

# ERSO POTENTIAL SUPPORTS TOWARDS THE DEVELOPMENT OF HOUSING FINANCE PROGRAMS IN INDONESIA



**MINISTRY OF HOUSING  
THE REPUBLIC OF INDONESIA**  
April 2008

## CHALLENGES

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- 1. Housing backlogs 8,1 million unit, and housing need growth 800.000 units/year (average);**
- 2. Increasing slum area reaches 54.000 ha, inhabited by up to 17,2 million and spreading out over 10.000 location;**
- 3. Around 13-14 million units of existing housing stock are substandard units;**
- 4. Inefficient primary housing market (demand and supply sides);**
- 5. Lack of access to housing loan;**
- 6. Scarcity of housing finance resources.**



# OPPORTUNITIES

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1. House is one of the basic need for human being and has important role in developing social-economic live and spirit of the nation.
2. Human Development Index (HDI), which uses housing factor as one of the indicators, has put Indonesia in position of 107 from 177 countries (2007/2008).
3. Efficient housing development will be able to accelerate national economy through its multiplier effect such as creation of employment opportunity and increased national income.
4. Government's commitments to provide descent housing for the low-income households as reflected in its Mid-Term Development Plan (RPJM) in 2005-2009 are targeting to build houses for  $\leq 1.350.000$  units of formal housing and  $\leq 3.600.000$  units of self-help housing.

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## MINISTRY OF HOUSING: RESPONSIBILITY AND FUNCTIONS

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- Ministry of Housing's responsibility is assisting the President of Republic of Indonesia in formulating policies and coordination in housing sector.
- In performing the responsibility, Ministry of Housing are implementing the following functions:
  - Formulating and coordinating national housing policies;
  - Running coordination of housing sector policies execution;
  - Managing government assets under the Ministry of Housing responsibility;
  - Implementing housing policies through the institution of large scale housing development, provision of descent housing, including its infrastructure and environment utilities;
  - Monitoring and evaluating all tasks execution in the housing sector;
  - Reporting the evaluation results, suggestions and considerations to the President.

