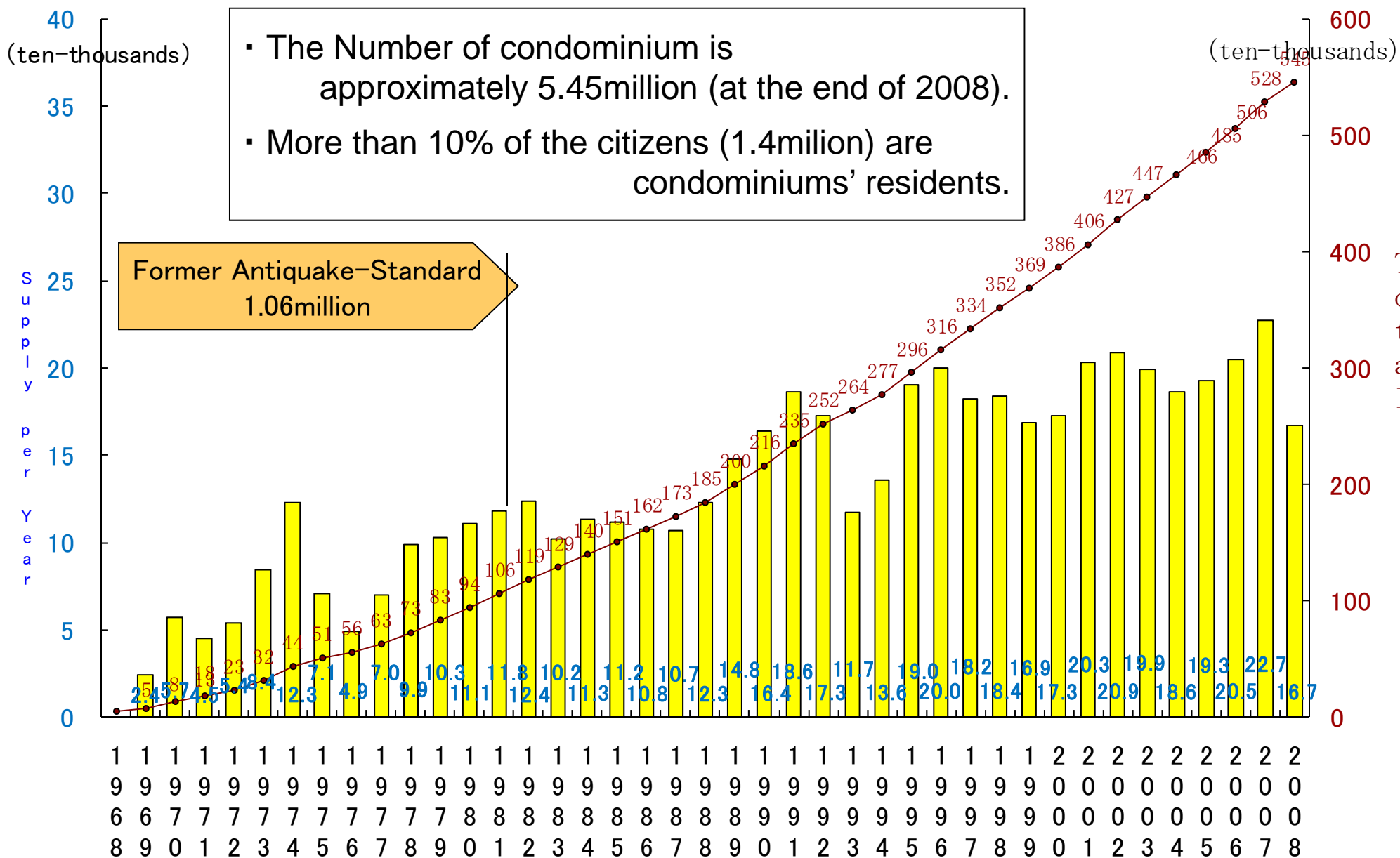
