

Comparative Study on HOA and Local Government Collaboration and Strategic Interaction between U.S. and Japan

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[SYNOPSIS]

This study tries to investigate the relations between local governments and HOA (Home Owners Association) both in the U.S. and Japan. The HOA had been regarded as a pure private entity and there was no close relationship with the local government in the past. However, as the number of HOA is growing, reaching more than 350,000 in 2019, it is substituting the public services such as road maintenance, garbage collection, park management, and others that are traditionally provided by the local government based on tax money.

For the local governments in the U.S., especially in California, housing development with HOA in their community is “cash cow” for them as they can expect more property tax revenue, while they can lessen service responsibilities. Within the HOA, park, road, garbage collection and others are operated and managed by their own based on the monthly fees. Facing financial difficulty after the proposition 13, which limited the property tax revenue, local government tries to build more HOA imposed housing and a strategic interaction with HOA can be observed.

Housing with HOA in Japan is called “Mansion” and its stock has been expanding as well. More than 10% of Japanese now lives in the Mansion, and its ratio is much higher in urban area. In Tokyo 23 special districts, more than 50% of owned house is Mansion. Mansion development has been regarded as some “nuisance” facility, and both national and local government tried to mitigate the negative impacts of Mansion development on to the neighbor local communities.

From the empirical analysis in Tokyo 23 special districts following the previous study in the U.S., significant close relation between Mansion ratio in the community and spending on garbage collection per capita is observed. Unexpected COVID-19 pandemic hampered the research and thus research goal is not achieved yet. More detailed case study as well as multivariate analysis is necessary in near future.