

Institutional Schemes of Self-Financing Housing for Government Lease Land

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Abstract- Surabaya city has more privilege in land management compared to other cities in Indonesia where there is government land that can be leased to city dwellers to be used in accordance with the allocation. One of which is the land of community of Gubeng Kertajaya in which entirely of their home is an asset of the city government of Surabaya. With the regulation on the change of the permits of the land to private property rights, the community seeks to change the status of their land into private property. The problem is that most of them are lower-middle-class people, so a particular scheme is needed for the case. Using credit approach for middle and lower society, this research aims to find the right scheme/approach. This research uses post-positive research paradigm with observation, interview and triangulation analysis, so that the form of an institutional scheme which is under coordination by the city government Surabaya is found. An independent cooperative that can accommodate community payments in the form of goods and money, is proposed, it can also market the products of society. The typology that can be allowed to change the status of land use permit (IPT) into a private land consists of two types, while the rest should be coached from the city government of Surabaya.

Index Surabaya, Scheme, IPT, Permit

I. INTRODUCTION

The city of Surabaya is one of the most privileged cities in land management. Among these areas there is a land / land plot that formerly was a private land part (ex Eigendom Verponding 1304) which by the enactment of Act no.1/1958 on the elimination, was changed into a State land. The city government of Surabaya is one of the holders of management of the State land that has unique problems. Land with status of management rights (hereinafter referred to as HPL) in Surabaya is referred to by green letter [1].

The city government of Surabaya owns land assets leased to the community and is limited to land use rights only. The community recognizes the right to lease the land managed by the Land and Building Management Agency of the Surabaya City Government as a Green Letter (Surat Ijo) since physically the lease issued is green. The granting of Land Usage Permit (IPT) is the granting of lease rights to license holders [2]

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Citizens who have obtained land use permits or green certificates do not get land title certificates other than the green letter itself, but the land use permit holders may request to be granted the Right to Use the Right to Land Management by permission of land use [3]

Based on data from Surabaya City Government, the land area with the status of Land Use Permit (IPT) until December 31, 2015 is $\pm 46,811$ plots with total area of 8,319,081,62 m² [4]. One of the residential areas with the status of Land Permit is Kampung Gubeng Kertajaya 2.

There is a local regulation on Land Usage Permit (IPT) which in it explains that homeowners who stand on government land that has a green letter can be owned through various procedures that have been described in the local regulations.

The problems that exist in Surabaya city is related to the transfer of land use permit (IPT) to private right, in which society are not able to buy the land with the system which have been determined by regulation of local government of Surabaya city. So this study wants to find out how the institutional scheme of financing the transfer of government land into private property in case of micro-financing system.

II. TEORITICAL REVIEW

A. Land Usage Permit

Land Usage Permit, hereinafter abbreviated as IPT permission granted by the Mayor or appointed Officers to using the land and not the granting of a right to use or rights to other lands right as stipulated in the Act Number 5 the Year 1960[5].

B. Disposal of Governmnet Asssets

The object of release is the land that has been published the IPT with the following criteria [6]:

- IPT designation is Housing with use for residential home;
 - the applicant is a holder of IPT for 20 (twenty) years respectively;
 - IPT is still valid;
 - maximum IPT area is 250 m² (two hundred fifty square meters);
 - only one parcel can be released for those who have IPT more than one plot;
 - not in dispute/issue; and
 - not included in the development planning
- Implemented by the Regional Government.

C. Housing Finance

Housing finance is known for two types of financing Informal housing, private bank financing and state financing, the characteristics are

a. Informal: The unit is small, local and mutually beneficial, irregular, sourced from revolving loan funds from both microfinance institutions, cooperatives etc. Homeowners are as developers and owners.

b. Private bank financing: Extremely influential in financing investment of the city that involves many sectors. The construction of the house is short, because it is built by developers that involves various types of business

c. State Financing: Usually done in large-form of residential projects of normative house (uniform, standard), Orientation of development is on the engineering side construction to minimize costs. It inhibits the growth of the business sector informal as it is done:

1. Direct: home buyers get funds directly from the funder (e.g. inheritance etc.)
2. Contract: Home buyers save money with lower interest rates from the market, after saving enough, just buy/credit.
3. Deposit: The institution receiving the deposit from the community, then it is channeled to home buyers.
4. Mortgages: Institutions mobilize funds by issuing bonds.