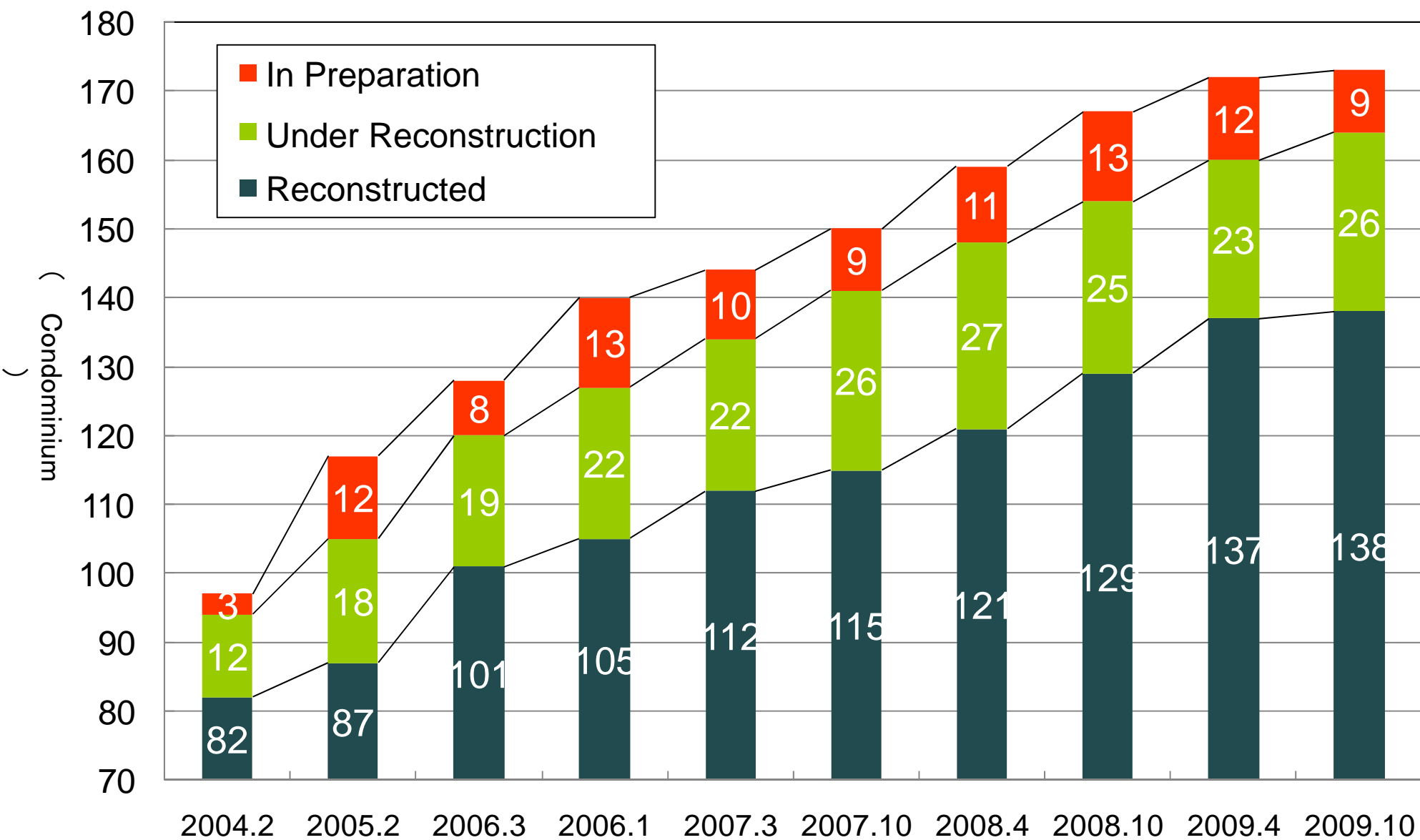


