the 1990s, and many property owners have determined that, considering the substantial costs of maintaining and caring for woodlands and agricultural land as well as the tax burden of transferring titles, registration of property is simply not worth it. Because forgoing the procedures allows them to avoid taxes and registration is not an obligation, property owners do not feel the need to register themselves on the title, as will be explored further in the coming pages. In one rural area, the rate of registration of inheritance of land or buildings within one year of the previous owner's death came out to only around 2 percent (Yoshihara 2017, 24-25).

As Japan's economy remains stagnant and demand for land falls as a result of a decreasing population, aging, and low birth rate, property values are dropping. This leads to an inevitable shrinking of the range of choices for land use. In rural Japan, in particular, structural factors like population decline are causing land and building values to depreciate, leading to an increase of abandoned property. With land values suffering long-term declines, the notion of real estate as an asset is crumbling. Such circumstances make it difficult to expect any economic value from inherited land or buildings. Instead, they are considered a potential burden, and the wellspring of various taxes and management costs. As such, few people would willingly choose to shoulder such taxes and managerial burdens by transferring the title.

There is no statistical data that gives a direct window into how serious the predicament of owner-unknown land is nationwide in Japan. The only data available is that which has been collected in sample surveys by various government agencies, such as the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Justice. According to the extrapolated trend findings of a sample study carried out by the Ministry of Land, Infrastructure, Transport and Tourism in 2016, 20.3 percent of land nationwide had no accounted-for owner. Broken down by type, an estimated 14 percent of this land was housing tracts, 18.5 percent was agricultural land, and 25.7 percent was woodland. The total

area of owner-unknown land came in at 4.1 million hectares—an area larger than the entirety of Kyushu (3.68 million hectares) (Kokudo Kōtsūshō 2018a), and around 40 percent of the total area of South Korea. A 2016 cadastral survey of 622,608 plots of land in 1,130 administrative areas (563 cities, wards, towns, and villages), land for which the whereabouts of the registered property owner was unknown came to 20.1 percent. Of that land, 66.7 percent were cases in which ownership titles were not transferred upon inheritance, and 32.4 percent had no registered change of address. This survey ultimately concluded that of the overall land surveyed, only 0.41 percent could be deemed “owner-unknown land” (Kokudo Kōtsūshō 2018b, 114). That is, for all but 0.41 percent of the land for which the owner’s whereabouts are unknown, administrative records are available. The problem is that ascertaining the names or whereabouts of the landowners would require manual inquiries by multiple government agencies, posing considerable costs and taking a fair amount of time. Notwithstanding, the Japanese government has concluded that only a small minority of land should be considered actual land whose owner is undeterminable. Some have argued that the “unknown” in “owner-unknown land” should be understood as mostly meaning that the landowner is not immediately evident upon viewing the title in the registry or other public information. From this perspective, it may be more apt to refer to this sort of property as “owner-abandoned land.”

While there is no shortage of cases in which title registration has been neglected for decades, according to a regional National Tax Agency official whom the author interviewed, there are a considerable number of fixed-asset-tax-delinquent properties for which the name on the registry dates back to an individual who lived in the Meiji era. Indeed, according to a 2017 survey of ten municipalities nationwide (118,346 titles), the amount of land in major urban areas for which the title registration was over fifty years old came to 6.6 percent, the amount over seventy years old came to 1.1 percent, and the amount over ninety years old came to 0.4 percent. However, in small to midsize cities and mountainous areas, the amount with a title lapse of fifty years or more was 26.6 percent, of seventy years or more 12.0 percent, and of ninety years or more 7.0 percent (Hōmushō Hōsei Shingikai Minpō-Fudōsan Tōkihō Bukai 2019). This shows that while ensuring one’s ownership rights in a legal manner through the formality of registration was a given in areas where real estate asset values are high, such as the greater capital area or other large cities. But in regions where the property values have plummeted, there is an epidemic of abandoned ownership. Furthermore, there are many cases in which establishment and modification of ownership is even more bothersome, such as land for which a transfer of rights has become impossible, including jointly owned property that is registered to a

given named person “and X others” without the names of the other co-owners being given, or land for which there was no cancellation of registration of mortgages upwards of twenty yen established during the Taishō era (Yoshihara 2017, 20).

