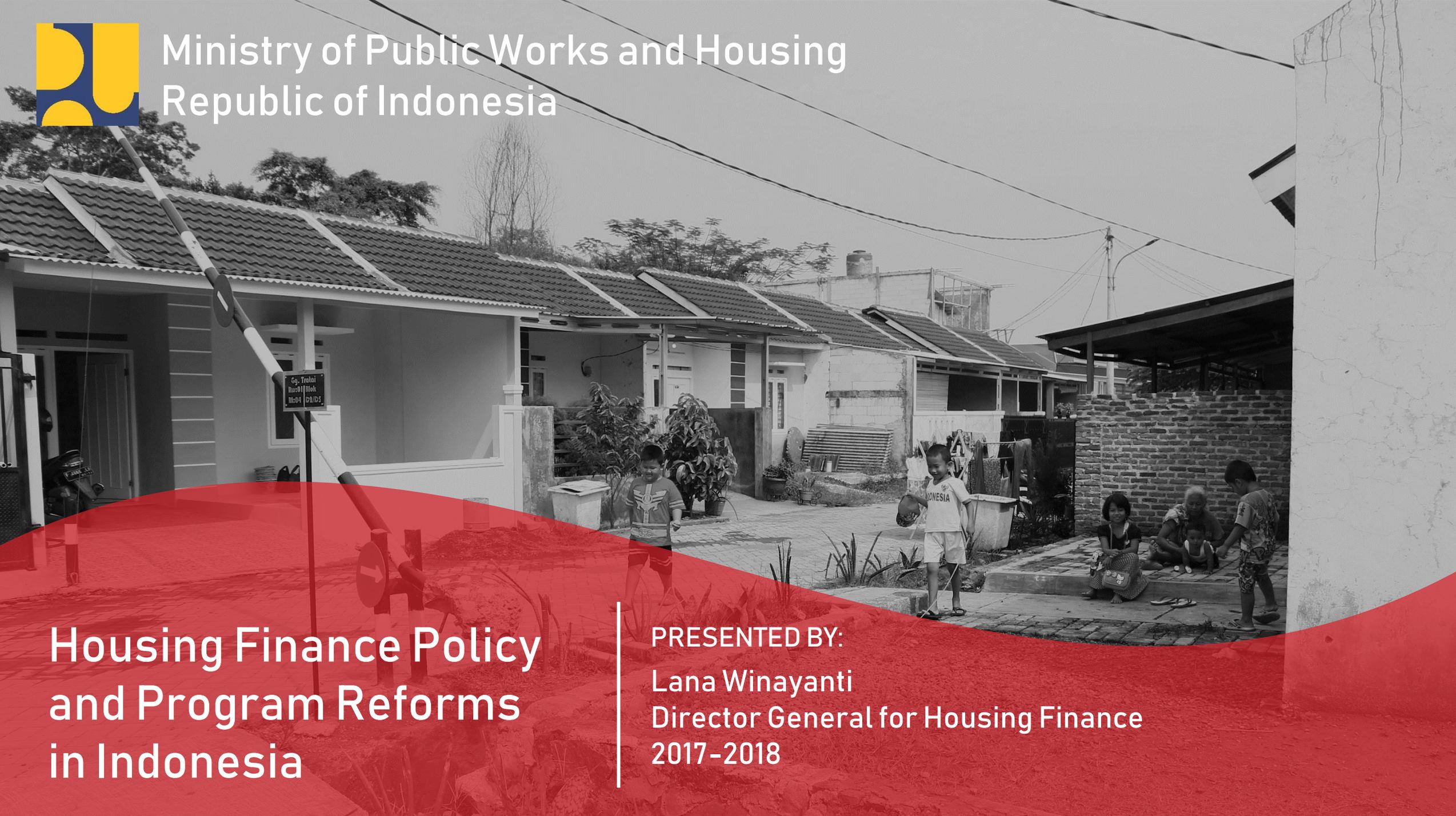




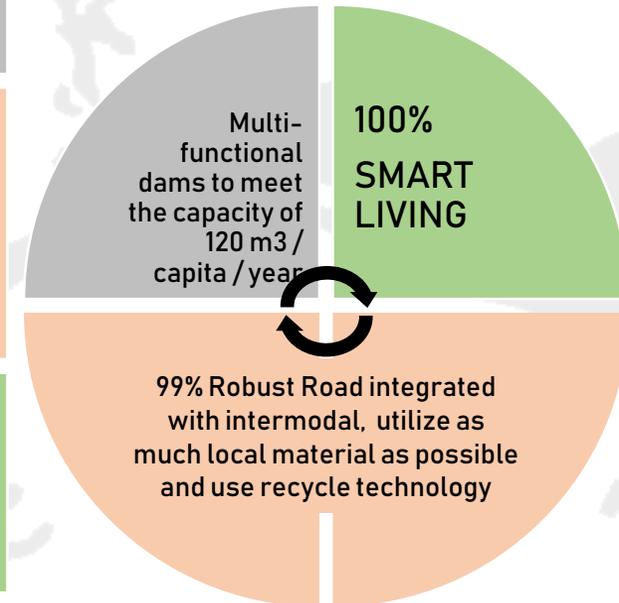
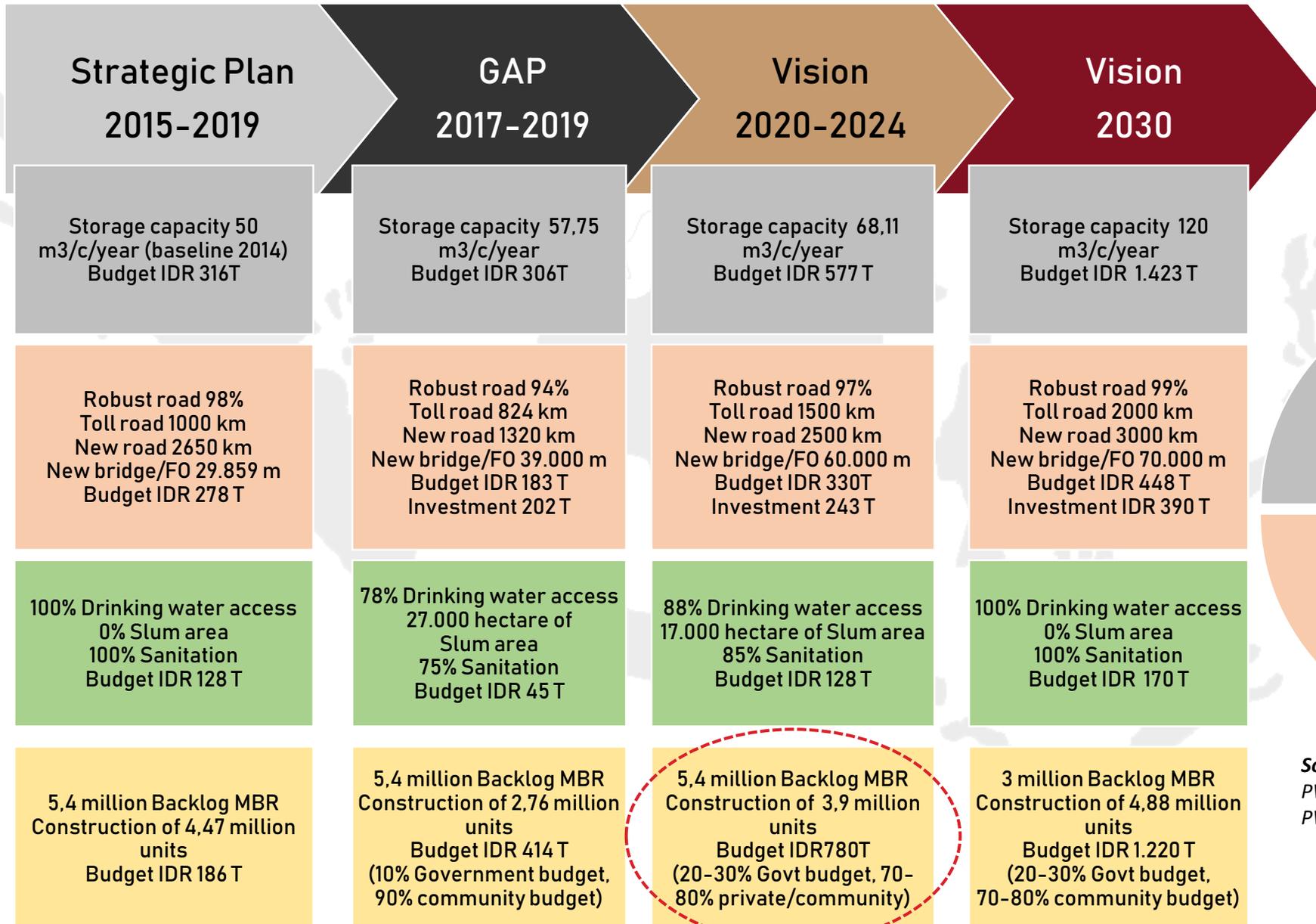
Ministry of Public Works and Housing  
Republic of Indonesia



# Housing Finance Policy and Program Reforms in Indonesia

PRESENTED BY:  
Lana Winayanti  
Director General for Housing Finance  
2017-2018

