

INNER CITY AND KAMPUNG REDEVELOPMENT BY INTER-AREA CONSOLIDATION PLANNING SYSTEM

The Case of Jakarta

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ABSTRACT

Location and subsidy affordability are two closely related aspect that have intimate links to the question of very unprofitable for private sector for implementing the formula socially responsible development to built 1 : 3 : 6 for high, middle and low income, and the affordability of low income groups for purchasing or rent the house.

The inter - area consolidation planning approach to kampung redevelopment was proposed by this study in which responsible for implementing kampung improvement and urban infrastructure integratedly with two basic consideration. The first consideration is dwelling, working place and access, and the second is the recognition of the type of location and subsidy affordability.

INTRODUCTION

Background

There are many ways kampung redevelopment dealing with housing and infrastructure problems. In regards to past policies and programs, the assessment and evolution will be described here.

The demolition and relocation policy in 1960s was the cause of urbanization and an explosive growth has taken place in the urban area since then most rural migrants who migrate to the city had to construct their own shelter on land owned by others or in an illegal manner. However, urban renewal was urged mainly by property owners interested in making use of public land occupied by migrants. This forced poor residents to move out to other areas by demolition and relocation policies.

The next policy was the Kampung Improvement Program (KIP) which initiated in Jakarta in 1969 as the program to meet the minimum infrastructure needs of the large number of urban poor at low cost. The program upgraded and added community infrastructure in low income settlements while retaining most of their exiting stock.

And then in 1970s, the government efforts to provide housing stock was restricted. The State Housing Firm (*Perumnas*) used State Savings Bank (*Bank Tabungan Negara/BTN*) mortgage funds as a target of providing site and service, core house and simple houses also stimulated the private sector using

the subsidized *BTN* and *PT. Papan Sejahtera* (private developer) mortgage funds.

Recently, even though some low cost urban housing programs have been implemented in the urban area, sky rocketing land prices in 1970s caused the owners housing program not to become the main choice solution. The affordability for purchasing a house for low income people was increasingly lower. Thus, the rental flat has become the main solution policy for large urban areas.

To obtain the most optimal effect of the actions envisaged the government should take an article role by enabling the community and the private sector to address the share of the problems. The coordinating function followed by formulation of policies and strategies and hopefully resulting in action by all involved entails active management at various levels. This program is in the form of community-based partnership and cross-subsidy policy.

Even though the kampung redevelopment polities listed above have been relatively successfully in overcoming these problems, up to now all of this policies were still in the individual program or still not in the integrated-based plan. Also the supporting policy of socially responsible cross subsidy has not shown to be successfully implemented because almost all areas of the development areas are located in the strategic area the very high land price.

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Objectives

The purpose of this study is explaining the patterns and characteristics of kampung urban redevelopment and to identify some problems in the context of integrated area-based analysis for finding the appropriate way of the redevelopment.

Methods

Firstly, evaluated the past strategies for urban kampung redevelopment in Jakarta metropolitan area. Secondly, noted some experiences of urban redevelopment projects in terms of typology of the area, partnership, and affordability and subsidy. Thirdly, classified the projects areas into typology in the context of integrated area-based analysis. And, finally found recommendation notes for making the model of inter-area consolidation planning system.

1. The Urban Housing Sector Overview

The urban population currently exceeds 45 million and is growing at 4.7% a year, more than twice the overall population growth rate. If current trends continue, it is likely that well over half of total future population growth will take place in, or move to, the nation's towns and cities such that by the year 2000 the urban population is predicted to reach 75 million. About 50% of the total urban population is located in the 12 largest cities which are important employment generators and are currently absorbing a large proportion of labor force growth. Fully 20% of the urban population, or 55 of the total national population, lives and works in metropolitan Jakarta and 17% of GDP is generated there.

When concentrating on urban housing sector the following aspects require further elaboration: urban land and infrastructure provision. Regulatory measures to curb land speculation are urgently required and the government hopes to create the legal basis for improved land management through the forwarding of a Physical Planning Act. The need for land is huge, however, and asks for action at this stage some pilot projects have been implemented to address the urban land scarcity problem although the legal framework is pending.