Beyond the fact that it is not a requirement to do so, property owners avoid registering their property to circumvent the fixed asset tax. This loophole was the context for the relatively swift effort by the Japanese government to enact legislation to address the matter not long after the issue of unclaimed land first became widely discussed. In brief, the state determined that it could no longer neglect the fact that owner-unknown was being exploited as a new method of tax evasion. One informant from the National Tax Agency said in an interview with the author, “As the hole in the system that allows children to avoid paying taxes when the owner listed on the title is their deceased parent or grandparent has become an open secret, more people are exploiting it. This poses major predicaments for collecting taxes, and while incentives that offered waivers or exemptions for taxes long overdue, the fact is that they haven’t had much of an effect, especially in rural areas” (Lee Ho-sang 2019, 88).

Pursuant to Article 343, Section 1, of Japan’s Local Tax Act, the individual liable for fixed income taxes is defined as the owner of the fixed asset, and here the term “owner” refers to the individual named on the land registry, the supplemental land tax ledger (*tochi hojū kazei daichō*), or the supplemental house tax ledger (*kaoku hojū kazei daichō*) as owner (Local Tax Act, Article 343, Section 2, Paragraph 1). This is referred to as the “tax ledger principle” or “principle of registered titleholder taxation,” and the individual whose name appears on the title as proprietor at the time of taxation is considered the individual liable for taxation (Fuchi 2022, 47). In such a case as that which the title was not transferred after the death of the owner, a so-called “deceased tax” is levied on the deceased. To remedy this issue, a revision of the tax system was passed in 2020 that stipulated that in instances of the registered titleholder dying before the imposition of taxes or the owner being unknown due to disaster or other mitigating circumstances, the individual exercising de facto ownership or utilization of the land or housing is liable for taxation.

The state and local governments’ inadequate land management system is a contributing factor to such problems. A fundamental issue in Japan’s land management, as pointed out by Yoshihara, is that land ownership and use is not being accurately assessed by administrators, and that the basic information infrastructure for identifying possession and use of land in Japan is insufficient (Yoshihara 2017, 1-3). Currently, basic land information beyond that found in the real estate register is documented and maintained by purpose in the fixed

asset tax ledger, as well as the notification of land transactions and farmland ledgers required by the National Land Use Planning Act. Each of these ledgers falls under the Ministry of Justice, the Ministry of Internal Affairs and Communications, the Ministry of Land, Infrastructure, Transport and Tourism, and the Ministry of Agriculture, Forestry and Fisheries, respectively. But the accuracy of each ledger's contents differs, and there is no overarching joint management system for land ownership/use information.

Of these resources, the real estate register gives an idea of the relationship of rights and duties for plots of land, but owing to the fact that registration is not a legal obligation but a voluntary act, the contents of the registration are not always accurate. The real estate registration system was instituted to preserve rights and ensure the security of transactions, not for the government to ascertain information about land ownership (Yoshihara 2017, 31-32). That is, while there are legal systems in place to "protect" the rights of individuals' land ownership, no such system exists to respond to instances of "abandoned" ownership by individuals and the ensuing issues. The current land system in place in Japan was established in the Meiji Restoration, and later modified and supplemented during the era of postwar economic development. In other words, responses were built around overutilization, such as rising land prices and urban sprawl, not for population drain or the underuse or the disuse of land. The issue of landowners being unknown can thus be understood as engendered by social change and growing blind spots in the existing system.

