



INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT FINANCING FOR SELF-HELP HOUSING IMPROVEMENT OF LOW-INCOME COMMUNITY (CASE STUDY: KAMPUNG AROUND INDUSTRIAL AREA BERBEK, WARU, SIDOARJO, INDONESIA)

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Abstract

The condition of low-income community in provision of houses for themselves is still less feasible that related to inadequate economic condition. House is one of the basic human rights that must be obtained by the community. In Indonesia there are government programs that are intended for community housing, but more focused on the housing that was built formally, rather than self-help housing which built by the community, especially for low-income community. Furthermore, some subsidized assistance policies are available for low-income community, but some requirements of procedure in obtaining it are potentially difficult, so that result in them not reaching this subsidy.

This research aims to determine the form of provision of assistance in order to support the financing for self-help housing in accordance with the conditions of the low-income community with case studies on *kampung* (informal housing or village inner city) around the industrial area by descriptive field research method.

The result of the research shows that there are potentials and problems in financing of self-help housing on low-income community. Some strategies that can be done include maximize and equitable government programs on self-help housing finance for low-income community, increase the income of low-income community, and implement Corporate Social Responsibility.

Introduction

Along with population growth in urban areas, the need for housing, provision of infrastructure and facilities of settlements will also increase, either through improvement or new development (Basri, 2010). The socio-economic environment, low-income community, have impeded their survival and affected housing access for them. (Jaiyeoba and Aklanoglu, 2012). Sumarwanto (2014) argues that portrait of low income community is reflected in the socio-economic conditions in their life and is shown by the condition of community housing in various areas, both in rural and urban areas that are still in inappropriate condition.

On the other hand, article 28H Paragraph 1 of the Indonesian Constitution 1945 states that everyone has the right to live in a physical and spiritual prosperity and obtain a healthy living environment and be entitled to health services. Besides, the law no. 39 of 1999 on Human Rights, Article 40 states that everyone shall have the right to live and to have a decent life.

During this time, government programs related to housing finance for the community are more focused on housing that was formally built by developers from self-built or self-help houses, especially for low-income community, for example: mortgage provision for formal housing, construction of subsidized homes through the program of a million homes, the construction of rental flats. In fact, there are several policies on subsidy assistance for low-income community. However, there are several requirements that potentially complicate the low-income community in obtaining the subsidy, such as; requirements concerning having a minimum savings fund / self-help fund, minimum loan, maximum loan, and tenor / loan repayment period (Regulation of the State Minister of Public Housing number 05 year 2007). Besides that, there are some other requirements like the obligation to have Tax ID number, Annual Income Tax Copy, income certificate from workplace institution / pay slip, etc (Public Works and People's Housing Regulation Number 48 of 2015).

Therefore, it is necessary to study the form of assistance in supporting housing finance in accordance with the condition of low income community. This study aims to learn and observe the conditions of Housing Finance for improvement on low-income community and propose the form or implementation of assistance to support the housing finance which is in accordance with the conditions of the low-income community.



Theoretical Framework

Self-Help Housing, Low-Income Community, and Policy

In Law Number 01 Year 2011 on Housing and Settlement Area, self-help housing is a house that built by community. While low income community is a society with limited purchasing power so it is necessary to get government support to obtain a decent housing (Regulation of the State Minister of Public Housing No. 06 year 2013 on Guidelines for Implementation of Self-Helping Housing Stimulus Assistance; Article 1). Criteria on low income community can be seen from Regulation of the Minister of Public Works and People's Housing Number 48 year 2015 that states low income community is entitled to have a cheap tread when the income is below 4 million rupiahs and entitled to have a flat when the income is below 7 million rupiahs. Moreover, to meet the needs of the home for low-income communities, the government and / or local governments are required to provide ease of development and home acquisition through a gradual and sustainable housing development planning program. Ease of assistance for the construction and acquisition of houses for low-income community is the subsidy for house acquisition, and self-help house Stimulants. Tax Incentives are in accordance with the provisions of legislation in the field of taxation, Permissions, Insurance and Guarantee, Provision of Land, Certification of Land or Public Utilities, and Facilities and Utilities (Law Number 01 Year 2011 on Housing and Settlement).

