

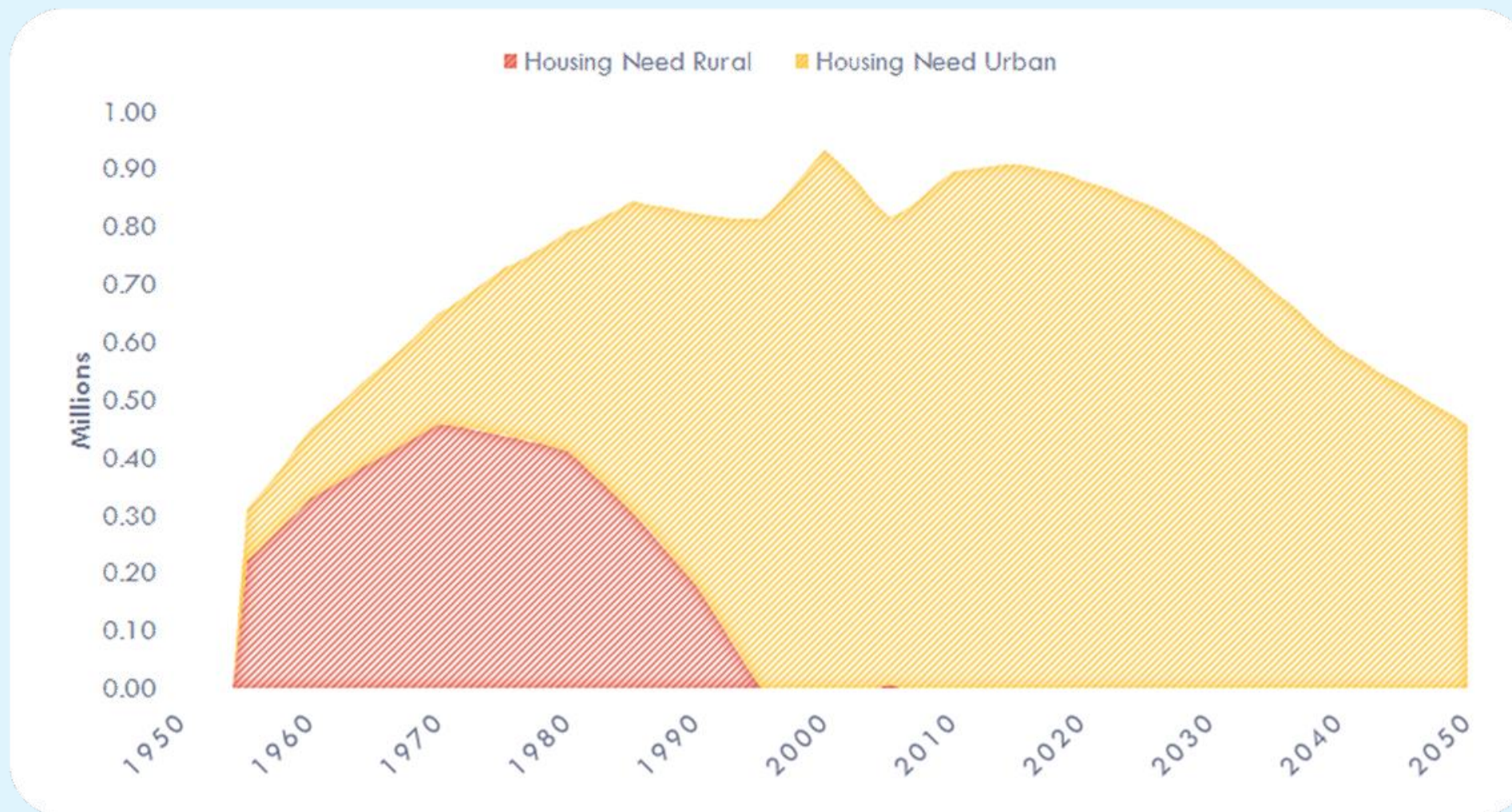


Improving Access to Safe, Adequate and Affordable Housing for Low-Income Households (*MBR*)

