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Leveraging Lessons from Japan

Improving US Housing Outcomes

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United States • Japan
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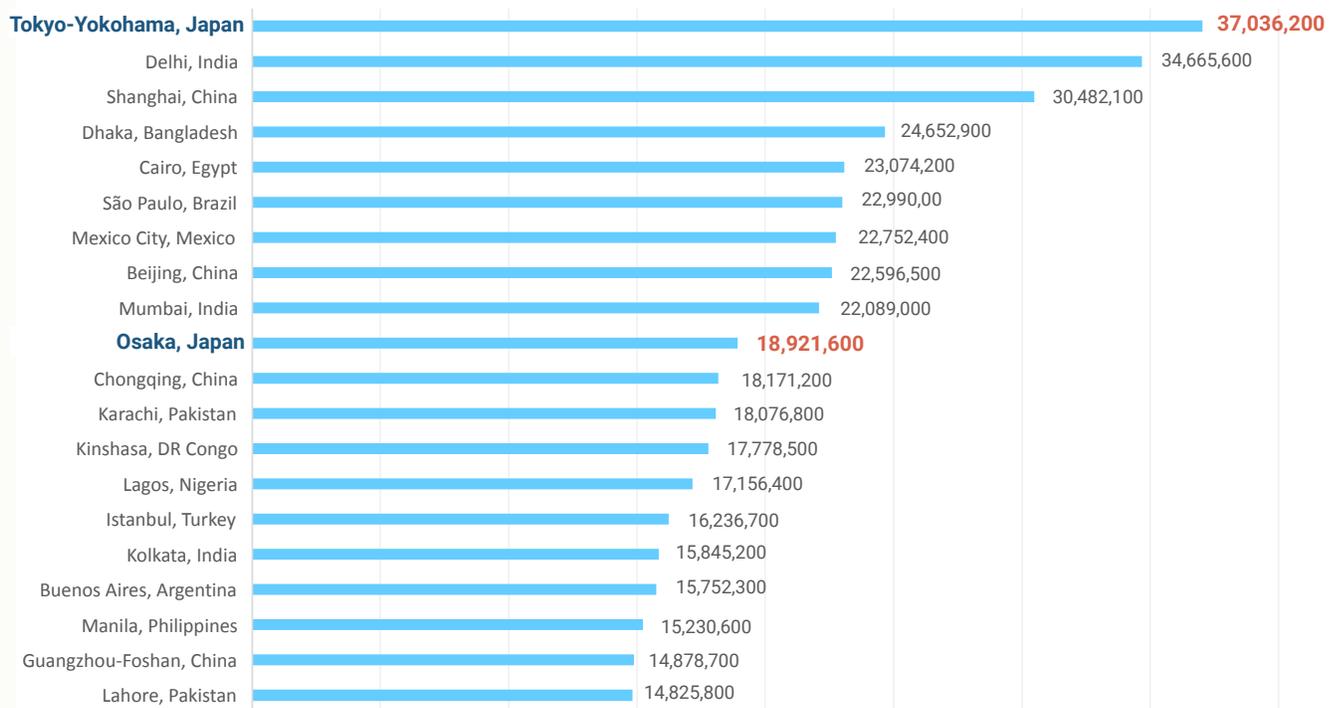
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Introduction

This working paper attempts to identify, explore, and adapt select lessons from Japan’s experience in meeting its population’s housing needs in order to inform US policy and inspire solutions to US housing challenges. Fundamentally, Japan represents a key proof point for the possibility of achieving housing affordability in US cities and states through policies supporting significant private housing supply alongside strong tenant protections.

The Tokyo metro area houses a population nearly comparable to that of California on a fraction of the land. Tokyo itself is unusually dense among the cities of wealthy nations, rivaled only by Paris—and for Americans, the only comparison is the densest borough of New York City (Manhattan). The Japanese experience, which includes two of the most populous urban agglomerations in the world (Tokyo and Osaka)—the only two in a high-income country among the top 20 (see fig. 1)—suggests that adequately affordable housing can be built in even the densest parts of the United States.

Figure 1. Largest urban agglomerations worldwide, 2025



Note: Each value above represents the population for the 20 largest urban areas globally in 2025. Figures were rounded.

Source: World Population Review, <https://worldpopulationreview.com/cities>, citing <https://esa.un.org/unpd/wup/>.

The primary goal of this working paper is to inform the US housing debate and promote bilateral social policy learning across these two allied nations that have overlapping economic values, disaster risks, and relatively high living standards. This paper is based on secondary research and analysis, as well as numerous informal conversations with individuals who possess housing and planning knowledge and expertise in both Japan and the United States.¹

Following this Introduction, the paper describes the worsening housing affordability and homelessness crisis in the United States, contrasting it with Japan's relatively more successful approach. It then outlines key differences in housing policies and contexts between the two countries, including zoning systems, subsidized housing provision, tenant protections, and income supports. Next, it suggests lessons that the United States, including its state and local governments, could potentially adapt from the Japanese experience, while acknowledging areas for more in-depth research and policy development on a range of particular topics.

A tale of two countries: What does Japan have to teach the US about improving housing outcomes?

It may come as a surprise to many residents of Japan that the country has some of the best housing-related outcomes in the world—and for our purposes, markedly better outcomes than in the United States.² That is not to say that Japan lacks housing-related challenges, including an unmet demand for larger housing, meaningful rent burdens among low-income renters,³ and a lack of wealth-building opportunities through homeownership.⁴ Nevertheless, Japan has achieved far better outcomes (specifically, with regard to homelessness, affordability, overcrowding, and satisfaction with the availability of quality, affordable housing) than the United States when it comes to ensuring an appropriate supply of affordable and adequate housing and commensurate income for its residents. The Japan case may not be a direct model for replication, but it is a rich source of policy inspiration for US jurisdictions.⁵

Housing affordability in the United States has steadily worsened since 1970,⁶ affecting virtually all income levels in all communities, but especially people with lower incomes⁷ and renters.⁸ Around a third of US households spend over 30 percent of their gross income on housing costs,⁹ with a quarter of renters spending half or more of their gross income on gross rent.¹⁰ While some US areas are depopulating,¹¹ at least three-fourths of US metropolitan areas are facing housing shortages.¹² The growing lack of affordability has helped fuel a significant post-pandemic rise in eviction¹³ as well as both unsheltered and sheltered (i.e., transitory, emergency housing, or other unstable conditions) homelessness, especially among children and families.¹⁴ The potential impacts of these outcomes are significant. For example, rent burdens, evictions, and homelessness are directly tied to higher mortality rates in the United States.¹⁵

Japan is not the only country from which the US can adapt lessons to improve housing outcomes, but it provides unusually powerful and relevant evidence and insights for all levels of the US government. Japan is a country with a comparably developed, capitalist economy with low interest rates, heavy utilization of private housing,¹⁶ strong tenant protections,¹⁷ dense metropolitan areas absorbing a growing share of the population despite scarce land,¹⁸ exposure to extreme weather and earthquake risks,¹⁹ and an aging population.²⁰ Alongside these realities, Japan has, as noted above, been relatively more successful in achieving desirable housing outcomes than the United States:

- **Homelessness** | Japan has a sharply lower per capita unsheltered homelessness rate²¹ (more than 30 times less than that of the United States in 2023) and has seen a steady decline in unsheltered homelessness in recent years.²² Indeed, Japan's rate of people living in public and external spaces is likely among the very lowest in the world.²³
- **Affordability** | In contrast to the 20–25 percent median ratio of housing expenditures to pretax household annual income in the United States (2010–2014), Japan's ratio of housing expenditures to family income was 13 percent in the 2010s.²⁴
- **Satisfaction** | Despite Japan ranking relatively low compared to middle- and high-income countries in overall happiness—and the United States ranking considerably higher²⁵—Japan is the only rich country where more than 70 percent of respondents are satisfied with local housing quality and affordability.²⁶ In contrast, US local housing satisfaction significantly declined to 39 percent, down from 61 percent in 2020 and 71 percent in 2013, ranking the US 21st among 38 OECD surveyed nations.²⁷ Gallup data through 2024 show the United States reaching a 17-year low in satisfaction with the availability of good, affordable housing.²⁸
- **Overcrowding** | Despite smaller housing per person on average,²⁹ Japan has among the OECD's very lowest rates of housing overcrowding—less than half the rate of the United States.³⁰ In other words, for a smaller share of their incomes, Japanese households are frequently living in housing with a more adequate number of rooms.