# Stages of Development Toward MPWH Vision 2030

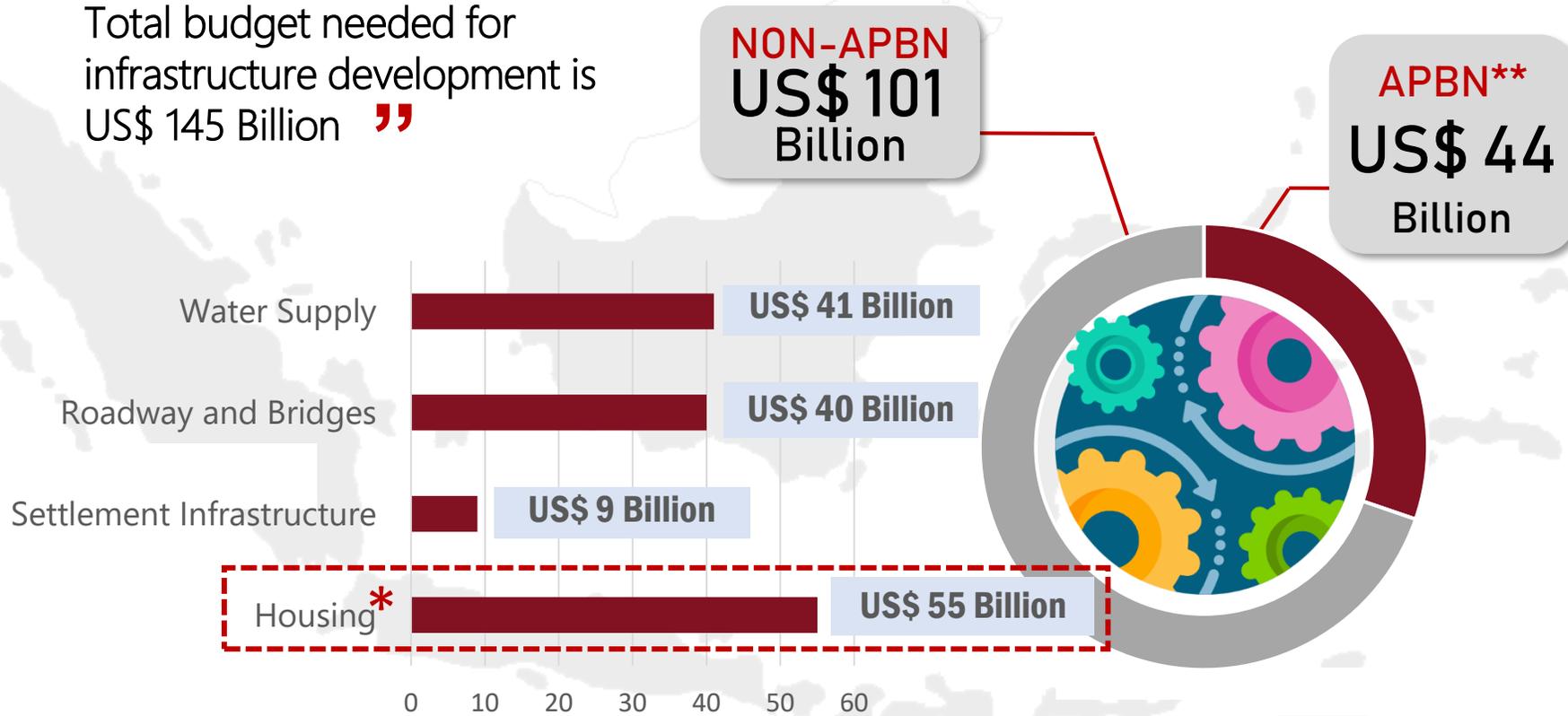


**Source:**  
 PWH Ministerial Regulation No.26/PRT/M/2017  
 PWH Ministerial Regulation No.13.1/PRT/M/2015



# Finance Challenges in Housing and Infrastructure Provision 2020-2024

“ Total budget needed for infrastructure development is US\$ 145 Billion ”



- (\*) Consist of:
- Subsidy
  - State Budget
  - Commercial/PPP

(\*\*) State Budget Projection 2020-2024

“ State Budget (APBN) only able to meet 30% of the total budget needed for infrastructure development ... ”



# Housing Finance Strategic Plan for 2020-2024

**Integrating** housing provision and housing finance in order to achieve cities without slums (integrating housing with public transportation)

**Strengthening** the supply side of housing provision (Land Banking, Special Zoning for Low Income Housing, Ready-to-build Area, etc)

**Establishing** a special housing provision agency in local and national level.

**Expanding** housing finance scheme based on low income households' characteristics and preferences (technology based and guarantee scheme)

**Enhancing** financial literacy and inclusiveness

**Expanding** housing finance scheme to encourage Housing Career from the supply side

**Strengthening** the role of local government in planning, organizing, actuating, and controlling housing finance.

**Utilizing** a low-cost and long term housing finance resources.

**Enhancing** housing finance system database





# History of Housing Finance in Indonesia

FIRST  
SUBSIDY



PERUMNAS AND KPR BTN

1976

GOVERNMENT EQUITY (PMP), WORLD BANK, BANK INDONESIA LIQUIDITY CREDIT (KLBI) AND EXECUTING BANK



INTEREST SUBSIDY (SB)