Self-Help Housing Finance

Silas (2017) states that housing by people is in large numbers (in the form of kampong, self-help housing), even able to build the city, but is lost from the observation of decision makers and policy makers. The contribution of self-help housing reached more than 85%. Systems and patterns of financing self-help housing can be sourced from Banking Institution, Non-Bank Financial Institution, Micro Finance Institution including Cooperative, Central Government, Local Government, and Corporate Social Responsibility Fund from Private-Owned Enterprises (Indrawan, 2008). Further, micro-finance and community-based savings groups have emerged as a positive financial mechanism that can reach the urban poor. Significant amounts of collective money that can be saved and used may support in particular housing projects for group members. In many countries, particularly with 'limiting' of institutions and regulations for low-income community, micro-finance and community-based savings groups can be used (UN Habitat, 2011).

Self-Help Housing Financing Programs in Indonesia

Self-Help Housing Stimulus Assistance (Bantuan Stimulan Perumahan Swadaya-BSPS)

BSPS is an assistance provided by the Ministry of Public Works and Public Housing which is given to the district or provincial government to be channeled to the community in need. Basically, BSPS can be interpreted as government assistance in the form of stimulant for low income community to increase self-reliance in developing or improving the house quality along with public utilities and facilities. Scope of BSPS consists of quality improvement, new development, and infrastructure development of house.

Several criteria of BSPS recipients include; own or control the land, has no house, or possesses and occupies the only house with uninhabitable conditions, has never received BSPS assistance from the central government, and earning the most at local provincial minimum wages at local provincial.

Assistance in Housing Financing Based on Savings (Bantuan Pembiayaan Perumahan Berbasis Tabungan-BP2BT)

BP2BT is given to low-income community who has savings to meet some of the down payment or some funds for home construction. The program is targeted at communities with non-fixed or informal incomes. Informal workers must have savings with a minimum balance of 2 million rupiahs to 5 million rupiahs. Moreover, workers may report to banks that they have cooperated for submission of assistance only by showing a passbook. Long duration of savings can be used as reference registration program, at least have been running for 6 months. (<http://ppdpp.id/bantuan-pembiayaan-perumahan-berbasis-tabungan/>)

Micro Housing Financing (Pembiayaan Mikro Perumahan-PMP)

Housing launched PMP (Micro Housing Financing) for self-help housing for non-fixed income informal workers. It is able to bridge the fulfillment of the needs of informal workers to access finance to the banks to build core



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houses and home rehabilitation. The cooperation is between the Ministry and *Bank Rakyat Indonesia (BRI)*, *PT Bank Kesejahteraan Ekonomi (BKE)*, *PT Pegadaian*, and *Yayasan Habitat Kemanusiaan Indonesia (YHKI)*. Maximum ceiling amount is 50 million rupiahs and the maximum installment period is 5 years, which is according to the characteristics of the informal workers, will reduce the risk of bad debts. PMP scheme is gradual and repeatable, with utilization which is flexible. If the loan is fully paid, workers can apply for a new loan to develop the house. Mechanism of submission: informal workers who are members of the community can directly apply to the Bank who has cooperated to run the PMP program. The PMP scheme is targeted to be effective from early October 2017. (<http://ppdpp.id/kementerian-pupr-luncurkan-pembiayaan-mikro-perumahan-untuk-rumah-swadaya-bagi-pekerja-informal/>)

Case studies in other Countries

Self-Help Housing in Bangkok

According to Yap and Wandeler (2010), the *Baan Mankong* program has proven to be effective in improving land tenure security and urban housing conditions in poor communities, but there are limits to its effectiveness, inclusiveness and sustainability. This program is most appropriate for households that require little financial and technical support to gain access to land owners or long-term leases. However, there are poor urban households who are unable or unwilling to become owners of land and homes or who need to develop houses gradually. In addition, the program does not serve the low-income households looking for housing. In the case of Thailand, low-income housing policies have not been successful, as people expect to be independent, in fact, Social welfare, including housing subsidies, tends to be regarded as a kind of aid that creates dependence not as a right for the non-prosperous community. The poor expect to seize the opportunities offered by economic development to get rid of poverty that emphasizes independence, not by relying on outside help.

