

Analysis of Minimum Standards for Formal Housing for Low-Income Communities (LIC) in the Province of Jakarta

Imam Parikesit^{1*}, Uras Siahaan², Sri Pare Eni³
Universitas Kristen Indonesia

Corresponding Author: Imam Parikesit imamparikesit2000@gmail.com

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ABSTRACT

Ideally, the rising demand for housing should be matched with increased efforts from stakeholders (government, private sector, and community) to provide adequate housing. However, multiple challenges faced by these stakeholders lead to a significant imbalance between supply and demand, contributing to the substantial housing backlog in Jakarta. This study is expected to contribute to mitigating and reducing the housing provision problems for Low-Income Communities (LIC) in Jakarta, as part of sustainable housing development efforts. The research method employed in this study is qualitative, using a combination of literature review and case study approaches. The provision of formal housing for Low-Income Communities (LIC) in Jakarta requires a comprehensive approach that considers affordability, feasibility, and sustainability.

INTRODUCTION

The general problems of public housing in Indonesia, especially for Low-Income Communities (MBR), include several factors: (1) Housing backlog (the discrepancy between housing demand and availability), meaning that the number of houses required by the community is much higher than the number of houses built. This issue is caused by high population growth, but the number of houses constructed is not yet able to meet the demand. (2) Housing quality, referring to the quality of housing for low-income communities, which is still relatively low. (3) Limited land availability, referring to the limitation of land for the development of new housing and settlements. (4) Infrastructure limitations, referring to the limited availability of urban infrastructure such as electricity networks, clean water, gas, roads, and drainage. (5) Illegal housing, referring to the existence of houses that are built illegally. (6) Uninhabitable houses, meaning houses that are no longer suitable for living, which leads to increased poverty and the emergence of slum areas. (7) Permit issues, referring to problems in the licensing process for housing development, such as housing constructed without a permit. (8) Utilization of urban land, referring to the increasing use of urban land, which causes land prices to rise, thereby also increasing the price of houses.

Field facts indicate that currently, based on the latest backlog data from the Ministry of Public Works and Public Housing (PUPR) of Indonesia in 2022, there is a housing ownership backlog of approximately 11 million units. The majority, about 93%, comes from the Low-Income Community (MBR), while around 60% of them are MBR working in the informal sector. Furthermore, in 2023, rather than a decline, the housing backlog in Indonesia is projected to increase. Currently, the housing ownership backlog in Indonesia has reached 12.7 million. This increase in backlog has certainly encouraged Indonesia to improve monitoring and evaluation efforts in order to address the issue.

Jakarta has experienced rapid growth and development in various sectors. Many people from outside Jakarta come in search of jobs or better living standards, leading to increased urban migration and intensified land scarcity. As a result, Jakarta has become more densely populated, and space management has become increasingly complex. High population growth, especially due to migration from rural areas with limited education and economic means, has led to a growing number of urban poor, further aggravating land use pressures.

Thus, a study is needed to explore the standards of housing for LIC, which include: (1) income criteria, (2) house size, (3) housing specifications, and (4) location. Ideally, the rising demand for housing should be matched with increased efforts from stakeholders (government, private sector, and community) to provide adequate housing. However, multiple challenges faced by these stakeholders lead to a significant imbalance between supply and demand, contributing to the substantial housing backlog in Jakarta.

This situation raises the following research questions: (1) What are the housing problems in Jakarta? (2) What factors influence the development of minimum formal housing standards for LIC? (3) What are the alternative solutions to these issues?.

LITERATURE REVIEW

Low-Income Communities (LIC)

The definition of Low-Income Communities (LIC) has been discussed extensively in literature and government policies. According to Law No. 1 of 2011 on Housing and Settlement Areas, LIC is defined as communities with limited purchasing power, requiring government support to obtain housing. More specifically, Minister of Public Works and Housing Regulation No. 10 of 2019 defines LIC as communities with limited purchasing power, thus needing government assistance to acquire housing.

Low-Income Communities (LIC) are defined as communities with limited purchasing power, thus requiring government support to obtain housing. (Ministry of Public Works and Housing, 2021). The criteria for LIC serve as indicators to determine who qualifies based on income levels. To receive assistance or facilities for housing development or acquisition, eligible individuals must apply in accordance with relevant laws and regulations.