1999

KLBI, INVESTMENT FUND (RDI) AND EXECUTING BANK



INTEREST RATE SUBSIDY (SSB)

2001



INTEREST RATE SUBSIDY (SSB) AND DOWN PAYMENT SUBSIDY (SBUM)

2002



SMF WAS ESTABLISHED

2005



LIQUIDITY FACILITY FOR HOUSING FINANCE (FLPP)

2010



FLPP, SSB AND SBUM

2014

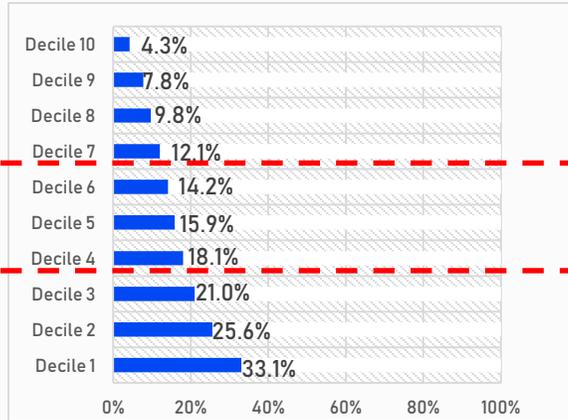
NOW

BANK FUND AND STATE BUDGET



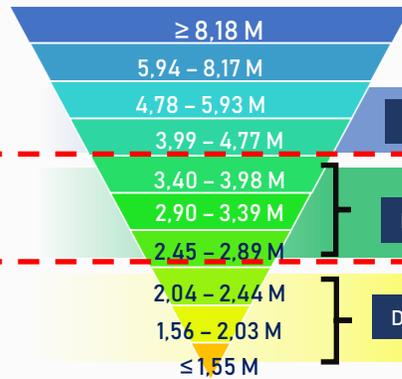
# HOUSING FINANCING ASSISTANCE PROGRAM: PROPOSED SCHEME

Percentage of House Needs Backlog for Each Decile (%)

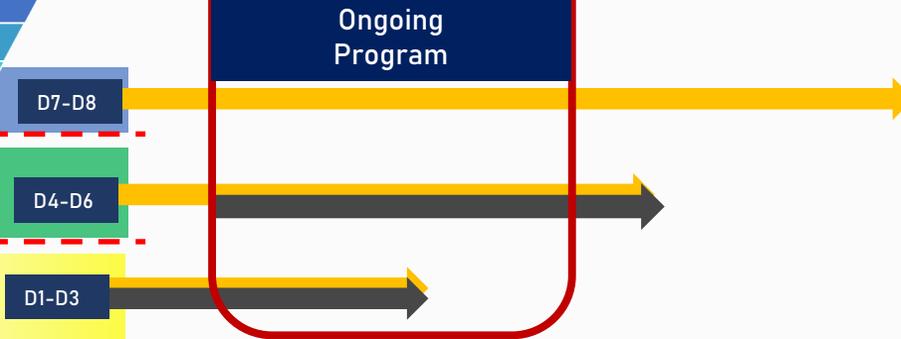


Source : March 2018 National Socio-Economic Survey (BPS)