Failure to subsidize and provide formal housing for the poor in Columbia

Based on the study of *Free Housing for the Poor: An Effective Way to Address Poverty?* by Gilbert (2014), that one of the objectives of the research is to evaluate the success of formal housing subsidy assistance policies and the provision of free formal homes in Colombia, Latin America in 2012. The results of the study show that beneficiaries of formal housing assistance by the government still remain as the poor community as before. They may have trouble for paying incidental housing costs. Moreover, for maintenance of their house there is even some evidence of the poor turning to formal housing even damage their health. It shows that giving a poor family a home for anything it does not improve the main problem, that is very low income.

The comparison study above is almost the same as in Indonesia, but in Indonesia the self-help housing program for low-income people has not been maximized. It can be seen from the more focused programs for formal housing, such as; construction of a million houses program (formal) by developers, provision of mortgages for formal housing, and the provision of flats. On the other hand, learn from the case in Thailand and Colombia, it can be seen that besides providing housing finance assistance for the poor, the important thing to do is to increase the income of the poor that aimed to eradicate poverty and emphasize self-reliance, and the provision of formal housing for the poor not always be a good solution. Finally, the poor must become independent, and not depend on the government assistance or others and able to realize a more decent house.

Methods

The methods in this article are case studies or descriptive field research. Case study or field research is intended to intensively learn about the background of the current situation and position of an event, as well as the environmental interaction of a given social unit in a given nature. The case study is an in-depth study of a particular social unit and the results of this study provide a broad and deep picture. The subjects studied were relatively limited, but the variables and focus studied were very broadly dimensional (Danim, 2002). According to Yin (1993), case studies can be exploratory and descriptive and focus more on trying to answer the questions, how and why, and to some extent also answer what questions. Data obtained through survey method consists of primary and secondary survey. The primary survey was conducted through interviews with Berbek *Kampung* government representatives and sample of low income community-occupants, while the secondary survey was conducted by obtaining supporting data at the Berbek *Kampung* Office.



Results and discussion

Berbek *Kampung* is located in Waru – Sidoarjo Regency with an area of 139.04 Ha, where part of its territory is SIER Industrial Estate Area and bordered directly with the city of Surabaya (Figure 1). It became one of the causes of the rapid development of the Area. Dominated by self-help housing/ *kampung* with high density. There are still houses not eligible, related to inadequate economic conditions of the household. The condition of the settlement is dominated by high density of the building with the distance between buildings mostly 0-1 m (Figure 2).