That Japan has experienced significantly less net international migration (though that may no longer be true as of the second half of 2025³¹) and is experiencing a declining national population does not fully or even primarily explain its housing successes.³² Beyond these data points, US-based advocates,³³ international policy experts,³⁴ researchers,³⁵ reporters,³⁶ and other observers³⁷ have for many years been pointing out Japan's success in housing its population. The experiences of Tokyo³⁸ and the Tokyo metropolitan area, which one-fourth of Japan's total population calls home,³⁹ have been particularly impressive, having experienced years of population growth.⁴⁰

Some of Japan's path to its world-leading housing outcomes would be challenging to replicate in the United States, given the latter's relatively stronger subnational governments, relatively meager urban light rail, cheaper land, a history of modest and consistent inflation,⁴¹ and different cultural and family expectations that likely affect outcomes like homelessness and housing satisfaction.⁴² Nevertheless, this paper outlines numerous lessons that are indeed adaptable in the US context. While Japan may not provide much direct inspiration for mitigating residential racial segregation and housing discrimination in the US,⁴³ the country's housing-related and public assistance policies clearly contribute directly to an extraordinary supply of affordable housing and mostly adequate incomes from which the United States can learn.

Now is the time to shape US housing policy

Affordable housing is a growing, bipartisan concern in the United States, and there has been demonstrated support for cross-ideological solutions.⁴⁴ Today, approximately two-thirds of Americans (including both Republicans and Democrats) are “highly concerned” about housing costs.⁴⁵ Unsurprisingly, politicians⁴⁶ and pundits alike are breaking with their parties' traditional playbooks in search of new housing affordability solutions⁴⁷ at all levels of government:⁴⁸

- Local and state governments have led the way, initiating significant policies intended to foster a greater supply of housing.⁴⁹
- US media outlets appear to increasingly cover both the housing challenges and innovative solutions to those challenges with sophistication and depth.⁵⁰
- Conservative politicians and leaders, including President Donald Trump, have advocated for measures such as creating tax incentives for homebuyers and cutting regulations on home construction,⁵¹ as well as opening up federal lands for residential construction to address housing costs, which Joe Biden did as well.⁵² (These approaches align with key features of Japan's success, such as its streamlined zoning and permitting processes that foster a more socially effective private housing market.)
- Data indicate widespread support across the ideological spectrum for increased funding to tackle homelessness.⁵³
- Self-identified Republicans express support for incentives to local communities for removing zoning and land use restrictions and streamlining federal regulations affecting building costs.⁵⁴
- Libertarian policy influencers—who historically have aligned with Republicans but now frequently work across the two major political parties—have increasingly proposed a range of federal measures intended to boost housing supply.⁵⁵
- Left-leaning commentators like Ezra Klein and Derek Thompson, who have highlighted ways to reduce some regulatory barriers in cities to build more affordable housing,⁵⁶ and Marc Dunkelman, who has argued that progressives have created counterproductive veto points for building new physical infrastructure,⁵⁷ are contributing to a framework for progressives to support cost-effective policies to produce more housing.
- Progressive cities (where housing shortfalls and homelessness are the most significant⁵⁸) like Washington DC have been engaging in multiple proactive measures with industry that have led to sizable housing construction, aligning with an approach advocated by the left-of-center group New Consensus. Similarly, New York City's newly elected Mayor Zoran Mamdani has already signaled that his approach will combine strong tenant rights with supply-supporting policies.⁵⁹

The current Trump administration's ultimate housing agenda remains mixed at best,⁶⁰ but the broader political trend toward ostensibly addressing rising housing costs in part by actively boosting housing supply is clear. Yet, even as the Republicans' 2025 budget law included a sizable expansion of the Low-Income Housing Tax Credit, it will reduce resources available to lower-income households by dramatically increasing food insecurity and the rate of people living without health insurance.⁶¹

As US lawmakers across the ideological spectrum pursue expanded housing affordability, the Japanese approach could provide proven, relevant strategies that can be adapted for and tailored to the US context in this moment. This working paper translates a selection of key lessons from the Japanese context to inform US housing solutions. The paper is in no way comprehensive. There are surely additional lessons

to be adapted and translated from Japan for the US context, and the lessons—even taken together—are not sufficient to address all US housing challenges, some of which are relatively distinctive, especially racial segregation.

Key findings

The key findings highlighted in this working paper include the following:

1. Three **Japan-inspired housing policy solutions** could cut across US political divides:
 - Implementing simpler and more flexible zoning regulations and consistent permitting processes to reduce market barriers to affordable housing construction. This approach could be achieved at the state level and/or in key metropolitan areas; the federal government may be able to incentivize these changes, including by encouraging policies that promote homeownership affordability, such as low interest rates and well-designed tax policies.
 - Building higher-density housing and smaller units that serve both lower- and middle-income households. This could be done, for example, by releasing targeted federally owned lands and/or capitalizing more self-sustaining agencies like the Urban Renaissance (UR) Agency and mission-oriented corporations that provide large-scale, accessible, and desirable affordable housing.
 - Extending tax incentives not just to corporate affordable housing developers but also to individual landlords to incentivize local small-scale rental investment and maintenance.
2. The United States can **learn from Japan's comprehensive public assistance programs** (e.g., automating eligibility and expediting payments across multiple income supports and subsidies) and—depending on the political climate in the coming years—increase funding for rapid re-housing programs, especially for families and children facing homelessness.

The United States and Japan can also **work and learn together to adapt their approaches and create innovative housing solutions** in the face of aging populations (and a potential lack of population growth in the US⁶² that could pose similar challenges to Japan's declining population) and the growing frequency of extreme weather events.

As noted, the scope of this research was not comprehensive. Further research and convenings could beneficially explore in depth additional homelessness, housing, and housing-adjacent topics for potentially adaptable learnings, such as construction and prefabrication,⁶³ transportation policy (including parking requirements and workers compensation coverage that encourages workers' transit usage), regional government and governance,⁶⁴ labor market policies, behavioral health treatment, gift and inheritance taxation, tax treatment of housing as it relates to home price growth, mortgage products and underwriting standards, and more.

I. US Housing Affordability & Homelessness

The current state of US housing affordability and homelessness

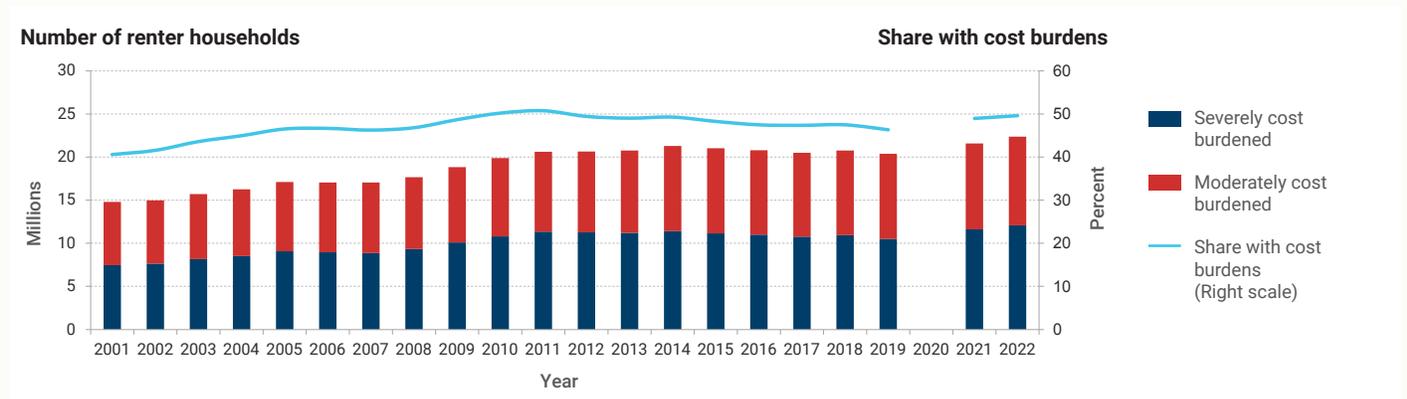
US housing affordability has deteriorated to record lows in recent decades, contributing to a historic rise in homelessness. This affordability crisis is driven by limited housing supply and high costs that are outpacing incomes,⁶⁵ compounded by climate change, construction labor shortages, and government spending cuts, and these trends are especially impacting lower-income and racial minority households.

Today, around a third of US households spend over a third of their income on housing costs⁶⁶—a common domestic threshold used to identify burden—with renters often spending over half their gross income on gross rental costs.⁶⁷ Nearly half of renters (49.7 percent) are cost-burdened, compared to just over a fourth (27.1 percent) of homeowners (fig. 2).⁶⁸ Although recent indicators show some cooling in rental markets,⁶⁹ affordability is still at or near all-time lows⁷⁰ due in part to limited housing inventory and new housing construction; inflation and higher interest rates; and housing costs growing faster than wages (fig. 3).⁷¹ Rental cost burdens vary by state but are especially severe in coastal states around the country.⁷² Beyond rent burdens, lower-income households—especially American Indian/Alaska Native, Black, and Hispanic households using subsidies⁷³—face poor-quality housing (fig. 4).