In sum, one direct cause of property ownership outside the capital area falling into desuetude is not aging, but the inadequacies of relevant legal systems, including those for property registration and inheritance, and the depreciation of real estate asset values. When a person of advanced age dies, it is natural that their home is passed down or abandoned. The issue that is arising is property passed down after death is not reutilized and becomes abandoned because it is not economically profitable for the inheritor. The exploitation of loopholes in the system for tax avoidance poses negative repercussion for the locale in question.

2. Issues of Owner-Unknown Land

Cases in which the owner of a plot of land and the owner of the housing that sits on the land are two different individuals can pose one of the thorniest obstacles for solving the issue of vacant houses described above, as even one of the owners being unknown makes it impossible to demolish or redevelop the house that sits vacant.¹ According to a survey of 218 local governments by the Shihō Shoshi

Research Institute² of the Japan Federation of Shihō-Shoshi Lawyer's [*sic*] Associations (Shihō Shoshi Sōgō Kenkyūjo) in 2014, 85 percent of local governments (134) selected "difficulty ascertaining proprietor" as a reason for the issue of vacant houses and lots being unresolved. The higher the risk of the vacant house becoming dilapidated, the higher the rate of unknown addressee or undelivered correspondence, and there were numerous cases of vacant houses becoming abandoned without ownership specified despite not having been passed down (Yoshihara 2017, 8).

In the early 1990s, there was a growing problem of land without a known owner in rural and mountainous villages, due to depopulation, an increase in land being passed down, or farmland being registered to a deceased individual. In fact, the issue of owner-unknown land was a familiar problem to those in the farm and forestry fields. In the process of pursuing post-earthquake revival or measures for vacant houses in recent years, multiples cases of owner-unknown land have been confirmed, with the issue coming to the fore when such properties have become hindrances to public projects in urban areas. There have been numerous instances in which owner-unknown land has caused delays for public projects such as post-disaster reconstruction, the reduction of land that had once been cultivated but is now abandoned, and measures for uninhabited homes, in part because determining the proprietor of the land takes so long (Yoshihara 2017, 2-3, 19).

More so than whether a piece of land's proprietor can be determined or not, the greater issue is that the growing amount of property with undetermined ownership ending up abandoned has become an obstacle for development, management, and use of land in Japan. Local communities tend to recognize this type of land not as an abandonment of the legal ownership rights, but rather a material abandonment of upkeep that makes for unmanaged, derelict land and poses negative repercussions for sanitation, the environment, and disaster prevention. Furthermore, untended land poses a problem in that it stymies new opportunities for land use in the area. By examining why owner-unknown land poses a problem in the countryside, we can see that beyond the legal aspect

1. While recently there have been amendments to relevant laws that would give local governments administrative executive power by proxy, thus allowing demolition, the utilization of such remains extremely low. The cost of demolition is the reason, with there being strong criticism of local governments relying entirely on taxes to underwrite the costs. At the same time, while this revision to the law allows local governments the right of indemnity *ex post facto*, it lacks efficacy in cases where the owner of the land is difficult to determine, contributing to its low utilization.

2. Translator's note: Often translated as "judicial scrivener," *shihō shoshi* refers to a legal profession whose duties include the preparation of legal documents and consultations for property transactions, but are differentiated from attorneys in that they do not represent clients in court.

discussed above, a major problem is the inconsistency between an heir's place of residence and the location of the land they inherited.

A 2019 survey carried out by the Ministry of Land, Infrastructure, Transport and Tourism asked heads of cities, towns, and villages about why they believed land was going untended to and being abandoned. At 43.5 percent, the most common answer was that the owner of the lot lives elsewhere and is not aware of the state of neglect that their land is in. That is, nearly half of respondents believe that the problem is caused by landowners living elsewhere not being cognizant of the state of their land. Broken down by size of population, the smaller the municipality, the more likely respondents were to blame owners living elsewhere for the state of neglect. The response that garnered the second-highest rate of responses, at 33.4 percent, was that the lot ownership "lacked a sense that the state of neglect should be remedied" (Kokudo Kōtsūshō 2020, 85). A separate survey of landowners who do not utilize their property carried out in the same year by the ministry found that 41.7 percent of such proprietors said they did not upkeep their estate "because I live far away and making the trip is troublesome," this was the No. 1 reason given. Next was "upkeep like weeding is too physically demanding" (13.8 percent), and "taxes and management costs are financially burdensome" (7.9 percent) (89).