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## DISTRIBUTION OF MONTHLY EXPENDITURE YEAR 2006

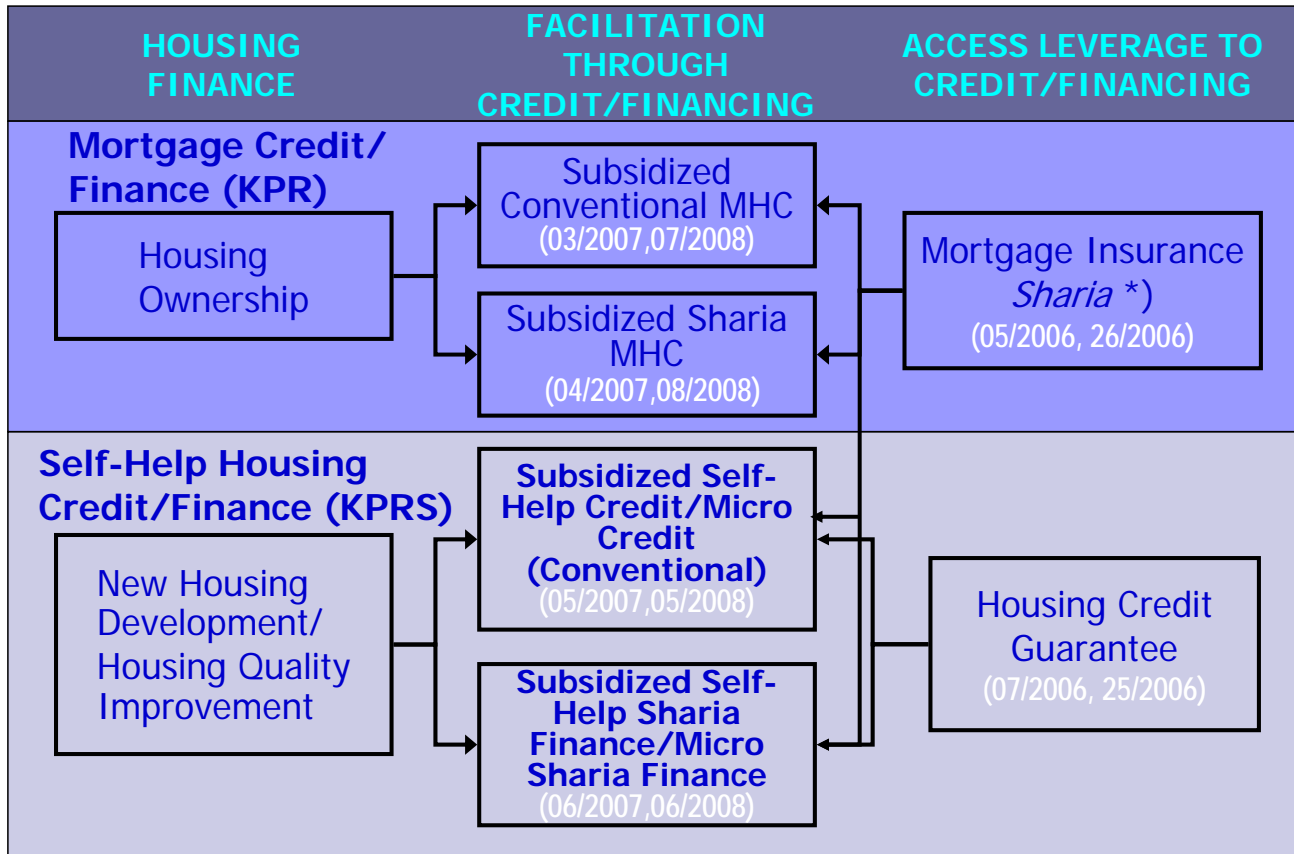
Percentile	Area			
	Urban	Rural	Total	Urban - DKI Jakarta
10th percentile	500 < e < 600	350 < e < 500	350 < e < 500	500 < e < 600
20th percentile	700 < e < 800	350 < e < 500	500 < e < 600	700 < e < 800
30th percentile	800 < e < 900	500 < e < 600	600 < e < 700	800 < e < 900
40th percentile	1000 < e < 1100	600 < e < 700	700 < e < 800	900 < e < 1000
50th percentile	1100 < e < 1200	700 < e < 800	800 < e < 900	1100 < e < 1200
60th percentile	1300 < e < 1400	800 < e < 900	1000 < e < 1100	1300 < e < 1400
70th percentile	1600 < e < 1700	900 < e < 1000	1200 < e < 1300	1500 < e < 1600
80th percentile	2000 < e < 2100	1000 < e < 1100	1400 < e < 1500	1800 < e < 1900
90th percentile	2700 < e < 2800	1300 < e < 1400	2000 < e < 2100	2500 < e < 2600