This section provides context on the current state of housing affordability and homelessness in the United States, including policies. Key findings include the following:

- US housing affordability is at record lows, with nearly half of renters and over a quarter of homeowners spending a significant portion of their income on housing, driving a historic rise in homelessness, especially among families with children.
- This crisis is fueled by a severe shortage of affordable housing, rising housing costs outpacing incomes, and higher interest rates, along with added pressures from climate change, construction labor shortages, and new spending cuts.
- Federal, state, and local housing programs, including rental subsidies and development incentives, are underfunded, complex, and often insufficient, contributing to persistent affordability challenges and harmful outcomes like concentrated poverty and racial segregation.
- Challenges to housing quality and access disproportionately affect lower-income and racial minority households. Despite some recent policy efforts, including changes to the Low-Income Housing Tax Credit, significant gaps remain in addressing the scale and complexity of the US housing crisis.

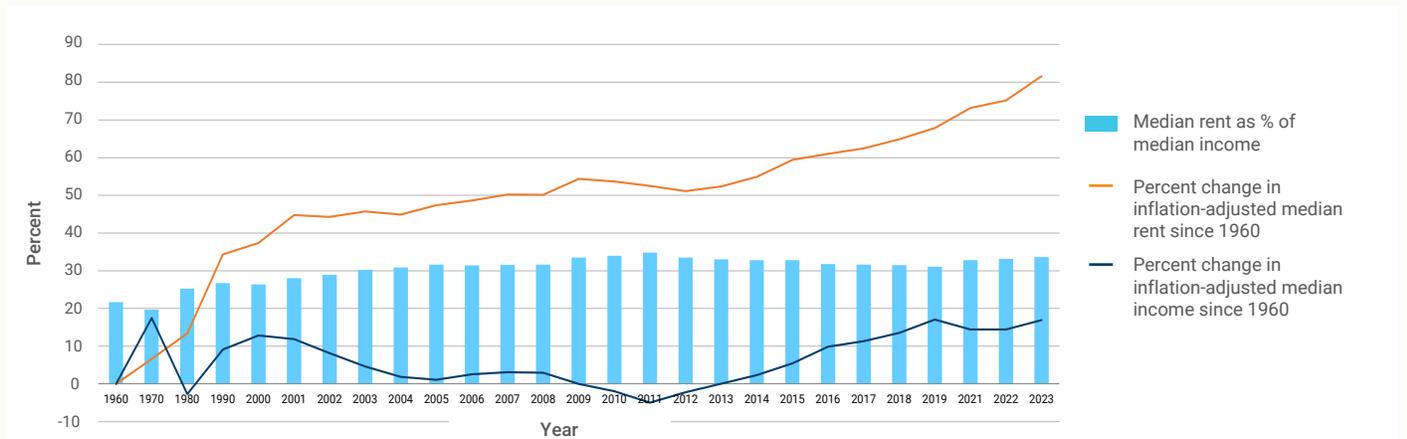
Figure 2. Number of US rental households relative to the share of renters with moderate to severe cost



Notes: Moderately (severely) cost-burdened households spend 30–50% (more than 50%) of income on rent and utilities. Households with zero or negative income are assumed to have burdens, and households that are not required to pay rent are assumed to be unburdened. Estimates for 2020 are omitted because of data collection issues experienced during the pandemic.

Source: Reproduced from Joint Center for Housing Studies of Harvard University (2024) based on US Census Bureau Community Survey 1-Year Estimates.

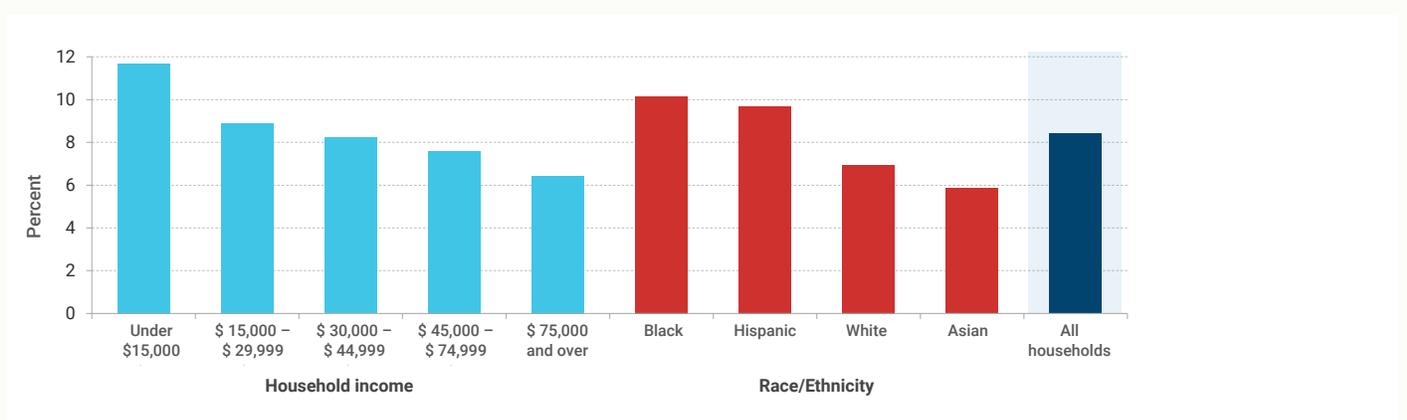
Figure 3. Growing divergence in US renter incomes relative to gross rent



Note: Underlying values are adjusted for inflation using the Consumer Price Index for All Urban Consumers (CPI-U) for all items.

Source: Joint Center for Housing Studies of Harvard University tabulations of US Census Bureau, Decennial Census and American Community Survey 1-Year Estimates via IPUMS-USA.

Figure 4. Share of renters in inadequate housing by income and race/ethnicity

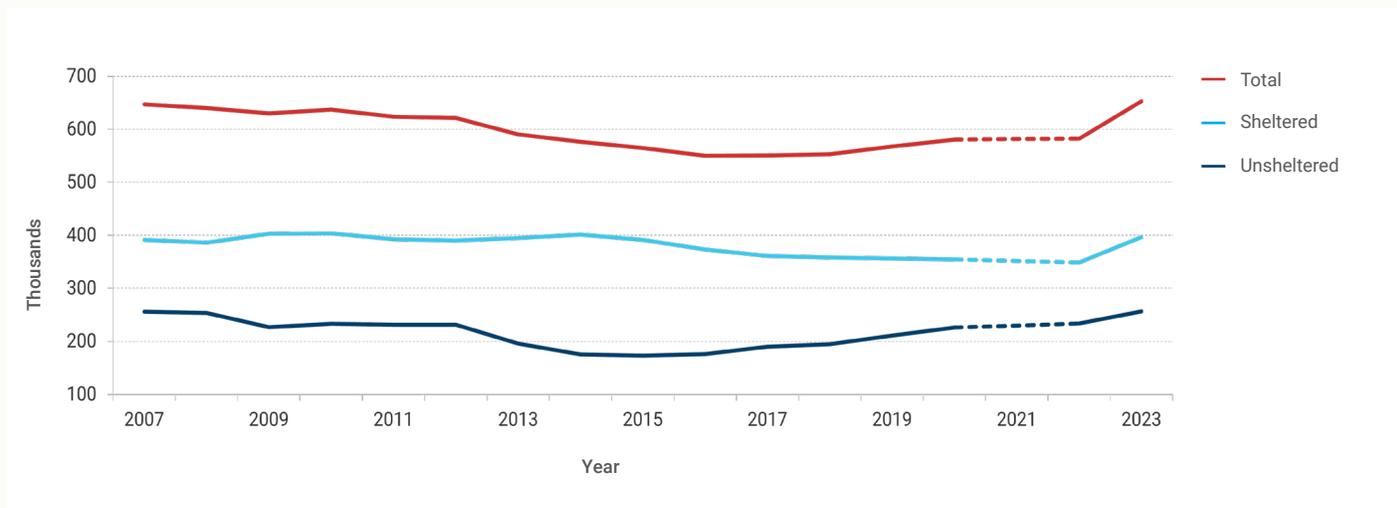


Notes: Housing inadequacy refers to a variety of structural deficiencies, such as large holes and leads or the absence of basic features including plumbing, electricity, water, or heat; US Department of Housing and Urban Development (HUD) classifies units as moderately or severely inadequate depending on the number of these physical problems. Black, white, and Asian householders are non-Hispanic; Hispanic householders may be of any race.

Source: Reproduced from Joint Center for Housing Studies of Harvard University (2024) based on tabulations of HUD and the 2021 American Housing Survey.

