
HOUSING THE MARGIN: *PERUMAHAN RAKYAT* AND THE FUTURE URBAN FORM OF JAKARTA

Abidin Kusno¹

On May 19, 2009, Minister of Housing M. Yusuf As'yari (2004–09) hosted the second National Congress of Housing and Settlement (Kongres Nasional Perumahan Rakyat II) at the Hotel Bidakara, Jakarta.² Attended by some fifteen hundred people from various parts of Indonesia, the Second Congress is considered a milestone in the history of Indonesian housing and promised “a new era” for Indonesian housing and settlement.³ While looking ahead, the Second Congress also made a connection with the very first congress on housing, which was held more than half a century earlier, in 1950, when the newly independent country was feeling its way through decolonization and trying to provide housing for its population, the *rakyat*. The 2009 congress closed with a declaration that:

¹ I am indebted to Suryono Herlambang for sharing his thoughts, stories, and concerns about housing policy and urbanization in Jakarta, many of which I have used in parts of this paper. I thank Jo Santoso and Kemal Taruc for the ongoing discussion from which I keep learning. A longer Indonesian-language version of this paper will come out as a book with their critical commentaries. I also thank Ben Abel for his friendship and generosity during a period of library research. Michael Leaf and two anonymous reviewers offered insightful comments, which have helped me to see more clearly the complexity of the subject matter, its historical context, and current dilemmas. Whatever merits this essay may have are due, in large measure, to those individuals' contributions and helpfulness, but none of them is responsible for the views or potential errors, or oversights, this paper may contain. I also acknowledge the support of the Major Collaborative Research Initiatives (MCRI), led by Pitman Potter, at the Institute of Asian Research, University of British Columbia. Finally, this paper is dedicated to the memory of Wastu Pragantha Zhong (1935–2011), a caring friend, dedicated teacher, and compassionate public servant of Jakarta.

² “Kongres Perumahan dan Pemukiman II tahun 2009,” *Inforum* 1 (2010): 11–13.

³ “Pembangunan Perumahan Rakyat Memasuki Era Baru,” *Inforum* 1 (2010): 6–9.

We, participants of the National Congress of Housing and Settlement II, 2009, are heirs of the 1950 Congress of People's Housing, which declared housing as the responsibility of the state. We feel responsible to implement the 1945 Constitution (*Undang Undang Dasar, UUD 45*) and the Human Rights Law (*Undang Undang tentang HAM*), which declare that everyone has the right to live well, materially and spiritually, and to settle in a house with a good and healthy environment.⁴

The official publication of the Ministry of Housing, *Inforum*, also started its report on the 2009 Congress with a quotation from Mohammad Hatta, the first vice president of Indonesia, who opened the 1950 Congress on Healthy Housing for People (Kongres Perumahan Rakyat Sehat), where the term *perumahan rakyat* (people's housing) was perhaps first coined by the newly independent state. "Indeed, our goal [to provide housing for everyone] won't be realized in two years. It won't be fully completed in ten or twenty years. However, in forty years or in half a century, we will be able to fulfill our wish, if we are committed and make the effort with confidence."⁵ The optimism demonstrated in 1950 to provide housing for everyone within fifty years inspired those attending the 2009 Congress to keep the housing mission going.

The symbolic reference to the early years of independence by participants in the 2009 Congress seems to turn a blind eye on Suharto's New Order regime (1966–98), during which era a series of national workshops (known as *lokakarya nasional*) on housing were periodically held. By evoking the notion of *kongres* (rather than *lokakarya*), the 2009 meeting set up an identity of its own, one that reconnects its mission to that of the 1950s, while dissociating itself from the housing policy of the New Order.⁶ The break with the recent past seems ironic, for most of the order of things today could be said to have been already shaped during the Suharto years. The claim to have initiated a new era may be ironic, but it is not entirely bogus. The post-Suharto era is, indeed, different from what preceded it. The notion of *rakyat*, at least, is easily mobilized today to fashion the new era, so, with the 2009 Congress, one might imagine a shift in the strategy to provide housing for the poor.

Several new initiatives, indeed, were proclaimed by the Second Congress, some of which are clearly a departure from those of the New Order. For instance, housing is now considered a human right, rather than simply a human need for shelter, as was assumed by the New Order.⁷ Oswar Mungkasa, from the National Planning Board

⁴ Architect Suhadi Hadiwinoto posted this declaration on his blog on June 4, 2009, <http://suhadi.hadiwinoto.org/2009/06/04/deklarasi-kongres-nasional-perumahan-dan-permukiman-ii/>, accessed January 10, 2012.

⁵ "Pembangunan Perumahan Rakyat Memasuki Era Baru," *Inforum*.

⁶ For a recent summary of housing policy in twentieth-century Indonesia, see Johan Silas, "Perjalanan panjang perumahan Indonesia dalam dan sekitar abad XX," in *Kota Lama, Kota Baru: Sejarah Kota-Kota di Indonesia Sebelum dan Setelah Kemerdekaan*, ed. Freek Colombijn, Martine Barwegen, Purnawan Basundoro, and Johny Alfian Khusyairi (Yogyakarta: Ombak Press, 2005), pp. 3–29; and Lana Winayanti, ed., *Kilas Balik Perumahan Rakyat, 1900–2000* (Jakarta: Kementerian Perumahan Rakyat dan Pusat Dokumentasi Arsitektur, 2010). For a comprehensive account of colonial and early postcolonial housing policies and practices, see Freek Colombijn, *Under Construction: The Politics of Urban Space and Housing during the Decolonization of Indonesia, 1830–1960* (Leiden: KITLV Press, 2011). For a description of the housing market and policy implications during the Suharto era, see Raymond J. Struyk, Michael L. Hoffman, and Harold M. Katsura, *The Market for Shelter in Indonesian Cities* (Washington DC: The Urban Institute Press, 1990).

⁷ Oswar Mungkasa, "Sekilas tentang Perumahan sebagai Hak Asasi Manusia," *Inforum* 1 (2010): 20–23.