In a number of provinces, land consolidation projects have been implemented. In these projects landowners bring in unserviced land on a voluntary basis. With the government assistance, development plans are made for the total area, and reservations are made for public land for infrastructure services, while some plots are reserved for selling to outsiders to cover the development costs. The owners get back a smaller portion of land, which now is serviced and has a higher value than before. In some instances, the voluntary approach has worked, but clearly the

opinion is that reluctant or greedy owner/speculators should be forced by law to participate in such schemes.

Jakarta has developed a Land Betterment Tax to reap profits from the land price increases caused by improvement or new infrastructure development with public funds. An assessment and a tax is levied in case the owners sell their land to reap the enhanced value.

The Guided Land Development project proposals are also based upon the betterment principle and betterment taxes are used to cover the development costs of the main urban grid. The expectation is that the poor can occupy the inner grid area and can connect to the main infrastructure system paid for the increased price of land adjacent to access road of the main grid. Implementation is urgent and crucial in Jabotabek and Medan metropolitan area.

The provision of housing stock has largely been a private sector affair with the government in an enabling role. An analysis of urban housing needs indicated that the urban housing stock developed from 2,155,000 units in 1961 to 6,450,000 units in 1983. It also concluded from the census data that quality of the housing stock improved from a temporary/semi-permanent subdivision of 55/25/20 percent in 1961 to 30/32.5/37.5 percent in 1983.

The public contribution to the housing development efforts have been restricted. The state housing firm *Perum Perumnas* using National Saving Bank (*Bank Tabungan Negara*) mortgage funds has a target of providing annually 25,000 units and 5,000 sites and services plots during five Year Development Plan V.

The government hopes to stimulate the private sector to build an additional 60,000 units and 5,000 plots (Site and Service) per year for the medium, middle and lower income groups using the subsidized *Bank Tabungan Negara* and *PT. Papan Sejahtera* mortgage funds. In 12 metropolitan and large cities, the government intends to stimulate production of 4,000 units of rental housing annually by the private sector.

2. Assessment of Urban Kampung Redevelopment

Metropolitan Jakarta, consisting of DKI Jakarta the surrounding urbanizing towns of with more than 8 million people and 1.3 million population is growing at almost 4% per year. In the central area, population growth has stabilized, but continues to increase in the inner suburb ring and around markets through densification. Over the next 12-15 years the DKI population is predicted to double and the surrounding urban areas to triple, through extensive settlement in unregulated and poorly service kampungs, leading to a population of about 17 million by the year 2000.

2.1. After Kampung Improvement Program

One of the most undesirable side effects of Kampung Improvement Program is the displacement of the kampung inhabitant by the better off where once an area has been improved. This fact is often refer to the process of gentrification. One of the reasons for adopting low standard of KIP was to avoid making the upgraded areas attractive to higher income group.

In Jakarta KIP has led to the rezoning of some kampung from industrial to residential use, which, however desirable that maybe, has had the effect of reducing the amount of land available for industrial expansion of the central business area.

However, some points could be made by Nick Devas (1981) described as follow: 1) the process of redevelopment has generally meant the forcing out of lower income group for offices, roads, high income housing, etc., little of which benefit the lower income group, upgrading kampung around the city center gives security and improve condition for lower income group with reasonable access to employment opportunity, 2) many of the kampungs are very low-rise, contrasting markedly with the city center office block and perhaps encouraging the idea that these areas maybe "ripe for redevelopment". However, they are certainly not low density, the only way to increase density in such central kampungs would be to construct very substantial blocks of flats, a solution which would run quite counter to the Indonesia housing traditions.

There is perhaps a genuine problem with some of the more peripheral areas, particularly where squatting on open land prevents the preservation of any sort of public open space (already significantly lacking in the city). A commitment to certainly create long term planning problems.

The considerations on kampung housing system towards alternative strategies for urban kampung redevelopment after KIP also described by Funo Shuji (1987) that the integrated planning approach is needed for after KIP programs. Programs have to cover not only physical aspect but also social, economic aspects. In terms of physical improvement of accessibility aspects should be also considered as one factor of implemented integrated planning approach. And, also explained in this consideration that the kampung redevelopment after KIP strategies for inner city urban fringe kampung and rural kampung should be different and each strategies must be integrated.