Housing affordability challenges have helped drive a substantial recent rise in US homelessness,⁷⁴ especially among families with children.⁷⁵ There has been a significant 18 percent increase in point-in-time homelessness (including those both sheltered and unsheltered) between 2023 and 2024, with over 770,000 individuals experiencing homelessness as of the end of 2024.⁷⁶ This includes a 39 percent increase in homelessness among people in families with children.⁷⁷ Concerningly, children experienced the biggest increases in homelessness between 2023 and 2024 among all age groups.⁷⁸ California and New York have the largest numbers of households experiencing homelessness, and they are among the states where homelessness rates are higher than the national average.⁷⁹ Despite the links between homelessness and housing affordability,⁸⁰ recent research finds that US cities (where homelessness is concentrated) and their elected officials rarely link zoning and land-use policies—both policies that affect affordability—to homelessness.⁸¹ Instead, city leaders often see homelessness through the lens of housed constituents concerned about the negative externalities of homelessness.⁸²

Figure 5. Number of people experiencing homelessness, 2007–2023



Notes: Point-in-time counts are conducted in January of each year. Unsheltered homelessness includes people staying in places not suitable for human habitation. Because of the pandemic, complete unsheltered counts were unavailable in 2021, and sheltered counts were artificially low, likely because of reduced shelter capacity.

Source: Harvard Joint Center for Housing Studies tabulations of HUD, Annual Homeless Assessment Report Point-in-Time Estimates.

A severe housing shortage is one of the prime drivers of today’s affordability and homelessness crises⁸³ The US housing market continues to settle after post-pandemic shocks that set in motion rising materials and construction costs, which, alongside rising interest rates and broader inflation, have driven up housing costs across much of the nation.⁸⁴ Today, housing shortage estimates vary from 1.5 million to as high as 7.3 million housing units⁸⁵ to say nothing of the far larger gap in *affordable* units.⁸⁶ Current new construction is insufficient to meet this growing shortage in a reasonable timeframe,⁸⁷ and the pace of building may not be sustained given today’s elevated interest rate environment combined with high labor and material costs.⁸⁸

Climate change, import taxes, deportations, and deep cuts to social protection policies could worsen housing affordability and homelessness in the coming years:

- **Climate change and associated weather events** (e.g., wildfires, extreme heat, and hurricanes), as well as earthquakes,⁸⁹ create repair and insurance costs⁹⁰ and could increase the prevalence of both temporary and permanent homelessness.⁹¹
- **Trade wars** could spike the costs of construction materials and deportations would raise costs,⁹² making it harder for new affordable housing to come online, especially given affordable housing's razor-thin margins (in contrast to profitable luxury housing).⁹³ The mass deportations underway may contribute to medium-to-long-run housing affordability challenges⁹⁴ by creating construction labor shortages and slowdowns,⁹⁵ reducing economic activity and tax revenues,⁹⁶ and creating housing instability by removing many wage and salary earners from families⁹⁷ even if they may also create more rental vacancies or reduce prices in some areas in the short run.⁹⁸
- **Substantial cuts to social protection programs** in the mostly pending 2026 Congressional appropriations⁹⁹ and the 2025 Trump budget law—especially Medicaid and other health coverage,¹⁰⁰ alongside SNAP and other basic needs programs—can be expected to further reduce housing affordability and drive more families into homelessness.¹⁰¹ The 2025 Trump budget law cuts represent one of the largest single policy-engineered reductions in resources for households with low and moderate incomes and increases in income inequality (which is itself detrimental for housing affordability)¹⁰² in US history.¹⁰³

One positive note, on the other hand, is that the recently enacted changes to the Low-Income Housing Tax Credit may finance a net of up to 1.22 million affordable rental housing units over the coming decade, depending in part on state administration and implementation.¹⁰⁴

US housing systems and approach to housing policy

A century of evolving but chronically underfunded and politically constrained federal, state, and local housing programs have proven too limited, complex, and inconsistently financed to address the US housing crisis, often unintentionally amplifying concentrated poverty and racial segregation.¹⁰⁵

An underfunded patchwork of US federal laws and associated programs, initiatives, and agencies address housing affordability and homelessness. Over the past century, dozens of federal laws have helped shape the housing market, including many that directly address affordable housing and homelessness.¹⁰⁶ These laws have ranged from establishing public housing to creating incentives for affordable housing developers, developing favorable financing and mortgage insurance terms, issuing demand-side rental subsidies (like the Section 8 Housing Choice Voucher Program), and supporting re-housing programs for those experiencing homelessness.¹⁰⁷ Since many of these programs—especially those focused on housing demand—require annual Congressional appropriations typically constrained by negotiated budget caps,¹⁰⁸ the funding available to support them has fluctuated depending on political priorities and has consistently been insufficient.¹⁰⁹

State and local governments often complement federal funding with their own funding and policies that

reflect political philosophies around government intervention, taxation, and social welfare. Supply-side approaches, which are common across both politically left- and right-leaning states and localities, include (i) state housing trust funds that provide desirable loans and grants to affordable housing developers¹¹⁰ and (ii) state-level tax credits, abatements, and other incentives or mandates¹¹¹ (e.g., flexible density requirements,¹¹² as well as inclusionary and or other zoning reform¹¹³) for affordable housing development.¹¹⁴ Demand-side measures include (i) tenant protection programs like rent control and stabilization laws, which tend to be larger and more robust in left-leaning states and cities,¹¹⁵ and (ii) first-time homebuyer and downpayment assistance programs, which are available in every state and in the District of Columbia but vary in terms of how much they help people with the lowest incomes and wealth.¹¹⁶

The limited size and scope as well as the complexity of these programs and initiatives at the federal, state, and local levels have meant that they have been insufficient in meaningfully addressing today's housing crisis,¹¹⁷ and in some cases they have also had unintended impacts like promoting racial segregation and concentrated poverty due to underfunding and design flaws. Because many of the programs associated with these laws require annual appropriations, their efficacy and scale are also highly dependent on political interests, and they are thus variable and constrained. For example, the US Department of Housing and Urban Development (HUD) estimates that only one in four eligible households receive federal rental assistance—a program dependent on annual Congressional appropriations.¹¹⁸

II. Japan's Contrasting Approach to Housing Policy

Japan's context: Housing affordability and homelessness

Japan's typical housing affordability levels are somewhat better than in the United States, while cost-burdened households are more common in the United States. For example, OECD data shows that broad household housing cost burdens (mortgage or rental costs) as a share of disposable income were modestly better in Japan in 2022 at the median (17.6 percent versus 18.4 percent in the United States).¹¹⁹ For owned homes (non-rental units), average home-price-to-income ratios are effectively lower in Japan after factoring in Japan's "Flat 35" long-term fixed-rate mortgage¹²⁰ and persistently low interest rates over the past two decades,¹²¹ with Tokyo (Japan's costliest city) offering housing that is comparable in terms of affordability to housing in relatively affordable US cities like Denver, Colorado, or Austin, Texas, rather than high-cost US cities like San Francisco, New York City, or Los Angeles.¹²² Moreover, property tax rates are often lower in Japan than in many US cities and states, and properties are taxed on assessments well below market value in Japan, while assessments tend to be close to market value in the US.¹²³

Importantly, the share of the population that is cost-burdened—defined for comparative purposes as spending over 40 percent of their income on housing costs (the OECD standard)—is 10 percent in Japan but 12 percent in the United States.¹²⁴

Renters and lower-income households in the United States face greater burdens relative to their Japanese counterparts. Japan's *renters* spend less on their rental costs relative to their disposable incomes: 19.9 percent versus 24.4 percent in the United States.¹²⁵ Furthermore, only 11.6 percent of Japanese renters spend more than 40 percent of their disposable income on rent, in contrast with 20.2 percent of renters in the United States. As in the United States, Japan's renter households have lower incomes than homeowners on average.¹²⁶ The comparative cost burden gap (spending over 40 percent of disposable income on mortgage or rent) is particularly apparent when examining the bottom quintile of the income distribution: within

This section describes Japan's housing affordability and homelessness context and contrasts its policies with those of the United States. Key findings include the following:

- Lower-income households and renters in Japan spend a lower share of their income on housing, while the number of unsheltered homeless individuals is small.
- Japan's success in these two areas can be partly explained by its centralized, integrated, and flexible approaches to housing, public assistance, and development policies, which together have driven a healthy inventory of affordable housing alongside demand-side supports. Important housing policies include the following:
 - **Zoning** | Japan's national government drives zoning decisions and has employed a simple 13-zone system that promotes mixed-use development and inclusionary zoning and results in faster permitting and a greater affordable housing supply.
 - **Housing Provision** | Japan's national government further boosts supply by provisioning desirable public and quasi-public housing serving both lower- and middle-income communities, and by incentivizing private individual ownership of rental properties.
 - **Tenant Protections** | Japan's national government also oversees key provisions in landlord-tenant agreements, which feature strong tenant protections that minimize evictions, while maintaining overall housing supply through other means.

this subset of households, nearly 47.6 percent in the United States are cost-burdened compared to 32.1 percent in Japan.¹²⁷

