

報告番号	※	第	号
------	---	---	---

## 主 論 文 の 要 旨

論文題目

Coping with Imbalances in Thailand's  
Low-Cost Housing Market:  
Policies for Low-Income and Elderly Housing

氏 名

ROIDOUNG Phanida

## 論 文 内 容 の 要 旨

### 1. Problems

Since 2003, the Thai government's National Housing Authority (NHA) has subsidized low-cost housing projects for low-income households called BEA. NHA offers only a purchase option, which prevents people from renting BEA units. As the selling price has been subsidized the government refuses to reduce the price of BEA housing.

There are many unsold BEA units. Two major problems are 1) low-income households being rejected for housing loans and 2) inadequate transportation systems from BEA housing projects to the urban area. In addition to the initial cost incurred from BEA construction, as the loan guarantor, NHA has had to buy some of the sold units and debt with interest back from banks. When the buyer defaults on repayment for three consecutive months, the bank repossesses the unit. Hence, it causes huge fiscal burdens.

The ratio of elderly people in Thailand has increased by more than 10%, meaning that by 2005 it became an ageing society and it is expected to become an aged society in 2050, which will be a shorter time than it took Japan to become an aged society. Many elderly Thais reside in homes that are inappropriate for their physical limitations. These homes include many steps, curves and slippery floors. Falls and insufficient income are the main problems for the elderly.

The typical Thai family composition has changed in several ways. Traditionally multiple generations of a family lived in the same house. More recently, the nuclear or single family is

becoming more dominant. Currently, many elderly Thai households are neglected by their children because the children have an obligation to take care of themselves and their families.

## **2. Significance and Uniqueness**

According to the future projection of the low-income group, its size will be very small and remain so. On the other hand, the number of elderly Thai people is increasing. Elderly people without adequate income could be one of the target groups requiring government care. The Thai government does not pay adequate attention to the elderly issue because it is a newly ageing society in the beginning stage. If low-income and elderly households require social benefits, the government has to subsidize them. Therefore, the study of low-income and elderly households should be of great interest and importance to the Thai government. It is the intent of this study to evaluate the needs of the low-income and the elderly and present these as a possible solution to the problems of the unsold BEA units.

The Thai government has been evaluating the Japanese elderly housing policy issue. To reduce unsold units, fiscal burdens and create an effective elderly housing management system, it is possible to adapt and use unsold public low-cost housing units for low-income and elderly people by learning from Japanese experiences. Japan became an ageing society more than 20 years ago and has a long history of development and successful management. Although the respective countries have economic and social status differences, the Thai government can apply many lessons learned from the Japanese example.

Furthermore, it is necessary for Thailand to investigate overall housing policies and management from developed countries in order to learn from their difficulties, mistakes and successes. Studying the past successes and failures will help the Thai government prepare housing policies with less fiscal burdens.

Government intervention is mostly necessary in the housing market for the low-income and elderly groups. Two chapters of this dissertation have been devoted to evaluating the relationship between two groups and resolving the problem of unsold BEA units. Additional chapter provided case study comparisons between countries in order to investigate overall housing policies and management for reducing fiscal burdens.

## **3. Research Objectives**

This study has attempted to find the solutions the issue of unsold public low-cost housing units and enhancing the well-being of low-income and elderly households. The objectives of this study were to 1) identify the factors affecting low and middle-income and elderly households' housing decisions, 2) compare and analyze Thailand's housing policy with those of developed countries, 3) resolve the imbalance of public low-cost housing problem, and 4) recommend housing options for sustainable housing development and reducing fiscal burdens.

#### **4. Data**

The scope of this study emphasized only the greater Bangkok area by collecting data from the sources listed below.

- Primary data was collected in two parts:
  - First, 1,488 low- and middle-income households and 80 elderly households who currently live in the greater Bangkok area and attended Home Buyers' Expo were interviewed following a questionnaire.
  - Second, focus groups and in-depth interviews were conducted nine times with housing-related agencies.

➤ Secondary data from documentary research such as journals, pamphlets, websites, academic papers and related research from government agencies, State Owned Enterprise, research institute and international study reports was used.

#### **5. Methodology and Data Analysis**

Logit analysis was used to analyze factors of housing decisions for low- and middle-income households. Statistical hypothesis testing (T-test and  $\chi^2$  test) on comparable means was used for analyzing factors affecting elderly households' housing decisions. Descriptive analysis was used to describe and explain housing policy comparisons between countries.

#### **6. Conclusion**

##### **6.1 Factors of Housing Decisions for Low- and Middle-Income and Elderly Households**

Both low- and middle-income households decide to buy houses by considering and emphasizing the same factors although in practice some middle-income households continue to rent even when their household income increases. The most important determining factors of the

current buying-decision are the monthly housing payments, the social environment, the housing prices, and transportation costs, while the monthly housing payment is the most important for future buying. Transportation costs are the most important for future renting.

Both elderly renters and buyers have the same average mean score in most of factors for housing decisions. Renters are more sensitive to price, utilities, and facilities than buyers. It is necessary to provide safe housing and maintain or develop other related factors to support the elderly after retirement. Living in an elder-friendly house, and good environment will help to decrease fiscal burdens in taking care of the elderly and maintaining the well-being of senior citizens.