2.2. The New Comprehensive KIP in Metropolitan Jakarta

The community infrastructure program has been conceived over the past and a half years by the

officials from the local government of Jakarta, Central Public Works Ministry and Planning Department with advice from NGOs, communities and the World Bank. It been designed to respond to following widely held perceptions:

1. The popularity of KIP as low cost program which reaches the poor by means of an area-based approach through a package of needed services, has declined;
2. KIP had weakness with respect to inadequate attention to sanitation, and health-related subcomponents. Yet there is a realization that a sanitation-only program is also inadequate with respect to meeting high priority local needs;
3. Demands for the broader and more flexible approach which would both provide a better quality of traditional KIP but also include new element such as economic development and loans for individual water supply, sanitation, home improvements and business development.

This new approach to KIP has been termed revitalized KIP and is expected to absorb the traditional KIP practices over time. This community-based infrastructure program has built in the earlier experience of KIP. It provided a range of services in exiting and newly settled kampungs and use a community-based approach to improve the relevance and acceptability of KIP to the communities and also provided assistance to small enterprises inn the areas. The range of improvement components consist of infrastructure networks, sanitation and users' management, health services and education, solid waste management, land planning acquisition, skill training, small-scale credit and technical assistance.

A three-year development process will take place in each site starting with arrangements for community organization and participation, establishment of user associations for specific functions (water and sanitation associations, home loan association, business cooperatives, etc.). Substantial use has been made of NGO community development consultants. So far, about 50 suitable community development consultants of NGO sizes have been registered by DKI Jakarta. Each consultant has between 5 to 45 professional staffs plus a total of about 20-150 experienced extension workers.

2.3. The Jakarta Low Cost Flats.

In 1992, 76% the new house development in Indonesia allocated for replacement and new households, and 24% for improvement and renewal program. The total housing demand for Jakarta city covered 15% of total urban housing stock and this is only supply 10% for the total need per year. The

Land acquisition would make up to about 50-60% of the total development cost. Conceptually, land prices for very simple housing should lie between 5,000 to 6,000 *rupiah* per sqm which are targeted to be sold at the bottom price of 4.9 million *rupiah* for each 21 sqm house. However this land prices was very impossible to find in the inner city area today. In the urban fringe or suburb areas land plot at such price still can be found but located far away from the nearest urban areas.

large development with the socially responsible rule of 1 : 3 : 6 for high, mid, and low income does not appear in significant number in their development areas.

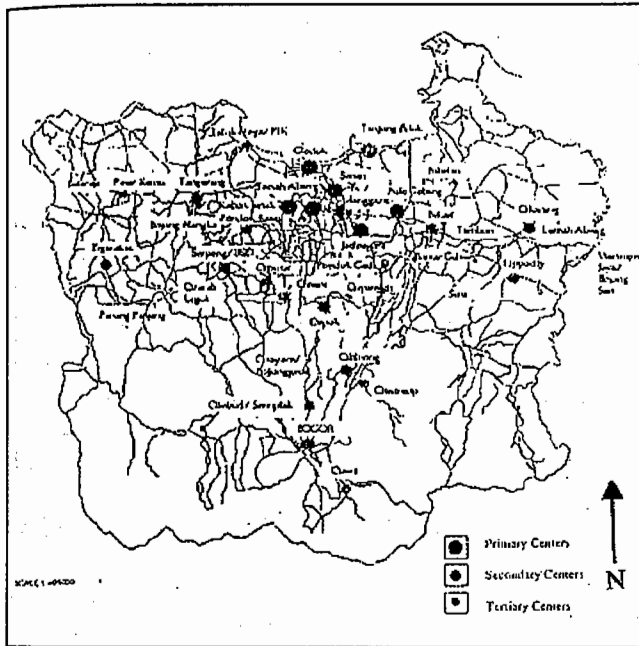


Fig. 2. Hierarchy of City Center in JABOTABEK
(Source : JABOTABEK Development Plan, 1990)

