FEASIBILITY ANALYSIS OF SUBSIDIZED HOUSING PROJECTS IN INDONESIA REVIEWED FROM SOCIAL AND ECONOMIC FACTOR

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Abstract: The subsidized housing program in Indonesia plays a vital role in addressing the need for affordable housing, especially for low-income households. This study analyzes the feasibility of subsidized housing projects from social and economic perspectives. The purpose of this research is to assess the factors influencing the success of these projects, including community acceptance, affordability, and regional economic conditions. A mixed-methods approach was employed, combining quantitative analysis through surveys and financial feasibility studies with qualitative insights gathered from interviews with stakeholders. The findings reveal that while subsidized housing is generally well-received, challenges such as land acquisition costs, accessibility to employment centers, and limited social infrastructure significantly affect project viability. The study concludes with recommendations for optimizing project implementation, such as integrating social planning with economic development strategies and enhancing community engagement. These insights aim to provide a comprehensive understanding of how subsidized housing projects can be more effectively tailored to meet the socio-economic needs of the population.
Keywords: *subsidized housing, feasibility analysis, social factors, economic factors.*

INTRODUCTION

Access to affordable housing remains a critical issue in many developing countries, including Indonesia. Subsidized housing projects are an important policy tool aimed at addressing housing shortages for low- and middle-income households. For low-income communities, the gap between housing needs and supply continues to persist year after year, mainly due to low purchasing power or limited access to housing finance systems (*Vania Putri et al., 2020)*. According to the study conducted by Muhamad et al. (2024), the development of subsidized housing projects can also have a significant impact the social structure of communities. Social structure refers to patterns of interactions that are formed within networks or social relationships and exhibit a certain hierarchy. Their research on subsidized housing in Pacellekang Village highlights that the presence of such housing not only facilitates access to homeownership for low-income households but also drives transformations in social interaction patterns, lifestyles, and community norms.

Subsidized housing projects have a significant impact on the social and economic aspects of communities. From a social perspective, these programs can drive changes in interaction patterns, lifestyles, and societal norms, as highlighted by Muhamad et al. (2024). However, these changes may also pose challenges, including potential social conflicts due to differences in residents' backgrounds.

Economically, these projects help low-income groups acquire productive assets and support the growth of the construction sector. Nonetheless, limited access to housing finance and challenges in maintaining mortgage payments remain obstacles.

Most previous studies have focused on either social or economic impacts without integrating these two aspects into a comprehensive analysis. Therefore, this study aims to evaluate the feasibility of subsidized housing projects in Indonesia by considering both social and economic factors, while also providing policy recommendations to ensure the program's sustainability.

METHOD

This study employs a secondary data analysis and comprehensive literature review approach to evaluate the impact of subsidized housing programs on the social and economic aspects of low-income communities in Indonesia. The primary data sources are scholarly journal articles.

1. Secondary Data Analysis

The secondary data analysis was conducted through the following steps:

Data were gathered from relevant journal articles, such as those by Putri et al. (2020), Muhamad et al. (2024), Widyastutik et al. (2022), Hapsari (2020), and Muhammad and Ikbal (2024). Each article was selected based on its relevance to the research objectives and its alignment with the context of subsidized housing programs in Indonesia. The data analysis were performed by the following steps. Articles were analyzed thematically to identify key themes such as access to homeownership, social transformation, and economic impacts. The key findings from each article were summarized in a table organizing information by social and economic indicators (e.g., improvements in physical conditions, social relationships, and household income). Finally, Quantitative data, such as percentage changes (e.g., 90% improvement in conditions, 10% economic decline), were compiled using Microsoft Excel for easier interpretation and analysis.

2. Comprehensive Literature Review

The literature review was conducted systematically as follows. Articles were searched using academic databases such as Google Scholar, ScienceDirect, and SpringerLink, with keywords like "subsidized housing impact," "low-income communities," and "social transformation." The selected articles were screened based on the following criteria:

a. Relevance to the research topic.
b. Quality of the research methodology in the articles.

c. Validity and reliability of the data presented.

Finally, the synthesis was conducted using a narrative approach to summarize qualitative findings and descriptive quantitative analysis to analyze numerical data, such as percentages and statistical test results, from the reviewed articles.

3. Rationale for the Chosen Method

This method was chosen because:

a. It provides broad coverage of relevant empirical data.
b. It enables exploration of findings from various perspectives, offering a comprehensive view.
c. It ensures the study is grounded in academically validated data.