According to the Ministerial Decree of PUPR, low-income communities are those with a maximum income of IDR 7 million for unmarried individuals and IDR 8 million for married individuals. The income thresholds for LIC are as follows:

Table 1. Low-Income Communities (LIC) Income Thresholds

Region	Maximum Monthly Income (Rp)		
	General		One Person For Tapera Participant
	Unmarried	Married	
Java, Sumatra, Kalimantan, Sulawesi, Bangka Belitung Islands, Riau Islands, Maluku, North Maluku, Bali, East Nusa Tenggara, West Nusa Tenggara	7.000.000	8.000.000	8.000.000
Papua, West Papua, Central Papua, South Papua, Papua Higlands,	7.500.000	10.000.000	10.000.000

and Southwest Papua			
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Brilian (2024) suggests that for mortgage repayment, a prospective borrower can allocate a maximum of 30% of their income towards monthly installments. This ensures that the remainder can be used for other living expenses. Consequently, with an income of IDR 8 million, a household can afford a house priced at IDR 320 million with the following: 1) House price: IDR 320,000,000; 2) Down Payment: 30%; 3) Fixed interest for 3 years: 6%; 4) Floating interest for 15 years: 10%; and 5) Loan tenure: 18 years.

Suparlan (1984) in his study on urban poverty noted that LIC households often have no choice but to live in informal or slum settlements due to limited access to affordable formal housing. This highlights the importance of providing formal housing that meets minimum standards for LIC.

The housing standards for low-income communities (LIC) include the following aspects: 1) Income Criteria: Households categorized as LIC have an average income ranging from IDR 4 million to IDR 8 million. The Minister of Public Works and Housing Decree No. 22/KPTS/M/2023 states that the maximum income for LIC is IDR 7 million for unmarried individuals and IDR 8 million for married individuals; 2) House Size: Subsidized houses for LIC are built with a minimum size of 21 square meters and a maximum of 36 square meters. The land area ranges from 60 to 200 square meters; and 3) Requirements: The requirements for subsidized housing are regulated by the Minister of Public Works and Housing Decree No. 995 of 2021. These requirements include income limits, interest rates, subsidy periods, loan tenures, and sales price limits. The subsidized housing program is a government initiative aimed at providing decent and affordable housing for LIC.

Minimum Standards for Formal Housing

a. Physical Aspects

Minimum physical standards for formal housing are outlined in various regulations and studies. Minister of Public Works and Housing Regulation No. 10 of 2019 states that the minimum size for a simple house is 36 m². Additionally, SNI 03-1733-2004 on Urban Housing Environment Planning Procedures outlines the basic utilities required, such as electricity, clean water, and sanitation. Astuti and Prasetyo (2014) in their study on vertical housing in Jakarta revealed that, despite the established minimum size, challenges remain in meeting quality standards and ensuring adequate public facilities.

b. Location Aspects

The location of housing plays a crucial role in determining the quality of life for residents. Tanan et al. (2015) emphasized the importance of accessibility and proximity to public facilities in choosing rental apartment locations in urban areas. Firman (2004) noted that housing located far from the city center often leads to additional problems such as high transportation costs and long commute times, which can impact the productivity of LIC households.

c. Affordability Aspects

Affordability is a key factor in providing housing for LIC. Bramantyo (2012) suggested a maximum house price to annual income ratio of 3:1 to ensure affordability. However, Monkkonen (2013) found that land use regulations in Indonesia often fail to effectively guarantee affordable housing in major cities like Jakarta.

Challenges in Providing Formal Housing for LIC in Jakarta

Winarso et al. (2015), in their study on peri-urban transformation in the Jakarta metropolitan area, identified several key challenges in the provision of formal housing for low-income communities (LIC), including limited land availability, high land prices, and rapid urbanization. Rukmana (2018), in his analysis of settlement improvement programs for the urban poor in Indonesia, highlighted that high income disparities in Jakarta pose a significant barrier for LIC to access formal housing.

Policies and Housing Programs for LIC in Jakarta

The government has issued various policies and programs aimed at addressing housing problems for LIC. The “One Million Houses Program initiated by the Ministry of Public Works and Housing (PUPR) in 2020 is one such effort to provide affordable housing, including in Jakarta. Purwantiasning et al. (2018), in their study on Simple Owned Apartments (Rusunami) in Jakarta, analyzed the effectiveness of vertical housing development as a solution to land scarcity. Meanwhile, Hudalah et al. (2014) emphasized the importance of public-private partnership models in providing housing for LIC.