It can be surmised that the issue of inherited land in the prefectures that was not properly registered, a practice that traces back over a century to the Meiji era, has come to the fore as a regional issue in recent years precisely because the land inheritors do not live on their inherited land. In the majority of cases in the past, the inheritor of unregistered land would utilize it and upkeep it personally, meaning that regardless of legal proceedings of title transfer, from the outside there appeared to be no problem with the land, and so long as the land did not change hands, no one cared whether it was properly registered or not. But as Japan experienced its period of high growth, young people left behind rural areas for the metropolis and other major cities, and as they inherited or passed down the land in their hometowns, they faced a situation of having to discard or maintain the land. Had this land been high in value the issue would have been easily solved by selling the land, but these plots—nicknamed "100-yen houses" or "1-yen land"—were pure nuisances, presenting only tax and maintenance burdens. Ultimately, the abandonment of rights is leading to abandonment of maintenance, and as land that has lost asset value is increasingly passed down, this has snowballed into an issue not simply for these individual plots of land but for the regions in which they are located. One could argue that the crux of the issue of owner-unknown land is that Japan's land laws are failing to respond to the changes of the era, like population decline and aging, and the abandonment of

rights and maintenance is a product of the inability of the legal system to respond to such changes (Yoshihara 2017, 47).

Owner-unknown land has a bearing on a variety of different subjects. Landowners may face difficulties using, maintaining, or discarding their land, and local residents may be directly affected by the abandoned property in the form of the value of their own property's assessed value dropping. Moreover, in many cases of abandoned property, it is not only that the particular lot of land that falls into disuse or is not properly upkept, but that this may have a wider effect on local land utilization, posing negative repercussions for the wider area and growing into a problem on a regional level. When a large number of abandoned properties are present in a given area, they are highly likely to have negative ramifications for development plans there at the stages of candidate selection or land purchase for public or private projects. When these areas lose future opportunities for growth, it can invite a vicious cycle in which the area's land values and chances for development decrease.

This sort of land also has major consequences for the work of administrative agencies and public works, particularly when it comes to the National Tax Service's ability to implement the fixed asset tax. The issue arises from the given municipalities' inability to determine the vital status of the tax obligor, which can be determined through Family Register Act, the Residential Basic Book Act, or the Inheritance Tax Act when the deceased's municipality of residence coincides with the locale in which their property lies. When this is not the case, however, the death of the owner cannot be determined and thus a tax is imposed on them. In addition, if the tax obligor dies without having paid fixed asset taxes or registering the passing down of the title, the local government must wait for a decision from a Family Court in order to confirm whether the land was passed down or not. Adding to these problems is the fact that when the whereabouts of even a portion of all of the heirs of a property are unknown, there is no way to requisition the unpaid taxes from them. Further conundrums are posed when an heir to a property lives outside of Japan, complicating the imposition and collection of taxes from them (Fuchi 2022, 53-55).

As the country faces population decline and the highest rate of aging in the world, Japan's land system is at a crossroads, and at the opposite end of the spectrum from where it found itself during the bubble economy. If during the bubble an untimely and inadequate response to skyrocketing real estate prices led to long-term recession, currently in super-aging Japan property whose value has decreased is being abandoned, exacerbating the hollowing out of main streets and the economic decline of local economies. This then diminishes real estate demand in a vicious cycle that has situated Japan in a state of chronic low growth.