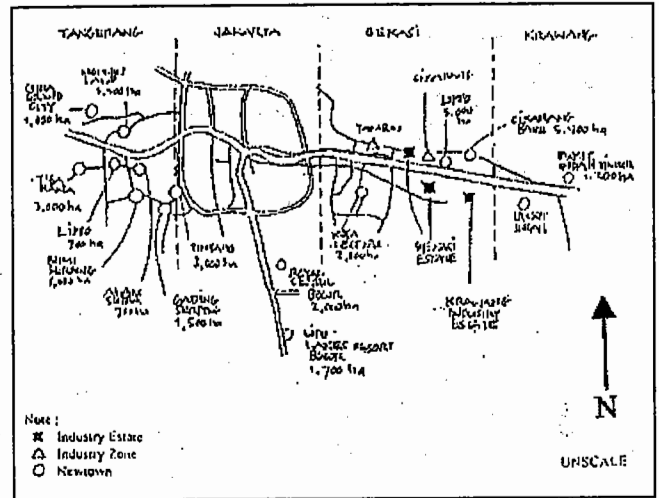


Fig. 3. Schematic Location of New Towns in JABOTABEK

The other problem of the newtowns development was whether these are benefit or not to the urban environments. Conceptually, the newtowns development should able to generate employment for residents. However, in one side some of these developments forced worker's housing to far away locations and forced long distance commuting on low income workers. And, on the other side most of the newtowns residents work outside from their newtown areas, mainly in Jakarta. Thus, it is doubtful that these newtowns development would achieve the balance between local job and residents.

3. Inter-area Consolidation Planning Model

In many cases , the typical kampung redevelopment projects show that in one side the capacity for supplying the house is not adequate while in another side many projects such as cross-subsidy of socially responsible development large developer to built 1 for high :3 for middle :6 for low income are very unprofitable for private sector development of low cost housing (high overheads, low margins). This happened because the kampung redevelopment problem has been approach on a specific area project and not on inter-area basis plan.

3.1. Location and Subsidy Affordability

The inter-area consolidation planning approach to kampung redevelopment was proposed by this study in which responsible for planning, programming and

According to the land permits issued to the developers, more than 100,000 hectares of land have been given to developers all around Indonesia. More than 60% of this land is located in Jabotabek and West Java, 20% in East and Central Java and the remaining 20% scattered throughout Indonesia. In Jabotabek alone, more than 25 developers have permits to develop more than 500 hectares land for each developer. This facts show that the location for low cost very simple housing is rare because of the development of middle to luxury type housings.

Many residential development are developed with the trend for giant new town projects covering hundreds of hectare. These development are built piece by piece in time frames covering many years and opening up in Jakarta urban fringe locations and rural parts of Bogor, Tangerang and Bekasi. These development attempt to bring all the requirements for living in one area. They are targeted at upper middle and high income house-hold. The requirements for

implementing kampung improvement and urban infrastructure integratedly and would be lodged at the many level and various areas and resources.

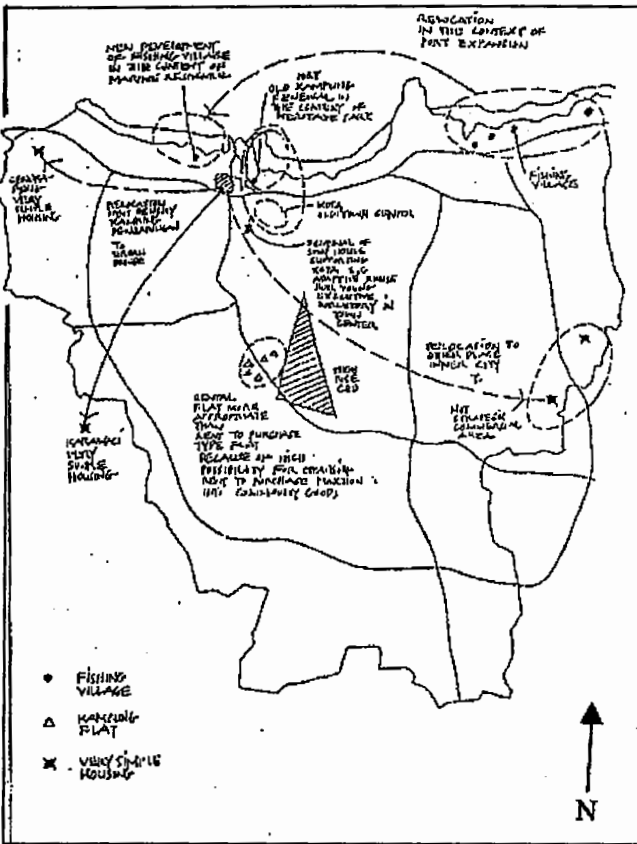


Fig. 4. Diagram of Inter-Area Cross Subsidy

Location and subsidy affordability are two closely related aspects of this approach that have intimate links to the question of very unprofitable for private sector for implementing the formula socially responsible development and the income affordability of low income groups for purchasing or rent the house.