Reconstruction of Condominiums(Mansions) in Japan

The Number of Condominiums



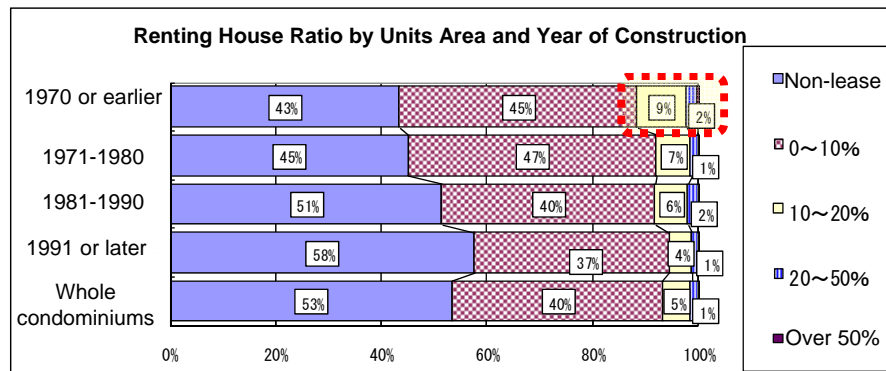
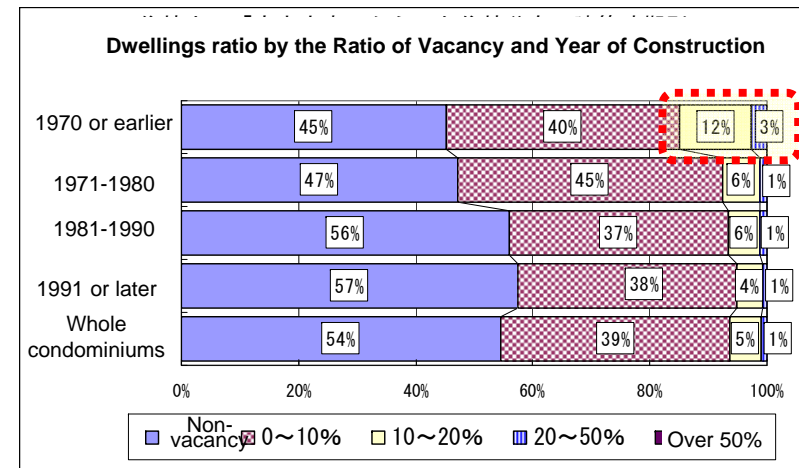
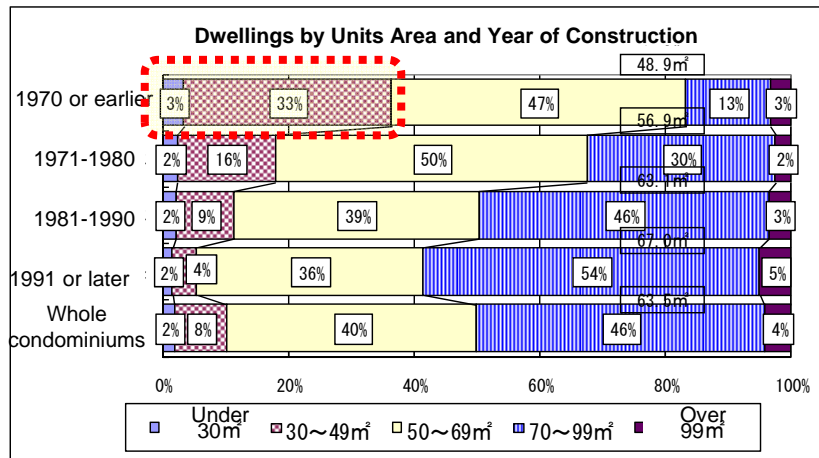
The Number of Reconstruction



Smaller Units, More Vacant Units, More for Rent

36% of units in condominiums built in 1970 or earlier are smaller than 50m²

15% of condominiums built in 1970 or earlier are in the situation that “more than 10% of the units are vacant”