Overhauling Legislation Related to Abandoned Property and Issues

Japan's land policies have changed over history according to the socioeconomic conditions of each era. During the bubble economy of the late 1980s and onward, the focus was on inducing rational land use and deterring soaring land values. It was against this backdrop in 1989 that the Basic Act for Land was enacted and the duties and the basic philosophy and duties/obligations of state and local public institutions were defined, simultaneously discouraging speculative land transactions and proposing appropriate uses and plans for land. When the bubble burst and land values plummeted, the social focus shifted to the beneficial use of underused or disused land (such as that related to nonperforming loans), prompting a transition in land policy from curbing high prices to promoting the beneficial use of the land. As population decline and aging grew increasingly serious and land demand fell, however, the focus has once again shifted to the underutilization or abandonment of land in the form of unmaintained property without a known owner or an owner whose whereabouts are unknown. To respond to this latest issue, the Basic Act for Land was revised in 2020. In this way, the manner in which land policy changes with each passing era in Japan can be seen as a sort of cross section of the changing times. This is because reforms to the land system have to do not only with the land itself, but the shifting of eras as well (Igarashi 2022, 2).

Abandoned property has brought on a variety of external diseconomies for the areas surrounding them and has encumbered public projects and private economic activities. As such, there have been calls to devise measures for addressing the issue. Starting with the 2014 enactment of the Vacant Houses Special Measures Act, the chief Cabinet secretary launched the Meeting of Relevant Ministers for a Response to Owner-unknown Land, Etc. in 2018 to initiate a pan-agency response, and in the same year the Act on Special Measures for the Facilitation of Use of Owner-Unknown Land (hereinafter Owner-Unknown Land Act) was made into law. Furthermore, in the 2018 Basic Policies for Economic and Fiscal Management and Reform (*Honebuto no hōshin*), the Cabinet moved to pursue a response based in the Basic Policy and Management to owner-unknown land as a fundamental reexamination of the system for responding to the era of population decline (Tanjō 2018, 28-29). In this manner, the government has promoted necessary overhauls of existing systems, such as by requiring inheritance to be registered to address the system that allowed for unregistered inheritance, updating the system of identifying owners via linkages with the real property register and family register, and the system for disposing of

land. When the Basic Act for Land was partially revised for the first time in nearly thirty years in 2020, the basic philosophy in regard to land was stipulated as the “obligations and duties” of the owner to “properly use or manage” their land, and stipulations were added to “ensure the smooth use and management” of owner-unknown land. Before being revised, the Basic Act for Land’s primary focus was concerned with how to regulate indiscriminate land use against the backdrop of the era—one of economic growth and rapid urban development. But following its revision, the Act has come to underscore the responsibilities and obligations of landowners and management of the land. Undergirding these revisions is an understanding that, ultimately, unclaimed land, unoccupied homes, and empty lots are the result of an individual’s abandonment of the responsibilities and obligations of ownership.

With a view to prevent the occurrence of owner-unknown land and facilitate its use, the Civil Code and the Real Property Registration Act were amended in 2021. Going a step beyond requiring the application for inheritance registration, the Act on Vesting of Land Ownership Acquired through Inheritance or Bequest in the National Treasury was enacted in 2021, which allows for a person who has acquired ownership of land by inheritance or bequest to vest the ownership of the land in the national treasury under certain conditions. Moreover, the system for managing owner-unknown land and a system for mismanaged land was established that allows for courts to appoint a manager to tend to a piece of land upon the request of a stakeholder. In this manner, amidst the country’s declining population, low birth rate, and aging society, the Japanese government has carried out a series of responses to address this new issue of owner-unknown land.