(Badan Perencanaan dan Pembangunan Nasional-Bappenas), explains in his contribution to *Inforum* that the *UUD 1945* already contained the principle of a right to housing for everyone, but it needs to be more specific in its formulation.⁸ According to Mungkasa, the meaning of *hak rumah tinggal* (the right to live in a house) as stipulated in the 1945 constitution can be extended to give a sense of *hak perumahan* (the right to housing). Such broadening of the meaning would allow Indonesia to conform to chapter 11 of the UN's International Covenant on Economic and Social Rights, which defines the right to housing as comprising these elements: "security of tenure, availability of services, affordability, habitability, accessibility, location, and cultural adequacy."⁹ Mungkasa ends his article by reminding local governments, following the mandate of decentralization, that they are now responsible for enacting the principle of human rights by taking the lead to solve the problem of settlement for impoverished urban populations.¹⁰

Another major outcome of the Second Congress concerns the shift of power in urban management. The congress stated that state and private developers will no longer solely dictate policy and decisions regarding where and what sort of housing is built. Instead, the local or city government (*pemerintah daerah—pemda*) and its residents are now expected to play a dominant role in the development of housing, which would include finding solutions to the issues of housing the poor and the disadvantaged. (Indeed, in the post-Suharto era, the goal of housing the poor fits with people's expectations of a democratic government.) The mission to create a pro-poor housing policy could be said to stem from the democratic transformation that has changed the nature of state-society relations. The new democratic era, which continues to open up opportunities for private developers to shape the city, has broadened the space in which city officials and residents (largely members of the upper-middle class) may define the kind of city they want. The congress was clearly shaped by both internal and external forces.¹¹ It was guided by the spirit of decentralization in Indonesian politics, but it was also shaped by trends in international urban management. Adopting those frameworks involved making commitments to ecologically sustainable urban development and to the practice of "good governance." Institutions related to housing are expected to be accountable, transparent, and responsive to the needs of the public.¹²

With the new era's mission to house *rakyat*, the allusion to the 1950 congress could not be more strategic. In the 1950s, *perumahan rakyat* was one of the few discourses available to independent Indonesia to establish political legitimacy, largely because the

⁸ Ibid.

⁹ Ibid., p. 23.

¹⁰ Ibid.

¹¹ The Second Congress follows the World Bank's strategy of "enablement" in urban development. According to this doctrine, human capacity can best be advanced within an environment that supports freedom to participate in free markets with minimum intervention from the state. For a discussion of "enabling," see Gareth A. Jones and Peter M. Ward, "The World Bank's 'New' Urban Management Programme: Paradigm Shift or Policy Continuity?" *Habitat International* 18,3 (1994): 33–51. For a regional assessment pertinent to housing, see Emma Porio, "Rethinking the Enabling Strategy in Social Housing: State–Civil Society Dynamics in Southeast Asia," in *Governance on the Ground: Innovations and Discontinuities in Cities of the Developing World*, ed. Patricia L. McCarney and Richard E. Stren (Baltimore, MD: The Johns Hopkins University Press, 2003), pp. 171–93.

¹² "Kongres Perumahan dan Pemukiman II tahun 2009," *Inforum* 1 (2010): 11–13.

Dutch colonial government had lacked the political will to remedy deplorable housing conditions for the poor.¹³ In his comprehensive study of housing during the late colonial and early independence periods, Freek Colombijn indicates that, towards the first quarter of the twentieth century, the colonial administration, after years of neglect, was supportive of pro-poor housing initiatives, but Dutch leaders nevertheless remained reluctant to make significant commitments to public housing. In Colombijn's words, the colonial state "never intended to bear the brunt of the costs of housing."¹⁴ As a colonial "liberal" state, the government sought to externalize the cost of public housing for Indonesians via private investments in the market. The reluctance of the colonial state to provide public housing is reflected in the failure of two major government agencies—N.V. Volkshuisvesting (Public Housing Corporation Ltd., established in 1925) and Gementelijke Woningbedrijven (Municipal Housing Authority)—to supply adequate housing (and what was built did not reach the poor). In a nutshell, Colombijn concludes, "colonial public housing was too expensive for the lower incomes, too small to make much impact, and of a design that was impractical for the lower incomes."¹⁵

As indicated above, soon after the transfer of power in 1950, an independent Indonesia held the Kongres Perumahan Rakjat Sehat—itself an offshoot from previous meetings organized by the Japanese colonial administration.¹⁶ The congress produced recommendations, and some actions, but, more importantly, it ignited enthusiasm from nationalist elites to turn *perumahan rakyat* into a primary concern of the newly independent nation.¹⁷ The Djawatan Perumahan Rakjat (People's Housing Department) was set up in 1951 to produce and finance housing for the low-income population (*rakjat djelata*).¹⁸ However, the housing shortage remained an acute problem, and it soon overwhelmed the new government. In the end, the state had to appeal to people to continue to help themselves with their own housing needs.¹⁹

Today, Hatta's speech is recalled to motivate contemporary leaders to fulfill the state's commitment. Yet, while the enthusiasm of the 1950s can be retrieved, it would be unrealistic today to expect a return to the socialist ethic that advocates providing affordable housing for all after years of Suharto's New Order market revolution. Instead, a kind of pro-poor market manipulation is used, with the state regulating the private sector in order to achieve the social goal of housing the poor. The state seeks to moderate neo-liberal tendencies by housing the poor through public means, even though, following the World Bank paradigm, the state is not expected to build or

¹³ See Colombijn, *Under Construction*; and James Cobban, "Public Housing in Colonial Indonesia, 1900–1940," in *Modern Asian Studies* 27,4 (1993): 871–96. For a broader view, see Richard Harris, "Housing Policy for the Colonial City: The British and Dutch Experience Compared, 1901–1949," *Urban Geography* 30,8 (2009): 815–37.

¹⁴ Colombijn, *Under Construction*, p. 329.

¹⁵ Freek Colombijn, "Public Housing in Post-colonial Indonesia: The Revolution of Rising Expectations," *Bijdragen tot de Taal-, Land-en Volkenkunde* 167,4, (2011): 441.

¹⁶ For the Japanese–Indonesian discussion on housing, see Colombijn, *Under Construction*, pp. 279–81.

¹⁷ For a discussion on the 1950 Kongres Perumahan Rakyat Sehat, see *ibid.*, pp. 336–39.

¹⁸ For the performance of Djawatan Perumahan Rakyat, see *ibid.*, pp. 341–44.

¹⁹ *Ibid.*, pp. 207–24.

subsidize low-cost housing using state funds.²⁰ The “new era” seeks to eliminate state subsidies for housing and to replace the subsidies with an investment scheme that would generate funding for low-income-family housing. The allusion to *perumahan rakyat* thus is not without real economic interest. The targeting of *perumahan rakyat*, as I will show in this paper, justifies for the first time the wholesale incorporation of vast, informal housing settlements into the formal housing market. In this sense, while the congress declares the emergence of city government and citizenry as the “players” in the broad process of urban change, it means the city is expected to create a good investment climate for financial markets to operate in the low-cost-housing industry. “The new era” proclaimed by the ministry of housing is therefore a clear departure from the times of Sukarno and Suharto, but there are continuities in terms of economic expansion, political interest, and urban renewal, all now conducted under conditions shaped by the declared goal of housing the *rakyat*.²¹

The new era cannot just be announced. It has to be created. The main task of this paper is, therefore, to tease out the several measures used by the state and local government to enable investment in low-cost housing. These include the regularization of a land tenure system, the dissolution of informal land markets, allocation of space for low-cost housing, and selection of a population group based on creditworthiness. These measures are clearly steps toward urban renewal, with an emphasis on satisfying the call for citizens’ right to shelter and, by so doing, eradicating the need for informal occupation of lands. Such measures, however, are not only technical and managerial, they are also social and political, as they entail a displacement of informal and irregular workers (who are unable to prove to banks that they are creditworthy) to the fringes of the city.