One result of the lower cost burden is that Japan boasts a vanishingly small rate of “unsheltered” homelessness, in stark contrast to the United States. It is important to note that, unlike in the United States, homelessness measurements and indicators in Japan include only those individuals living on the streets (“unsheltered”) while excluding those in emergency shelters, long-term homeless shelters, or transitory housing, those released from institutions with no identifiable housing, those temporarily residing with family/friends, or other types of homelessness and housing exclusion, so it is impossible to make a perfect comparison.¹²⁸ By this narrowest of measures, however, Japan’s most recent reporting (January 6, 2024) showed a nearly zero rate of individuals “unsheltered” (2,820 individuals¹²⁹ out of approximately 124,090,000 people,¹³⁰ or 0.0023 percent of the total population). In the United States, 0.0810 percent¹³¹ of the population (or 274,224¹³² out of an estimated 338,694,836 people¹³³) were unsheltered during the final 10 days of January 2024 during an official point-in-time estimate.¹³⁴ Put another way, the United States experiences more than 35 times Japan’s rate of unsheltered homelessness. It has a total population less than 3 times as large as Japan’s but more than 90 times the number of unsheltered homeless individuals.¹³⁵

In contrast to the rising levels of unsheltered homelessness in the United States, Japanese levels have fallen in the past decade¹³⁶ thanks to a combination of various cultural factors, demographic shifts, and government interventions. Some of those factors are somewhat unique to Japan, including labor market shifts and the availability of nonprofit services. However, the decline also stems from a healthy and growing inventory of affordable housing¹³⁷ and effective government assistance programs.¹³⁸ For example, some researchers find that Japan’s primary social protection program, *seikatsu hogo* (literally, livelihood protection), is less exclusionary, more efficient, and more comprehensive than targeted US public assistance programs (e.g., Supplemental Security Income, Temporary Assistance for Needy Families, General Assistance, etc.). Although it does have its own shortcomings, *seikatsu hogo*’s strengths include payments being made within 14 days, health care or housing assistance automatically accompanying cash assistance for those who need these supports, and a straightforward system for demonstrating eligibility.¹³⁹

Japan’s contrasting housing systems and policy approaches

Japan’s housing system has been shaped by limited land availability, high construction volumes, and the ever-present danger of natural disasters.¹⁴⁰ After World War II, Japan was faced with a devastating housing shortage, as much of its existing inventory had been burned down in the war.¹⁴¹ The national government stepped in to play a significant role in creating large-scale urban housing development; in parallel, industrialization drew more people from rural areas into urban areas.¹⁴² Today, these trends have persisted: demand for housing continues to be concentrated in urban areas¹⁴³ and the national government continues to play a dominant role in urban planning,¹⁴⁴ disaster preparation, economic development, and housing finance.¹⁴⁵

Japan’s housing stock tends to be newer and comprised of substantially smaller units than in the United States, especially in the case of rental units.¹⁴⁶ Historically, the Japanese government promoted new home construction as part of postwar reconstruction and the accompanying macroeconomic benefits, unlike the United States, where existing homes are readily financed and valued.¹⁴⁷ Only around a third of Japan’s land

is habitable—as compared to the US, where almost two-thirds of land is habitable—creating constraints on housing size, especially among rental units in urban areas.¹⁴⁸ Japan has fewer floor square feet or meters per person¹⁴⁹ and fewer rooms per person on average than the United States.¹⁵⁰ Rental units, including public, private, quasi-public (public-private), and corporate rental housing, comprise 35.6 percent of the number of housing units—and the overwhelming majority of that stock is private rental housing—but account for just 19 percent of total floor area (what Americans refer to as square footage).¹⁵¹

As a whole, and partly due to the Japanese government’s tendency to revise building codes following major earthquakes, the lifespan of buildings in Japan is relatively short, with housing structures slated for demolition on average at approximately 32 years in Japan versus 67 years in the US, and thus structures depreciate substantially faster (approximately 6–8 times faster) than in the United States. This has allowed construction volumes to stay high despite a healthy inventory of homes relative to demand in urban areas. Rural areas, on the other hand, exhibit high levels of vacancy and limited rental demand.¹⁵²

Japan’s urban planning integrates dense housing with high-quality transit and pedestrian infrastructure, minimizing inefficient surface area for features like parking. This density is further supported by the prevalence of small commercial properties, including retail and services required for daily living, interspersed among residential buildings. Taken together, this approach allows small units to offer a high quality of life.¹⁵³

Japan has taken a more centralized and coordinated housing policy approach that addresses both supply and demand,¹⁵⁴ in contrast with the United States, which takes a more fragmented approach¹⁵⁵ and has fewer federal protections for homeowners and renters. The US approach to foster housing affordability, including efforts to construct affordable housing and limit homelessness, has tended to feature a mix of public- and private-sector involvement with widespread reliance on tax incentives for corporate developers.¹⁵⁶ In contrast, Japan’s national government has historically played a large and central role in housing provision and urban planning.¹⁵⁷ The Japanese ministry in charge of housing, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), also manages closely related sectors, allowing for a more integrated approach to urban planning.¹⁵⁸ Japan’s approach to affordable housing and homelessness tends to be more coordinated and flexible,¹⁵⁹ with a stronger focus on desirable public housing,¹⁶⁰ more expeditious income support programs,¹⁶¹ and greater consideration of the built environment when compared to the United States.¹⁶²

Zoning policies, limited but important public housing,¹⁶³ rental ownership, and tenant rights and protections each embody this centralized, coordinated, and integrated approach that has influenced housing affordability and homelessness levels.

1. Zoning, permitting, and building codes

The national government in Japan created a centralized, simple, and flexible zoning system that supports affordable housing development. While local governments draft city plans and zoning designations, these must conform to the national framework established by the City Planning Act.¹⁶⁴ Prefectural governments usually have the authority to approve or reject these plans and have other influence over zoning.¹⁶⁵ The zoning system is also relatively simple, consisting of 13 categories of zones, including 8 residential zones.¹⁶⁶

In contrast, the United States operates a fragmented and inconsistent system, where tens of thousands of cities and counties create their own zoning codes and where exclusionary zoning is common in higher-income, homogenous areas.¹⁶⁷ Beyond its simplicity, the Japanese zoning system also allows for more flexible land use, where commercial and industrial zones can also accommodate residential uses,¹⁶⁸ thereby promoting mixed-use developments and increasing housing supply. In contrast, the US zoning system often designates each zone for a particular land use only¹⁶⁹ (e.g., single-family detached residence), limiting the potential for multi-family and mixed-use developments and restricting housing supply.¹⁷⁰ This restrictive zoning can lead to a shortage of affordable housing options and exacerbate racial and economic inequities.¹⁷¹

Japan's building permitting process is also streamlined due to the national government's centralized control over building standards and regulations. The country's national building codes are frequently updated, particularly after major earthquakes, rendering older structures noncompliant and diminishing their value.¹⁷² Obtaining loans for housing built under outdated codes is markedly more challenging, which depreciates older, noncompliant homes.¹⁷³ The Japan Housing Finance Agency incentivizes modern construction with lower interest rates for new dwellings that meet superior standards (e.g., earthquake resistance, energy efficiency).¹⁷⁴ This leads to rapid economic depreciation, with many Japanese homes losing their entire structural value within 30 to 40 years, making demolition and rebuilding more economically rational than retrofitting to meet new, stringent safety requirements.¹⁷⁵ This “scrap-and-build” approach results in an average lifespan for Japanese houses that is about half that of houses in the United States.¹⁷⁶ The constant turnover provides numerous opportunities to construct denser,¹⁷⁷ safer (vis-à-vis earthquakes),¹⁷⁸ and more energy-efficient housing¹⁷⁹ that better matches contemporary demand and optimal land use in desirable locations,¹⁸⁰ thereby mitigating the kind of inefficient land use—such as large, older, single-family homes near transit hubs—that is often seen in the United States due to restrictive zoning and different market dynamics.¹⁸¹

2. Public housing and quasi-public housing

As noted above, Japan's rental housing stock consists of public, quasi-public, and private housing.¹⁸² Public and quasi-public housing are directed at Japan's lower- and lower-to-middle-income households, respectively, and are often in high demand. The country's public housing system (1,922,300 units as of 2022) is locally administered and serves lower-income households exclusively.¹⁸³ Japan's quasi-public system (747,200 units as of 2022), administered by the independent, semi-public UR, builds larger-scale, planned housing complexes (formerly known as *kōdan* housing), which are often in urban and suburban areas. These complexes and their associated rentals serve both lower- and middle-income households at market rates but without the additional fees and guarantor requirements common in purely private rentals. The UR's predecessor, the Japan Housing Corporation, built numerous *kōdan* housing units in suburban areas following World War II, incorporating well-planned urban development concepts that include the strategic placement of open spaces, commercial and public facilities, and internal streets.¹⁸⁴ The UR continues to promote urban renewal and the revitalization of regional cities through locally specific public-private engagement and partnerships.¹⁸⁵ Perhaps unsurprisingly, public housing in Japan—which is designed to be desirable and typically well-located relative to transportation—has limited vacancy and availability, leading to significant rationing.¹⁸⁶