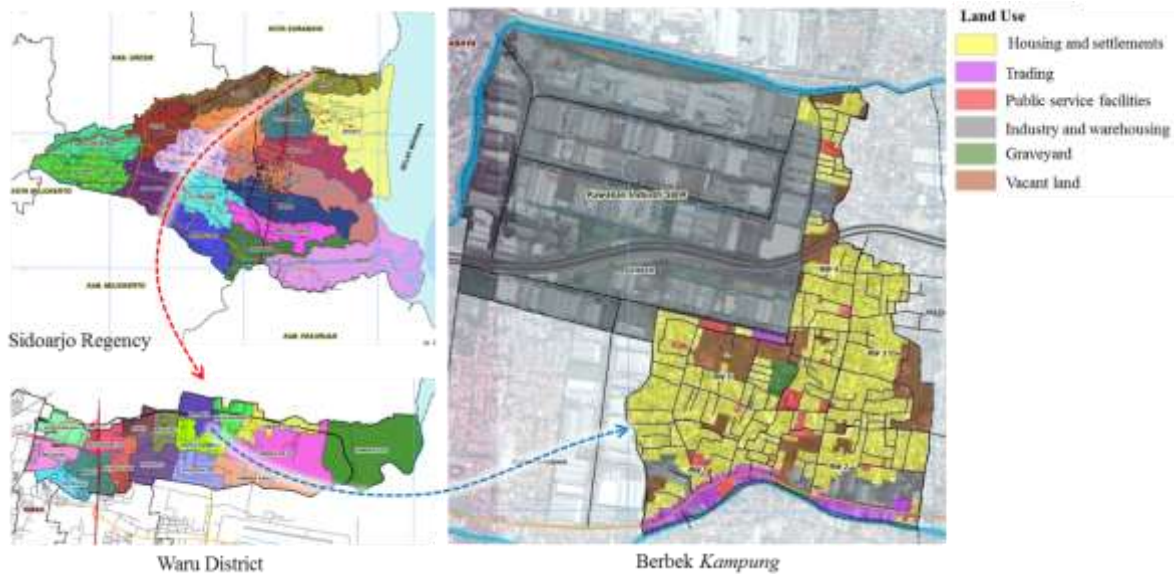


Figure 1. Location and land use of Kampung Berbek



Figure 2. Industrial estate and housing

Low-Income Community Conditions and Poverty

Based on Berbek *Kampung* data (2018), poor households in the Berbek *Kampung* consists of several criteria, including; poor household in accordance with Regency Integrated Database, Recipients of Family Welfare Program (*Kartu Keluarga Sejahtera-KKS*), Recipients of Education and Health Assistance Program (*Kartu Indonesia Pintar* and *Kartu Indonesia Sehat*), and Recipients of Family Hope Program (*Program Keluarga Harapan-PKH*).



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Table 1. Criteria and the amount of poverty in Berbek Kampung

Criteria	Amount	Percentage (%)
Household	2781	-
Poor Household In accordance with Regency Integrated Database	366	13.2%
Poor Household Recipients of Family Welfare Program (<i>Kartu Keluarga Sejahtera-KKS</i>)	106	3.8%
Poor Household Recipients of Education and Health Assistance Program (<i>Kartu Indonesia Pintar</i> and <i>Kartu Indonesia Sehat</i>)	86	3.1%
Poor Household Recipients of Family Hope Program (<i>Program Keluarga Harapan-PKH</i>)	34	1.2%

Source: Berbek Kampung government, 2018

Of these criteria, the Poor Household Recipients of Family Hope Program (*Program Keluarga Harapan-PKH*) is notified as the poorest households. Therefore, location of the observation is focused on this beneficiary program that conducted in in-depth interviews to 4 household samples (12%) on house financing, including: process and housing improvement finance, source of housing finance, constraints of housing finance, and government programs ever gained in housing improvement. Location of poor household sample is shown in figure 3.

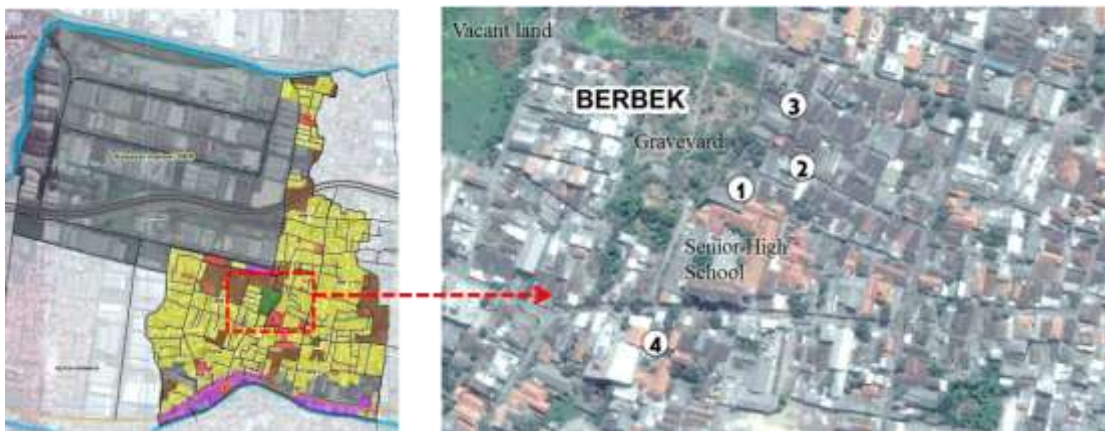


Figure 3. Location of poor household sample

Description of Poor Household Sample

The following table 2 is summary of the results of interviews with poor household sample 1 and 2 in Berbek Kampung.