The first part of this essay, “The Contexts,” identifies how current issues of housing the poor are similar to and differ from those that faced the governments of previous eras. It teases out a shift in the strategy of providing housing in response to the state’s fiscal crisis and the concomitant neoliberal democratic transformation that produces a new way of financing *perumahan rakyat* in the post-Suharto era. The second part, “The Discourse,” identifies the contours of the new housing programs for *perumahan rakyat* to show how the financing works. It looks at a financial scheme for low-income housing called *Fasilitas Likuiditas Pembiayaan Perumahan* (FLPP, Liquidity Facility for Housing Finance) and its practice of land certification as a manifestation of the

²⁰ One wonders whether the decentralized Indonesian state fits with David Harvey’s definition of a neoliberal state, the mission of which is to “create and preserve an institutional framework [in order to] secure private property rights and guarantee[s], by force if need be, the proper functioning of markets ... If markets do not exist, then they must be created by state action if necessary. But beyond these tasks the state should not venture.” David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), p. 2.

²¹ For a discussion of the shift in Indonesian urban planning and management, see Robert Cowherd, “Planning or Cultural Construction? The Transformation of Jakarta in the Late Soeharto Period,” in *The Indonesian Town Revisited*, ed. Peter Nas (Singapore: ISEAS and Lit Verlag, 2002), pp. 17–40; Tommy Firman, “Indonesian Cities in the Early Reform Era,” in *The Indonesian Town Revisited*, ed. Peter Nas, pp. 101–12; Delik Hudalah and Johan Woltjer, “Spatial Planning System in Transitional Indonesia,” *International Planning Studies* 12,3 (2007): 291–303; Christopher Silver, “Do the Donors Have it Right? Decentralization and Changing Local Governance in Indonesia,” *The Annals of Regional Science* 37,3 (2003): 421–34; Nico Schulte Nordholt, “New Forms of Urban Infrastructural Development Policy in Indonesia: A Critical Look at Public–Private Partnership,” in *Issues in Urban Development: Case Studies from Indonesia*, ed. Peter Nas (Leiden: Research School CNWS, 1995), pp. 193–208.

mainstream economist idea of “formalizing the informal.” The dissolution of the dualism of formal and informal markets, this paper suggests, entails the dislocation of the informal and further marginalization of the urban poor. The third part, “The Practice,” spatializes as well as temporalizes the practice of providing housing for the poor by looking at Jakarta’s short-lived “1,000 Towers” program, which was initiated in 2006 as the first post-Suharto low-cost apartment project. I explore how this subsidized housing program came to an end (in 2010) and describe the subsequent creation of the FLPP. I also expose how the 1,000 Towers project was appropriated by developers as a means of acquiring scarce urban land and promoting their own middle-class housing projects. I then provide an interpretation of spatial politics by showing how the program of *perumahan rakyat* has been tied to the gentrification of space in Jakarta. The last part, “Utopia?,” projects the future of urban Jakarta based on the discourses and practices discussed in the preceding parts. It uses a wishful-thinking book called *Jakarta: 500 Years*, by Zaenuddin HM,²² a senior journalist from Jakarta, to show how his imagined urban form and social spirit of Jakarta in 2027 could be seen as an enactment of the urban renewal of Jakarta today. By way of conclusion, I turn to the socio-political effects of a gentrified Jakarta on its surrounding areas.

This essay, as a whole, shows the spatial implications of urban renewal and population control and how the program of *perumahan rakyat* is implicated in people’s exclusion and dislocation from the gentrified city. The paper thus is not just about housing and its current policy. Instead, it is about the production of space by way of a housing strategy to accommodate the poor. With a focus on the strategies of governing elites in Jakarta and the primary research materials limited to metropolitan media sources, the account that emerges is certainly not the whole story. Incomplete as the account is, however, it nevertheless attempts to link housing studies with the spatial politics of a built environment. Finally, while this essay is critical of current housing policies and projects a gloomy urban future, I acknowledge the importance of housing the poor and the genuine efforts made by the actors involved, both in practice and in their sincere, utopian impulses.

PART I: The Contexts

Market Expansion and the Dissolution of Land’s Dualism

In February 2009, a few months before the Housing Congress convened, Minister of Housing M. Yusuf As’yari met with Sri Mulyani (then minister of finance) and Boediono (then governor of the Bank of Indonesia) and signed an agreement to work together to package housing loans backed by bank deposits owned by the *perumahan rakyat* into a bundle of marketable mortgage-backed securities that would be sold on the stock market.²³ The arrangement was part of the state’s attempts to find a new source of capital to finance *perumahan rakyat*. Harnessing the financial market was considered necessary for, according to Minister As’yari, “We need fifteen *triliun rupiah*

²² Zaenuddin HM, *Jakarta 500 Tahun: Obsesi dan Harapan tentang Jakarta pada Tahun 2027 (Ulitah Jakarta ke 500)* [Jakarta: 500 Years—Obsessions and Aspirations of Jakarta in 2027 (Jakarta’s 500th Birthday)] (Jakarta: Java Media, 2008).

²³ Aditya Suharmoko, “Indonesia Determined To Develop Secondary Mortgage Market,” *Jakarta Post*, February 13, 2009.

[US\$1.5 billion] but the total subsidy for low-cost apartments is only 2.5 *triliun rupiah* [US\$250 million]²⁴ The assumption was that by selling mortgage-backed securities to investors, the capital accumulated by banks alone would be sufficient to finance the construction of housing and, therefore, the government would no longer need to subsidize it. Sri Mulyani favored this strategy, too, for the sale of the financial package “will help people obtain capital from banks, and developers, too, will profit from the increase of home buyers.”²⁵ Meanwhile, Boediono promised that the Bank of Indonesia would keep an eye on the quality of the securitization products—mortgage-based securities, collateralized debt obligations, and their related instruments—to comfort investors.²⁶ Such a move to use asset securitization in support of *perumahan rakyat* was considered “revolutionary,” as for the first time in the history of Indonesian housing the state took a concrete step to eliminate forever, it is hoped, subsidies for low- and modest-income housing.