3. Private rental ownership

In Japan, private rental housing stands out for being predominantly owned by individuals rather than large corporations. Japanese tax policies significantly favor individual and family ownership of residential rental properties through reduced property tax assessments and substantial inheritance tax advantages for real estate over financial assets.¹⁸⁷ This ownership structure, combined with strict tenant protection laws—which make it exceptionally difficult for landlords to refuse lease renewals or evict tenants without court-established “just cause,” and often limit rent increases for existing tenants—has influenced the market.¹⁸⁸ Landlords, seeking to mitigate the risks associated with long-term, low-rent tenants, frequently prefer to offer smaller units—particularly studio apartments or “one-room mansions,” which are often 30 square meters or less—as these are popular with more transient tenants like college students and young professionals.¹⁸⁹ The average size of private rental housing in Japan is 45.6 m² (about 490 sq. ft.).¹⁹⁰

Moreover, because Japanese homes—including private rentals—have a reputation for rapid depreciation and a shorter lifespan, and given the cultural preference for new construction, there is less incentive for private owners to invest in long-term maintenance, frequently leading to lower quality and less well-maintained properties, with many remaining older units lacking modern insulation or failing to meet current earthquake-resistance standards.¹⁹¹

Despite Japan’s overall housing affordability, private rentals can be relatively expensive, particularly for low-income households. Rent-to-income ratios can easily exceed 30 percent for low-income earners (those with less than 2 million yen—about \$12,800—annually), implying they are considered cost-burdened by US and international standards.¹⁹² Furthermore, private rental contracts often include upfront costs like key money, renewal fees, and guarantor requirements, which can add to the financial burden. In contrast, public rental housing offers significantly lower rents for low-income families, and quasi-public housing from the UR typically eliminates many of these fees.¹⁹³

In addition to these public and quasi-public entities and private landlords, the private-sector in Japan also features large-scale, mission-oriented corporations that contribute to affordable housing provision, sometimes through share houses that offer co-living spaces.¹⁹⁴ These mission-oriented, for-profit private housing corporations provide affordable housing at scale.

Village House, managed by Village House Management Co., Ltd., demonstrates a private-sector model in Japan that balances profit with social benefits. Established by US private equity fund Fortress Investment Group in 2017 after acquiring former public housing and other residential buildings, Village House converts underutilized properties into affordable private rental units. As one of Japan’s largest landlords with over 100,000 units, Village House provides affordable rental housing to diverse residents, including low-income families and foreign residents. It prioritizes affordability through low upfront costs (waiving deposits, key money, brokerage, and renewal fees) and average monthly rents that are considerably below market rates in renovated older buildings. To support its 20 percent foreign resident base, it offers a multilingual call center and community events, and it previously collaborated with a leading employment agency to help provide job opportunities to its tenants and local communities.¹⁹⁵

4. *Tenant rights and protections*

Key provisions in landlord-renter agreements are regulated by Japan's national government and include stronger tenant protections relative to the United States.¹⁹⁶ In a recent 30-country survey, just 15 percent of renters in Japan believed that “it's too easy for landlords to take advantage of tenants,” as compared to a 59 percent average across all countries and 67 percent in the United States; after Japan, the next lowest rate was nearly three times as high (43 percent in France).¹⁹⁷ In Japan, key provisions in landlord-tenant agreements are regulated by the national Act on Land and Building Leases¹⁹⁸ rather than by prefectural (state) or local governments, as seen in the United States.¹⁹⁹ Lease agreements are predominantly multi-year and effectively open-ended, as opposed to the more typical one-year contracts in the United States, and they are challenging for landlords to terminate or refuse renewal.²⁰⁰ Such stringent tenant protections can unintentionally worsen housing affordability and homelessness by increasing rents.²⁰¹ Japan has largely avoided this fate, in part because the tax code incentivizes relatively wealthy households to supply rental homes, primarily through favorable property tax assessments and inheritance tax treatment.²⁰² However, strong tenant protections have created an unintended consequence—housing supply focuses primarily on single-person rental units rather than family-sized housing,²⁰³ though families increasingly have access to greater homeownership incentives.²⁰⁴

III. Potential Lessons from Japan for the United States

As discussed in the previous section, much of Japan’s housing policy successes have been driven, at least in part, by the national government’s ability to play a strong and flexible role in setting and coordinating housing, zoning, and public assistance policies.²⁰⁵ While this approach may not align neatly with the historical US emphasis on state and local governing autonomy, examining and then adapting relevant aspects of Japan’s housing and homelessness policies can illuminate creative paths forward that improve US housing outcomes while reflecting US political dynamics. These measures would need to be augmented in the United States by additional policies more tailored to the US context, including but not limited to tenants’ right to counsel in eviction court, relocation assistance for tenants displaced due to property redevelopment, long-term supportive housing, and more.

Supply-focused measures to boost affordable housing supply

1. Simplifying zoning and land-use policies

Building a simpler, flexible, and efficient Japan-inspired zoning system could help encourage more mixed-use, equitable, and resilient development. Updating zoning codes to allow for mixed-use developments and promote higher-density housing with smaller units in urban and suburban areas (where land is scarce and housing costs are high)—a direct benefit of Japan’s flexible zoning regime—could address affordability and homelessness issues. Such a system could also be used to mitigate the influence of local interests in restrictive and exclusionary zoning practices and ensure that affordable housing is not relegated to undesirable neighborhoods. Zoning and land-use planning reform may be especially critical in areas exposed to extreme weather events such as wildfires, hurricanes, floods, and droughts.

Zoning reform may be better implemented through local, state, or regional initiatives, given the historical US emphasis on state and local autonomy over these matters. A state-level or regional approach can balance

This section outlines lessons learned from Japan and translates them into potential interventions that the United States could scale up, shift, or adapt to its own context.

Supply-focused interventions could include

- simplifying zoning and land-use policies in part to promote denser, mixed-use zoning; this could be adopted at state, regional, and local levels, supported by federal grants
- streamlining permitting and building frameworks, to be adopted voluntarily and/or supported by federal incentives, such as discounted sale of federal lands in return for fast-tracking local permitting or climate-resilient construction practices
- incentivizing individual investment in rental housing through federal and state tax reform
- provisioning desirable, well-connected public or quasi-public housing at the right scale to meet demand

Demand-focused interventions could include

- scaling both housing and income supports through automated eligibility determinations and well-funded rental assistance programs
- reinvigorating US public housing programs by adopting or expanding elements of Japan’s model, such as extensively leveraging public-private partnerships (PPPs)
- combining strong tenant protections to limit evictions with counterbalancing efforts to boost affordable housing supply
- preventing homelessness via early intervention programs and scaling rapid re-housing and rapid public assistance, shifting the focus of state and local leaders to address the root causes rather than consequences of homelessness

local autonomy with broader oversight and also be complemented by federal incentives. For example, some state legislatures, like those in California,²⁰⁶ Montana,²⁰⁷ Washington,²⁰⁸ and Oregon,²⁰⁹ have already enacted laws that preempt local zoning restrictions in order to allow for denser development (e.g., allowing accessory dwelling units or multi-family homes in single-family zones).²¹⁰ Similarly, neighboring states or even localities with similar housing affordability challenges and land characteristics could form regional zoning commissions that centralize certain land use decisions and ensure adequate affordable housing supply. For example, states could extend the authority of agencies like the federally designated Delaware Valley Regional Planning Commission, which currently coordinates zoning and land use between Pennsylvania and New Jersey and is funded by a mix of federal transportation funds, state agency support, and local government contributions.²¹¹

Nevertheless, the federal government may also be able to incentivize zoning and land-use reform by subnational jurisdictions. Federal policymakers could require states and other jurisdictions to ease zoning restrictions and increase density through grants, tax credit allotments, or other subsidies for municipalities that implement higher-density, mixed-use zoning, or through streamlined federal housing grants for regions that reduce permitting timelines or adopt simplified zoning standards. For example, the Biden administration's Housing Supply Action Plan in 2022 offered federal funding incentives to municipalities that reform zoning laws to promote affordable housing development.²¹³ One way to further incentivize such changes would be to link them to federal funding for automobile-related infrastructure (primarily roads and highways), which represents tens of billions of dollars annually²¹³ for subnational jurisdictions²¹⁴—far more than other funding streams that could provide leverage.²¹⁵

In addition, federal funding supports a vast array of public transit systems (and implicitly, physical transit stations and stops) in the United States.²¹⁶ Congress might be able to mandate looser zoning near federally funded assets like transit stops²¹⁷ as well as near federal assets like post offices, federal courthouses, Social Security Administration offices, Veterans Affairs clinics and hospitals, military recruiting stations, federal office buildings, Customs and Border Protection stations, national park and forest facilities, weather service stations, and federal depository libraries.