4. Tools and Additional Approaches

During the analysis, Microsoft Excel was used to organize quantitative data, while qualitative analysis was conducted manually by identifying key themes within the reviewed articles.

This approach ensures that the study's recommendations are based on robust empirical evidence, offering in-depth insights into the social and economic impacts of subsidized housing programs and providing valuable input for future policy-making.

RESULT

This study utilized secondary data analysis and a comprehensive literature review to identify the social and economic impacts of subsidized housing projects in Indonesia. The main findings are as follows:

1.Increased Access to Homeownership for Low-Income Communities

Based on the study conducted by Putri, Priyendiswara, and Bambang (2020), a comprehensive analysis of the site designated for the subsidized housing project in Saga, Balaraja, Tangerang Regency, reveals that although direct access is still limited—only reachable via Jl. Raya Kresek, Jl. Raya Saga Bunar, and Jl. Y—the location has high development potential. Its proximity to the Balaraja industrial zone, located only 4.1 km away, and the nearby Balaraja Barat toll gate (within a 3.8 km radius), enhances the site's accessibility and attractiveness. Additionally, the Tangerang Regency Spatial Plan (RTRW 2011–2031) outlines a proposed MRT line from Balaraja to Kelapa Dua (part of the Balaraja–Cikarang route) within a 2 km radius, which would further improve future public transportation access to the site.

In terms of site characteristics, the land is highly regular in shape, allowing for optimal use of buildable area. The land use designation aligns with the RTRW, which classifies the area as a medium-density residential zone. The land's NJOP (Tax Object Sale Value) is recorded at IDR 213,000/m², which is still relatively low, making the land economically feasible for subsidized housing development.

Land use distribution follows the provisions in Tangerang Regency Regional Regulation No. 9 of 2006 concerning site planning. Out of a total of 13.5 hectares, 8.1 hectares constitute the effective (buildable) area, while the remaining 5.4 hectares are designated for infrastructure, roads, green open spaces, and social facilities (fasos/fasum). The projected population for Saga Village in 2024 is 46,703 people, with a density of 127 people/ha. Based on an assumed density of 350 people/ha, the estimated number of housing units to be developed is 1,182 units.

Market analysis indicates that the site is well-suited for subsidized housing development, considering its location within a major industrial hub. The target market includes middle- and lower-income groups, particularly factory workers. Within a 2.5 km radius of the site, seven recently developed housing projects with similar characteristics were identified, indicating strong demand. Competitor analysis in the surrounding area shows an average land price of IDR 145,697/m², supporting the site's suitability for a subsidized housing project.

2.Social Transformation within Communities

The study by Muhamad, Ibrahim, and Sumitro (2024) explains that the development of subsidized housing in Pacellekang Village has brought both positive and negative impacts on the community's social structure.

The development of subsidized housing in Pacellekang Village, Gowa Regency, has triggered significant changes in the local social structure. These changes are reflected in both positive and negative impacts, which are explained as follows:

a. Impacts of Subsidized Housing Development on the Social Structure

   The development of subsidized housing in Pacellekang Village has brought both positive and negative impacts on the community's social structure.

   The development of subsidized housing in Pacellekang Village has increased the population, strengthening social dynamics and local economic activities. This has expanded social networks, fostered more open communication, and encouraged active participation of newcomers in community organizations. The rising demand for goods and services has also created new business opportunities.

   However, population growth has put pressure on public facilities such as clean water, roads, schools, and healthcare services, leading to a decline in service quality. External cultural influences have altered traditional lifestyles and norms. Social and cultural differences between long-time residents and newcomers have created social distance, while the limited cultural ties of newcomers have diminished the roles of traditional and religious leaders.

   Thus, although subsidized housing development brings social and economic benefits, the emerging social challenges must be addressed to maintain social cohesion and local values.

b. Factors Influencing Social Structure Changes

   The changes in social structure are driven by several key factors, including economic disparities where newcomers generally have stronger financial positions, unequal access to public services and uneven policy implementation, as well as differences in social values due to new cultural norms introduced by newcomers that often conflict with local traditions. Additionally, there is a shift towards a more materialistic consumption pattern, while an excessive focus on physical infrastructure development often leads to the neglect of social and cultural development.

3.Impact of Housing Financing Policy (FLPP)

Research by Widyastutik (2022) found that the Liquidity Facility of Housing Financing (FLPP) policy positively impacts the welfare of low-income communities and drives growth in the housing sector. However, the policy also negatively affects certain economic sectors, highlighting the need for balanced sectoral development.