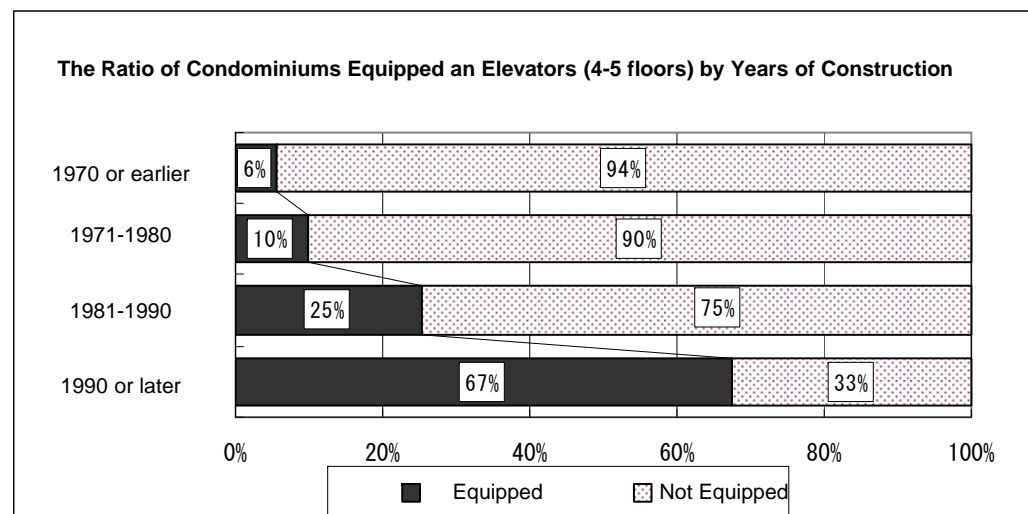
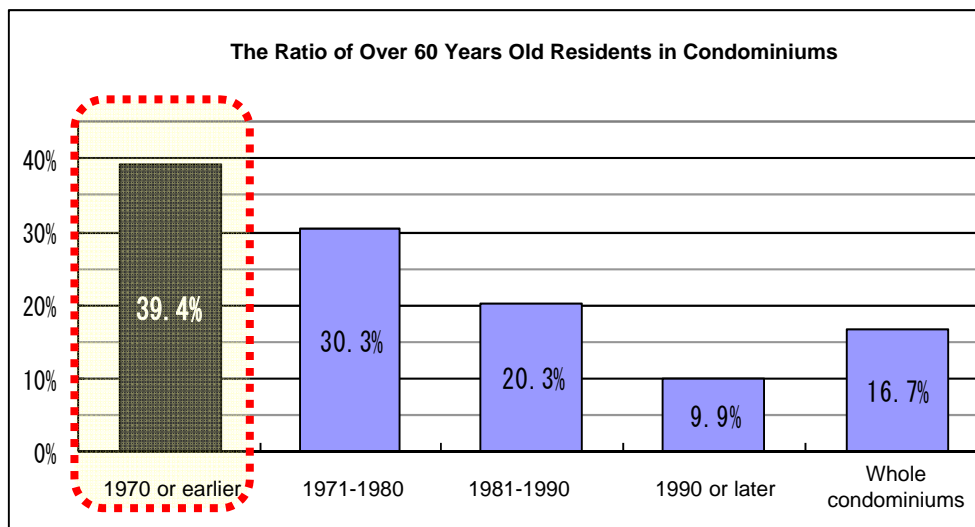
11% of the condominiums built in 1970 or earlier are in the situation that “more than 10% of the units are for rent”

(Housing and Land Survey(2003))

More Aged Residents, Not for Accessible Situation

Among condominiums built in 1970 or earlier, 40% of the households are composed of over 60 years old persons

Only 6% of condominiums built in 1970 or earlier have elevators



(Housing and Land Survey(2003))

Case1 (Dojunkai Edogawa Condominium: Shinjuku, Tokyo)