Another measure the federal government could take would be to promote a voluntary national zoning model that states and localities could adopt. Publishing and socializing updated national best-practice zoning that promotes mixed use could enhance housing construction in US cities, potentially facilitating the development of a wider range of housing options, including more three-generation and family-sized apartments. Such a change could help move the US toward a Japanese-like system that is simple, uniform, and flexible. Widespread adoption of such zoning could reduce regulatory uncertainty for developers, cut down on paperwork and bureaucracy, and generally lead to faster construction and more diverse housing types.

There is historical precedent for this recommendation. The Standard State Zoning Enabling Act (SZA), a model law drafted and promoted by the US Department of Commerce in the early 1920s under then Secretary of Commerce Herbert Hoover, provided states with a legal framework empowering local municipalities to enact zoning regulations. This act laid the foundational authority for zoning across the United States by enabling local governments to regulate land use through zoning ordinances.²¹⁸ While zoning in US cities began earlier with local ordinances (for example, Los Angeles' municipal zoning ordinance in 1904²¹⁹ and New York City's 1916 Zoning Resolution), the SZA was critical for spreading

zoning power more uniformly nationwide and for providing states with a model enabling legislation that localities could adapt and adopt. The SZEA was followed by the SCPEA (Standard City Planning Enabling Act) and is broadly regarded as the key catalyst in the institutionalization and expansion of zoning codes throughout the United States.²²⁰ Finally, simplifying legal challenges to local zoning decisions could make it harder for communities to block multi-family or mixed-use developments through expensive and protracted legal battles.

2. Streamlining permitting and building standards

Adopting streamlined permitting processes and national building standards—even voluntary or regional ones—could simplify and accelerate affordable housing construction. Leveraging federal subsidies and incentives could shape the national housing stock and reduce costs by encouraging regional standardization of permitting,²²¹ moving beyond the International Building Code (IBC)—which is used frequently in the United States, but little in other wealthy nations—to shared building standards across states or metropolitan areas. The Biden administration’s 2022 Housing Supply Action Plan, mentioned above, which offered federal funding incentives for municipalities to reform restrictive zoning laws to promote affordable housing, provides a precedent for this approach. And as mayor of the largest city in the US, Zohran Mamdani’s first executive orders focused on both strengthening tenant protections and accelerating housing construction through streamlining processes (via the SPEED task force),²²² approximating Japan’s successful combination of strong tenant protections and supply-supporting policies.

Additional ways to streamline permitting processes and building codes include the following:

- **Open one-stop shops** | Create regional or state-level multiagency permitting centers to streamline development approvals. These “one-stop shops,” similar to Sunnyvale, California’s model, would consolidate permitting, licensing, plan review, and other services. This would reduce bureaucratic obstacles, expedite approvals, minimize developer delays and costs, and facilitate housing construction.²²³
- **Shift to by-right permitting processes** | Adopt at the state level and incentivize at the local level “by-right” permitting in pre-zoned areas, meaning projects that meet specific criteria (e.g., mixed-use or multi-family housing) are automatically approved without requiring discretionary reviews.²²⁴ This approach removes delays for housing development and provides developers with greater certainty. (Note that by-right permitting relates closely to zoning and building codes.)
- **Redefine public participation** | Redirect public involvement from individual project approvals to the upfront crafting of comprehensive general plans. This recommendation is essential in the US context, where the public expects to be able to engage in maintaining the character of their neighborhood.
- **Tie loans to building standards** | Consider explicit loan preferences for newer, climate-resilient, and energy-efficient housing, including multi-family housing.
- **Create fast-track permitting programs** | Expand existing programs that offer expedited reviews for affordable housing or transit-oriented housing.²²⁵ Several of these programs already exist at subnational levels²²⁶ and could be adopted far more widely and expanded in scale.
- **Establish online and automated permitting platforms** | Increase the use of digital systems that streamline application reviews, automate compliance checks, and reduce processing time.²²⁷

- **Delegate authority to state agencies** | Inspired by the Japanese national government’s arrangement, states could grant their administrative agencies—rather than state legislatures—greater authority to modify zoning and building codes, enabling faster regulatory adaptation. Initially, this could include pilot programs that give select areas the authority to bypass traditional permitting processes and experiment with simplified rules.
- **Expand federal waivers** | Provide more federal waivers for select affordable housing projects, exempting them from certain local zoning or permitting requirements to expedite construction.²²⁸ These waivers could apply, for example, to federal lands that are given or sold to states at a discounted cost in exchange for affordable housing development.
- **Encourage taller single-stair housing** | Japan (and many international peer countries) permit single-stair designs with additional fire protection measures for buildings of up to 14 stories, unlike most US jurisdictions that mandate two stairs for buildings over 3 stories,²²⁹ which increases per-unit rent and reduces financial feasibility, despite the availability of other effective fire safety requirements.²³⁰ Reforms allowing single-stair buildings are being studied or enacted in some US states, like Tennessee and Colorado.²³¹
- **Promote national industrialized housing delivery (IHD) standard** | High-quality modular and other offsite construction methods can lead to faster, lower-cost, and more reliable housing delivery.²³² In the United States, the lack of a uniform national modular building code and varied state/local regulations create complexity and increase compliance costs for developers, hindering scalability.²³³ In contrast, Japan (and other wealthy countries) has successfully scaled offsite manufactured housing through regulatory parity and “housing system certification,” which offers a fast-track compliance process for preapproved building systems and was first developed by the United States but has yet to affect the large share of homes that it does in Japan.²³⁴ US states and localities could facilitate modular construction by updating zoning laws, standardizing building codes, and implementing fast-track permitting processes for such projects. To be most effective, states and localities should also aggregate demand for IHD, including by cooperatively pre-purchasing across local jurisdictions²³⁵ and “changing award criteria from housing authorities, city housing departments, and housing finance agencies for private-sector developers to focus on the total project cost, project delivery timing, and product consistency,”—as proposed by the National Housing Crisis Task Force—which in turn would encourage greater utilization of IHD.²³⁶

3. *Incentivizing rental housing investment*

Using Japan-inspired tax incentives to support individual investment in rental housing could help boost affordable housing supply. The United States has a long track record of using federal, state, and local policies to incentivize corporate real estate developers to build more housing. For example, the Low-Income Housing Tax Credit²³⁷ and Opportunity Zones²³⁸ programs offer tax advantages to profitable companies building multi-family or mixed-use developments. Expanding such tax incentives to nonprofit and individual investors could increase the capital available and flowing to affordable housing development while having the secondary benefit of helping middle-class wealth creation.

Drawing on Japan’s experience, targeted US incentives could encourage individuals to own and lease out affordable rentals, such as allowing faster property depreciation for tax purposes. Policymakers should

ensure that reforms promote maintenance, not just construction, to avoid challenges seen in Japan’s market. Supporting small landlords and multi-family housing could and should boost quality supply. Japan’s frequent home replacement, aided by rapid depreciation, tax preferences for newer homes,²³⁹ and low interest rates,²⁴⁰ increases affordability²⁴¹ compared to older US homes.²⁴² Adjusted US tax policies—like accelerated depreciation and higher inheritance taxes on non-housing wealth—could help expand affordable rental housing, especially through nonprofits and new developments. While both the United States and Japan treat residential structures similarly for tax depreciation, Japan’s building codes and preferences for newness result in homes being demolished more than twice as fast. This leads to a much higher economic depreciation rate in Japan (6.1 percent vs. 0.7–1.1 percent in the United States). Additionally, inheritance tax advantages in Japan—amidst a far higher and more progressive inheritance tax than the US estate tax—incentivize investment in new rental housing. While replicating Japan’s “disposable” housing culture in the United States would be challenging, historical US examples, such as accelerated depreciation for rental properties in the 1980s, show that targeted tax incentives can boost housing production.