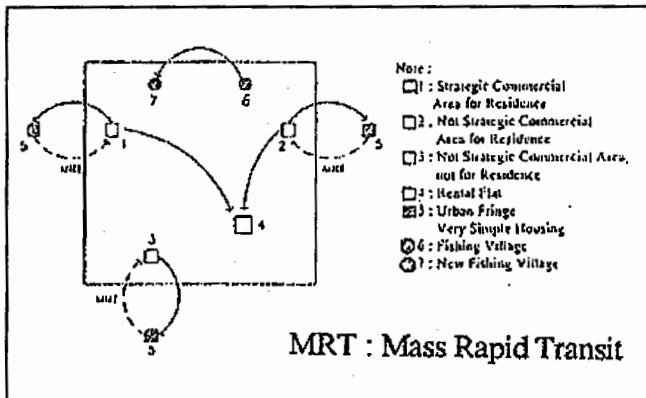


Fig. 5. Simplified General Model

TYPE 1 RELOCATION TO URBAN FRINGE WITH COMPENSATION		TYPE 7 COMPENSATION CROSS SUBSIDY TO URBAN FRINGE FLAT IN OTHER INNER CITY AREA	
TYPE 2 RELOCATION TO OTHER PLACE WITHIN CITY (NOT STRATEGIC COMMERCIAL) RENTAL FLAT CROSS SUBSIDY		TYPE 8 OBLIGATORY CROSS SUBSIDY TO URBAN FRINGE VERY SIMPLE HOUSING IN URBAN FRINGE	
TYPE 3 RENEWAL OF CROSS SUBSIDY LOW COST FLAT		TYPE 9 OBLIGATORY CROSS SUBSIDY TO RELOCATE NEW DEVELOPMENT PERIPHERAL AREA	
TYPE 4 NEW RIP FOR SPECIAL AREA E, G, WATER FRONT AREA RELOCATION/RENEWAL (CROSS SUBSIDY)		TYPE 10 RELOCATION TO URBAN FRINGE (VERY SIMPLE HOUSING, DIRECT SUBSIDY)	
TYPE 5 RELOCATION FROM URBAN INDUSTRIAL AREA FOR NEW PERIPHERAL AREA (DIRECT SUBSIDY)		TYPE 11 COMPENSATIONAL RIP (DIRECT SUBSIDY)	
TYPE 6 RENEWAL BY LOW COST FLAT (DIRECT SUBSIDY)		TYPE 12 RELOCATION TO URBAN FRINGE (CROSS SUBSIDY)	

Fig. 6. Kampung Redevelopment Model Typologies

The ability of estate developers and government to extent urban development and infrastructure to a large number of kampung settlement is contingent upon measure of cross subsidy through inter-area basis plan. The interplay of each area potency or resources characteristics is connected to the large issues of urban development and conservation policy and the ability and the ability willingness of different income group to collaborate each other.

3.2. Inter-area Consolidation Planning Model

Subsidies, if adopted as fulfilling a redistributive goal or poverty alleviation objective, can be justified. Selective subsidization appears to be a prudent policy choice which is preferable to indiscriminate or heavy subsidization as both can produce inefficient in housing provision. Thus, appropriate principle seems to avoid general subsidies in the design and implementation of urban development projects. Expanding access to housing and infrastructure for urban kampung group is a laudable objective. Popular responses to this question today often emphasize that localized is better than global or area-wide plan. However, the traditional approach of urban kampung development does not address the need to coordinate

the development of urban area as a whole which city-wide action plan is needed.

This inter-area approach argues that this themes are largely correct or grossly correct but grossly insufficient in themselves. Unless they are integrated into broader framework for policy reform they are likely to fail.