Table 2. Results of interviews with poor household (sample 1 and 2)

Condition	Discussion	
	Sample Poor Household – 1	Sample Poor Household – 2
Family members	<ul style="list-style-type: none"> ▪ 3 members; mother (widow) and 2 children ▪ Children still in school (Senior High School and Junior High School) 	<ul style="list-style-type: none"> ▪ 7 members (Father, Mother and 5 children) ▪ 1 working child ▪ 4 school children (high school, junior high school, elementary school)
Livelihood	<ul style="list-style-type: none"> ▪ Father; pedicab driver (while still alive) ▪ Mother; uncertain worker (washing, cleaning, helping other neighbor's activities) 	<ul style="list-style-type: none"> ▪ Father; builder ▪ Mother; school cleaning workers ▪ Children; factory worker



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Condition	Discussion	
	Sample Poor Household – 1	Sample Poor Household – 2
Amount of earnings	<ul style="list-style-type: none"> ▪ Approximately 400.000 - 800.000 IDR / month 	<ul style="list-style-type: none"> ▪ Father; 800.000 IDR / month (uncertain) ▪ Mother; 400.000 IDR / month ▪ Children; 3.000.000 IDR / month ▪ Approximately Total income 4.200.000 IDR / month
House Size	<ul style="list-style-type: none"> ▪ 19 x 5 meters (terrace, living room, 4 bedrooms, kitchen and bathroom) ▪ Living room is also used as a dining room and family room ▪ Prior to the addition of bathrooms, residents used bathroom in the neighbor's house around 	<ul style="list-style-type: none"> ▪ 12 x 4 meters (terrace, living room, 2 bedrooms, kitchen and bathroom) ▪ Living room is also used as dining room, family room, and bedroom ▪ Terrace is used as a garage/ parking vehicle
Age of the building	<ul style="list-style-type: none"> ▪ 50 years (built in 1960s) 	<ul style="list-style-type: none"> ▪ 50 years (built in 1960s)
The process of obtaining and source of finance for the purchase of house	<ul style="list-style-type: none"> ▪ Inheritance from parents ▪ 1 house is divided into 2 (owner and her sister), currently the owner's sister lives in another area with his family, so currently the house is only occupied by the owner family 	<ul style="list-style-type: none"> ▪ Inheritance from parents
House improvement activities ever undertaken	<ul style="list-style-type: none"> ▪ Repair of the roof (into asbestos-plaster), before the repair of very severe conditions (almost collapsed), when heavy rains fled to nearby houses ▪ Floor repair (done before husband dies) ▪ Addition of bathroom ▪ Addition elevation ground of bedrooms ▪ Wall repair ▪ Embankments on the terrace (front) 	<ul style="list-style-type: none"> ▪ Repair of roof (previously; tile broken, no ceiling) ▪ Wall repair and painting (previously; woven bamboo and wood) ▪ Repair and elevation of the floor (formerly cement-tile) ▪ Repair bathroom and kitchen ▪ Addition of 2nd floor at the back, size 2 x 3 meter, board material (to dry clothes)
Source of cost for home improvement	<ul style="list-style-type: none"> ▪ The roof improvement comes from the Government program; assistance about 7 million rupiah in the form of materials for roof repairs <ul style="list-style-type: none"> - The cost of labor / craftsmanship, consumption, etc. (non-material) is borne by the owner - Non-material costs; about 10 million (obtained from support of relatives, some debts from nearby neighbors) ▪ Addition of bathroom; self-help (just buy the toilet), development assisted by relatives ▪ Room floor elevation and wall repair; done during house improvement ▪ Pods of embankments on the terrace (front); self-help, development assisted by relatives 	<ul style="list-style-type: none"> ▪ Family savings ▪ <i>Arisan</i> (monthly fund gathering) ▪ Improvement is done gradually, in accordance with the amount of collected savings, e.g.; the construction of the floor on the terrace and living room in done first, the construction of the wall at first without plaster/ cement wall, etc. ▪ Average cost for each repair 2-5 million ▪ If repairs are urgent, costs are obtained from borrowing / debt to relatives
Constraints in housing improvements finance	<ul style="list-style-type: none"> ▪ There is no special allocation or saving for housing improvement ▪ Most of the income is used for daily needs and school fees for both children 	<ul style="list-style-type: none"> ▪ Minimum cost for repairs ▪ Most of the income is used for daily needs and school fees for children