4.Socio-Economic Changes Post-Housing Programs.

Hapsari (2020) This study analyzed the impact of a housing development program for poor households on the social and economic conditions of the community in Sawah Besar, Gayamsari District, Semarang. Below are the key findings:

a General Impact of the Program

Program Success: The program improved the beneficiaries' conditions by 90%, covering physical, social, and economic aspects. Targeting Issues: The targeting accuracy was only 31.50%, categorized as low, due to criteria that inadequately represented poverty and introduced bias.

b Issues with Targeting Criteria

Insensitive Criteria: Variables like house size (≥8 m^2/person) did not accurately reflect poverty levels. Some beneficiaries exceeded this size, requiring additional funding that they had to secure themselves, often through loans. Proposed Improvements: A local wisdom-based approach is recommended, where communities determine eligible beneficiaries through local deliberations, reducing conflicts and enhancing solidarity.

c Impact on Community Conditions

Physical Conditions: Improved for 55% of beneficiaries. Social Conditions: Improved by 45%, though with limited impact on the economy. Economic Conditions: Declined by 10%, primarily due to increased household expenditures from debts incurred for housing construction.

d Reasons for Economic Decline

Increased Expenditures: Wilcoxon test results (0.670) indicate higher post-program expenses due to inadequate cost-sharing by the government. Negative Effects: Debt burdens significantly strained households' financial conditions.

e Varied Effects on Beneficiaries

Positive Impact: Beneficiaries with small businesses near their homes benefited economically, as improved housing allowed business growth. Negative Impact: Those without additional income sources faced greater financial pressure.

f Conclusion and Recommendations

Conclusion: The program positively impacted physical conditions but had limited social and economic benefits. Economic decline resulted from increased household expenditures. Recommendations: Revise poverty criteria using a local wisdom-based approach for accurate targeting and introduce cost-sharing mechanisms to reduce financial burdens.

5.Economic Factors Affecting Subsidized Housing Sales

Muhammad and Ikbal (2024) identified that The results of a simple linear regression analysis conducted using SPSS 16 demonstrate that economic factors have a statistically significant influence on the sales of subsidized housing at the Bumi Lappa Mas residential area. The t-test value for the economic factor was 7.732, which is greater than the t-table value of 2.020, indicating that the economic variable has a significant effect. Furthermore, the probability value (p-value) was 0.000, which is below the significance threshold of 0.05, reinforcing the conclusion that economic factors significantly affect housing sales.

These findings are supported by both hypothesis testing approaches—t-test analysis and significance level analysis—which consistently show that economic factors exert a positive and significant influence on the sales performance of subsidized housing units in Bumi Lappa Mas.

In addition, the coefficient of determination (R^2) obtained from the regression model was 0.593, meaning that 59% of the variation in subsidized housing sales can be explained by economic factors. The remaining 41% is attributed to other variables or external influences that were not examined in this study.

These results underscore the pivotal role of economic conditions—such as income levels, employment stability, and purchasing power—in determining housing demand in the subsidized residential market. Therefore, policy considerations aimed at improving economic access and affordability are crucial to boosting housing uptake in similar development contexts.

DISCUSSION

Analysis of Findings Based on Research Methods

This study employs secondary data analysis and a comprehensive literature review approach to evaluate the social and economic impacts of subsidized housing programs in Indonesia. These approaches allowed the identification of patterns from various relevant studies, providing evidence-based recommendations.

1. Increased Access to Homeownership for Low-Income Communities

The findings indicate that subsidized housing programs significantly enhance homeownership opportunities for low-income communities. The study by Putri et al. (2020) highlights that strategic location and relatively affordable land prices in industrial areas such as Balaraja are key factors enabling the program's success.

However, the limited physical accessibility to project sites, particularly through public transportation, underscores the need for improved supporting infrastructure to ensure broader accessibility. Future planning should prioritize integrating public transport access with subsidized housing locations.

2. Social Transformation Within Communities

The study by Muhamad et al. (2024) reveals that subsidized housing development significantly impacts community social structures. Positive outcomes, such as strengthened social relationships and active participation in community organizations, demonstrate that subsidized housing can be a catalyst for social cohesion.

However, cultural differences between native residents and newcomers present major challenges. This highlights the importance of social integration programs, such as cultural training or community discussion forums, to mitigate conflicts and strengthen solidarity.