D. Micro Financing

Housing and settlements are not just seen as a product (inanimate) only, but as well as a process in the formation of the environment of social community in which there are various supporting facilities and infrastructure. Along with urban developments, housing ruin and settlements besides benefiting the community can also bring up various problems. The principal issue of housing involves population problems, both concerning growth as well as its spreading, spatial issues and regional development, increasingly rare and limited of land issues; problems of infrastructure supply, financing issues i.e. the economic ability of the community to reach out decent house prices; technology issues, construction materials and construction services industry; institutional problem; problems of community participation; and issues of legislation [7]. In addition, the constraints of providing housing especially for low income community, among others [8]:

1. Financing constraints.
2. Land availability and price constraints.
3. Constraints on the availability of infrastructure for housing.
4. Constraints of building materials and building regulations.

Based on the description of some housing issues above, one alternative in finishing the problem is through credit programs on micro-finance housing. In review of the housing micro-credit program, there are several definitions of the program. Micro Credit Housing or housing microfinance (HMF) that taken based on some literature best practice from some developing countries, they are described as follows:

1. Housing micro-credit program is a small loan form for the weak economy class, with small and limited nominal loans, with rate of return loans on short term i.e. usually between 2 - 10 years, which is very suitable for the process of improving the quality of community dwelling [9].

2. Housing microcredit program is a service finance in the form of loan money to the community especially those with low incomes with the need for home improvement

(renovation), building new home construction, land acquisition, and provision of infrastructure services (basic infrastructure) [10].

3. Housing micro-credit program is an asset based on a development strategy community intended to help the poor in order to invest in capital physical (housing) so as to improve productivity, and service of other necessities of life[11]

E. Grameen Bank

Grameen Bank is an example of microcredit organization started in Bangladesh that provides small loans to under-privileged people without the need for collateral. This system is based on the idea that the poor have less-used capabilities.

The method used by Grameen Bank is to support lending, group sanction or collateral. Unlike conventional bank systems and principles, the way Grameen Bank works through the provision of credit to the poor is mostly of whom who are non-permanent. Grameen Bank designed as a trust-based microcredit instead of a legal contract. Concretely, the borrower is asked to create a group of five with one leader. Loans are given in sequence with second-person records only able to borrow after the first person's loan is returned. The loan payments made by Grameen Bank are given to a poor group, and the payments are also through that group. If there are customers who cannot afford to pay, then a friend in one group should help that person to be able to pay. In addition, the group of borrowers is required to make various social agendas that benefit the surrounding community. There is a combination of money capital and social capital. By applying this social capital, the debt of repayment to Grameen Bank could reach 99% [12]

III. RESEARCH METHOD

A. Research Paradigm

In research activities, there are various paradigms used. This research uses post-positivism paradigm. The paradigm of post positivism assumes that every phenomenon is a part of whole unity that can be determined or explained only by using a set of factors. Post-positivism asserts that objectivity can be achieved by assuming that objectivity can be raised in goals that are determined even if manifest is imperfectly.

Post-positivism is an improvement of positivism that is considered to have weaknesses and is considered to rely solely on the ability of direct observation of the object under study [13].

B. Type Of Research

The type of research is qualitative research. This is a research that prioritizes the process and meaning or perception problem, in which the research is expected to reveal qualitative information with meaningful analysis. However, it does not reject the existence of quantitative information in the form of numbers or amount

The method used in this research is the explorative method. This method has a purpose to formulate or get something new to determine something which previously not yet exists. Descriptive research aims to create a description, picture or painting systematically, factually and accurately about the facts, properties and the relationship between the phenomena studied. The systematic presentation of data in the descriptive

research itself is done with aim to facilitate understanding and make conclusions.