Condition	Discussion	
	Sample Poor Household – 1	Sample Poor Household – 2
	<ul style="list-style-type: none"> ▪ If want to make repairs should wait for help from relatives or wait for children are working 	<ul style="list-style-type: none"> ▪ The last improvement was made about 5 years ago, considering that nowadays more school fees are needed, so the savings are more allocated to the needs of schools
Housing improvements to be done next	<ul style="list-style-type: none"> ▪ Addition elevation of the building floor as a whole, given the condition of flood-prone 	<ul style="list-style-type: none"> ▪ Construction of 2nd floor, because the available space is not enough, there are only 2 bedrooms with 7 family members, and children are growing up
Government assistance in housing improvement	<ul style="list-style-type: none"> ▪ House improvement in 2017 	<ul style="list-style-type: none"> ▪ None
Government assistance in other	<ul style="list-style-type: none"> ▪ Construction of paving neighborhood road ▪ Family Hope Program (PKH); every 3 months 500.000 IDR or 2.000.000 IDR per year ▪ <i>KIP (Kartu Indonesia Pintar) and KIS (Kartu Indonesia Sehat)</i>; none 	<ul style="list-style-type: none"> ▪ Construction of paving neighborhood road ▪ Family Hope Program (PKH); every 3 months 500.000 IDR or 2.000.000 IDR per year ▪ <i>KIP (Kartu Indonesia Pintar)</i>; elementary school: 225.000 IDR/ semester; junior high: 375.000 IDR/ semester; senior high: 500.000 IDR/ semester ▪ <i>KIS (Kartu Indonesia Sehat)</i>; received
Assistance from private sector/ CSR from industry or companies	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
Reasons not to borrow money from formal institutions (banks, pawnshops, cooperatives, etc.)	<ul style="list-style-type: none"> ▪ Cannot afford to pay installment / credit ▪ No collateral for indebtedness 	<ul style="list-style-type: none"> ▪ Difficult requirements (pay slip, Tax ID number, repayment ability, short repayment time) ▪ Uncertain income ▪ Afraid if not able to meet the target time that has been determined ▪ The bank interest is quite high

Source: Interviews, 2018

1 USD = 13.941,17 IDR (<https://id.exchange-rates.org/Rate/USD/IDR> - accessed 4 May 2018)



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The conditions of houses sample 1 and sample 2 are shown in figure 4 and figure 5.



Figure 4. Housing condition - poor household sample 1



Figure 5. Housing condition - poor household sample 2



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The following table 3 is summary of the results of interviews with poor household sample 3 and 4 in Berbek Kampung.

Table 3. Results of interviews with poor household sample (3 and 4)