Sri Mulyani and Boediono are known as mainstream professional economists who believe in the power of formal market mechanisms to generate urban productivity.²⁷ They follow the World Bank’s paradigm, according to which the state is expected to play the role of creating the conditions that will improve the housing markets of Indonesian cities. They are also aware that the key condition for asset securitization is the availability of a land market. However, in Indonesia, as in other developing countries, there is more than one type of market operating in society. The informal land market (defined in full on the next page), for instance, constitutes a large portion of the overall land market, but an informal land market cannot be securitized unless it is formalized. Thus, the state is expected to maximize the functioning of land markets by incorporating informal land markets into the formal one. Such an integration will, it is hoped, enhance urban and national productivity and ensure the proper functioning of the market itself. Low-income housing is a strategic target for informal-to-formal conversion, since the majority of modest and low-income populations still rely on the informal land market for their shelter. Before we discuss the arguments in favor of dissolving the informal land market, we need to understand the politics of land dualism in urban Indonesia.

Legal Dualism of Land in a Historical Perspective

The dualistic terms “formal” and “informal” refer to the differentiation between registered and unregistered lands.²⁸ In principle, under the Basic Agrarian Law (BAL) of 1960, which establishes the “right of control by the state,” all lands must (eventually)

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

²⁷ See William Liddle, “Tawaran Budiono,” *Tempo*, January 8, 2006, p. 50.

²⁸ The following account is based on the insightful study of Michael Leaf on land rights in Indonesia; see Michael Leaf, “Legal Authority in an Extralegal Setting: The Case of Land Rights in Jakarta, Indonesia,” *Journal of Planning Education and Research* 14 (1994): 12–18; and Michael Leaf, “Land Rights for Residential Development in Jakarta, Indonesia: The Colonial Roots of Contemporary Urban Dualism,” *International Journal of Urban and Regional Research* 17 (1993): 477–91. See also D. Fitzpatrick, “Beyond Dualism: Land Acquisition and Law in Indonesia,” in *Indonesia, Law, and Society*, ed. T. Lindsey (Sydney: The Federation Press, 1999), pp. 74–96.

be registered with what is today called the National Land Agency (Badan Pertanahan Nasional, BPN).²⁹ However, in practice, the majority of Jakarta's land (estimated to be 70 percent in the mid-1990s; more recent data is unavailable) remains "unregistered" with BPN, even though some of that land may be "registered" at local municipal administrative offices (known as *kelurahan*; today, Jakarta has as many as 265 of these offices).³⁰ An individual's ownership of informally registered land, called a land right claim, is based on letters, receipts, and documents issued by *kelurahan* offices and witnessed by *kelurahan* officials. This kind of land right claim is legal, but it is not recognized as legitimate by the BPN. The difference between formally registered land (with the BPN) and informally registered land (with the *kelurahan*) has significant symbolic and material consequences affecting how the city is understood. As Michael Leaf points out, "the *kampung* lands, which contain the city's extensive popular settlements, are virtually all unregistered [in the eyes of BPN], while those of the formal sector—exclusive neighborhoods of developers' built housing—make up the bulk of the registered residential parcels."³¹

These categories and the legal dualism embedded in them are, no doubt, "inherited" from colonial discourse of land tenure. The delicacies of these categories have been explored by Freek Colombijn,³² and it is sufficient here to note that the categories were constructed to secure a formal land market (known as European title) while leaving everything else partially and, should we say, "informally" codified.³³ The latter includes indigenous land rights (titles) that could be bought and sold "without any formalities or concomitant administrative costs."³⁴ In this way, we can say, the

²⁹ See B. Harsono, *Hukum Agraria Indonesia: Himpunan Peraturan-peraturan Hukum Tanah*, Ninth Edition (Jakarta: Djambatan Publishers, 1989), pp. 5–6.

³⁰ According to Raymond Struyk, Michael Hoffman, and Harold Katsura, "the formal housing sector," defined using measures of housing quality and tenure security, included 31 percent of dwelling units in urban Indonesia. Jakarta has the lowest share of units meeting the definition, 23 percent. See: Struyk et al., *The Market for Shelter in Indonesian Cities*, p. 351. The formal housing sector refers to houses built on lands registered under BPN. This sector is largely controlled by private developers and the state housing agency, Perumnas.

³¹ Michael Leaf, "Legal Authority in an Extralegal Setting," p. 15. The Indonesian colloquial term for the physical and social dualism is the contrast between "*gedong* and "*kampung*," which has led to the different characterization of people's behaviors in terms of "*gedongan* and *kampung*."

³² Colombijn, *Under Construction*, pp. 141–80.

³³ The term "informal" is, in fact, insufficient to capture the wide range of categories by which the land in the colony is divided and ruled. The colonial pluralism of land rights was a nightmare for town planner Thomas Karsten, who wrote in his report in 1920:

The Indies town presents us an unsurpassed variegation from the point of view of land rights: there is what is often a practically inextricable jumble of Native land rights [in some cases still limited by the communal rights of the village], ownership in fee simple, hereditary tenure on municipally owned land, rights to own dwellings on, or temporarily occupy, government-owned lands, "private estates" [some of them still encumbered with Native *usaha* rights], lands not registered as having an owner and hence belonging to the government (whether or not occupied illegally, rented, or placed under the administration of some public authority), "unknown lands" (whose present owner is not known, sometimes occupied and sometimes not), here and there "agrarian ownership," and rights of utilization, as well as residence under *adat* law on land belonging to another (*menumpang*), and "Batavia land lease."

Thomas Karsten, "Town Development in the Indies," in *The Indonesian Town: Studies in Urban Sociology*, ed. W. F. Wertheim (The Hague and Bandung: W. van Hoeve Ltd, 1958), p. 55.