But questions of efficacy have arisen about these legal reforms by the government aimed at addressing the issue of underutilization of land in the form of abandoned property, and the substance of some of these amendments is inconsistent with their stated purpose, highlighting the limitations of jurisprudential attempts to solve the issue of land with no known owner, as argued by Itō (2022, 10-11). For instance, the Exceptions on the Local Welfare Promotion Projects and the Land Expropriation Act with its basis in the Owner-Unknown Land Act stipulates that owner-unknown land that currently features no buildings nor is being used for any particular end may be used for projects to promote the common welfare or convenience of local residents. However, the project has come under criticism for a variety of reasons, including that the land subject to this project was limited to that which bears no buildings, that its scope is too small and inadequate for responding to the trend of frequent large-scale natural disasters, that the timeframe for the project is too short, and that

the time allotted for the public to examine the business plan is too long.

Above all, there is a raging legal debate over whether those in possession of land should be forced into utilizing it, or if the state should limit landownership under the pretext of land being a public resource. While those who in favor of a modicum of limitations argue that there is no other feasible way to preserve the public nature of the land for the sake of the public welfare of local residents, those opposed argue that a landowner possesses not merely the responsibility to make use of their land, but the freedom to not make use of it, or the freedom to not exercise their landownership, thus making landownership at its essence a matter of individual liberty to develop the land or let it fall into neglect (Akiyama 2022, 179). In this era of population decline, there is a strong subjective judgement at play in whether a level of land use and management be required in order to maintain regional sustainability, and a key debate surrounds how to secure procedural legitimacy of a project and its public nature to form a consensus among residents (Taira 2022, 79-80). In short, some argue that putting public welfare above all else is an infringement on the rights of landowners and their liberty to exercise those rights that is inconsistent with the Constitution.

This concept of the liberties of landownership was confirmed by the enactment of the Meiji constitution and civil code following the Meiji Restoration, and as such has been called “modern landownership” (Igarashi 2022, 3). Based in this modern notion of land ownership, Japan put forth land and tax policies to induce landowners to actively make use of their property during the period of national land development. But as the country moved into the era of low growth and population decline the contradictions between the real-life plummeting of land values and the existing legal system have taken on materiality in the form of abandoned property. Systemic social changes require a fundamental overhaul of the land system that Japan instituted during modernization, from rights and obligations regarding land, to the public nature and rationality of land use, and the asset value of land.

There are a number of various accounts as to the course in which property becomes abandoned in the countryside. Foremost among them is the intentional non-completion of registration of property after inheritance. At the same time, there are more than a few cases in which an individual, perhaps living outside of Japan, is unaware that they have inherited property and the land thus becomes abandoned regardless of the manager’s intent (Ozaki 2022, 107). As such, there have been calls to reconsider the legal term “abandoned.” Proponents of a reexamination of terminology are pushing back on whether it is valid to define ownership as having been “abandoned” simply by nonregistration. For instance, when the *de facto* owner of a piece of land is upkeeping and utilizing the property,

inflicting no ill effects on the local community, is it right to consider the property abandoned for the mere fact of an administrative shortfall such as not registering themselves on the title? There are some who also question the appropriateness of viewing an individual who, while having put their name on the title, lives elsewhere for personal reasons and as such is difficult to reach by administrators due to the inconsistency of address on the registry, as having “abandoned” the property and failed to live up to their responsibilities. This sort of pushback can be understood as a criticism of the attitude of the state, which has insufficiently reflected on its own failure to perform its duties or institute measures, and has passed the blame for the occurrence of abandoned property to the people—the people who do not register their property, despite it not being a requirement; the people who carried out legal steps for inheritance and bequest; the people who do not properly manage or use their property for which there is no demand—and put forth only regulations for these cases.