## MATRIX OF HOUSING ASSISTANCE PROGRAM POLICY FOR LOW INCOME COMMUNITY

SEGMENTATION GROUP (IDR/MONTH)	PROVISION TYPE	ASSISTANCE HOUSING PROGRAM		EXPLANATION
		RELATED WITH CREDIT SCHEME	UNRELATED WITH CREDIT SCHEME	
(I) I < 500.000	OWNED HOUSE • Self-Help ECONOMIC EMPOWERMNT RENTAL APARTMNT Un-recovery cost	<ul style="list-style-type: none"> <li>➢ CREDIT MICRO FOR CAPITAL BUSINESS</li> <li>➢ HOUSING MICRO CREDIT</li> <li>➢ <i>CREDIT INSURANCE/ GUARANTEE</i></li> </ul>	<ul style="list-style-type: none"> <li>➢ PUBLIC UTILITIES</li> <li>➢ BLM</li> <li>➢ INCREASING ENVIRONMENTAL QUALITY</li> <li>➢ OPERATIONAL AND MAINTENANCE SUBSIDY</li> <li>➢ <i>FISCAL INCENTIVE</i></li> <li>➢ <i>PERMITS &amp; CERTIFICATION</i></li> </ul>	<ul style="list-style-type: none"> <li>➢ COMMUNITY ENTERPRISES &amp; ECONOMIC DEVELOPMENT</li> <li>➢ POVERTY ALLEVIATION PROGRAM</li> <li>➢ SOCIAL HOUSING</li> </ul>
(II) 500,000 ≤ I < 1,000,000	OWNED HOUSE • Formal • Self-Help RENTAL APARTMNT Un-recovery cost	<ul style="list-style-type: none"> <li>➢ DOWN PAYMENT SUBSIDY</li> <li>➢ INTEREST SUBSIDY</li> <li>➢ HOUSING MICRO CREDIT</li> <li>➢ <i>CREDIT INSURANCE/ GUARANTEE</i></li> <li>➢ <i>CREDIT CONSTRUCTION</i></li> </ul>	<ul style="list-style-type: none"> <li>➢ PUBLIC UTILITIES</li> <li>➢ BLM</li> <li>➢ INCREASE ENVIRONMENT QUALITY</li> <li>➢ OPERATIONAL &amp; MAINTENANCE SUBSIDY</li> <li>➢ <i>FISCAL INCENTIVE</i></li> <li>➢ <i>CERTIFICATION AND BUILDING PERMIT</i></li> <li>➢ <i>INCOME TAX</i></li> </ul>	
(III) 1,000,000 ≤ I < 1,700,000	OWNED HOUSE • Formal • Self-Help RENTAL APARTMNT Recovery Cost OWNED APARTMNT	<ul style="list-style-type: none"> <li>➢ DOWN PAYMENT INTEREST</li> <li>➢ INTEREST SPREAD SUBSIDY</li> <li>➢ <i>CREDIT INSURANCE/ GUARANTEE</i></li> <li>➢ <i>CREDIT CONSTRUCTION</i></li> </ul>	<ul style="list-style-type: none"> <li>➢ FISCAL INCENTIVES</li> <li>➢ LIMITED PUBLIC UTILITIES</li> <li>➢ COST TO BUILD</li> <li>➢ OPERATION &amp; MAINTENANCE SUBSIDY</li> <li>➢ <i>CERTIFICATION AND BUILDING PERMIT</i></li> <li>➢ <i>INCOME TAX</i></li> </ul>	
(IV) : 1,700,000 ≤ I ≤ 2,500,000	OWNED HOUSE • Formal • Self-help RENTAL APARTMNT Recovery Cost OWNED APARTMNT	<ul style="list-style-type: none"> <li>➢ DOWN PAYMENT SUBSIDY</li> <li>➢ INTEREST SPREAD SUBSIDY</li> <li>➢ <i>CREDIT INSURANCE/ GUARANTEE</i></li> <li>➢ <i>CREDIT CONSTRUCTION</i></li> </ul>	<ul style="list-style-type: none"> <li>➢ FISCAL INCENTIVES</li> <li>➢ LIMITED PUBLIC UTILITIES</li> <li>➢ CERTIFICATION &amp; BUILDING PERMIT</li> <li>➢ <i>INCOME TAX</i></li> </ul>	

PROGRAMS WRITTEN IN *ITALIC* MEANS THE PROGRAMS ARE NOT STARTED YET

# HOUSING FINANCE SCHEME



\*) Work in Process

## POLICY SUMMARY SCHEME OF SUBSIDIZED MORTGAGE HOUSING CREDIT

NO	DESCRIPTION	HOUSING TYPE		
		HEALTHY DECENT HOUSING		
		I	II	III
1	Maximum Income / Month	I ≤ Rp. 2.500.000	I < Rp. 1.700.000	I < Rp. 1.000.000
		I ≥ Rp. 1.700.000	I ≥ Rp. 1.000.000	I > Rp. 0.000.000
2	Maximum Sell Price (Rp)	P ≤ Rp. 55.000.000	P ≤ Rp. 41.500.000	P ≤ Rp. 25.000.000
3	Type	Not Being Arranged	Not Being Arranged	Not Being Arranged
4	Technical Requirement	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002
5	Scheme	Down Payment	• Minimal 7,5%	• Minimal 5%
		Down Payment Subsidy	S ≤ Rp. 8.500.000	S ≤ Rp. 11.500.000
		Margin Interest Subsidy	• Max 5% (6 Year) • Only pay IO for the first 2 yr	• Max 7% (8 Year) • Only pay IO for the first 2 yr
6	Other Requirement	a The first house owned	a The first house owned	a The first house owned
		b Won't be transferred to someone else in 5 year after being possessed	b Won't be transferred to someone else in 5 year after being possessed	b Won't be transferred to someone else in 5 year after being possessed