³⁴ Colombijn, *Under Construction*, p. 147.

colonial state externalized the cost of providing low-income housing and the headache of administrating it by creating a relatively autonomous, informal domain in which the Indonesian population could be expected to handle their own housing situation. In this informal realm, people built dwellings for themselves. As indicated above, the independent Indonesian state in the 1950s sought to overcome this colonial construct of dualism, but failed and was forced to appeal to the people to build for themselves via mutual help (*gotong royong*). What this means is that the postcolonial state had no choice except to reinstall the colonial-style formal and informal dualism that it had sought to transcend.³⁵

Formal and informal dualism persisted throughout Suharto's New Order in the form of land registered with the BPN and land registered with the *kelurahan* (but not with the BPN). This separation also produced separate markets, which ultimately consolidated the notions of "formally" and "informally" registered land. These categories, like their colonial predecessors, however, are not static, since, as Leaf points out, "the unregistered category is officially regarded as transitional—parcels of land do pass from the informal, unregistered market to the market for registered land."³⁶ However, for the low-income population, there are all kinds of advantages to wanting informally registered land (or "unregistered land" in BPN's parlance) to stay that way because owners of such properties are not required to follow the various regulatory and often costly standards for building construction and use. In Leaf's words, "by staying outside of the formal system, owners of unregistered parcels are able to avoid many of these controls—including subdivision requirements, minimal lot sizes, building setback regulations, and the need for construction permits—which may significantly raise the costs of building development."³⁷ So, when the World Bank launches its mission to "formalize informal lands," it is basically trying to resolve the dualism of formal and informal by registering with the BPN the vast informally registered lands. The issue, however, is not just about securing owners' rights under national law, but also the removal of *kampung* (the popular settlements on informally registered land in urban areas), as they are at odds with the manifold regulations that govern formal land use and building codes in the city.

For economists such as Sri Mulyani and Boediono, the resolution of the dualism of formal and informal means full legal recognition of landownership, a condition that is

³⁵ In 1961, the state, via Minister of Social Housing Muljadi Djojomartono, issued a booklet, "Perumahan Gotong-Rojong" (translated in the original as "Self-help and Mutual-aid Housing"), which stated: "In the context of the Pembangunan Nasional Semesta Berencana (Planned National Overall Development) and its realization in the field of housing, it is necessary to stimulate and maintain the spirit and vigor of *gotong-rojong* [mutual aid] still existing in the village community. Hence, the Department of Social Welfare via the Office of Housing Welfare feels itself responsible to give guidance, information, and material assistance in order to provide technical know-how to the Village Social Committee as to how to build healthy houses on the basis of *gotong-rojong*; in this way, the aspirations of the Government will be materialized, i.e., that every family should have its own house, which though simple in construction, can meet the motto: 'a healthy house, strong people' [*rumah sehat, rakyat kuat*]. I express the hope that this spirit of mutual aid ... still flourishing in its purest form in the village would spread out and would stimulate the urban areas as well though probably manifested in another form or style, so that with the spirit of *gotong-rojong* a satisfactory state of welfare will cover the whole country." See Kantor Kesedjahteraan dalam Perumahan, *Perumahan Gotong-Rojong*, Departemen Kesedjahteraan Sosial (1961), pp. 47–48.

³⁶ Leaf, "Legal Authority in an Extralegal Setting," p. 15.

³⁷ Ibid.

essential for the securitization of housing. By resolving the dualism, so the story goes, modest-and low-income citizens' mortgages in *perumahan rakyat* would emerge as marketable assets in the secondary financial market. In short, for the economists, resolving the dualism will resolve the financial challenge of providing housing for the poor.³⁸ In this scenario, the aggregated, not-insignificant savings of low-income households could be packaged as an investment to generate the capital necessary for funding the *perumahan rakyat* in the long run. This well-intended mission to produce a sustainable capital flow for the production of low-income housing, however, relies on speculative financial capitalism. How the government planned to harness this volatile, speculative market to benefit low-income housing is beyond the scope of this paper, but, as this essay will show, this financial mechanism produced a series of measures with substantial spatial consequences for the urban poor who had been relying on the informal urban land market for their survival.

Politics of Land's Dualism

To understand why and how land market dualism has survived, first we need to recognize that the link between low-income housing and the urban and national economy has only recently been understood and appreciated.³⁹ In the past, especially under Sukarno, *perumahan rakyat* was fundamentally a socialist ethic essential to the socio-political well-being of the nation, but it was never considered to be a driver of economic productivity. Under Suharto, while the connection between upper-middle-class housing and urban productivity was firmly established, housing for the low-income population was considered a responsibility of the state and associated with subsidies. Nevertheless, the government's investment in *perumahan rakyat* throughout the New Order was significantly lower than that of neighboring countries, and while this shortcoming may well be attributed to a variety of causes, the following two are particularly important.

First, as pointed out above, the large pool of land unregistered with BPN is land that accommodates low-income housing. In this instance, the occupation of such land by low-income individuals is *not* the same as squatting, since the state tacitly "permits" individuals to occupy unregistered land, and, furthermore, because the informal land must be registered in *kelurahan*, even though it remains unregistered with the BPN. The Washington, DC-based consultants Hasfarm Dian Konsultan and the Urban Institute reported to the Indonesian Ministry of Housing in 1990 that "much of the problem with squatting and other forms of very insecure tenure has been avoided in Indonesia because of the flexible land law system, which permits a variety of levels of land rights and corresponding degrees of tenure security."⁴⁰

³⁸ I am grateful to Michael Leaf for his suggestion that I use the phrase "resolving the dualism" instead of "formalizing the informal" to capture the complexity of Indonesian land rights.

³⁹ For a discussion of economic turns in housing policy from a global historical perspective, see: Godwin Arku and Richard Harris, "Housing as a Tool of Economic Development since 1929," *International Journal of Urban and Regional Research* 29,4 (2005): 895–915; and Richard Harris and Godwin Arku, "The Rise of Housing in International Development: The Effects of Economic Discourse," *Habitat International* 31 (2007): 1–11.

⁴⁰ Raymond J. Struyk et al., *The Market for Shelter in Indonesian Cities*, p. 362.

The informal occupation of land is institutional, with its own set of rules. It is largely a collective action involving local officers, brokers, and land mafiosi who sell the rights for persons to settle on any unregistered land. Such informal trading of rights to land involves various degrees of legality, often in the form of titles. While this system exhibits chaos, it is essential to providing low-income housing. Without this informal housing sector, there was just no way for the national government to meet the demand for housing. The state's relative neglect of public housing is due to the large share of housing production taking place in the informal sector. In other words, "self-regulated" informal housing has helped the state externalize the cost of providing low-cost housing.

Second, the government of the New Order era allowed informal land to be occupied by the poor because the occupiers provided the low-cost labor needed to develop the rest of the city.⁴¹ We could say that the state's tolerance of informal land occupation is a form of "in-kind subsidy" for the urban poor to motivate them to stay in the city so that they could serve the needs of the formal urban economies. This outcome may well be an unintended consequence, for the government did not design the informal sector. The state, however, is fully aware of the benefit of keeping the informal sector alive. For instance, in 1991, Soetjipto Wirosardjono, in his capacity as deputy chairman of the Central Bureau of Statistics, explained how vendors (*pedagang kaki lima*) who sell inexpensive food have allowed "the industrialists and the business sector to pay such a low salary to the (formal) workers ... without the informal sector, workers would simply be unable to survive on the level of salary they are receiving."⁴² The very existence of these vendors and low-paid workers relies on the availability of popular housing produced informally, even though the city government allegedly abhors such settlements. However, it should be clear that the informally occupied land of these vendors and workers remains uncertified, and it therefore may not be used by the occupants as collateral for loans or to protect them from eviction.