The Decile of Household Expenditure 2018

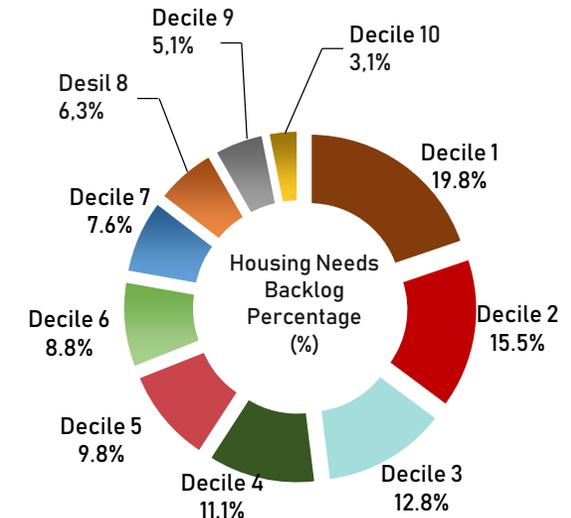


Type and Choice of Occupancy Based on Affordability



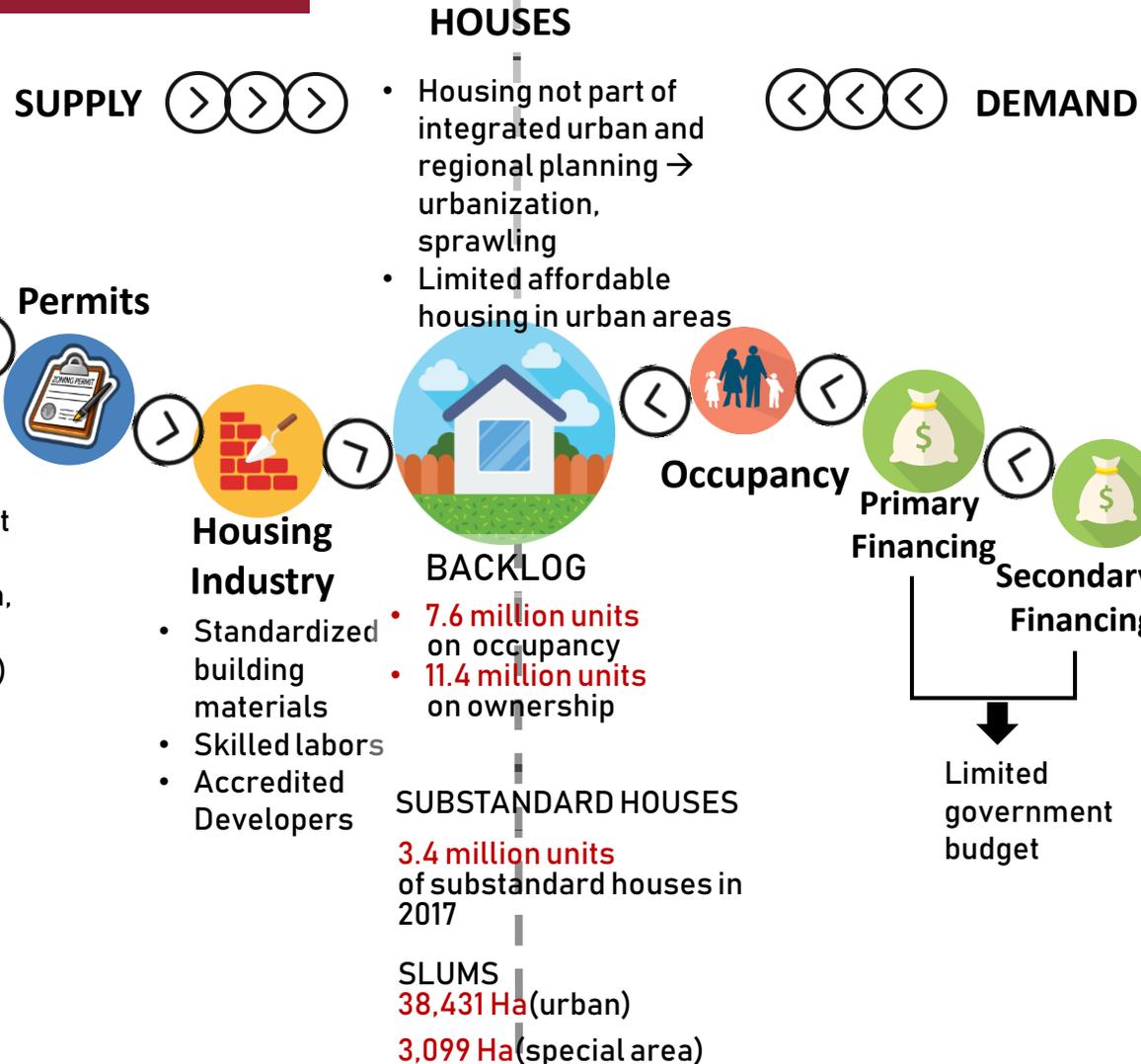
Housing Needs Backlog

No	Decile	Housing Needs Backlog + New Households	%
1.	Decile 1 (≤1,55 million)	2.322.478	19,8
2.	Decile 2 (1,56 – 2,03 million)	1.816.284	15,5
3.	Decile 3 (2,04 – 2,44 million)	1.505.093	12,8
4.	Decile 4 (2,45 – 2,89 million)	1.303.975	11,1
5.	Decile 5 (2,90 – 3,39 million)	1.154.495	9,8
6.	Decile 6 (3,40 – 3,98 million)	1.038.975	8,8
7.	Decile 7 (3,99 – 4,77 million)	897.661	7,6
8.	Decile 8 (4,78 – 5,93 million)	737.989	6,3
9.	Decile 9 (5,94 – 8,17 million)	604.815	5,1
10.	Decile 10 (≥ 8,18)	365.647	3,1
Total		11.747.423	100,0