However, judging from the highest mean score of buyers and renters, the most important factors are housing prices or rental rates and location. In addition, both groups put emphasis on the social environment, such as security, neighborhood and friendship as important factors in elderly housing decisions.

## **6.2 Elderly Housing Management**

The Japanese government and private housing developers provide elder-friendly rental housing with adequate healthcare services to elderly households. The government tries to reduce its responsibility to supply sufficient rental housing to elderly households by encouraging private sector participation through financial incentives. The private sector provides Reverse Mortgage loans for high-income elderly people who are homeowners but have limited finances. The Japanese government provides not only public rental housing but also low-interest rates for home remodeling or expansion to accommodate the lifestyle of the elderly. Families are encouraged to live together enhancing family relationships and reducing fiscal burdens.

The rental costs of public housing will change in proportion to the elderly household income. Limitation based on household incomes will screen the neediest household to stay in public rental housing.

The Thai government takes care of low-income and disabled elderly people by supporting free public housing for 2,700 elderly people for throughout the country. This is not adequate, when considering that Thailand private housing developers support full services and complex home care only for high-income elderly households.

### **6.3 The Necessity of Government Housing Intervention and Reducing Fiscal Burdens**

The market mechanism does not function well for low-cost public housing; therefore, a government housing intervention policy is needed in order to solve the problem of unsold units and create a sustainable society. The governments of many countries intervene in the housing market by giving consumer or producer subsidies in order to solve housing market problems.

The government supports its people by providing well-built public rental housing for its less advantaged people, particularly those with low incomes. The government should supply not only rental housing but also sufficient transportation systems and facilities nearby. This would help to eliminate the problem of public housing location. Moreover, government allows renters to buy the current rental units at special prices.

Most of the consumer subsidies that government provides are public rental housing, houses for sale at special discounts and housing transaction fees reduction. Conversely the government supports the house builder by providing land for housing development, deregulation and financial incentives.

The government attempts to coordinate with the private sector in housing development in order to minimize costs. When the market is stable, the government should withdraw and encourage the market to operate in its own. The government should work and concentrate on other problems which need solution or intervention by the government agencies.

In order to reduce the number of unsold low-cost public housing units in Thailand, the government should provide consumer subsidies rather than producer subsidies. This may require a large budget, but it will solve the problem of unsold units and create long-term benefits to government and society. Subsidizing consumer housing leads much more effective use of the existing housing stock.

## **7. Policy Implications**

### **7.1 Transportation system management**

Transportation system management is among the top priorities for housing development. Transportation system, urban planning and housing development need to be improved urgently.

### **7.2 Policy Reform**

It is necessary for the Thai government to reform housing policies, laws and regulations. The appropriate housing policies for Thailand will be classified in terms of reregulation and deregulation and the responsibility of public and private sectors in housing management.

#### Reregulation

➤ Regulation reform

a) Change the existing housing policy from only selling low-cost housing to low-income households to include offering rent and hire-purchase options to low-income households by setting rent differentiation.

b) Allow elderly households to rent or purchase low-cost public housing which initially was offered only to low-income households.

➤ Deregulation

a) Allow private sector groups to operate housing businesses for each income group by relaxing laws and regulations when the appropriate quality and services standards are met.

b) Give financial incentives or special rates of land leases for encouraging private sector participation via Public Private Participations or purely private investment.

### 7.3 Housing Policy Differentiation

The government can solve the unsold units' problem and reduce the fiscal burden by allocating the existing unsold units or building for purchasing, renting and hire-purchase.

➤ **Purchase:** the government can provide housing allowances such as cash grants or vouchers to the low-income and middle-low-income households who want to buy public low-cost houses. On the other hands, the government should remodel the on-going housing projects or existing unsold units to accommodate the needs of the elderly.

➤ **Renting:** the government should allow them to rent public housing. The government should set an eligible household monthly income ceiling to identify the neediest households and create house access equality. In addition, the government needs to renovate the unsold units for elderly living to include senior-friendly conditions and provide sufficient health care facilities and services and offer public rental housing for eligible elderly households at special

rates.

➤ **Hire-purchase:** The government may offer rental contracts of ten years or more to households which currently do not have the capability to buy, are not ready to settle in one place or have high job mobility. Renters would have to pay monthly rent without default for a certain period. After fulfilling this payment plan, they could apply for housing credit from financial institutions and change from renting to buying their current units.

#### **7.4 Reducing Fiscal Burdens**

To minimize the fiscal cost and maximize social service benefits, the government has to differentiate housing policy for different groups with different needs. The government should provide for low-income, middle-low-income and elderly households which require government subsidies. The private sector may not want to participate in housing for low-income households because they may gain less profit. Therefore, the private sector prefers to provide for middle- and high-income households who can more easily afford housing.

Should the government neglects to encourage private housing developers' participation in housing for low- and middle-low-income households, this may become a huge fiscal burden. Hence, the government has to encourage private sector participation.

#### **8. Further Research Suggestion**

The government has to emphasize studying the establishment of New Towns and transportation development. Housing development and transportation system management are necessary for concurrent research. Reverse Mortgage Loans also necessary to study because it will help secondary housing market development. In addition, the government has to provide amenity such as regulations, rules and laws reform. It is necessary to encourage private sector investment which will benefit the government budget, private business and well-being for all. Furthermore, the government has to coordinate with private sector in terms of Public Private Participation. It will benefit for the fiscal budget and private business.