C. Method of Data Collection

a. Observation

The collection of data and information is by means of direct observation or direct observation using the eyes without any help from other standard tools for a particular purpose. Direct observation was done in a structure that is subject or researcher has known what aspect of activity observed in accordance with problem and purpose of research which have been determined [15].

b. Interview

Semi structured interviews can be done formally or informally, depending on the field and the respondents encountered [16]. Semi-structured interviews are included in the in-depth interview category. They have the advantage of structured interviews because they can do the probing. Probing is an art in seeking additional information by digging deeper information. Probing has two main functions: (1) motivating respondents to elaborate or clarify an answer or to explain the reasons for the answer given; (2) help to focus the conversation in the specific topic of the interview

c. Content Analysis

Content analysis has become an efficient, proven alternative to analyzing public opinion, analyzing markets, political processes and emerging ideas. Content analysis is an analytical technique for making sense of text (or other meaningful data) about its replicable and valid context. As a technique, content analysis involves special procedures. This can be learned and taken from the individual authority of a researcher. Content analysis enables researchers to gain new insights, develop a researcher's understanding of a particular phenomenon or to inform them about the meaning of a practical action / behavior. Content analysis is a scientific tool.

In this process of analysis is used deductive content analysis for testing the category of concepts, models or hypotheses. Deductive content analysis is used when the structure of analysis is based on prior knowledge and if the purpose of the research is for theory testing) [17].

IV. OVERVIEW OF THE RESEARCH LOCATION

Kampung Gubeng kertajaya resides in subdistrict kertajaya sub district gubeng with wide area around 7 Ha which having 1 RT where the population reaches 134 families.



Figure 1. Location of research area

V. CHARACTERISTIC OF GUBENG KERTAJAYA 2 SETTLEMENT

A. Characteristic of settlement form

Characteristics of settlements in kampong Gubeng Kertajaya 2 are dominated by permanent houses with two categories of houses that can be said to be feasible and unfeasible. The existence of these unworthy houses is found in many alleys of kampong Gubeng Kertajaya. The existence of inadequate homes is driven by their income conditions. For more details can be seen in figure 2.



Figure 2. Condition of houses Gubeng Kertajaya 2

B. Characteristic of home function

Characteristics of the use of homes that located in *kampong Gubeng Kertajaya* can be classified into two i.e. residential and business houses. Use for residential use means is only used by residents as a place to live alone with no other activities different from business houses which are used as grocery store and place to make small-scale household industry which is usually industry of cake. For more details it can be seen in Figure 3.



Figure 3. Condition and function of house Gubeng Kertajaya

C. The characteristic of people's incomes

Characteristics of the community economy *gubeng kertajaya* 2 can be classified into 2 i.e. People with middle and upper middle income down. In general, the community of *kampung gubeng kertajaya* can be classified into the middle to lower. This is due to the large number of people who work in the private sector, especially food traders, whose income cannot be determined every day. For more details it can be seen in figure 4.



Figure 4. Food trader at the home

D. Status of community settlements land

The condition of land status located in Kampong Gubeng Kertajaya is an asset owned by Surabaya city government. The government of Surabaya city grants a land use permit for the community to be used as a settlement, trade and services and public facilities that are adjusted to the land use. The community of Gubeng Kertajaya rent the government land to be settled / home with the land use permit (IPT) which is divided into three: long term, medium term and short term. The granting of land use permit (IPT) may also be referred to as a green letter which can be said to be legal to use / utilize the government's assets with a certificate of land permit (IPT) or green letter in accordance with the Surabaya city regulation no 3 / 2006 regarding the license to use land (IPT).

E. Forms of public tax

The community of Kampung Gubeng Kertajaya 2 in renting the land or asset of Surabaya city government is charged with tax which is divided into two types, namely the license of land use and building tax in which the two taxes are paid annually but different for the payment method. Usually they have to spend at least a year Rp. 200,000 to Rp. 1.750.000 to pay the two taxes. There is a difference between the payment mechanism of the two taxes: by depositing to the bank in all areas of Surabaya city for land and building tax and depositing to city government under one stop service unit (UPTSA) which is located at Siola Building Surabaya.

F. Community forms

The activities of the gubeng kertajaya 2 community are various community organizations such as neighborhood association, family welfare development (PKK), dasawisma group consisting of at least 10 family mothers, study groups, arisan groups and youth groups. For more details can be seen in figure 5.