For mainstream economists, this kind of informal land system distorts the operation of the free market. Tolerated or undisturbed for decades, the informal land market has become today a new target of financial capital.⁴³ The large pool of informal settlements constitutes an immense concentration of resources, such as undeveloped land and aggregated savings, which could, it is hoped, be incorporated into the formal market for the revitalization of the national economy.⁴⁴ Today, the call has been

⁴¹ Kartini Sjahrir, *Pasar Tenaga Kerja Indonesia: Kasus Sektor Konstruksi* (Jakarta: Grafiti Press, 1995). See also *Prisma* 51 (1991), special issue, "The Cities of Janus," for debates concerning the informal sector in urban Indonesia.

⁴² Soetjipto Wirosardjono, "The Informal Sector: Victims of a Double Standard," *Prisma* 51 (1991): 61.

⁴³ Such a view is promoted by Hernando de Soto in *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York, NY: Basic Books, 2000). See a critique by Timothy Mitchell, "The Properties of Markets," in *Do Economists Make Markets? On the Performativity of Economics*, ed. Donald MacKenzie, Fabian Muniesa, and Lucia Siu (Princeton, NJ: Princeton University Press, 2007), pp. 244–75.

⁴⁴ Formalizing informal settlements is not a new idea. The "Kampung Improvement Project," which started in 1969, could be seen as just such an effort, as it helped to regularize the legal status of popular settlements and homeownership, but the scale of that project is small. For a recent assessment of Indonesia's "Kampung Improvement Project," see Jan Bredenoord and Paul van Lindert, "Pro-poor Housing Policies: Rethinking the Potential of Assisted Self-Help Housing," *Habitat International* 34,3 (2010): 278–87; Devisari Tunas and Andrea Peresthu, "The Self-Help Housing in Indonesia: The Only Option for the Poor?" *Habitat International* 34,3 (2010): 315–22; and Florian Steinberg, "People's Participation and Self-

sounded to capitalize the vast majority of land in the city that is informally regulated, and this proposed development comes on the back of *perumahan rakyat*.

Crisis and Before

The current move to eradicate informal settlements and to register land is not fully an invention of the post-Suharto era. In the 1990s (when private developers grasped the opportunities to exploit the growth of an upper-middle-class urban population via real estate housing), the New Order government was already involved in finding alternatives to subsidizing low-cost housing. Experts from the World Bank and Asian Development Bank were then involved in considering the potential of secondary mortgage finance.⁴⁵ Several seminars hosted by the Indonesian government were held in 1993, and by 1995, with support from the Asia Development Bank, the Ministry of Finance had already drafted a framework for the establishment of secondary mortgage facilities.⁴⁶ The monetary crisis of 1997, however, delayed the plan's implementation, and the idea was only revived in 2003, five years after the collapse of Suharto's regime. In 2003, a committee was formed to draft plans for a secondary mortgage market. A presidential decree (no. 19/2005) was soon issued initiating the end of subsidies and the beginning of a new era that embraced the secondary mortgage market as the engine for producing capital for financing low-income housing.⁴⁷ The securitization of *perumahan rakyat* shows the continuity of the capitalist project in the post-Suharto era, which now targets modest and low-income households.

It must be noted, however, that the 2005 presidential decree was propelled by the monetary crisis in 1997, and it was formed in the chaotic time of political transition. During the crisis, with both monetary and manufacturing sectors in deep trouble, and, along with the decline of the price of oil, there was basically nothing to spare from the state budget, especially for subsidizing low-cost housing—an item that had always been at the margin of state funding. As the state budget was forced to rely on loans from the International Monetary Fund (IMF), it became apparent that subsidies were frowned upon. After the 1997 crisis and as part of the IMF agreement, the Bank of Indonesia stopped funding housing subsidies. In 2001, *Properti Indonesia*, a real estate magazine, reported that, since the fall of Suharto, funds for subsidizing low-cost housing were missing for two years from the State Budget (Anggaran Pendapatan

Help in the Indonesian *Kampung*," in *Beyond Self-Help Housing*, ed. Kosta Mathey (London: Mansell, 1992), pp. 353–76.

⁴⁵ Michael J. Lea and Robert Blanchard, "Indonesian Secondary Mortgage Facility Study," prepared for the Ministry of Finance, Government of Indonesia, and supported by Research Triangle Institute and the US Agency for International Development, July 1994, http://www.smf-indonesia.co.id/uploads/pdf/referensi/Michael_1994.pdf, accessed August 29, 2012. See also Michael Lee, "The Evolution of Housing Finance in Indonesia: Initiative Responses to Opportunities," *Habitat International* 20,4 (1996): 583–94.

⁴⁶ Michael J. Lea, Alex J. Pollock, and Jay K. Rosengard, "The Creation of a Secondary Mortgage Facility in Indonesia," *Housing Finance International*, September 1 (1997), pp. 24–29, www.housingfinance.org/uploads/Publicationsmanager/9709_Indo.pdf, accessed June 19, 2012.

⁴⁷ Sasmaya Tuhuleley, "Secondary Mortgage Market Development," June 6, 2010, www.kampoengpenulis.com/index.php?option=com_content&view=article&id=167:secondary-mortgage-market-development&catid=60:property&Itemid=81, accessed September 28, 2011.

Belanja Negara, APBN).⁴⁸ The reason for the disappearance of this particular budget item has never been clear, but *Properti Indonesia* believes that the neglect is due to “the all-out attention of the government to solving the crisis in the banking sector.”⁴⁹

In the time of financial crisis and the structural adjustment undertaken according to the IMF's terms, mainstream economists seized the opportunity to act. For instance, in the early 2000s, *Properti Indonesia* published opinions from economists and planners and outlined the basic problem of housing. “All this time, housing developers rely on banks for loans. As a result, when the bank stops its credit flow to the property sector, developers are in big trouble. They have no money to build and there is no longer any generous bank to turn to.”⁵⁰ With many banks declaring bankruptcy, a new source of funding was sought. It was at this moment of despair over the “monetary crisis” (*krismon*) that suggestions emerged recommending that the housing industry should now “make use of financial and stock markets,” especially given the strategic plan from the Ministry of Housing that “in the next five years, the financing of housing will be integrated with the stock market.”⁵¹ In 2001, Syafruddin Arsyad Temenggung, the deputy coordinator for Foreign Economic Cooperation, urged that “we shouldn't lose the momentum ... The moment of crisis is the right time ... to build a financial system for housing.”⁵² Temenggung, a graduate of Cornell University's department of City and Regional Planning, put forward a financing model for housing based on the US mortgage system. What Indonesia really needed, according to Temenggung, was a financial institution capable of packaging mortgage loans and selling them to investors in the stock market. The market would in turn produce the capital banks needed to provide long-term loans with a low interest rates to home buyers. Since the success of this scheme relies on selling securities to investors, Tumenggung proposed that this investment system be handled by brokers, because “they know how to establish obligations and attract investors so that money can circulate.”⁵³