Before Reconstruction

【Before Reconstruction】

built in 1934, 4 and 6 floors,
2 buildings, 258 units

【After Reconstruction】

completed in 2005, 11 floors,
1 building, 232 units



After Reconstruction

Before Reconstruction



After Reconstruction



【Before Reconstruction】

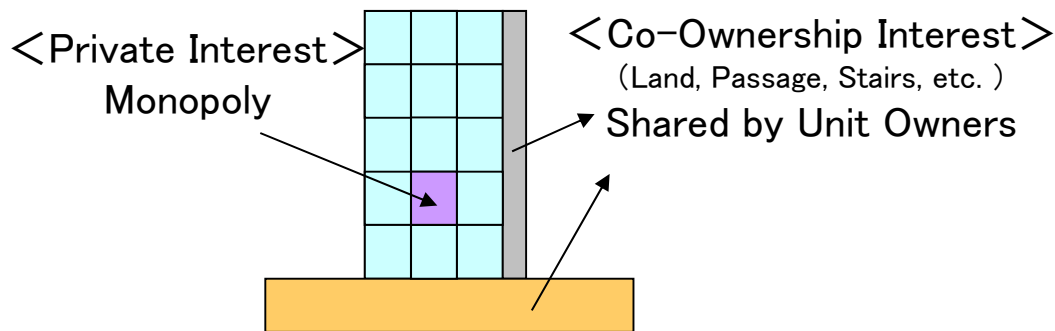
built in 1954, 4 floors, 1 building, 30units

【After Reconstruction】

built in 2001, 15 floors, 1 building, 126 units

Act on Unit Ownership, etc. of Building

This act defines the ownership of an independent residence, shop, and office which are structurally divided in a building. It also defines the management of a building and land.



○ Basically, private space and common space cannot be dealt separately.

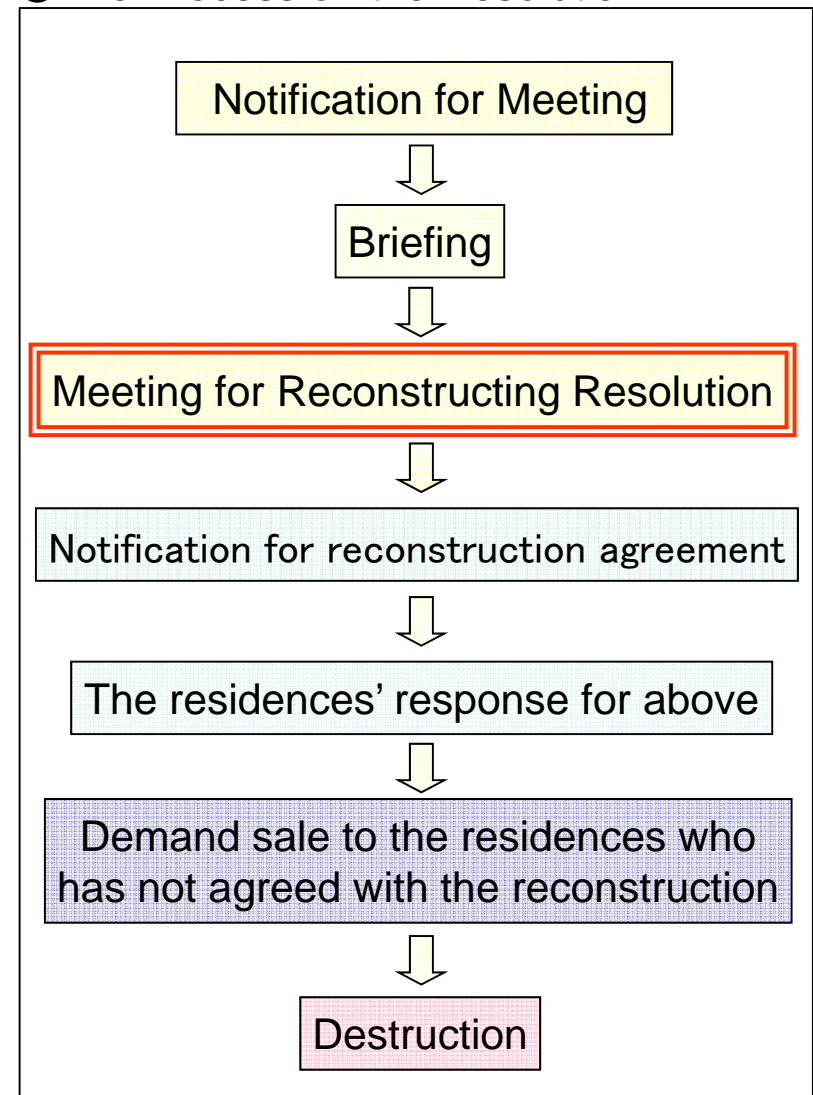
○ An association is composed of all of the unit owners.