 *Dao Harrison, Senior Housing Specialist, World Bank*



URBAN HOUSING NEEDS ARE MOST ACUTE NEW HOUSEHOLD FORMATION, 1950-2050



ASSUMPTIONS

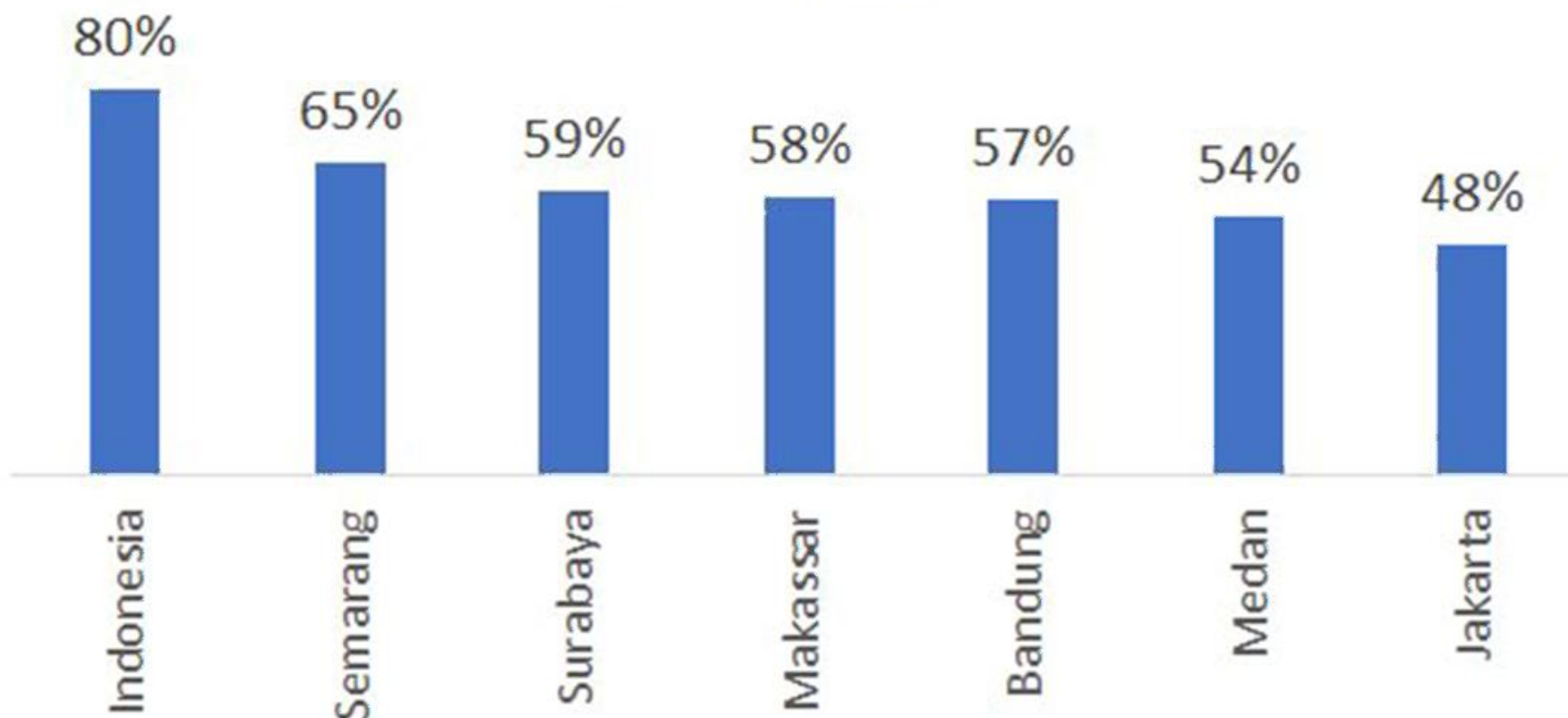
HH size: 3.8 urban and 4.4 rural

Pre-existing housing back-log or of housing stock depreciation/ replacement needs not being accounted