# Government Interventions For Affordable Housing

## HOUSING ISSUES



## INTERVENTIONS TO ASSURE HOUSING QUALITY



**EASE OF PERMITS**  
(cutting red tape, shorten time, reducing cost)



**TAX EXEMPTION AND REDUCTION**  
(PPN, PPH, BPHTB)



**MINIMUM STANDARD AND PRICE PER REGION**



**BASIC INFRASTRUCTURE PROVISION**



**MORTGAGE SCHEMES**



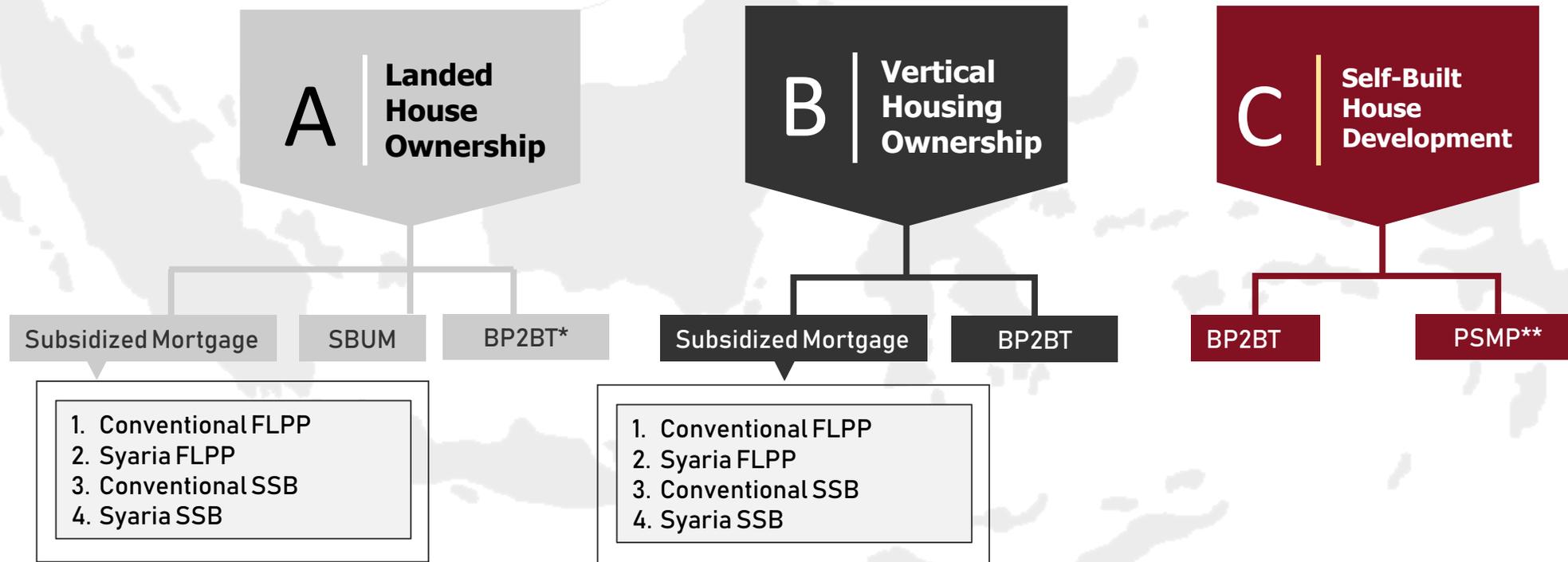
**BALANCED HOUSING AND LARGE SCALE HOUSING DEVELOPMENT**

### LOW INCOME HH MORTGAGE SCHEMES

- SUBSIDIZED MORTGAGE** – liquidity facility to lower interest rates (12% market → 5% fixed, tenor 20 years) and subsidy to lower interest rates
- DOWN PAYMENT ASSISTANCE** – Rp 4 million per HH
- SAVINGS BASED HOUSING ASSISTANCE SCHEME / BP2BT**
- SUBSIDIZED HOUSING PRICE CEILING**