○ Administrative by-law should be established for management.

○ The changes of by-law for common space should be decided by resolution meeting.

⇒ How to make agreement among all of the unit owners in the problem to be solved.

○ The Process of the Resolution



<Reconstructing Resolution>

- The association may make decision for reconstruction under agreement of four fifth or more of the unit owners and the votes※ (The land should be at totally or partly the same position as previously placed).
 ※ : The votes depends on the rate of each unit owner's floor area. The association may provide special rules in by-law.

The requirement for reconstruction

① One Building on a land

Reconstructing Resolution

Agreement of four fifth or more of the unit owners (people and votes) in the building

Approval Resolution

Agreement of three fourth or more of the unit owners (votes※) in all buildings on a land

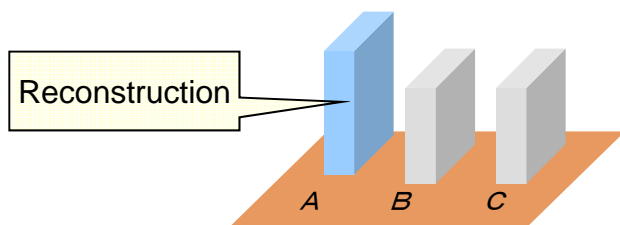
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② All Buildings on a land

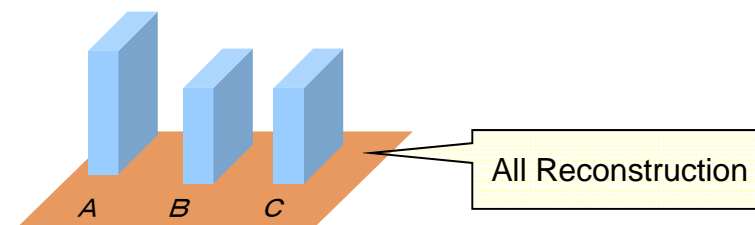
Collective Reconstructing Resolution

Both agreement of four fifth or more of all unit owners (people and votes※) and agreement of two thirds of unit owners (people and votes) in each building

- < The requirement for Collective Reconstructing Resolution >
1. Private interest must be in whole buildings
 2. The land must be shared by the unit owners
 3. Same by-laws are provided among whole buildings



※The votes mentioned above only depends on the rate of land interest even if a special rule is provided in by-law



※The votes mentioned above only depends on the rate of land interest even if a special rule is provided in by-law

○ Requirement for Resolution of Repair and Renovation

Construction	Example	Required agreement
Construction without notable changes in shape and use	wall repairing putting slope, railing	Half or more of the unit owners and the votes
Construction with notable changes in shape and use Construction with notable changes in land use	extension in common space changing an open space into a parking	Three fourths or more of the unit owners and the votes
Construction with changes in co-ownership	division of the land	All of the unit owners

○ Requirement for Reconstructing Resolution

Reconstruction	Required agreement
A condominium (1 building)	Four fifth of the unit owners and the votes
Part of condominiums on a land	Both four fifth or more of the unit owners and the votes among the reconstructing building and Three fourth or more of the votes of all building
All of the condominiums on a land	Both four fifth or more of the unit owners and votes of all building and Two thirds or more of the votes of each building
Cancellation of the unit ownership	All of the unit owners

This act defines the procedures for reconstruction after making decision.