Source: UN population data

HOME OWNERSHIP RATE FOR MAJOR CITIES AT 57%

Home Ownership Rate



Housing Interventions

most needed in urban area where home ownership is the lowest

Urbanization rate

increasing to 68% by 2025 will exacerbate housing needs

TO ACHIEVE SATU JUTA RUMAH, GOI HAS 2 KEY INSTRUMENTS

Credit-linked Subsidy: FLPP & SSB

Quantitative Backlog: Home Ownership



230,000 units per year

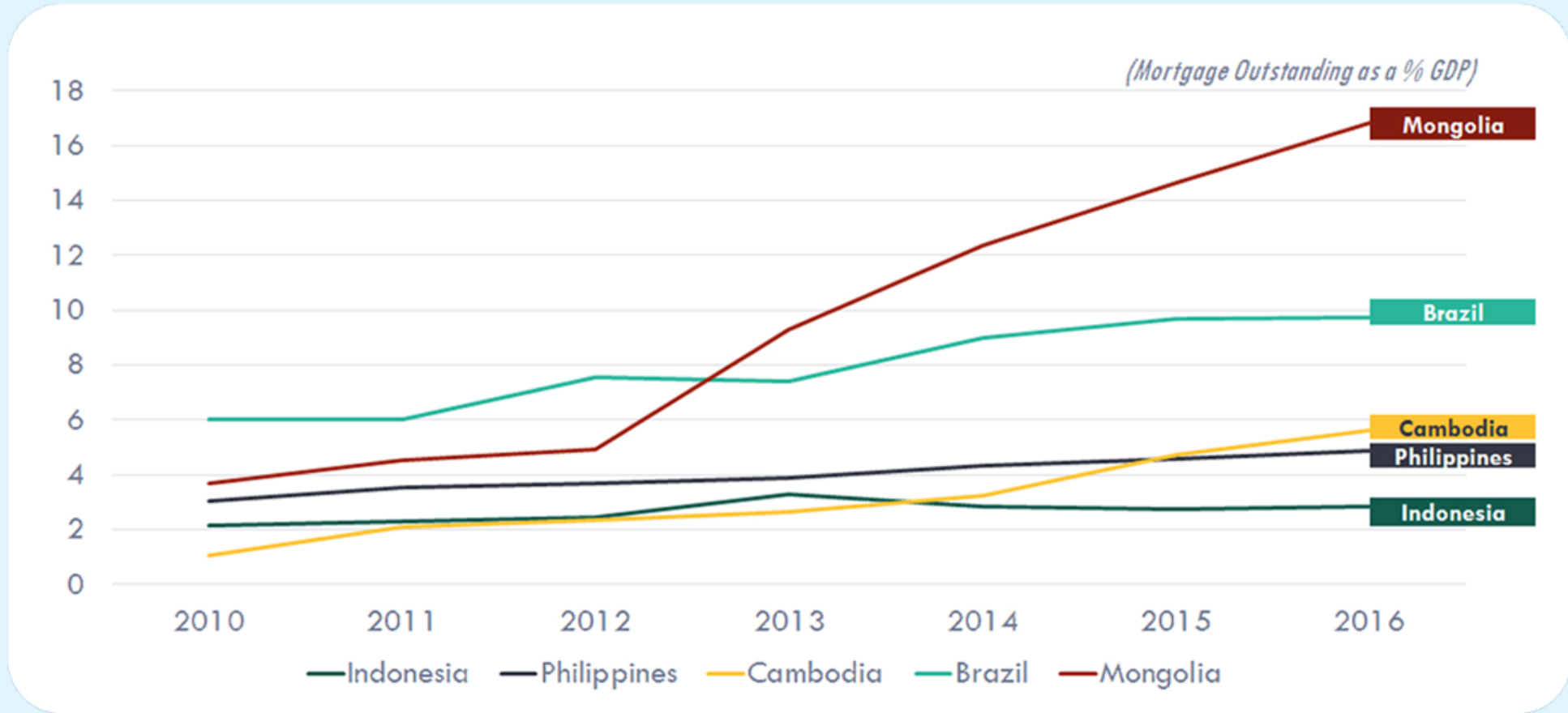
Grant: BSPS

Qualitative Backlog: Home Upgrading



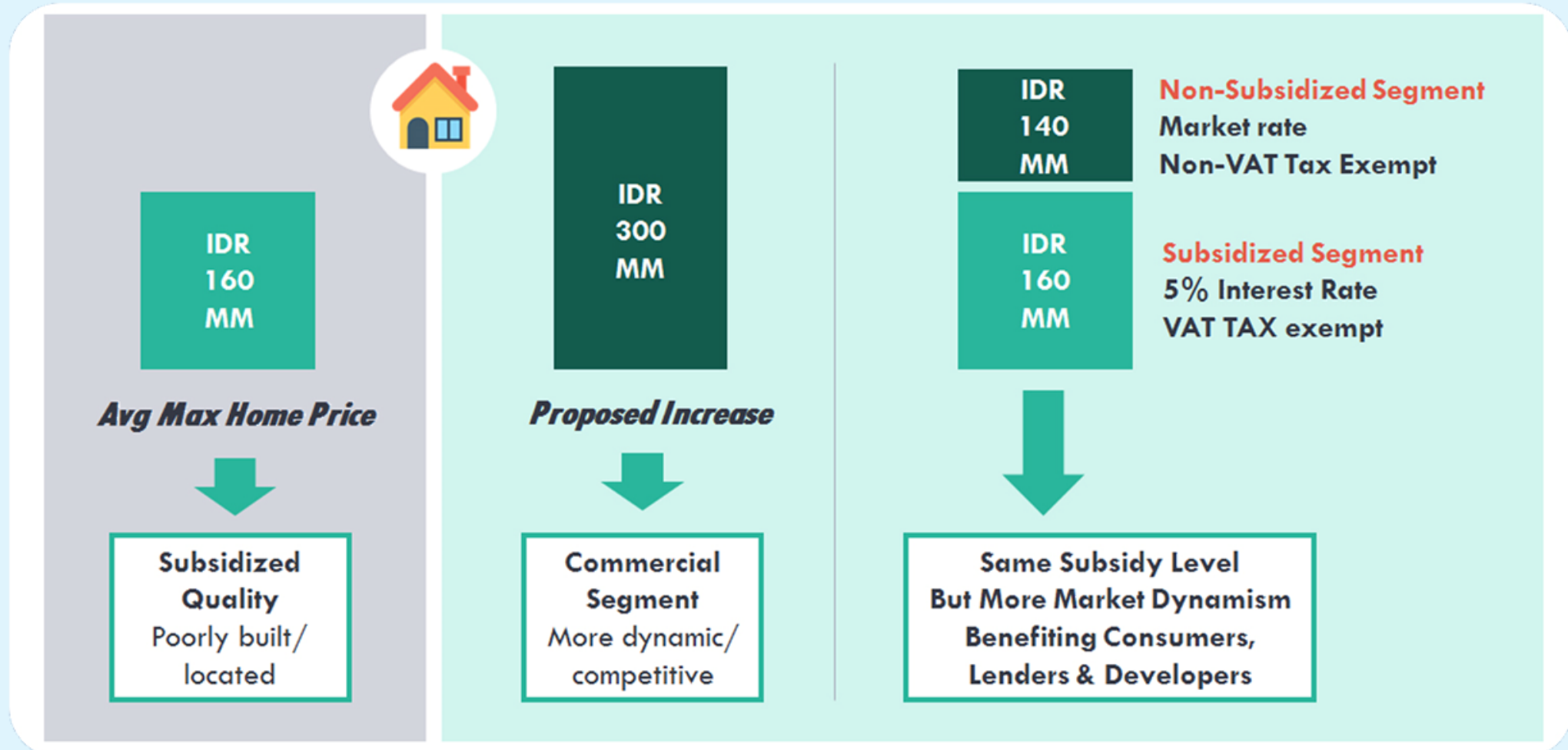
150,000 units per year

WHY IS INDONESIAN MORTGAGE MARKET SMALL WITH STAGNANT GROWTH?