Condition	Discussion Result	
	Sample Poor Household – 3	Sample Poor Household – 4
Family members	<ul style="list-style-type: none"> ▪ 5 members (Father, Mother and 3 children) ▪ 1 working children ▪ 2 school children (senior high school, junior high school) 	<ul style="list-style-type: none"> ▪ 5 members (Father, Mother and 3 children) ▪ 2 working child ▪ 1 school children (senior high school)
Livelihood	<ul style="list-style-type: none"> ▪ Father; slippers home industry workers (done at home) and mosque guards ▪ Mother; housewives, sometimes help making slippers ▪ Children; janitor worker 	<ul style="list-style-type: none"> ▪ Father; not working/ retired, previous workers home industry sandals ▪ Mother; school cleaners ▪ Children; coffee shop guards and factory employees
Amount of earnings	<ul style="list-style-type: none"> ▪ Father; about 800.000 IDR / month (uncertain) ▪ Mother; - ▪ Children; 2.000.000 IDR / month ▪ Approximately Total income 2.800.000 IDR / month 	<ul style="list-style-type: none"> ▪ Father; - ▪ Mother; 300.000 IDR / month ▪ Child (2 persons); 4.000.000 IDR / month ▪ Approximately Total income 4.300.000 IDR / month
House Size	<ul style="list-style-type: none"> ▪ 7 x 4.5 meters (terrace, living room, 2 bedrooms, kitchen and bathroom) ▪ Bathroom was damaged, did not work. Therefore, use the bathroom's rent house in front of the house ▪ Living room is also used as a work space, dining room, family room, and bedroom ▪ Terrace is used as a garage / parking vehicle 	<ul style="list-style-type: none"> ▪ Previously, building size 7 x 4 meters (terrace, living room, 1 bedroom, kitchen and bathroom); kitchen with woven bamboo and wood material. ▪ Subsequently, construction the back of house to the size of 12 x 4 meters (terrace, living room, 3 bedrooms, kitchen and bathroom) ▪ Living room is also used as a family room, garage/ parking vehicle, and bedroom
Age of the building	<ul style="list-style-type: none"> ▪ 26 years (built in 1992) 	<ul style="list-style-type: none"> ▪ 28 years (built in 1990) ▪ Construction the back of house done in 2017
The process of obtaining and source of finance for the purchase of house	<ul style="list-style-type: none"> ▪ Buy land and build a house; money is earned from the inheritance of parents 	<ul style="list-style-type: none"> ▪ Inheritance from parents
House improvement activities ever undertaken	<ul style="list-style-type: none"> ▪ Improvements are limited due to minimal costs ▪ Roof repair (asbestos), often leak. When there is heavy rain with long duration, residents have to evacuate because the roof leaks and floods into the house ▪ Repair of the wall (cracked), related to the condition of the soil and the 	<ul style="list-style-type: none"> ▪ Construction of the wall, previously in the form of materials woven bamboo, wood, and plywood ▪ Repair floor, previously from cement ▪ The addition of a ceiling, only on the terrace and living room ▪ Development on the back of the house (kitchen and 2 bedroom)



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Condition	Discussion Result	
	Sample Poor Household – 3	Sample Poor Household – 4
	<p>construction of the less powerful building.</p> <ul style="list-style-type: none"> ▪ One side of the room divider wall is damaged, until now there is no wall separation ▪ Floor repairs are only in the rooms (previously tiled), the floors have collapsed and cracks in some parts 	
Source of cost for home improvement	<ul style="list-style-type: none"> ▪ Help from relatives ▪ <i>Arisan</i> (monthly fund gathering) ▪ Personal assistance from the <i>Kampung</i> Leader, when there is a tornado disaster so the roof is damaged ▪ If repairs are urgent and not large costs are done independently, especially for the purchase of materials (cement, sand), while the workers come from relatives 	<ul style="list-style-type: none"> ▪ Family savings (including from part of salary of child already working) ▪ <i>Arisan</i> (monthly fund gathering) ▪ Help from relatives ▪ Type of repair also adjusted to the amount of money available. If there is a more important need, then home improvements are postponed, such as the cost of the school needs.
Constraints in housing improvements finance	<ul style="list-style-type: none"> ▪ Actually, want to improve the house become more feasible, but there is no cost for repair ▪ Most of the income is used for daily needs and school fees for children ▪ Nowadays, after child work little by little can set aside for the cost of repair 	<ul style="list-style-type: none"> ▪ There are no special fees for home improvement ▪ Savings or salaries are preferred for school needs ▪ In the past, most of the income and savings were used for daily needs and school fees for children, but after the 2 (two) children had worked the 'more able' to allocate fees for home improvement, including assistance from children income
Housing improvements to be done next	<ul style="list-style-type: none"> ▪ Repairs to the wall and the addition of concrete pile construction to make the building stronger ▪ Backfill and addition elevation of floor ▪ Repair of kitchen and bathroom 	<ul style="list-style-type: none"> ▪ Improved ceiling overall ▪ Bathroom repair
Government assistance in housing improvement	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
Government assistance in other	<ul style="list-style-type: none"> ▪ Construction of paving neighbourhood road ▪ Family Hope Program (<i>PKH</i>); every 3 months 500.000 IDR or 2.000.000 IDR per year ▪ <i>KIP (Kartu Indonesia Pintar)</i>; elementary school: 225,000 IDR / semester; junior high school: 375.000 IDR / semester; senior high school: 500.000 IDR / semester ▪ <i>KIS (Kartu Indonesia Sehat)</i>; received 	<ul style="list-style-type: none"> ▪ Construction of paving neighbourhood road ▪ Family Hope Program (<i>PKH</i>); every 3 months 500.000 IDR or 2.000.000 IDR per year ▪ <i>KIP (Kartu Indonesia Pintar)</i>; elementary school: 225,000 IDR / semester; junior high school: 375.000 IDR / semester; senior high school: 500.000 IDR / semester ▪ <i>KIS (Kartu Indonesia Sehat)</i>; received
Assistance from private	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None