## POLICY SUMMARY

### SCHEME OF SUBSIDIZED MHC SHARIA

NO	DESCRIPTION	HOUSING TYPE			
		HEALTHY DECENT HOUSING			
		I	II	III	
1	Maximum Income / Month	I ≤ Rp. 2.500.000	I < Rp. 1.700.000	I < Rp. 1.000.000	
		I ≥ Rp. 1.700.000	I ≥ Rp. 1.000.000	I > Rp. 0.000.000	
2	Maximum Sell Price (Rp)	P ≤ Rp. 55.000.000	P ≤ Rp. 41.500.000	P ≤ Rp. 28.000.000	
3	Type	Not Being Arranged	Not Being Arranged	Not Being Arranged	
4	Technical Requirement	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002	
5	Scheme	Down Payment	DP ≥ 0	DP ≥ 0	
		Down Payment Subsidy	DPS ≤ Rp. 8.500.000	DPS ≤ Rp. 11.500.000	DPS ≤ Rp. 14.500.000
		Margin Interest Subsidy			
6	Other Requirement	a	The first house owned	a	The first house owned
		b	Won't be transferred to someone else in 5 year after being possessed	b	Won't be transferred to someone else in 5 year after being possessed

## POLICY SUMMARY

### SCHEME OF SUBSIDIZED SELF-HELP HOUSING CREDIT/MICRO CREDIT

NO	DESCRIPTION	TIPE HUNIAN				
		HEALTHY DECENT HOUSING				
		I	II	III		
1	Maximum Income / Month	I ≤ Rp. 2.500.000	I < Rp. 1.700.000	I < Rp. 1.000.000		
		I ≥ Rp. 1.700.000	I ≥ Rp. 1.000.000	I > Rp. 0.000.000		
2	Maximum Sell Price (Rp)	P ≤ Rp. 42.000.000	P ≤ Rp. 30.000.000	P ≤ Rp. 20.000.000		
3	Type	Not Being Arranged	Not Being Arranged	Not Being Arranged		
4	Technical Requirement	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002		
5	Scheme	SSB Scheme Savings	• Minimal Rp. 3.150.000	• Minimal Rp. 2.250.000	• Minimal Rp. 2.000.000	
		UM Scheme Savings	Tenor > 4 yr	• Minimal Rp. 4.200.000	• Minimal Rp. 3.000.000	• Minimal Rp. 2.000.000
			Tenor ≤ 4 yr	• Minimal Rp. 0,35 - 2 million	• Minimal Rp. 0,275 - 1,9 million	• Minimal Rp. 0,25 - 1,8 million
		Down Payment Subsidy	S ≤ Rp. 5.00.000	S ≤ Rp. 7.000.000	S ≤ Rp. 9.000.000	
Margin Interest Subsidy	• Max 6% (5 year)	• Max 8% (7 year)	• Max 10% (10 year)			
6	Other Requirement	a	The first house owned	a	The first house owned	
		b	Won't be transferred to someone else in 5 year after being possessed	b	Won't be transferred to someone else in 5 year after being possessed	