On February 7, 2005, President Soesilo Bambang Yudhoyono, who had just been elected, signed Presidential Decree no. 19/2005.⁵⁴ The new president had already made low-cost housing part of his 100-day program, and thus the venture into the secondary financial markets became a priority. The presidential decree produced PT Sarana Multigriya, a state-owned financial institution whose mandate was to establish the secondary mortgage market.⁵⁵ Headed by Erica Soeroto, a housing financier, PT Sarana Multigriya moved fast, and Soeroto urged developers and banks, as well as the Jakarta

⁴⁸ For a report on the “disappearance” of housing subsidies from the state budget in the early post-Suharto era and the subsequent discussion about reforming housing finance, see “Menunggu Manuver Erna,” *Properti Indonesia* 1082 (November 2000), pp. 9–18; and Yuniar Susanto, Tutut Handayani, and Hilda Hastuti, “Amburadul Sistim Pembiayaan Rumah,” *Properti Indonesia* 1086 (March 2001): 16–23, 29–30.

⁴⁹ Yuniar Susanto, Tutut Handayani, and Hilda Hastuti, “Lingkaran Setan Subsidi KPR,” *Properti Indonesia* 1086 (March 2001): 21.

⁵⁰ “Obligasi OK, Gandeng Asing Lebih OK,” *Properti Indonesia* 1082 (November 2000): 15.

⁵¹ *Ibid.*

⁵² Syafruddin Arsyad Temenggung, “Kita Jangan Sampai Kehilangan Momentum,” *Properti Indonesia* 1086 (March 2001): 24.

⁵³ *Ibid.*

⁵⁴ Tuhuleley, “Secondary Mortgage Market Development.”

⁵⁵ *Ibid.*

Stock Exchange, to work together to create a financial machine. "If every component works together, then the business wheel will turn. The faster the selling of the housing asset, the bigger the volume, and the faster the interest rate of the loan will go down."⁵⁶ Quick sell is the key to the success of this operation, she advised.

The post-Suharto innovation in the field of housing thus is the harnessing of financial capital to finance *perumahan rakyat*. The city, the nation, and investors are all involved. They will have access to the combined savings of low-income households;⁵⁷ the city, in its quest for capital investment, will benefit from regularization of landownership and eradication of irregular settlements; and the nation-state will be able to reinforce the legitimacy of its rule through a pro-poor housing program even as the program relies on the speculative and volatile nature of financial capitalism. The effort to harness capitalist projects for the benefit of the poor, however, is not straightforward, because the packaging of mortgage-backed securities requires several conditions. First, the land (and its irregular settlement) has to be regularized and registered, which means resolving the formal and informal dualism discussed above. Second, the supply of and demand for housing has to be high (to keep prices affordable), as this would be an indicator for investors of the marketability of low-income housing. Third, buyers need to prove creditworthiness to satisfy mortgage obligations, even though this requirement may not be a big concern of investors in the secondary financial circuit, for those investors will quickly resell the mortgages after buying the package. The condition of creditworthiness, as I will discuss below, will not be met by workers in the informal sector, whose jobs and incomes are relatively unstable and unpredictable. Thus, the new housing program is by definition exclusionary, as it is intended primarily for citizens who work in the formal sectors.

In February 2009, three months before the Second National Congress on Housing and Settlement, the government (represented by ministers of finance and housing) and the governor of the Bank Indonesia jointly launched a program of selling mortgage-backed securities as the backbone for financing modest- and low-cost housing. Prior to stepping down as minister of housing, M. Yusuf Asy'ari expressed his optimism that the new housing scheme would be successful because "so many [modest- to low-income] Indonesians still do not have a house."⁵⁸ The scheme, known eventually as

⁵⁶ As cited in "SMM Terwujud, Bisnis Perumahan Lancar," *Properti Indonesia* 1082 (November 2000), p. 14. Erica Soeroto suggests that (contrary to Michael Lea and Robert Blanchard's secondary mortgage facility study, noted above) a secondary mortgage market (SMM) can be established without first creating secondary mortgage facilities (SMF). Soeroto believes that only SMM can resolve the banking problem. Once a market is created, investors will come in along with the capital. This short cut also ignores the suggestion of the 2002 World Bank-supported study by HOMI (Housing Market Indonesia), which recommended that "while access to funds from long-term investors should be facilitated, either directly or through the establishment of SMF ..., a Secondary Mortgage Market would currently not be feasible nor desirable in Indonesia." HOMI nevertheless suggests that "efforts could continue to facilitate off-balance-sheet funding, including securitization, in the future." See Marja C. Hoek-Smit, "Implementing Indonesia's New Housing Policy—The Way Forward: Findings and Recommendations of the Technical Assistance Project, 'Policy Development for Enabling the Housing Market to Work in Indonesia,'" p. 3, <http://housingfinance.wharton.upenn.edu/Documents/Indonesia%20Housing%20Policy%20Study--Executive%20Summary.pdf>, accessed June 10, 2010.

⁵⁷ For a discussion of the securitization of mortgages, see Saskia Sassen, "When Local Housing Becomes an Electronic Instrument: The Global Circulation of Mortgages—A Research Note," *International Journal of Urban and Regional Research* 33,2 (2009): 411–26.

⁵⁸ Suharmoko, "Indonesia Determined to Develop Secondary Mortgage Market."

Fasilitas Likuiditas Pembiayaan Perumahan (Liquidity Facility for Housing Finance, FLPP hereafter), was put into practice by M. Yusuf Asy'ari's successor, Suharso Monoarfa.

PART II: The Discourse

FLPP and Its Limit

"The year 2010 is the most dynamic year for the property industry," *Koran Jakarta* reported in its end-of-the-year evaluation of housing policy, and noted, "many new programs were issued which will change the future of property business."⁵⁹ The most important new program was the FLPP. After a year of hard work, the new minister of housing, Suharso Monoarfa, who was appointed in 2009,⁶⁰ launched FLPP on October 1, 2010, the day the state commemorated its *Hari Kesaktian Pancasila* (Sacred Day of Pancasila). Monoarfa did not hesitate to call the FLPP scheme, "a revolution in the history of housing finance in Indonesia,"⁶¹ even though the struggle to implement FLPP was just beginning.