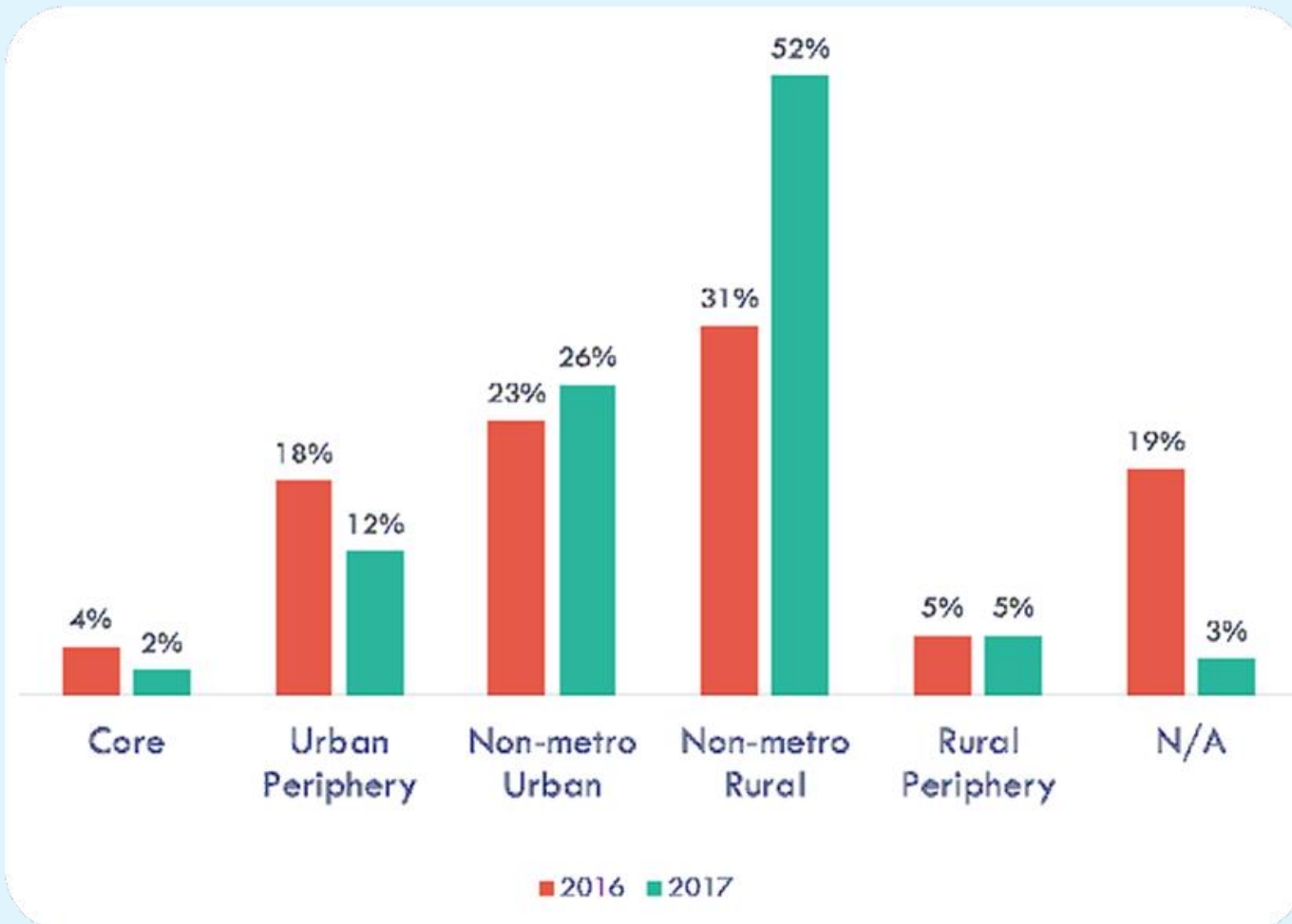


SYSTEMIC BLOCKAGES NEED TO BE ADDRESSED TO GROW MARKET

ADJUST MAX HOME PRICE TO MEET CONSUMER NEEDS & CROWD IN PRIVATE SECTOR



LOCATION OF KPR SUBSIDY HOUSING BY URBAN CLASSIFICATION



**57% built in
Non-metro Rural &
Rural periphery areas**

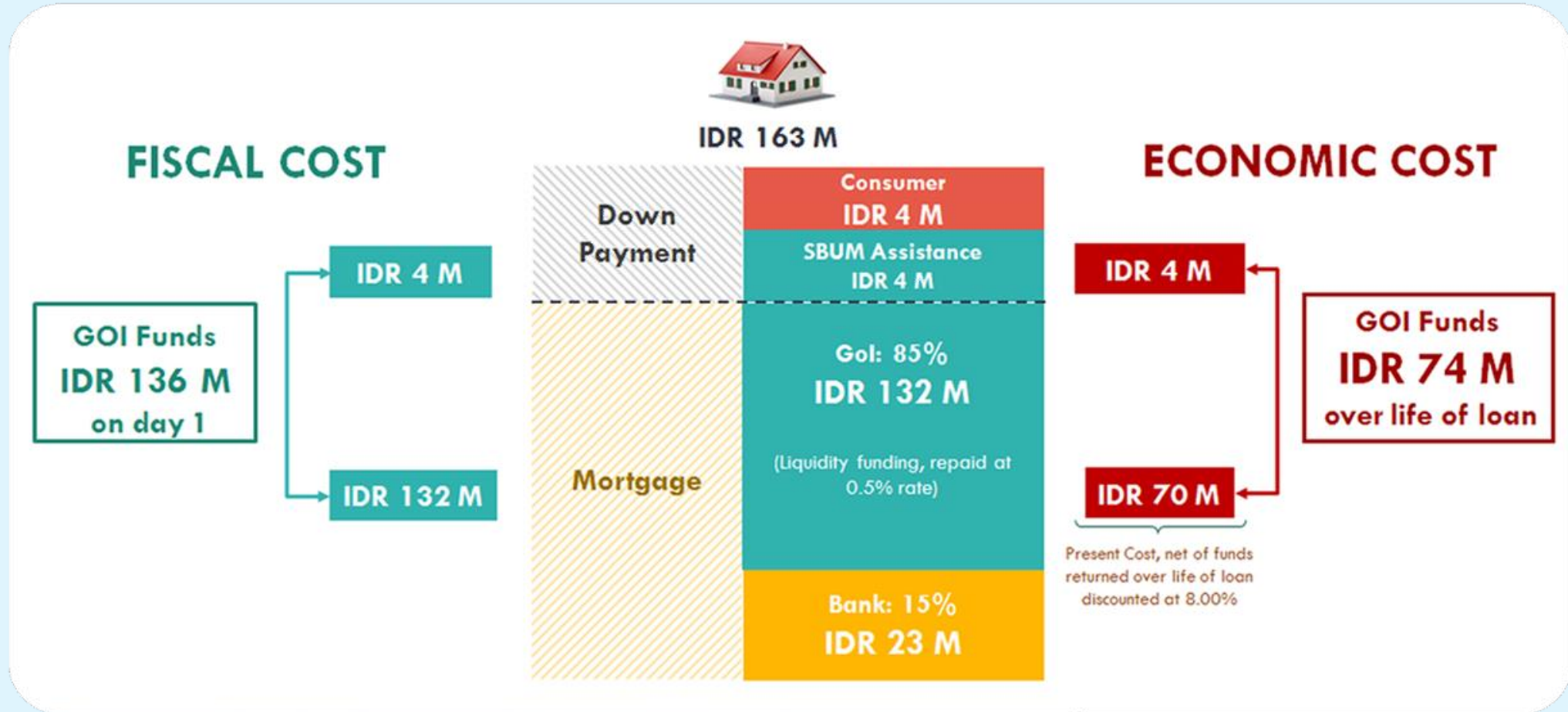
POORLY LOCATED HOMES

is costly due to high transport cost and time
reduce livability with poor access to basic
services