1 Actor of Reconstruction

① Establishment of the Reconstruction Union (Incorporation)

When the reconstructing resolution is adopted, incorporated reconstruction union would be if agreement of three fourth or more of the unit owners who has agreed with the reconstruction and , moreover, the governor has approved.

② Clarification of the Rules on Management and Decision Making

The rules on management of the union and making decision are clarified in acts.

2 Process of Reconstruction

① Facilitating Interest Transaction by "Conversion Rights"

Condominium related rights, such as unit ownership or mortgage, may be converted to the reconstructed condominiums, based on "the Conversion Rights Plan", which is provided by the agreement of four fifth or more of the reconstruction union and governor's approval.

② Purchase Interests

The reconstructing union may buy the interests from the unit owners who have not agreed with the reconstruction, according to the rights of demand sale.

③ Collective Transaction for the Registration

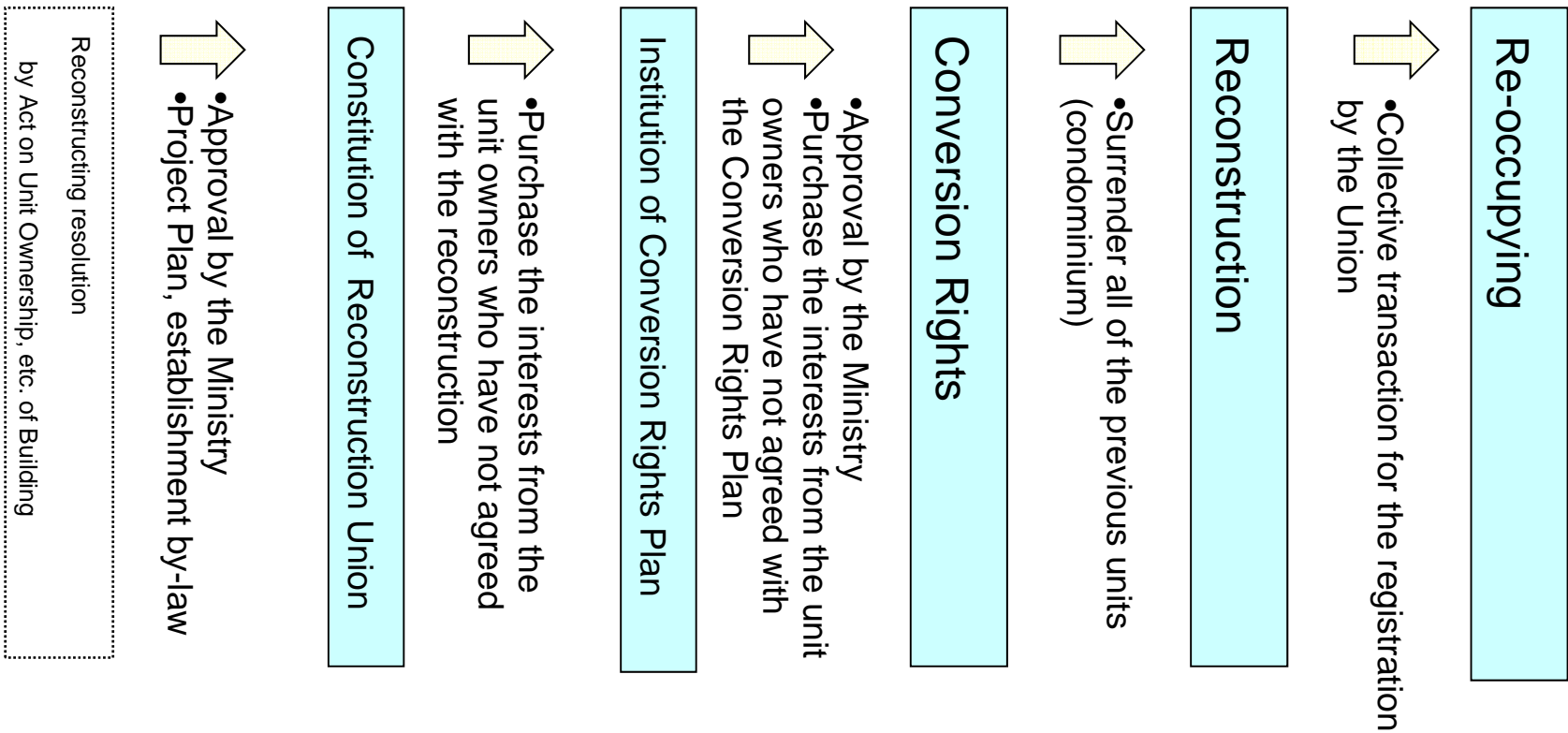
According to the special provisions in Real Property Registration Act, the union may register unit owner's rights collectively, which will be required with the reconstruction.