**POLICY SUMMARY**  
**SCHEME OF SUBSIDIZED SELF-HELP HOUSING SHARIA**  
**FINANCE/MICRO FINANCE**

NO	DESCRIPTION	HOUSING TYPE		
		HEALTHY DECENT HOUSING		
		I	II	III
1	Maximum Income / Month	I ≤ Rp. 2.500.000	I < Rp. 1.700.000	I < Rp. 1.000.000
		I ≥ Rp. 1.700.000	I ≥ Rp. 1.000.000	I > Rp. 0.000.000
2	Maximum Sell Price (Rp)	P ≤ Rp. 42.000.000	P ≤ Rp. 30.000.000	P ≤ Rp. 20.000.000
3	Type	Not Being Arranged	Not Being Arranged	Not Being Arranged
4	Technical Requirement	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002	KEPMEN KIMPRASWIL No. 403/M/2002
5	Down Payment Savings	Tenor > 4 yr. • Minimal Rp. 4.200.000	• Minimal Rp. 3.000.000	• Minimal Rp. 2.000.000
		Tenor ≤ 4 yr. • Minimal Rp. 0,35 -2,0 million	• Minimal Rp. 0,275 - 1,9 million	• Minimal Rp. 0,25 - 1,8 million
	Down Payment Subsidy	S ≤ Rp. 5.000.000	S ≤ Rp. 7.000.000	S ≤ Rp. 9.000.000
	Margin Interest Subsidy	X	X	X
6	Other Requirement	a The first house owned	a The first house owned	a The first house owned
		b Won't be transferred to someone else in 5 year after being possessed	b Won't be transferred to someone else in 5 year after being possessed	b Won't be transferred to someone else in 5 year after being possessed

## PARTICIPATED BANKS AND NON-BANKING FINANCE INSTITUTIONS

### ■ Conventional Banks

- 3 State Banks
- 5 Private National Banks
- 24 Regional Government Banks
- 12 Rural Banks

### ■ Sharia Banks

- 9 Sharia Banks
- 21 Sharia Rural Banks

### ■ Non-Banking Finance Institutions

- 56 Co-operation
- 146 Sharia Co-operation

## SUBSIDY REALIZATION - BASED ON TARGET GROUPS

FINANCIAL INSTITUTIONS	TARGET GROUP						TOTAL	
	I		II		III		UNIT	%
	UNIT	%	UNIT	%	UNIT	%		
<b>YEAR 2006</b>	<b>52,232</b>		<b>8,755</b>		<b>986</b>		<b>61,973</b>	
BANKS	52,227	84.95%	8,703	14.16%	548	0.89%	61,478	100.00%
NON-BANK FI	5	1.01%	52	10.51%	438	88.48%	495	100.00%
<b>YEAR 2007</b>	<b>32,667</b>		<b>10,752</b>		<b>8,001</b>		<b>51,420</b>	
BANKS	32,585	75.45%	9,716	22.50%	884	2.05%	43,185	100.00%
NON-BANK FI	82	1.00%	1,036	12.58%	7,117	86.42%	8,235	100.00%

## SUBSIDY REALIZATION - BASED ON TYPE OF FINANCIAL INSTITUTIONS

### SELF-HELP HOUSING

FINANCIAL INSTITUTIONS	NO. OF FIN. INSTITUTIONS		NO. OF HOUSING UNITS		OUTSTANDING LOANS (Rp)		TOTAL SUBSIDY (Rp)	
	2006	2007	2006	2007	2006	2007	2006	2007
BANKS	-	3	-	230	-	1,939,450,000	-	1,849,730,000
NON-BANK FI	12	53	495	7,033	1,930,177,064	47,445,727,273	4,255,000,000	61,857,700,000
<b>TOTAL</b>	<b>12</b>	<b>56</b>	<b>495</b>	<b>7,263</b>	<b>1,930,177,064</b>	<b>49,385,177,273</b>	<b>4,255,000,000</b>	<b>63,707,430,000</b>

### FORMAL HOUSING

FINANCIAL INSTITUTIONS	NO. OF FIN. INSTITUTIONS		NO. OF HOUSING UNITS		OUTSTANDING LOANS (Rp)		TOTAL SUBSIDY (Rp)	
	2006	2007	2006	2007	2006	2007	2006	2007
BANKS	15	19	61,478	43,105	1,993,615,687,680	1,465,084,938,188	247,590,226,346	227,575,729,983
NON-BANK FI	-	3	-	1,052	-	994,000,000	-	8,710,000,000
<b>TOTAL</b>	<b>15</b>	<b>22</b>	<b>61,478</b>	<b>44,157</b>	<b>1,993,615,687,680</b>	<b>1,466,078,938,188</b>	<b>247,590,226,346</b>	<b>236,285,729,983</b>