reduce shared prosperity. Home Appreciation
likely lower than norm

FLPP COST: ~50% OF EACH HOME SUBSIDIZED

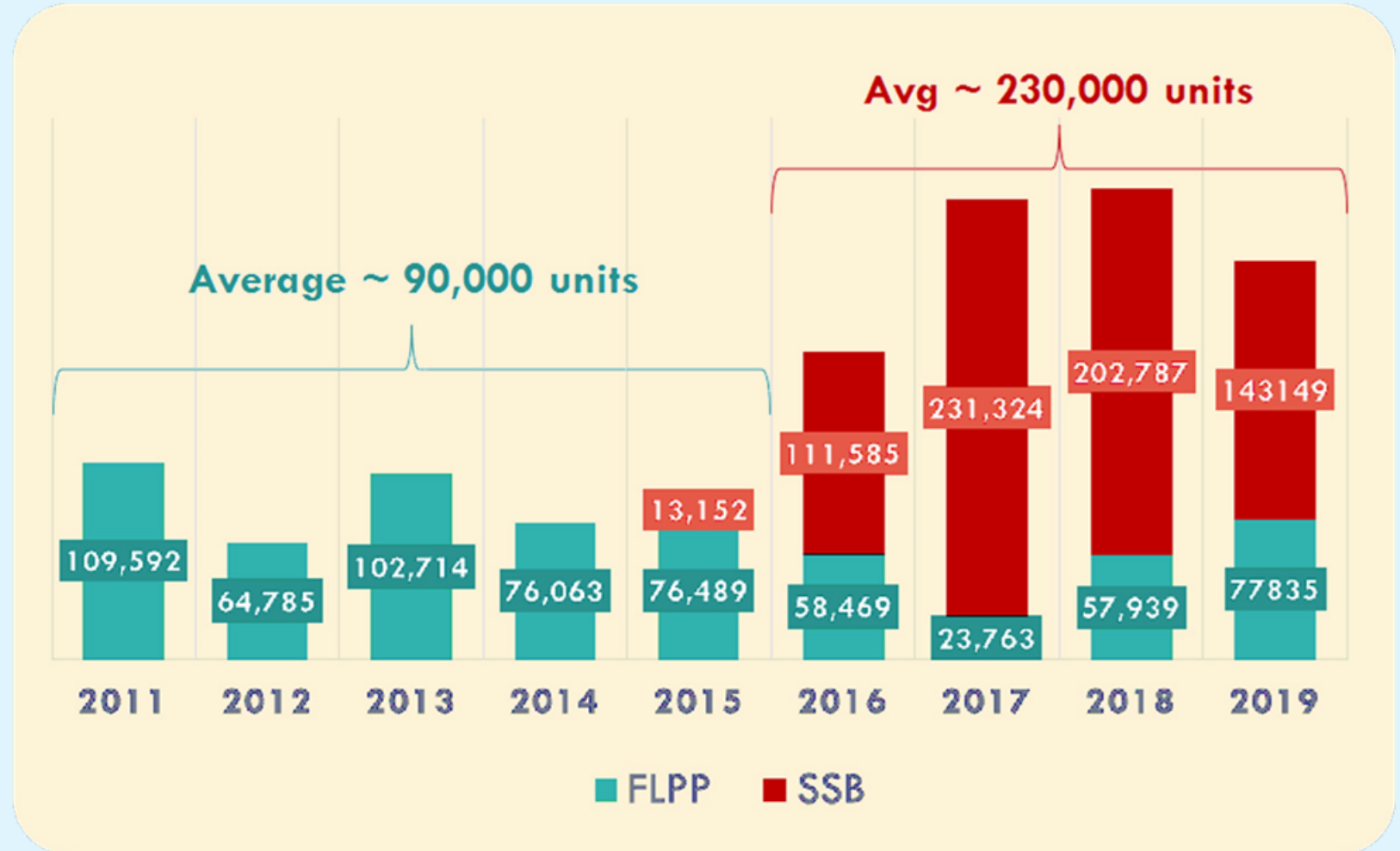
The FLPP subsidy covers ~ 85% (average) liquidity funding at an interest rate of 0.5% p.a. offered by GOI. This takes into account GOI funding to Secondary Mortgage Facility (SMF) and onward 25% financing from SMF to banks (11 out of 25 banks).