3 Others

○The requisition for reconstruction

A local government may recommend reconstruction toward condominiums that are in danger on security or sanitarily harmful.

The Process of reconstruction
by Act on Facilitation of Reconstruction of Condominiums



【Problem of the Reconstructing Resolution】

Case1【Condominium-A(Tokyo)】

●Although the first meeting for the reconstruction was held in March 2006, the resolution was rejected because of 2-vote-short. The second time was held in March 2008, however, the union was lacking only one vote and they could not achieve again. They finally got the resolution in October 2008. In this case, the number of the unit owners was slightly shorten while a person had so much part of the area (units) that the area requirement was absolutely satisfied.

Case2【Condominium-B(Fuchu-City)】

●Since whole condominiums on a land have had the problems on seismic efficiency, the union was discussing for reconstruction. Even though 82% of the unit owners among a building that has 700 units have agreed with it, its plan has hold up because a building that has only 10 units has not achieved the requirement (required agreement has been shorten). This case shows a condominium (or minority) may cause serious impact on whole condominiums' reconstruction.

【Problem of the Vacation after the Reconstructing Resolution】

Case3【Condominium-C(Tokyo)】

●Even though the resolution was taken, 1 of 9 lessees has not evacuated his/her units by the limitation term. The union finally completed the evacuation 1 year later, however, the reconstruction was totally stopped during the negotiation. To force removal, the union had to agree with paying 2.4 million yen as 2-year-rent (100 thousands yen each month) and 3 million yen as moving cost. This cause huge costs, about 80 million yen as the temporal resident fee for all, interest burden, and compensation for the evacuation.

This system is to promote developments that may contribute higher land use, such as a development of common space in condominium's reconstruction. This aims to develop environment of urban district and to supply superior residences.

○The Requirement for this Subsidy

District : The 3 Biggest City Area(Tokyo, Osaka, Nagoya), Other City Center

Reference Area : 1000m² or larger (500m² in those 3 cities, 300m² by Act on Facilitation of Reconstruction of Condominiums)

Open Space Area : The space rate under the law +more than10%

(No need in case of that by Act on Facilitation of Reconstruction of Condominiums)

Before Reconstruction : Past half of the durable years. At least 10 unit owners.

After Reconstruction : More than 3 floors from ground. Fire-resistance. 50m² or larger each unit (25m²/unit in case of single).

○Subsidy for

- Survey, Design, and Plan
(ex. Primarily Plan)
- Land Development
(Removal Cost before Reconstruction)
- Development of Common Space
(ex. Passage and Flight)

○Subsidy Rate

Up to one third from governmental Institution,
Up to one third from local government

※ "Grant for Total Development of Social Infrastructure" is starting and supplying the subsidy from 2010.