Figure 5. Condition of social activities of the community

G. Cooperatives in the community

One of the advantages found in the village of Gubeng Kertajaya is the existence of saving and loan cooperative of *Rukun Tetangga* (RT) 02. This cooperative is shaded by the organization of the community of mothers namely the fostering of family welfare (PKK). This cooperative is run and held by the treasurer of RT 02. The purpose of establishing this cooperative is to collect funds from members and to lend to members in need at 5% interest with installments for 3 times. In this cooperative there is no limit on the amount of savings and loans and there is no stock for

members to begin the establishment of this cooperative, because the rest of the business results are usually distributed when the day of *Idul Fitri*

H. Problems found in society

The community of kampong Gubeng Kertajaya already occupies or rents the land / asset of Surabaya city government that ranged from 10-20 years and more. Problems with land ownership or land use permit (IPT) may arise when the government needs the land, it can be anytime evicted and they have to move. This is because they rent the land from the government. But now the city of Surabaya has issued Surabaya city regulation number 16 / 2014 about the release of land of Surabaya city government asset. The existence of this regulation can benefit the society with IPT status to become private property rights. The problem is the article that states about the ability to pay for any costs incurred as a result of the application for the release of the right, namely to pay the compensation money, the amount and method of payment in accordance with the stipulated. The applicant whose petition is granted shall pay the compensation within a maximum of 24 months commencing from the signing of the compensation payment agreement. The problem is at the limit of 2 years payment with the financial condition of the community that can be categorized middle to lower. Whilst there is a section that says the mayor may extend the payment of the land acquisition for a maximum of only one year, taking into account the applicant's ability. Therefore, an institution needs to protect and assist this lower middle class people who want to change the status of IPT into private property right.

VI. ANALYSIS AND DISCUSSION

A. Typologi Based on Long Lease

- a. Typoogi 1 is long-term IPT, which is valid for 20 (twenty) years and can be extended every 20 (twenty) years at the maximum for business and residential;
- b. Typology 2 is medium term IPT, which is valid for 5 (five) years and can be extended every 5 (five) years at the most;
- c. Typology 3 is short-term IPT, which is valid for 2 (two) years and can be extended every 2 (two) years.

B. Typology Based on Lease Problems

- a. Typology A is a plot that is not legally and administratively involved
- b. Typology B is a plot that not included in development planning implemented by the local government
- c. Typology C is a plot that is involved in legal and administrative matters and is included in the development planning implemented by the local government

VII. THE ESTABLISHMENT OF AN INDEPENDENT INSTITUTION

A. The Scheme of the Establishment of an Independent Institution

Establishment of independent institutions that take care about the release of Surabaya city government assets must synergize with the Surabaya municipal government where the mayor of city government becomes the main responsibility under it.

There is an advisory board of the planning and development agency (BAPPEDA) which serves as a body that takes care of all sorts of activities under the city of Surabaya. Below there is an advisory board of the building and land management office (DPBT) as the perpetrator who owns the entire land assets of Surabaya city. National Land Agency (BPN) which functions as an entity to issue certificate and legality of land and public housing office and residential area, copyrighted works and spatial plan (DPRKPKTR) who have the authority to manage detailed plans and land allotment of Surabaya city. After that there is an independent institution that can be a bank or cooperative which is managed independently by the community and related community, and the last is the society itself in need. For more details can be seen in figure 6.

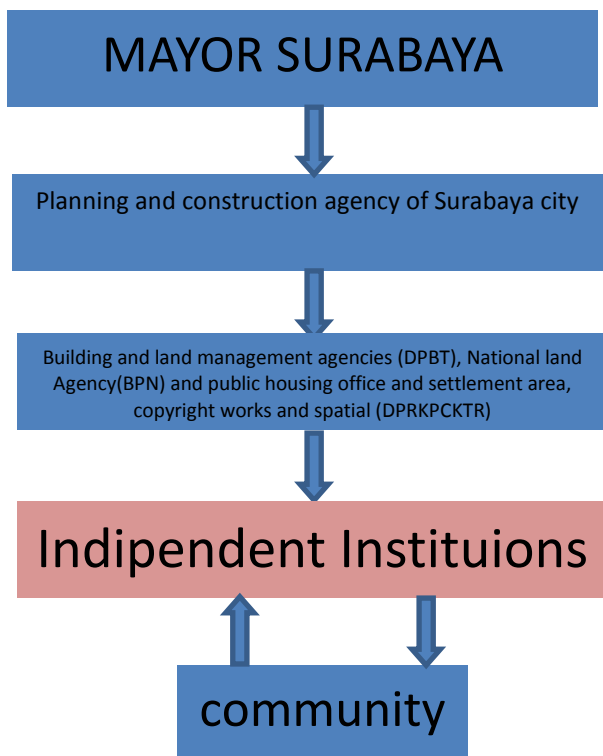


Figure 6. Scheme of the establishment of an independent institution.