As an example, the partial revision to the Real Property Registration Act in 2021 included language oriented for the prevention of the occurrence of owner-unknown land by requiring registration of inheritance and changes in address (the nonregistration of which was viewed as the primary cause of the emergence of such land) while introducing measures for overhauling the existing framework so as to ensure effectiveness of this registration requirement. Specifically, it requires a person who has acquired ownership via inheritance to file an application for a registration of transfer of ownership within three years from the day on which the person comes to know that there has been a commencement of inheritance, and imposes fines for a delayed registration without legitimate reason. Alongside such improvements to the system, an exemption for registration license taxes was instituted starting in 2018 to relieve costs associated with the registration process and promote inheritance registration. In 2021, the application period was extended three years and eligibility was expanded. While some may say that making registration mandatory was an inevitable measure, there are doubts about whether there was an adequate social consensus on the state’s measure that would impose fines on landowners who, having spent decades not thinking about registration, would have to register themselves as landowners at their own cost by 2024. Those who, fearing fines, register themselves as landowners are then required to pay taxes. The fundamental reason that people had not registered themselves was that doing so offered no economic value, so now those who inherit or are bequeathed property in the countryside for which there is essentially no demand are forced into a situation of choosing between paying fines and paying taxes. Landowners in a tight financial situation are thus forced to somehow dispose of their property before 2024.

In this manner, as the burdens grow for individuals who come into possession of land they do not want, there is a new focus on how the increase in such individuals giving up on the land is leading to more owner-unknown land and mismanagement of land. In response, legislation was enacted in 2021 that would allow owners to vest their ownership of inherited land in the national treasury (*sōzoku tochi kokko kizoku seido*) starting on April 27, 2023. This system allows for those who have acquired land, such as through inheritance, to seek approval from the Minister of Justice to vest the ownership of land in the national treasury after meeting a set of conditions.

To prevent moral laxities such as intentionally mismanaging one's land to place the financial burden of upkeep on the state or vest the ownership of the land in the treasury, the system sets forth extremely stringent requirements for land to be vested in the national treasury, which has prompted criticism that the conditions are too fastidious. One particularly controversial stipulation is that applicants must pay the standard cost required for ten years' management of the land according to the category of national land. The view appears to be that it is unreasonable to not impose any burden on those who are seeking to avoid the responsibilities or duties of landownership through this system, the logic being that the costs of maintaining an individual's land must not be passed on to the state or current/future citizens (Taira 2022, 81-82). But critics have pointed to this as a problem with the system's efficacy, arguing that there is no reason a landowner would jump through hoops that include shouldering the not-insignificant sum of ten years' worth of management costs to apply for the land's ownership to be vested with the national treasury.

In overview, the overhaul of legislation related to the issue of abandoned property examined above can be characterized as piecemeal enactments/revisions of legislation that responds only to portions deemed problematic. While some would say that this is a characteristic shared by Japan's laws in general, piecemeal approaches to land problems are rarely capable of resolving fundamental problems. We must recall, for instance, how when the surge in vacant houses was first being discussed as a problem, the immediate reaction focused on how to reduce the number of vacant houses by whatever means possible. The objective of reducing vacant houses is to revitalize an area, so to turn vacant houses into parking lots, vacant lots, or parks as a stopgap to quantitatively reduce their number is tantamount to offering a cancer patient a painkiller while forgoing chemotherapy. Approaches that attempt to alleviate local phenomena that attend only to problems at a superficial level will, in the long run, only further exacerbate regional issues.

Final Thoughts: Responsibilities and Role of the State

Land is the material foundation on which all human activity takes place, and as such, the standard for assessing its value differs depending on the subjects utilizing it, its purpose, and the backdrop of the times. Generally, when real estate values fall, a combination of various socioeconomic factors are in play. As demand for real estate falls and regional imbalances intensify following population decline and low economic growth, the value of land and buildings in the Japanese countryside as assets has plummeted. This situation in which it is fundamentally difficult to create new economic value using abandoned property continues to drag on, all but ignored by the market.

So long as more incentives are not offered to tear down vacant houses in existing urban areas and rebuild them rather than putting up new houses in the suburbs, or new land-use methods or development models are not proposed to generate economic profit using owner-unknown land, the reality is that there are essentially no merits to developing abandoned property. When it comes to vacant houses, measures to ease the oversupply of housing are desperately needed, such as tightening requirements for converting farmland for development and slashing tax benefits for supplying multi-unit housing on newly converted land. As such measures may dovetail with the “compact city” plans that the Japanese government is pursuing, the state has the opportunity to alleviate the occurrence of vacant houses to a degree by carrying out a comprehensive overhaul of the laws in place at a national level.