SSB IS RISKY AND CREATES FUTURE LIABILITIES

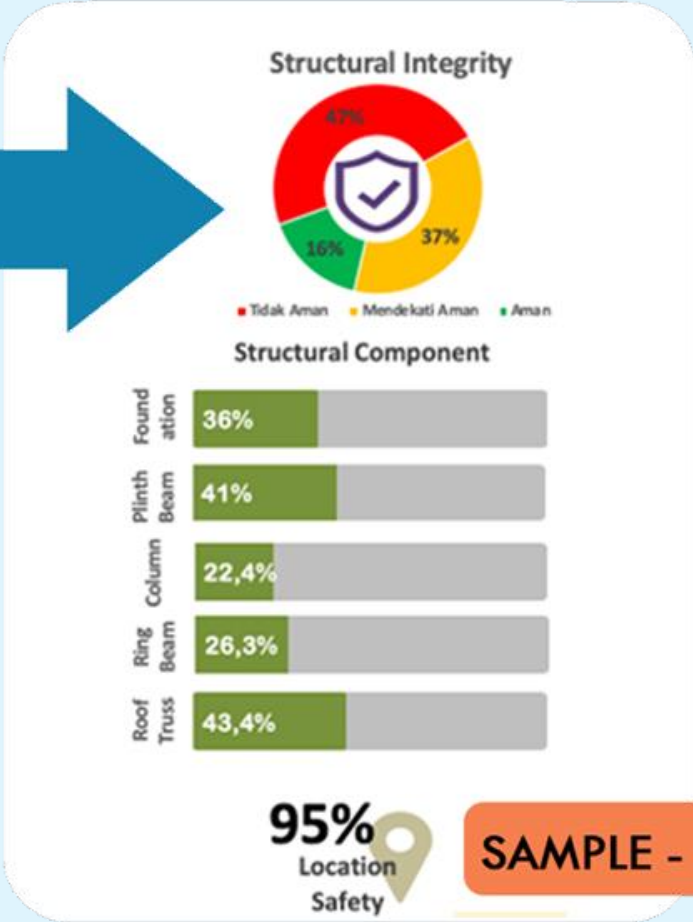
SSB DELIVERED
76% OF VOLUME
IN 2016-2019