B. Independent Agency Organization Scheme

The establishment of independent institutions that take care about the release of Surabaya city government assets is managed directly by the community that has been formed previously. At the location of this study there have been savings and loan cooperatives supported by the treasurer of RT 02. It is the cooperative that created in collaboration with the cooperative of saving and borrowing. This form of village people's cooperatives is almost similar to the establishment of public housing cooperatives. It's just that the locus is a cooperative engaged in the field of savings for land acquisition of the government assets. The village cooperative is functioning as:

1. Collecting members who will change the land of government assets into private property.
2. Collect members who own houses on government assets for middle-class economic groups.

3. Prepare and map which members can change or transfer the functions of government assets into private property.
4. Compile the concept of financing the transfer of government asset functions into private property rights.
5. Collect and require members to save daily with any nominal amount with a target to be able to pay for the transfer of government assets into private property.
6. The saving system can be divided into two ways namely through money and goods. For goods, are goods that can be sold through cooperatives for the benefit of customers.
7. This savings system will earn 3% interest every month.
8. Require customers to instill shares at the beginning
9. Cooperatives may share the marketing of goods and services from customers
10. Cooperatives can rotate money to increase income
11. Cooperatives can provide capital for small and medium enterprises (SMEs) in cooperation with the city of Surabaya with one village system one product. For more details can be seen in figure 7.

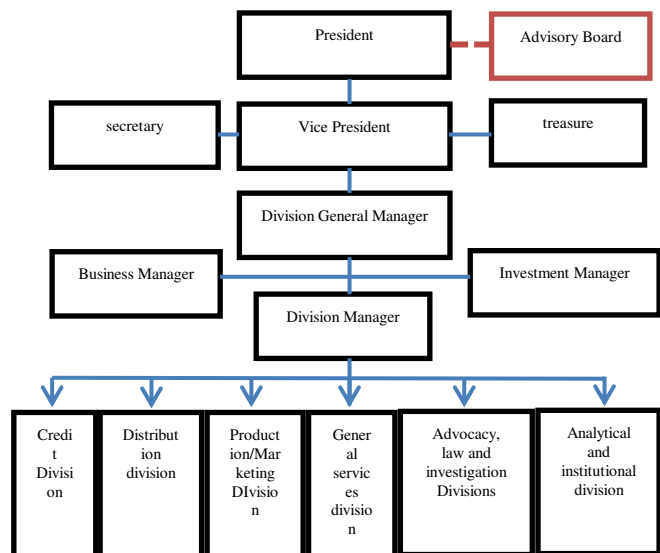


Figure 7. Scheme independent agency organization

VIII. FINANCING SCHEME

A. Scheme in typology 1 A

Gubeng Kertajaya community included in this typology is the society that is allowed to change their land use permit (IPT) into private land with the payment system for the lower middle class that can be implemented related to the existence of cooperatives. For more details can be seen in figure 8.

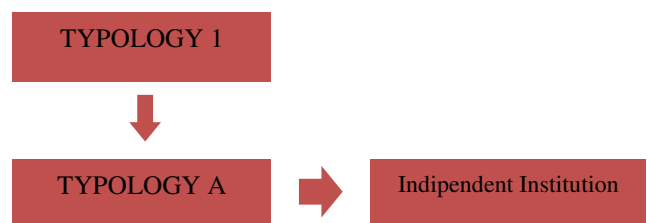


Figure 8. Scheme In Typology 1 A

B. Scheme in Typology 1 B

Gubeng Kertajaya community included in this typology is the society that is allowed to change certificate, but must first coordinate with the agency whether it is related to the existence of local planning program or not, if it is found not related then it can be continued with the payment system for middle to lower society that can be implemented with the existence of cooperatives. For more details can be seen in figure 9.