Furthermore, it is not enough to hope that the problem of abandoned real estate will be solved by the principles of the market. The state must more actively intervene to solve this issue. But the state’s milquetoast responses thus far, such as the piecemeal reworking of laws or the abovementioned system of vesting ownership in the national treasury, have limited viability in resolving the issue. While these types of measures may quantitatively reduce the amount of abandoned property, they certainly cannot be characterized as solutions that restore vitality to local areas and thus fundamentally curb the occurrence of abandoned property. For instance, rather than requiring applicants for the national trust-vesting system to pay up a decade’s worth of management costs to prevent exploitation of the system or budget issues, the state must put forth a practical exit strategy by substantively relaxing the requirements for landowners with no intent to bestow or register their property to donate the property to the state or local authorities. Rather than fretting about the immediate maintenance costs, if the state or local authorities were to use the donated land or buildings for revitalizing the countryside, redevelopment, expanding roads, or even erecting

new public facilities, they would be able to massively cut down on the budget, time, and work that goes into purchasing land. While the maintenance costs for government-owned land may go up temporarily, in the mid- to long term, the state and local authorities can expect not only a reduction in expenditure but the opportunity to pursue various local revitalization projects. If the vesting of ownership of inherited land in the national treasury were to be approached from the angle of revitalizing the countryside or local areas, the issue of increased maintenance costs could be reasonably apportioned. More than anything, any approach to addressing the issue of abandoned property must not pass the responsibility or blame to the public, but must have the state share in the responsibility.

It is widely known that the biggest hindrance when pursuing public works projects in Japan is acquisition of premises. There have been numerous cases of small to mid-sized towns being unable to obtain adequate space in the middle of their urban area when building new public facilities or pursuing public works projects, thus forcing them to pursue their project on the outskirts of the town. When we consider the fact that doing so only further exacerbates the hollowing out of urban centers, the matter of property acquisition becomes rather serious. In addition, when we consider that what brought the issue of owner-unknown land to the fore was in fact the reality that public administrators were unable to determine or get in contact with the owner of land when pursuing public works, the gravity of the situation becomes clear. While in the short term finding uses for abandoned property may pose challenges, the state or local authorities must view the measure as a long-term investment for the revitalization of these areas. In particular, to enhance the flexible use of land and actively make use of vacant houses, vacant lots, parking lots and more located in or near city centers, the state must drastically ease regulations and taxes (i.e., those put in place to regulate indiscriminate land development during the era of national land development) and institute support policies in areas with high number of abandoned properties.

Not aging, nor low birth rates, nor any “inescapable” changes in the social structure are the direct, root cause of the increase in vacant houses or owner-unknown land in Japan, nor is it the fault of the general population. It is rather the consequence of land policy, housing policy, the system of inheritance, tax policy, and farmland policy being incapable of adequately responding to social changes, resulting in the issues of nonregistration of inheritance, taxes on the deceased, and land and inheritance tax measures. As such institutional issues are the direct causes of property being abandoned, the responsibility falls on the state to correct them. The state must not pass on this responsibility to the citizens

or local government, but instead work quickly to reach a social consensus and innovatively overhaul the current systems to respond to this new era. There are many differences between Japan and Korea when it comes to the structure of the housing market, the amount of paperless governance, and real estate and tax policies, meaning that it is not likely that the issue of abandoned real estate that Japan is confronting will occur in Korea. But as Korea now faces even more serious aging and low birth rates than its neighbor, it must preemptively examine the current real estate legislation laden with the inertia of the period of rapid growth, in order to prepare for structural social changes.

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