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Condition	Discussion Result	
	Sample Poor Household – 3	Sample Poor Household – 4
sector/ CSR from industry or companies		
Reasons not to borrow money from formal institutions (banks, pawnshops, cooperatives, etc.)	<ul style="list-style-type: none"> ▪ Not able to meet the nominal credit installment 'surely' every month ▪ Small income of family 	<ul style="list-style-type: none"> ▪ Revenue is still insufficient ▪ Afraid if not able to meet the target time that has been determined ▪ Bank interest is burdensome, if the longer choose the time to pay the interest will be greater

Source: Interviews, 2018

1 USD = 13.941,17 IDR (<https://id.exchange-rates.org/Rate/USD/IDR> - accessed 4 May 2018)

The conditions of houses sample 3 and sample 4 are shown in figure 6 and figure 7.



Figure 6. Housing condition - poor household sample 3



Figure 7. Housing condition - poor household sample 4

From results, it is seen that the lack of income is the main problem of low-income community in housing finance which has an impact on the difficulty of getting a decent dwelling. Low-income community is more concerned with the cost of daily and school necessities than to improve housing. On the other hand, here also can be known that low-income community will try to repair their own homes, especially if conditions are urgent and does not cost too much in their own way, such as; borrow money (loan) from relatives, some money from savings and social gathering, or help from neighbors and relatives (materials and labor).

The government's program in the assistance of financing for self-help housing on low-income community is still not maximal and evenly distributed. It is seen from, there is only one program of self-help housing finance assistance which until now known by society, that is housing improvement. In addition, there is no CSR (Corporate Social Responsibility) program from the industry or companies which located around the village. CSR programs should be possible, either in the form of direct assistance to home improvements or others related to the improvement of the low-income community economy.

Conclusion

Based on the results of observation and analysis it can be seen that most of the finance of housing improvement comes from the low-income community itself (through savings and *arisan*), including assistance from relatives and neighbors, either in the form of aid (material or labor) or loans / debts. Here the sense of solidarity and mutual cooperation is high in the village community; and urgent housing improvements will soon be done by residents. But there are some problems, such as housing improvement is constrained by the lack of cost; minimum assistance from the government, especially in housing improvement that difficult reaching the low income community; the amount of aid often unbalanced with the amount in need, for example uneven and a small portion of house surgical (improvement) program; lack of socialization at the national, regional and local levels on self-financing housing schemes for informal communities; uncertainty of family income on low income community also related to their informal work; requirements that are difficult to obtain credit in formal institutions; and there is still no CSR (Corporate Social Responsibility) program from surrounding companies/ industries related to housing improvement assistance.



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Based on these conditions, there are several strategies that can be done, including:

- Government must disseminate the housing financing for the poor up to the local level on self-help housing, especially with informal employment, such as: Self-Help Housing Stimulus Assistance (*Bantuan Stimulan Perumahan Swadaya-BSPS*), Assistance in Housing Financing Based on Savings (*Bantuan Pembiayaan Perumahan Berbasis Tabungan-BP2BT*), and Micro Housing Financing (*Pembiayaan Mikro Perumahan-PMP*) In addition, it is important to maximize the program until it reaches the intended recipients.
- The income of low income people must be increased, through empowering local economy, by developing home industry such as slippers, food, beverage, or another handicrafts business. This is necessary because the main constraint in financing housing improvements and the lack of borrowing money from formal institutions is their lack of income.
- Cooperation through CSR (Corporate Social Responsibility) program with surrounding companies / industries. CSR must be realized by providing business capital assistance, organizing or financing skills training, finding markets for community businesses, giving local people an opportunity to become employees or industry workers, and house improvement assistance including provision of infrastructure. CSR activities can be made in cooperation between industry companies, government agencies (Department of Trade and Cooperatives and Small-Medium Industry), *Kampung* government, and Non-Governmental Organization in Community.

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