# Housing Finance Assistance and Program



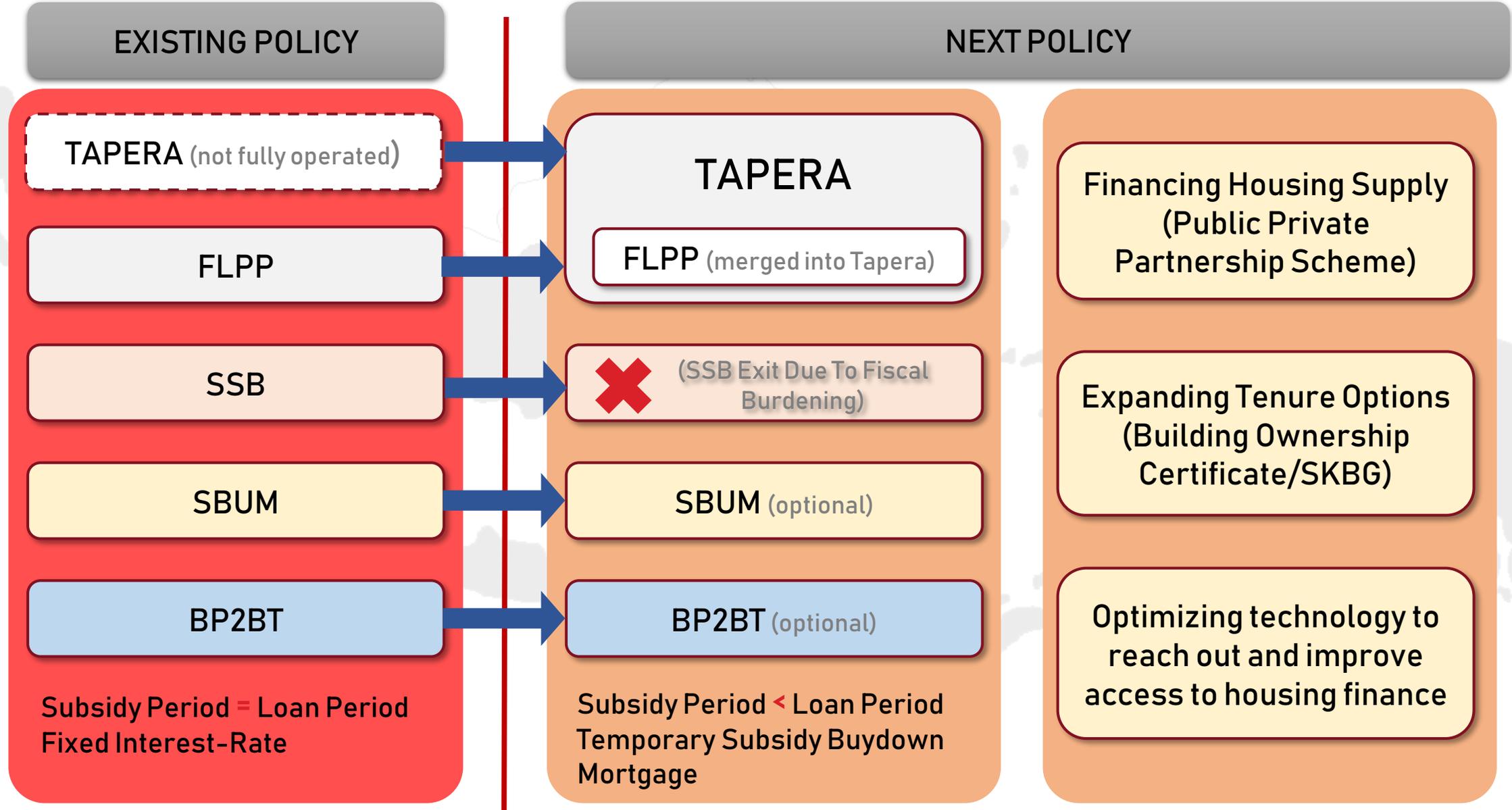
(\*) BP2BT: Savings Based Housing Finance Assistance (IBRD Loan)