3. Impact of Housing Financing Policy (FLPP)

The Liquidity Facility of Housing Financing (FLPP) policy has proven to significantly benefit low-income communities, as reported by Widyastutik et al. (2022). However, its negative impacts on other economic sectors, such as imbalanced budget allocations, indicate the need for more integrated cross-sectoral policies. The government must identify and mitigate these adverse effects to ensure inclusive economic development.

4. Socio-Economic Changes Post-Housing Programs

Hapsari (2020) identified that subsidized housing programs improved the physical and social conditions of beneficiary communities but introduced significant economic challenges due to increased household debt burdens. This underscores the need for a more holistic approach, such as enhanced financial literacy and assistance programs that address not only physical development but also the economic sustainability of beneficiaries.

5. Economic Factors Influencing Subsidized Housing Sales

The findings of Muhammad and Ikbal (2024) highlight the critical role of economic factors, such as household income and job stability, in determining the demand for subsidized housing. With 59% of sales variations explained by economic factors, this study provides a strong foundation for policymakers to design strategies focused on improving public purchasing power.

Theoretical and Practical Implications

Theoretical Implications

This study reinforces the view that subsidized housing programs can effectively enhance social and economic well-being, albeit with challenges that require specific attention. It adds theoretical insights into how social, economic, and policy factors interact in the context of housing programs in developing countries.

Practical Implications

The findings provide several practical recommendations, such as:

1. Enhancing Access to Financing: Developing more inclusive financing mechanisms for low-income communities.
2. Strengthening Social Programs: Integrating cultural training and social cohesion programs into housing projects.
3. Balanced Policies: Designing development policies that avoid negative impacts on other economic sectors.
4. Financial Literacy: Offering financial management training to beneficiaries to reduce the risk of default.

CONCLUSION

This study highlights the importance of subsidized housing programs in Indonesia as a solution to address the housing needs of low- and middle-income communities. The analysis of social and economic impacts demonstrates the significant potential of these programs to improve community welfare, despite several challenges that need to be addressed. The detailed conclusions are as follows:

1. Improved Access to Homeownership

   Subsidized housing programs significantly enhance access to homeownership for low-income households, as evidenced by Putri et al. (2020). Strategic factors such as proximity to industrial zones, public transportation, and affordable land prices are critical to the program's success. However, limited physical accessibility, particularly through public transportation, remains a barrier that requires additional infrastructure investments to improve connectivity.

2. Social Transformation within Communities

   These programs drive significant changes in community social structures, including enhanced social dynamics, participation in community organizations, and the development of new social networks. Muhamad et al. (2024) found that while social cohesion improves, cultural conflicts between native residents and newcomers remain a major issue, often arising from differences in cultural values and community norms. Social interventions, such as cultural trainin g, community dialogues, and strengthening the role of local leaders, are essential to mitigate these challenges and foster harmonious integration.

3. Economic Benefits and Challenges

   Economically, the programs contribute positively by increasing productive assets for low-income households and fostering growth in the construction sector, as highlighted by Widyastutik (2022). However, findings by Hapsari (2020) indicate that the additional financial burden borne by beneficiaries has led to increased household debt, emphasizing the need for financial literacy programs and more flexible financing mechanisms. Muhammad and Ikbal (2024) demonstrated that economic factors, such as income, job stability, and purchasing power, significantly influence the demand for subsidized housing. Therefore, policies focused on strengthening the economic conditions of communities are essential.

4. Policy Effectiveness and Limitations

   The Liquidity Facility of Housing Financing (FLPP) policy has been effective in improving access to housing finance for low-income communities. However, this policy also negatively impacts other economic sectors due to imbalanced budget allocations. A more holistic and integrated policy approach is required to minimize these adverse effects.

5. Recommendations for Program Sustainability

   Strengthening Supporting Infrastructure: Developing integrated public transportation infrastructure with subsidized housing areas. Social Integration: Providing cultural training and organizing community dialogues to reduce social conflicts between native residents and newcomers. Improving Financial Literacy: Educating beneficiaries on financial management to mitigate the risk of loan defaults. Inclusive Economic Policies: Enhancing access to stable employment and increasing community purchasing power.

So, subsidized housing programs offer substantial benefits to low-income communities in both social and economic terms. However, the challenges faced underscore the need for a multidimensional approach that not only focuses on physical development but also supports the social and economic growth of the communities involved.

The findings of this study provide a foundation for policymakers to design more comprehensive, sustainable, and inclusive subsidized housing programs that deliver long-term benefits to the target beneficiaries. An adaptive, data-driven approach that directly involves communities is key to ensuring the success of future programs.

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