Foreign Housing Ownership in Japan and the United States: Affordability Implications

Both the United States²⁴³ and Japan (more recently)²⁴⁴ are grappling with the effects of international capital flows on their respective housing markets, but their interventions are distinct. In the United States, the policy emphasis has been on countering illicit finance and protecting national security.²⁴⁵ US policymakers have targeted the use of opaque corporate structures, such as anonymous shell companies, which wealthy individuals use to hide assets for purposes like money laundering or tax evasion.²⁴⁶ This anonymous and often foreign capital has been recognized as inflating housing prices and contributing to the US housing affordability crisis.²⁴⁷ Instead of imposing broad foreign buyer taxes, the US federal government relies on transparency tools, such as the Financial Crimes Enforcement Network’s (FinCEN) Geographic Targeting Order program, which mandates beneficial ownership disclosure for corporate all-cash real estate purchases in high-risk areas.²⁴⁸ Though the Trump administration is walking back much of that overall mandate, it has proposed to continue to subject “foreign reporting companies” to it.²⁴⁹

Japan has historically maintained a system with virtually no restrictions or special taxes on foreign real estate purchases—a rarity among developed nations.²⁵⁰ This traditional openness, combined with a weak yen, has contributed to a recent surge of foreign investment, particularly into the luxury condominium market in prime urban areas. Concentrated speculative buying has driven median apartment prices in Tokyo’s 23 central wards to soar by approximately 64 percent between 2021 and 2025, severely undermining affordability for local Japanese residents.²⁵¹ That localized affordability crisis has pushed the issue from a fringe concern into mainstream political debate, prompting seven of the eight major political parties to express support for some form of regulation.²⁵²

4. Provisioning public and quasi-public housing

The United States could reinvigorate its public housing programs by adopting elements of Japan’s housing provision model and promoting PPPs. While the United States does provide public housing through its Section 8 programs and quasi-public initiatives like the Rental Assistance Demonstration initiative, these efforts have historically faced chronic underfunding and inconsistent policy support, and thus have had mixed success.²⁵³ In contrast, Japan’s UR maintains long-term, high-quality public housing by leveraging

PPPs, targeted government investment, and effective management strategies to ensure affordability and upkeep over time.²⁵⁴ To enhance public housing sustainability, the United States could mirror Japan’s semi-private housing that expands access without direct subsidies—instead eliminating fees and guarantor requirements—or extend affordability periods for subsidized developments and implement public land lease models, where the government retains ownership of the land while leasing it to private developers.²⁵⁵

The United States could also explore mechanisms to foster large-scale, private, for-profit or nonprofit mission-oriented entities—similar to Village House, as described above—that are explicitly mission-oriented toward providing affordable housing. US policy could promote such landlords through incentives for acquiring and renovating existing housing stock for affordability, coupled with tenant protections and low barriers to entry.

Demand-focused measures to alleviate cost burdens

1. *Scaling housing and broader income supports*

Providing direct housing assistance to renters and low-income households can spur private investment in affordable housing while alleviating cost burdens. The United States runs several programs that provide housing cost assistance to lower-income households, but as described in the previous sections, these programs are typically underfunded, hard to navigate, and have stringent eligibility requirements. Japan’s programs, in contrast, are well coordinated with other public benefits and cover a broader range of low-income individuals, including the elderly and those without work. Even if political support in the US is inadequate in the near term to expand funding for these programs, the United States could adopt Japan-inspired approaches such as financial incentives to landlords who rent to low-income tenants and participate in Section 8 programs or government-backed security deposit programs.

Shoring up funding, as well as increasing access to and ensuring eligibility for a wide range of non-housing supports, can also increase the level of disposable income available to cover housing costs. By reducing the financial strain of non-housing expenses—such as healthcare, childcare, and food—households can better afford stable and adequate housing even when rental costs or interest rates rise. For example, Japan’s national health insurance covers nearly all of its population, while its cash assistance for both employed and non-employed low-income individuals and its extensive childcare and eldercare supports all increase the amount of disposable income that can be allocated toward housing. Examples of Japan-inspired policy actions that are outside of the housing sphere but can be adapted to the US context include the following:

- **Accelerate benefits enrollment** | Simplify and automate enrollment in public assistance with quick and accurate decisions. For example, integrating more outreach and applications for healthcare, food assistance, and childcare benefits based on available income data and ensuring immediate relief could efficiently support those facing imminent financial hardship and housing instability.
- **Expand health coverage** | Expand Medicaid eligibility in all states to reduce healthcare-related expenses, freeing up household income for rent or mortgage payments.²⁵⁶
- **Increase cross-state consistency** | Set more federal standards for public benefits to improve harmonization across states and ensure that individuals do not lose access to programs due to moves, regardless of their motivation for the move (e.g., job loss, job changes, caregiving needs, etc.).

- **Scale workforce development programs** | As workforce participation is a bipartisan policy priority, and is increasingly important with rapidly declining net international migration to the United States, expand proven and promising job training initiatives tailored to homeless individuals.
- **Promote PPPs** | Encourage partnerships with employers to create diverse employment pathways, including flexible work arrangements and training and advancement opportunities, for vulnerable populations.

2. *Balancing tenant protections with housing supply*

Strengthening tenant protections in the United States can alleviate homelessness resulting from evictions, but that must be balanced with measures that encourage continued rental housing investment. As described in the previous section, Japan offers lessons on how to protect tenant rights while providing adequate supply-side support (including public housing, individual investment incentives, etc.) to balance undesirable consequences for housing production and affordability. Assuming the United States is able to implement adequate supply-side measures, the following are examples of tenant protections that could alleviate homelessness:

- **Extend eviction protections** | Like Japan, the United States and its subnational jurisdictions could introduce more stringent regulations on evictions. This could include requiring valid reasons for eviction (such as nonpayment or violation of lease terms) and imposing longer notice periods to give tenants more time to find new housing.
- **Prohibit “no-fault” evictions** | Some jurisdictions in Japan restrict no-fault evictions, where tenants can be evicted without any specific reason. The United States has similar protections in some states and cities, and expanding this coverage in areas with severe housing shortages could alleviate homelessness.
- **Right of first refusal for tenants** | Allow tenants the right of first refusal if the property is being sold, providing them with an opportunity to purchase the property or transfer the lease to the new owner under the same terms. Similar systems are already in place, for example, in the District of Columbia.

3. *Preventing homelessness*

Adopting Japan’s highly successful, prevention-focused approach to unsheltered homelessness would complement the broader housing affordability policies of the United States. The current US approach to homelessness tends to be somewhat punitive, focusing on dealing with the consequences of homelessness on the rest of society rather than prevention by addressing its root causes (e.g., job loss, unaffordable housing). In Japan, individuals are offered permanent or transitional housing without preconditions like employment, which gives them a stable base from which to build or rebuild their lives, and this is complemented by financial counseling and job search assistance. The United States can borrow from these approaches to either scale up existing programs or institute new programs along the following lines, depending on the place:

- **Expedient and effective public assistance programs** | The United States could learn from Japan’s public assistance approach by prioritizing the prompt processing of applications and allocation of benefits to avoid prolonged homelessness and its associated negative impacts on physical and mental health, as well as reducing criminal legal system involvement.²⁵⁷

- **Early intervention programs** | For example, those with financial hardships, facing discrimination, or grappling with eviction notices could benefit from financial counseling or direct assistance and legal services.
- **Rapid rehousing programs** | While the United States already has rehousing programs in place, they tend to be inadequate; scaling up programs to provide short-term financial assistance and connections to services like mental health and employment support can alleviate homelessness issues. Japan may not use the same terminology, but its approach includes elements substantially similar to the former “Housing First” approach in the United States,²⁵⁸ which made significant progress in ending veterans’ homelessness when vigorously implemented.²⁵⁹

IV. Conclusion

Translating Japan’s experience to inform the pressing affordability and homelessness challenges faced by US renters and low-income households can be highly valuable, despite the contextual differences between the two countries. Tailoring lessons from Japan’s more centralized, coordinated approach into practical, adaptable strategies for the more fragmented US context may require a greater focus on state policies in the United States—and on the federal policies that influence state policies. These lessons range from supply-side interventions, such as zoning and permitting reform to demand-side approaches including addressing root causes of homelessness and expeditious public support for lower-income households. Even more important to learn from may be the combination of policies that Japan has in place, especially the combination of rapid public benefit delivery and strong tenant protections, along with supply-supporting policies, including through the housing finance system.

Further translation and documentation of policy differences and their impacts can advance solutions that should resonate across political divides, emphasizing reforms that are equitable and efficient—and are beneficial to a broad range of constituencies at a sufficient scale and pace. Diverse stakeholder coalitions could drive both practical changes in housing development and construction and shape the broader political discourse. By directly engaging with federal, state, and local leaders through technical assistance, expert exchanges, advice on pilot programs, and educational campaigns, these efforts can help demonstrate the efficacy of Japan-inspired approaches, such as incentives for individual and family landlords and streamlined permitting processes. Focused work could help US states work through preemption possibilities on a slate of issues that are largely regulated by local government. One way to do this is to focus on a few states that are trying to address some of the challenges illustrated in this working paper, as well as federal levers to encourage states and localities to shift policies.²⁶⁰

Japanese insights and experiences can shape the evolving housing debate in the United States. For the US, strategically framing, adapting, and communicating lessons from Japan and building robust stakeholder networks will contribute to more effective policies that address affordability, reduce homelessness, and create more equitable, liveable, and resilient communities.

About the Author

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Endnotes

1. Formal primary research was beyond the scope of this working paper.
2. Indeed, conversations with numerous Japanese residents and policy and political experts and leaders often begin with the Japanese expressing the sentiment that there is nothing for the United States to learn from Japan with regard to housing. (In contrast, Americans often quickly appreciate the benefits of the Japanese approaches to ensuring decent housing for all.)
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12. Cristian deRitis et al., *Bringing the Housing Shortage Into Sharper Focus*, Analysis (Moody’s Analytics and Urban Institute, July 2025), <https://www.urban.org/sites/default/files/2025-07/Bringing-Housing-Shortage-Into-Sharper-Focus.pdf>.
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