(\*\*) PSMP: Micro Housing Finance Scheme



# Housing Finance Policy

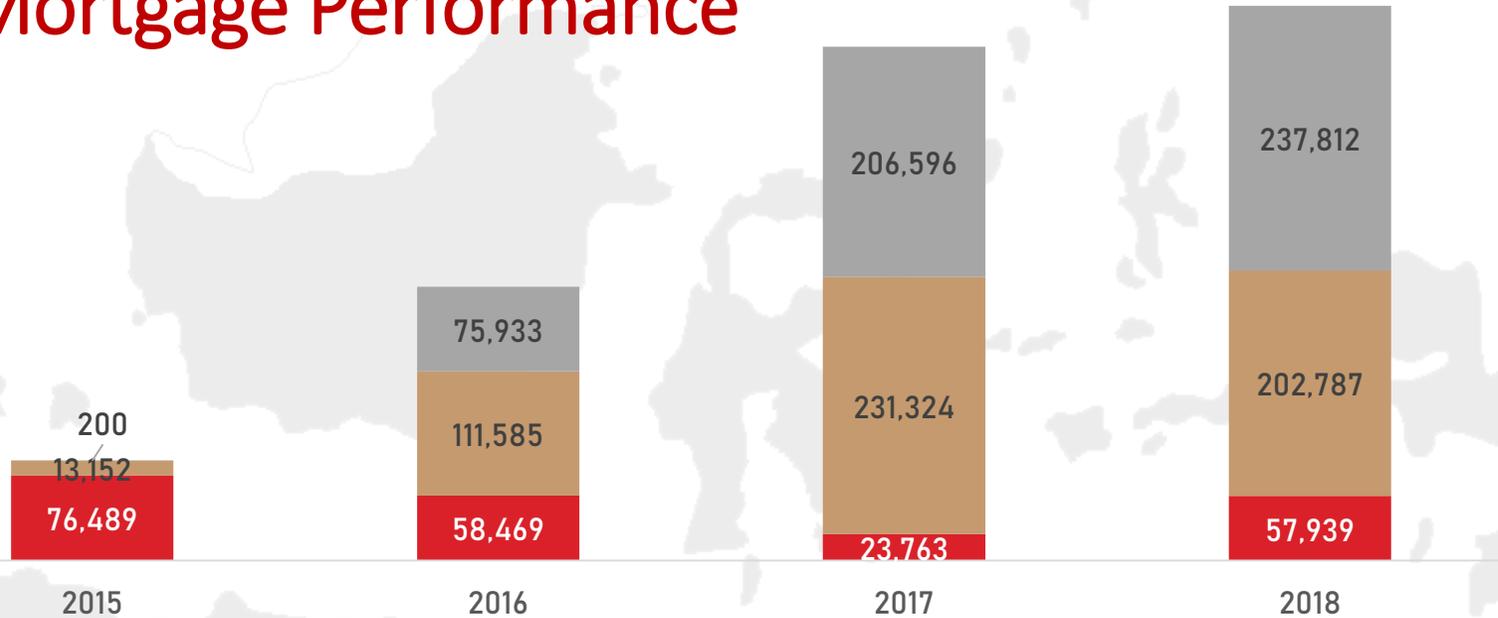
2019





# Subsidized Mortgage Performance

■ FLPP (Unit) ■ SSB (Unit) ■ SBUM (Unit)



<b>Total FLPP and SSB (Unit)</b>	<b>89.641</b>	<b>170.054</b>	<b>255.087</b>	<b>260.726</b>
FLPP (Rp. Thousand)	6.055.243.293	5.627.538.999	2.706.624.492	5.895.206.726
SSB (Rp. Thousand)	66.752.376	259.210.087	1.472.174.173	2.285.871.657
SBUM* (Rp. Thousand)	800.000	303.732.000	826.384.000	951.248.000

(\*) SBUM does not contribute to housing unit

# THANK YOU



Ministry of Public Works and Housing  
Republic of Indonesia



## The Concept of Affordability

- **Financial affordability** is determined based on the **ability** of low-income households -as prospective debtors- in **paying the installments** of subsidized housing mortgages.
- Currently, this income is calculated based on a debtor's individual income, instead of household income. Therefore, in the future we **plan to calculate it based on household income**.
- Aside from financial affordability, there is also an issue of **location affordability**. There is still a lot of subsidized housing located far from the workplace in the city centre area. Hence, location affordability has not become a priority issue in developing subsidized housing.
- Furthermore, we must also concern in providing **adequate housing facilities and infrastructure** in order to realize affordable housing as a whole.
- In Indonesia, the concept of affordability is constrained by:
  - Lack of low-income household data
  - The absence of low-income household criteria
  - Different limit of minimum wage
  - Different cost of living by province
- The government attempts to tackle the shortage of housing for low-income household is by **subsidizing mortgages for low-cost properties**.
- In order to help low-income household to finance their mortgages, the government is engaged in the construction of **low-cost vertical housing**, or *rusunawa*.



## Self-Help Housing

- To address the funding gap and together with the issue of under supply and lack of access to affordable houses in the country, the Government of Indonesia (GoI) has developed “National Affordable Housing Program (NAHP)”.
- The NAHP is implemented through Bantuan Pembiayaan Perumahan Berbasis Tabungan (**BP2BT**); and **self-help housing** (Bantuan Stimulan Perumahan Swadaya, or **BSPS**).
- The challenge in undertaking the program is the difficulty to reach informal sector, the absence of guarantee institution (such institution only exist in Palembang), inadequate capacity of the workers and housing material industry.



# The Role of Rental-Housing

- **Why People Rent**
  - Because they can't afford to buy
  - Renting lets people stay mobile
  - Gives people flexibility in how they manage their household budgets
  - Suits people during transition periods
  - Convenient for households who don't want to make a long-term financial commitment
  - Allows people to send more of their earnings home to relatives or to invest in other things
- **The benefit of rental housing**
  - A means through which poor and middle-income landlords, including women and the old, can increase their incomes
  - Could solve location affordability problem
- **It provides the urban authorities with**
  - A way in which cities can reduce the quantitative housing deficit
  - A wider range of housing options
  - An opportunity to increase residential densities and to make more efficient use of infrastructure and services



# Portrait of Subsidized Housing in Indonesia (Landed Housing)





# Portrait of Rental Housing in Indonesia (Low-Rise Vertical Housing)





# Beneficiaries of Subsidized Housing (Informal Sector) in Indonesia





# Beneficiaries of Subsidized Housing (Informal Sector) in Indonesia



# Self-Help Housing Program Development In Indonesia



# Self-Help Housing Program Development In Indonesia



# Self-Help Housing Program Development In Indonesia



# SELF-HELP HOUSING PROGRAM

## 2015-2018

Total units built:

# 494.169

unit



During 2015-2018, self-help housing program has reached 494.169 units.

Meanwhile in 2019 the program will be given to 206.500 housing units, which dispersed in all over Indonesia. Thus, the total of self-help housing program provided until 2019 has reached 700.69 units.