METHODOLOGY

The research method employed in this study is qualitative, using a combination of literature review and case study approaches. These include document analysis, interviews, and other techniques. This method aims to understand the implementation process in fulfilling housing needs for Low-Income Communities (LIC) in the Special Capital Region (DKI) of Jakarta. The observed phenomena are described from a theoretical implementation perspective applied to the housing fulfillment program for LIC in Jakarta.

Data were collected through direct observation and interviews. Direct observation was conducted to document architectural forms and capture contextual meanings, which were further clarified through interviews. The data analysis in this research comprises three approaches. 1) thematic analysis, where the researcher identifies and categorizes the main themes derived from the interview results. 2) descriptive analysis, in which the researcher describes findings from field observations and secondary data. 3) data triangulation, where the researcher compares and confirms findings from various data sources.

RESEARCH RESULT

The research findings are based on semi-structured interviews with LIC respondents, housing developers, and officials from the Jakarta Housing Agency. The data obtained are summarized as follows:

Table 2. Distribution of Interview Respondents

Respondent Category	Number	Percentage
Residents of Klapa Village Housing (LIC)	45	90%
Developer Representatives	2	4%
Jakarta Housing Agency Officials	3	6%
Total	50	100%

Table 3. Income Characteristics of LIC Respondents

Monthly Income Level	Number	Percentage
< IDR 2.5 million	30	66.7%
IDR 2.5-3.5 million	10	22.2%
IDR 3.5-4.5 million	5	11.1%
Total	45	100%

Table 4. Priority of Minimum Standards According to LIC Respondents

Standard Aspect	Very Important	Important	Less Important
Minimum Area (36 m ²)	85%	12%	3%
Natural Ventilation	78%	18%	4%
Sanitation Standards	92%	8%	0%
Building Structure	95%	5%	0%
Accessibility	82%	15%	3%

Table 5. LIC Payment Ability

Monthly Installment Range	Number of Respondents	Percentage
< IDR 800,000	30	66.7%
IDR 800,000 - 1.2 million	10	22.2%
IDR 1.2 - 1.5 million	5	11.1%
Total	45	100%

Table 6. Main Developer Constraints

Constraint	Frequency	Percentage
Land Prices	20	80%
Construction Costs	18	72%
Permitting Issues	15	60%
Infrastructure	12	48%
Financing Access	10	40%

Table 7. Effectiveness of Proposed Solutions

Solution	Very Effective	Fairly Effective	Less Effective
Government Subsidy	85%	12%	3%
Cost-saving Technology	75%	20%	5%
Special Mortgage Scheme	80%	15%	5%
Developer Incentives	70%	25%	5%
TOD Program	65%	30%	5%

Table 8. Stakeholder Consensus on Minimum Standards

Component Standard	Recommendation	Agreement Level
Minimum Area	36 m ²	90%
Number of Bedrooms	2	85%
Ceiling Height	2.8 m	95%
Road Access Width	6 m	80%
Public Facilities	30% of total area	75%

DISCUSSION

Main Housing Issues in Jakarta

- a. Price Affordability 87% of LIC respondents reported difficulty in accessing mortgage financing due to stringent requirements and high down payments. One respondent shared, "With a monthly income of IDR 4 million, it is very hard to save for a down payment".
- b. Land Availability Jakarta faces severe land scarcity for new housing development. According to Soemarwi (2019), only limited land remains available for residential use.
- c. Infrastructure and Accessibility Affordable formal housing is often located in the urban periphery where infrastructure is underdeveloped, increasing transportation costs for residents.

Minimum Standard Requirements

- a. Physical Building Aspects
Developer interviews suggest the following minimum standards: Minimum building area: 36 m²; Earthquake-resistant construction; Natural ventilation and lighting; and Standard sanitation facilities.
- b. Environmental Aspects
Research indicates the following needs: Access to clean water; Effective drainage system; Waste management facilities; and Green open space at least 20% of the area (Surjana & Ardiansyah, 2013).

Dominant Factors Influencing the Development of Minimum Standards for Formal Housing for Low-Income Communities (LIC) in Jakarta

1. Economic Factors

- a. LIC Financial Capacity
Over 66% of respondents identified financial ability as the most dominant factor. Most can allocate only 20–25% of income for housing installments. As one respondent said: "We want decent homes, but they must match our payment capacity." Maulana (2020) emphasized that variables such as price, promotion, brand image, and location simultaneously have a positive and significant influence on customers' decisions in choosing mortgage products.
- b. Construction Costs
Research shows that construction costs in Jakarta have increased by an average of 7% per year, affecting the final selling price of housing units. Developers must strike a balance between construction quality and affordability.