## SUBSIDY REALIZATION - BASED ON TYPE OF CREDIT AGREEMENT

### SELF-HELP HOUSING

FINANCIAL INSTITUTIONS	NO. OF FIN. INSTITUTIONS		NO. OF HOUSING UNITS		OUTSTANDING LOANS (Rp)		TOTAL SUBSIDY (Rp)	
	CONVENT'L	SHARIA	CONVENT'L	SHARIA	CONVENTIONAL	SHARIA	CONVENTIONAL	SHARIA
<b>YEAR 2006</b>								
BANKS	-	-	-	-	-	-	-	-
NON-BANK FI	1	11	5	490	15,000,000	1,915,177,064	45,000,000	4,210,000,000
<b>TOTAL</b>	<b>1</b>	<b>11</b>	<b>5</b>	<b>490</b>	<b>15,000,000</b>	<b>1,915,177,064</b>	<b>45,000,000</b>	<b>4,210,000,000</b>
<b>YEAR 2007</b>								
BANKS	1	2	80	150	-	1,939,450,000	538,980,000	1,310,750,000
NON-BANK FI	9	44	3,153	3,880	13,786,250,000	33,659,477,273	28,187,000,000	33,670,700,000
<b>TOTAL</b>	<b>10</b>	<b>46</b>	<b>3,233</b>	<b>4,030</b>	<b>13,786,250,000</b>	<b>35,598,927,273</b>	<b>28,725,980,000</b>	<b>34,981,450,000</b>

### FORMAL HOUSING

FINANCIAL INSTITUTIONS	NO. OF FIN. INSTITUTIONS		NO. OF HOUSING UNITS		OUTSTANDING LOANS (Rp)		TOTAL SUBSIDY (Rp)	
	CONVENT'L	SHARIA	CONVENT'L	SHARIA	CONVENTIONAL	SHARIA	CONVENTIONAL	SHARIA
<b>YEAR 2006</b>								
BANKS	14	1	61,374	104	1,990,511,433,800	3,104,253,800	247,076,226,346	514,000,000
NON-BANK FI	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>14</b>	<b>1</b>	<b>61,374</b>	<b>104</b>	<b>1,990,511,433,800</b>	<b>3,104,253,800</b>	<b>247,076,226,346</b>	<b>514,000,000</b>
<b>YEAR 2007</b>								
BANKS	17	2	42,542	563	1,465,084,938,188	-	222,983,229,983	4,592,500,000
NON-BANK FI	1	2	862	190	-	994,000,000	6,465,000,000	2,245,000,000
<b>TOTAL</b>	<b>18</b>	<b>4</b>	<b>43,404</b>	<b>753</b>	<b>1,465,084,938,188</b>	<b>994,000,000</b>	<b>229,448,229,983</b>	<b>6,837,500,000</b>

## REQUIREMENT FOR NON-BANKING FINANCE INSTITUTIONS IN PARTICIPATING SUBSIDIZED SELF-HELP HOUSING CREDIT PROGRAM [1]

- a. Non-banking Finance Institution/Cooperatives is willing to issue Mortgage Housing Credit/Self-help Housing Credit
- b. Company Profile:
  - Company Certificate (AD/ART)
  - Organization Structure
  - Cooperatives founding certificate validated by authorized institution
  - Balance Sheet (last 2 years)
  - Minimal Asset of Rp 1.000.000.000 (one billion rupiahs) stand alone or consortium
  - Affort to provide the principal loan/financing
  - Has performing saving and lending operation for at least 2 years