But created
IDR 30 Trillion¹
future liabilities
for Gol

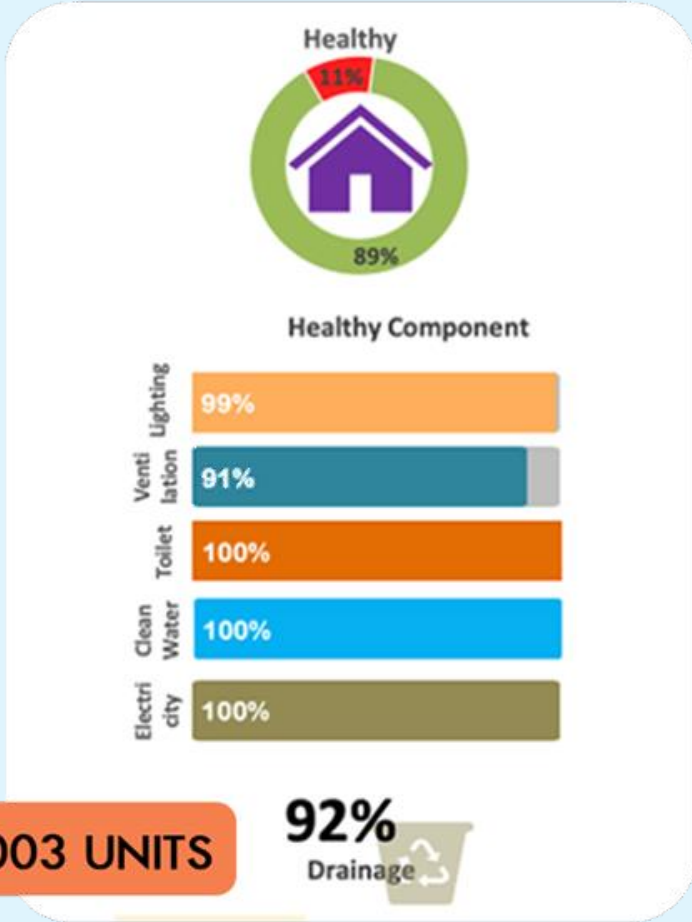


POORLY BUILT CONSTRUCTION EXPOSE MBR TO VULNERABILITY

Only 16% of KPR subsidized Housing meet minimum construction standards

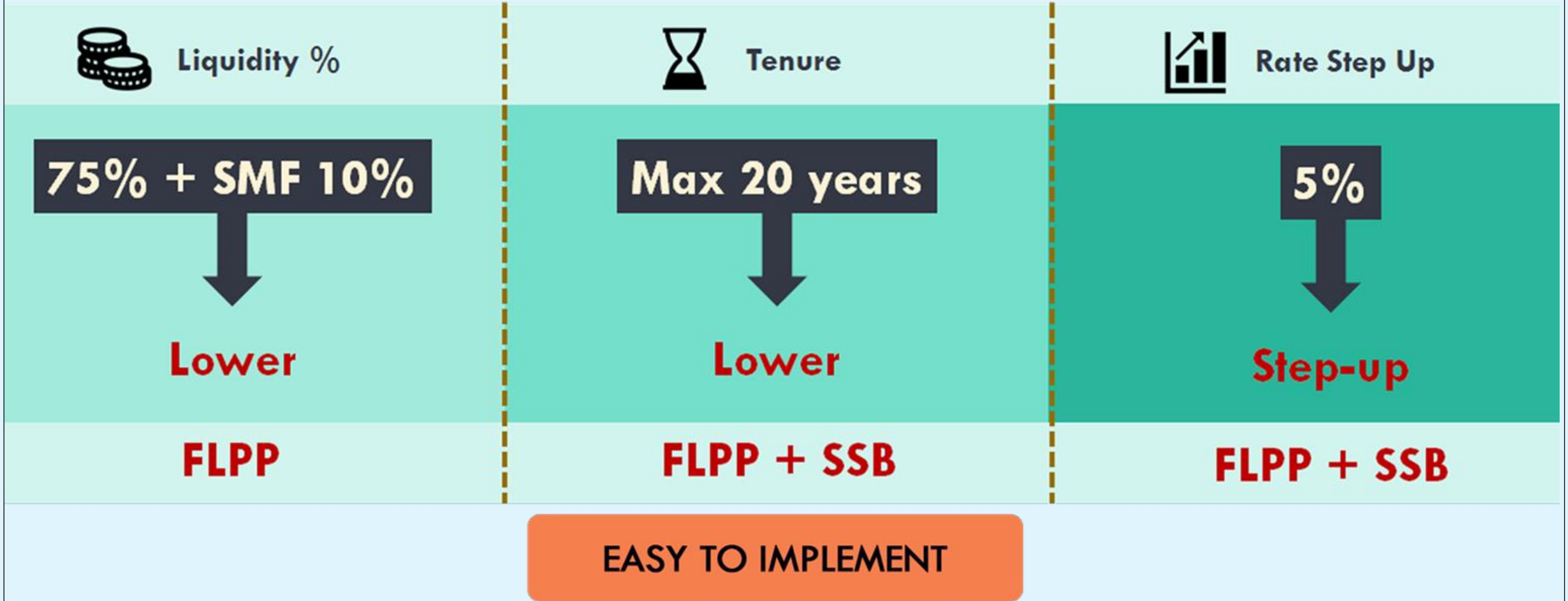


SAMPLE - 1,003 UNITS



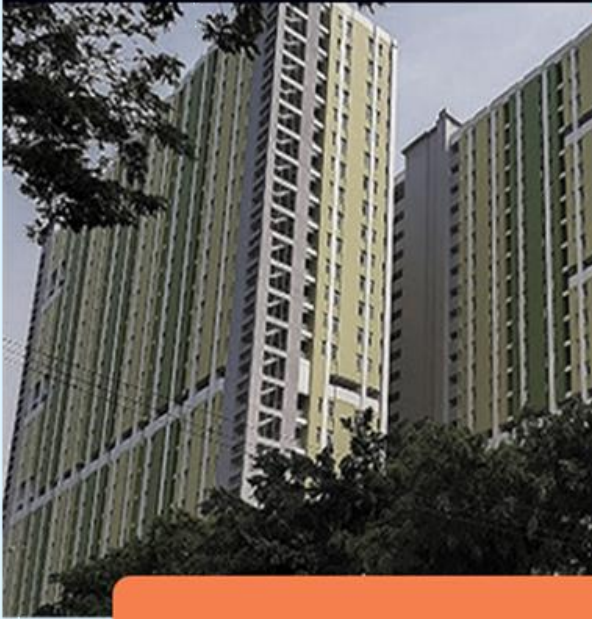
THE KPR SUBSIDY PROGRAM
IS NOT A GOOD DEAL
FOR THE GOVERNMENT OR MBRs

PRODUCT REDESIGN CAN INCREASE VOLUME BY 50-100%



DELIVERING QUALITY SAFE, ADEQUATE, AND AFFORDABLE HOUSING FOR ALL

MULTI STORY HOUSING



LOW RISE VERTICAL HOUSING



RENTAL HOUSING : RENT TO OWN



LANDED HOUSING



VARYING HOUSING TYPES

DELIVERING QUALITY SAFE, ADEQUATE, AND AFFORDABLE HOUSING FOR ALL

INFORMAL - INCOME EARNER



SALARIED WORKER



YOUNG FAMILY



VARYING CONSUMER TYPES

Thank You