2. Technical Factors

a. Land Availability

Analysis shows that land scarcity is a crucial factor influencing housing design and layout. Only 10% of potential land remains available for residential development in Jakarta.

b. Safety and Security Standards

Findings from focus group discussions (FGDs) with experts identified several minimum standards that are non-negotiable: Earthquake-resistant structures; Fire protection systems; and Adequate drainage networks.

3. Regulatory Factors

a. Government Policy

Regulations such as Governor Regulation No. 23/2022 define key parameters for minimum standards, including: Building Base Coefficient (KDB); Building Permit (IMB); and Minimum technical requirements.

b. Developer Incentives

Incentive policies such as tax reductions and simplified licensing procedures affect developers' ability to provide quality housing at affordable prices.

4. Socio-Cultural Factors

a. Community Lifestyle

Research indicates that more than 66% of respondents require housing designs that accommodate social activities and extended family living. This influences the minimum space standards and layout design.

b. Accessibility

Locations with access to public transportation and proximity to community facilities are a top priority for more than 66% of LIC respondents.

Alternative Solutions for Formal Housing for LIC in Jakarta

a. Financial and Affordability Solutions

Innovative Mortgage Schemes Interviews with banking stakeholders and LIC respondents produced proposed mortgage schemes that include: Staggered down payment; Progressive installments aligned with income growth; and Grace period at the beginning of the mortgage term. **Cross-Subsidy Programs:** Research shows the effectiveness of cross-subsidy models between commercial properties and LIC housing. "This program successfully reduced the selling price by up to 25% in several pilot projects," explained a developer during the FGD.

b. Design and Construction Solutions

Cost-Efficient Construction Technology: The implementation of modern construction technology can optimize costs through: Use of prefabricated materials; Modular systems; and 3D printing technology for building components.

Adaptive Design: The study identified design concepts that can evolve based on occupant needs, including: Planned incremental housing; Multipurpose spaces; and Optimization of natural ventilation.

c. Policy and Regulatory Solutions

Policy Incentives: Analysis highlights the effectiveness of several incentive policies, including: Tax reductions for LIC housing developers; Fast-track permitting; Density bonuses for LIC housing projects.

Public-Private Partnerships: Development of new partnership models, such as: Joint venture development; Land banking programs; and Risk-sharing mechanisms.

d. Infrastructure and Accessibility Solutions

Transit-Oriented Development (TOD): Integration of LIC housing with: Mass transportation networks; Integrated public facilities; and Multipurpose public spaces.

Smart Infrastructure: Implementation of smart city technologies to enhance efficiency: Smart water and electricity management systems; Integrated waste management; and Digital security monitoring.

e. Social and Community Empowerment Solutions

Mentorship Programs: Program implementation includes: Financial management training; Establishment of housing cooperatives; and Guidance on home maintenance.

Community Empowerment: Development of models such as: Communal waste banks; Urban farming; and Community-based microenterprises.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research findings, the following conclusions can be drawn:

1. The provision of formal housing for Low-Income Communities (LIC) in Jakarta requires a comprehensive approach that considers affordability, feasibility, and sustainability. Collaboration between the government, developers, and financial institutions is essential to create effective solutions.
2. The establishment of minimum standards for formal housing for LIC in Jakarta is influenced by a complex interplay of economic, technical, regulatory, and socio-cultural factors. A holistic approach is required to develop standards that accommodate the needs of all stakeholders.
3. Addressing the housing issues faced by LIC requires an integrated approach that combines financial, technical, regulatory, and social aspects. The success of implementation depends on effective collaboration among the government, private sector, and community.

For relevant stakeholders, the following recommendations are proposed:

- a. Government: Develop regulations that are more adaptive to LIC needs; Improve coordination among relevant agencies; and Strengthen monitoring and evaluation systems for the implementation of minimum housing standards.

- b. Developers: Optimize the use of efficient construction technologies; Develop housing designs that are adaptive to LIC living patterns; and Enhance collaboration with government and financial institutions.
- c. Financial Institutions: Develop more innovative financing schemes; Simplify the mortgage process for LIC; and Increase flexibility in credit requirements

ADVANCED RESEARCH

- a. Conduct studies covering broader geographical areas to obtain a more comprehensive understanding of minimum housing standards for LIC.
- b. Develop research methodologies using a more in-depth mixed-method approach to produce more accurate and measurable data.
- c. Conduct comparative studies with other major cities in Indonesia or other developing countries to enrich research perspectives.

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