Behind this argument is the view two basic consideration are at least needed for inter-area consolidation planning system. The first is dwelling, working place and access, an outlook that should fundamentally alter the way of thinking about just kampung housing type model to be integrated dwelling, working place and access or kampung in the context of urban spatial pattern. The second is the recognition of the type of location and subsidy affordability which have various characteristics of development potency or resources to collaborate each other. The model begins by examining what these two factors imply for the substance of the role of private developers, government and kampung community in the kampung redevelopment projects. The planning principle of inter-area basis plan which this study proposed includes harmonizing development and conservation policy by collaborating the area resources policy, optimizing transportation investment for growth structural commuting and optimizing rational settlement forms and longer design life-span, could be combined with the element of more traditional exiting planning principle which covered improving living environment, improving community facilities, creating small business activities and enhancing sustainable development.

This model would describe the process as follow : 1) aimed at producing an action program which mostly a capital improvement program with a schedule of projects with associate cost and financial plan, 2) backed up by a spatial "structural plan" , and 3) developed through a consensus building process involving government official, and private leaders some with citywide interest and some as representatives of individual kampung communities.

Conventional distinctions about the appropriate roles of the public sector, the private sector and the community are breaking down. The new model of partnership or at least interrelationship could be developed. However, such arrangement may be more complex than the traditional ones but it can help to mobilize substantially more resources to meet the community's needs for essential services.

The type of subsidy for kampung redevelopment in Jakarta could be divided into direct subsidy, cross subsidy and compensation which traditionally this

subsidy implemented into the program of compensation for clearance, low cost flat and obligatory cross subsidy by categorizing the kampung area into seven area typologies of strategic commercial area and for residence, not strategic commercial area for residence, rental flat, urban fringe very simple housing area., fishing village and new fishing village. The redevelopment model in terms of location and subsidy affordability could be presented into the 12 model typologies as the following diagrams.

CONCLUSION AND RECOMMENDATION

As previously noted, there are many methods of dealing with kampung redevelopment in the inner city area. Considering the current problems of urban renewal in Indonesia, however, some directions could be summarized as follows.

1. The Comprehensive KIP

The new KIP, Community Infrastructure Improvement Program, will utilize a variety of low cost solutions and provide a full range of services in existing traditional kampung and newly settled kampung flat housing. The main concerns for new KIP would be the implementation of not only infrastructure improvement but more of the social and economic development aspects. There are, however, some concerns should be considered. First, it is up to the local government to choose the extent of new KIP they wish to implement. This is not a predetermined or large predetermined package force on the local government. Second, incorporation of community infrastructure and development in the integrated urban infrastructure program process should link the comprehensive KIP clearly to other urban infrastructure programs.

2. Dwelling, Working Place and Access

To accommodate the expansion of urban kampung housing from the inner city to urban fringe, the large scale housing site development projects should be carried out. However, there are many residents just living in urban fringe but the working place still in the inner city. Thus, for avoiding the phenomena of 'back to the inner city' the implementation of the urban fringe kampung housing development should be accompanied by sufficient access for convenience commuting to working place.

Based on this fact, providing mass rapid transit system should be accelerated.

3. Location typology and Subsidy Affordability

Solving the problems on the context of locally appropriate large scale development in terms of affordability and location should be considered. A typical urban redevelopment project shows that in one side the capacity for supplying the low cost flat is not adequate and in other side many projects such as cross subsidy of socially responsible development large developer to built 1 for high: 3 for middle: 6 for low income are very unprofitable for private sector developer or in other words land prices in the inner city were too high for the land to be used for the development of low cost housing (high overheads, low margins).

This happened because the kampung redevelopment problem has been approached on a specific area project and not on inter-area basis plan. Thus the model of formula 1:3:6 was not always appropriate for the inner city development.

A reasonable approach to redevelopment the kampung housing in the inner city area would require first, the identification of the problem on a holistic and enlarge scale, and second, setting up strategies to resolve the problem according to

projects characteristics in terms of type of location and subsidy affordability, namely a kampung typology maybe not to be removed only when the location is not economically strategic area and located in residential area or maybe to be removed when the location is economically very strategic area and located is not for residential use such as in CBD area.

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