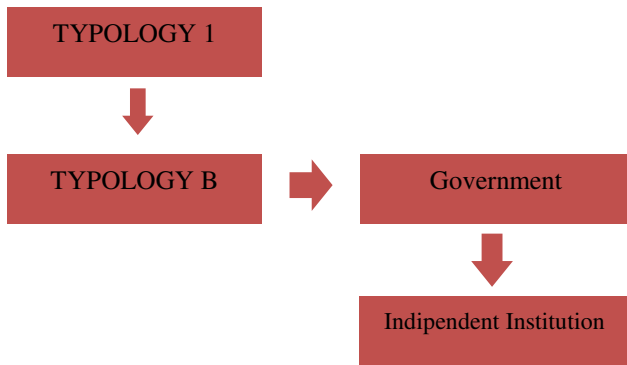


Figure 9. Scheme in typology 1 B

C. Scheme in Typology 1 C

Gubeng Kertajaya community included in this typology is the society that is not allowed to change its ownership status because there are various problems to be solved with the city of Surabaya. So there need to be coaching from Surabaya city government. However, they can follow the payment system for the lower middle class that can be done with the presence of cooperatives. For more details can be seen in figure 10.

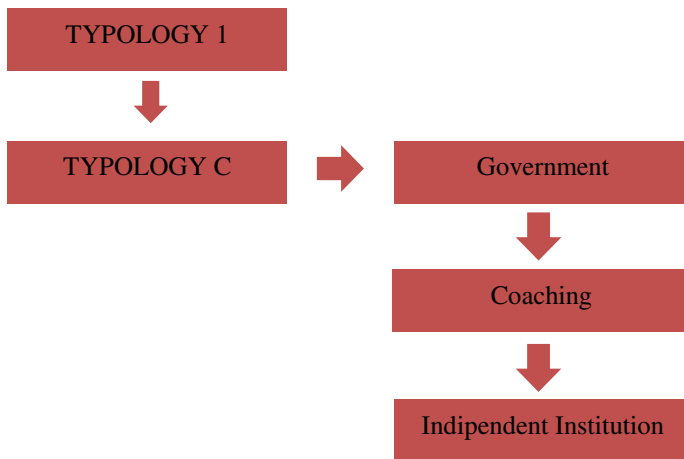


Figure 10. Scheme in typology 1 C

D. Scheme in Typology 2 A, B, C

Gubeng Kertajaya community included in this typology is a society that is not allowed to change its ownership status

because there are various problems that must be solved with the Surabaya city government and from the length of residence it is not sufficient to carry out the changes. So there need to be coaching from Surabaya city government. However, they can follow the payment system for the lower middle class that can be carried out with the presence of cooperatives.

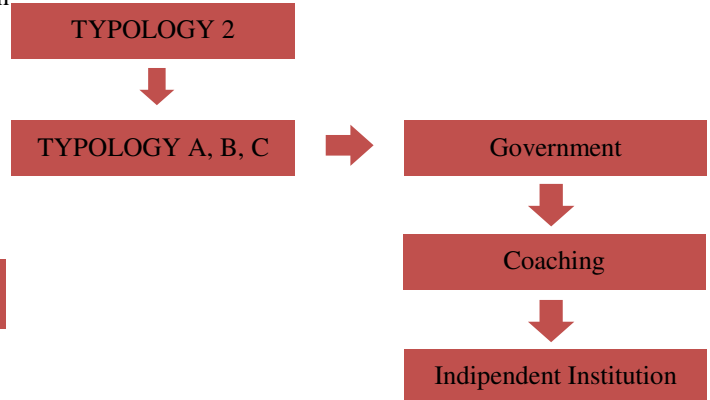


Figure 10. Scheme In Typology 2 A, B, C

E. Scheme in Typology 3 A, B, C

Typology 3 is not different from typology 2 because it still does not meet the criteria that applicable and according to the regulation on the release of Surabaya city assets. So the charts and explanations can be equated with typology.

IX. CONCLUSION

The form of institutional scheme must be independent but it still under coordination by the city government of Surabaya. The suitable form then is an independent cooperative that can accommodate public payments in the form of either goods or money. The function of this cooperative can also market the products of society. The typologies that can be allowed to change the status of land use permit (IPT) into a private status are only two types, while the rest should be coached first from the city government of Surabaya.

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