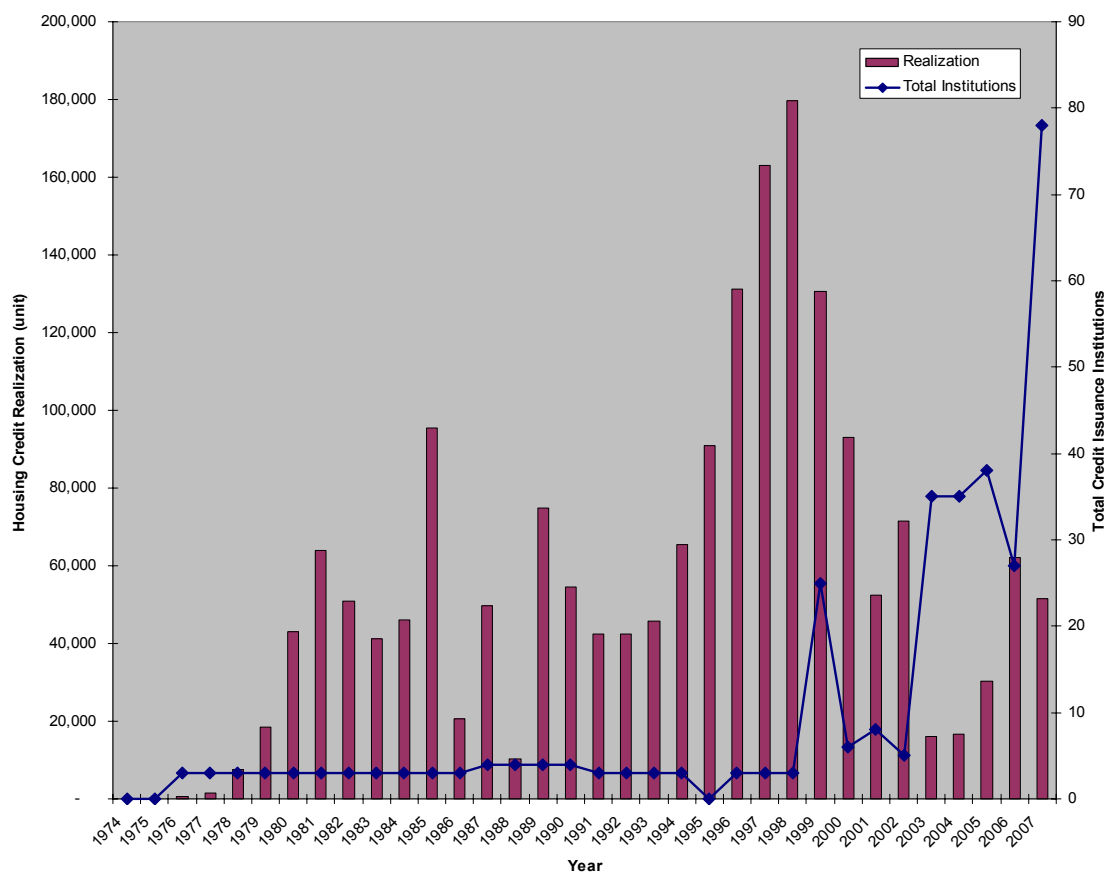


## REQUIREMENT FOR NON-BANKING FINANCE INSTITUTIONS IN PARTICIPATING SUBSIDIZED SELF-HELP HOUSING CREDIT PROGRAM [2]

- Has member 20 people at minimum.
- Attach the Annual Report/Finance Report/Annual Member Meeting Report for the last 2 years
- Included in healthy category corporation, proofed with Annual Report/Finance Report audited by Public Accountant/ Cooperatives Agency
- Has savings product to support housing subsidy program
- Has Clearing Account under non-banking finance institutions/cooperatives name
- Follow all the requirements in performing the program.

c. Sign the Operational Cooperation Agreement

### HOUSING CREDIT REALIZATION FISCAL YEAR 1974 - 2007



# THE DEVELOPMENT IN HOUSING FINANCE SOURCES

PERIOD		TYPE OF KPR BERSUBSIDI	SOURCES OF FUND					
PELITA	YEAR		PMP	WORLD BANK	KLBI	RDI	BANK	APBN
II/III	1976-86	Perumnas & Non perumnas	√		√		√	
III/IV/V	1986-91	Perumnas & Non Perumnas	√	√	√		√	
V/VI	1991-99	RS/RSS					√	
FY 1999/ 2000	1999- 2000	RS/RSS			√	√	√	
FY 2000 FY 2001	2000 2001	RS/RSS				√	√	
FY 2002	2002	RS/RSS					√	√
FY 2003 present	2003 present	RSH Decent Housing					√	√

## ERSO POTENTIAL SUPPORTS TOWARDS SELF-HELP HOUSING IN INDONESIA