FLPP is an arrangement whereby the secondary financial market can invest in *perumahan rakyat*.⁶² FLPP is designed to bring down the interest rate of housing loans, a condition it is hoped will increase the demand for housing, especially from the low-income population. As indicated above, the state-owned financial institution PT Sarana Multigriya Finansial invited banks to participate in mortgage-based securities.⁶³ Ideally, sales of the securities would provide sufficient funds for banks to give low-interest loans to modest- and low-income home buyers. This incentive would increase demands for low-cost housing, which in turn would strengthen the marketability of mortgage-based securities in the stock market.

To start the program, the state allocated 2.68 *triliun rupiah* (US\$268 million) from its 2010 APBN to invest in FLPP. With this investment, "in ten years time," Monoarfa projected, "the government will no longer need to provide a budget for housing since this start-up fund and the investment thereafter will accumulate enough capital to continuously supply funds for the subsequent housing loans."⁶⁴ This temporal investment was matched by an investment in space with a particular focus on major cities, especially Jakarta and its surrounding "Bodetabek" (Bogor, Depok, Tangerang, and Bekasi). A metropolitan press reported:

The Ministry of Housing has designated Jakarta, Bogor, Depok, Tangerang, Bekasi, Bandung, Yogyakarta, and Semarang as having areas for experimentation

⁵⁹ "Aturan tambah, Target Meleset," *Koran Jakarta*, December 31, 2010, p. 16.

⁶⁰ Minister of Housing Suharso Monoarfa, citing personal reasons, resigned on October 19, 2011, days before the cabinet-reshuffling announcement. He was replaced by Djan Faridz. Since this paper was written during the period of Suharso Monoarfa's tenure, and the housing policy of the new minister is still unclear, I use the present tense in describing Monoarfa's policy.

⁶¹ "Menpera Suharso Monoarfa: FLPP Dijamin Lebih Tepat Sasaran," *Koran Jakarta*, September 27, 2010, p. 16.

⁶² "SMF Dorong Multifinance Masuk FLPP," *Investor Daily* 9 Februari 2011, www.smf-indonesia.co.id/index.php?mib=news.detail&id=42, accessed September 26, 2011.

⁶³ Adi Wikanto and Christine N. Novita, "Peminat Transaksi Aset KPR Masih Minim," *Kontan*, June 4, 2011.

⁶⁴ "Menpera Suharso Monoarfa," *Koran Jakarta*.

with programs for low-cost housing [the price of which ranges from five to ten *juta rupiah* (US\$500–1,000) per unit] and for modest cost housing [from twenty to twenty-five *juta rupiah* per unit (US\$2,000–2,500)]. The programs will be facilitated by a loan with an interest rate from 5.0 to 6.24 percent for 15 years. With this program, the monthly mortgage payment will only be around 160 to 220 thousand *rupiah* [US\$16–22] per month.⁶⁵

Such a program, which focuses on generating demand, however, needs to be supported by several actors in the housing industry, especially those dealing with the supply side, such as the local/city government (*pemda*), which would be responsible to provide land, and developers who will design and build the housing. Irman A. Zahirrudin, director of Bank Tabungan Nasional (BTN), which has expanded its banking service via FLPP, said that “the supply of FLPP needs to be supported by the housing supply. This has been a major challenge for FLPP. We are ready to fund 120,000 houses through FLPP.”⁶⁶ Since the launch of FLPP, the Ministry of Housing has been pressing *pemda* and developers to speed up the process of building houses and apartments for low-income populations. Such urgent calls, however, do not always receive an immediate response, for both developers and *pemda* have been accustomed to believing that the unprofitable low-cost housing project is the responsibility of the state. Furthermore, the scarcity of land in the city and the desire of the municipality to build a business-oriented “service city” are factors that are at odds with the program of accommodating low-cost housing in the city. In 2006, Governor Fauzi Bowo made it clear to the central government that there is “no room for cheap apartments” in Jakarta (see part III). Still, toward the end of 2009, the Indonesian parliament (Dewan Perwakilan Rakyat, DPR) issued a bylaw on housing that urges “both *pemda* and the state to provide a budget that is large enough to support the housing program.”⁶⁷

While *pemda* and the Ministry of Housing have their different aspirations and challenges, at least they agree on two aspects, both of which are related to the politics of urban space. First, both the city and the nation aspire to reduce the size of *kawasan kumuh* (decrepit neighborhoods) in the city as part of their commitment to the UN Millennium Development Goals (MDG). *Kawasan kumuh* literally means “run-down” area, but in Monoarfa’s understanding, it refers to a space where “the quality of the infrastructure is low or deteriorating due to the increased number of people occupying the area illegally.”⁶⁸ Monoarfa equates illegality with *kawasan kumuh*, for he believes that people only upgrade their own built environment if they dwell in formal housing. The key to solving illegality and *kawasan kumuh* is gentrification. While every irregular settlement could be given formal legal title and property registration, not all of them fit the criteria of a habitable settlement. Those that lack infrastructure services and are shabby due to overpopulation will need to be upgraded. And when this takes place, the higher cost of living in the gentrified environment will force the poor to move

⁶⁵ “Berharap pada Rumah Murah,” *Koran Jakarta*, May 12, 2011, p. 9.

⁶⁶ “Konsumen Masih Andalkan KPR,” *Koran Jakarta*, May 16, 2011, p. 16.

⁶⁷ “Aturan Tambah, Target Meleset,” *Koran Jakarta*.

⁶⁸ Suharso Monoarfa, “Lebih dekat dengan Menteri Negara Perumahan Rakyat Suharso Monoarfa,” *Inforum 1* (2010): 17.

away. Monoarfa expects that, by 2019, the areas of *kawasan kumuh* can be reduced so that “30 percent of Indonesian cities are free of slums.”⁶⁹

Second, both the minister of housing and governor of Jakarta agree that there is little a place like Jakarta can do to increase the amount of land available for low-cost housing. In the words of Monoarfa, “it is impossible to build housing for the low-income population in Jakarta.”⁷⁰ The challenge of finding space cannot be separated from the question of who has the right to live in Jakarta’s limited space. Converting *kawasan kumuh* to formal housing favors those who have the financial capacity to stay, and thus the goal of providing low-cost accommodations demands a framework for selecting who gets in and who is left out of the housing program. Ironically, *perumahan rakyat* operates as a device for evicting some of the urban poor (especially informal workers, as described later).

FLPP is designed to encourage modest- to low-income households to invest their savings in the financial market. It therefore targets only that population with a relatively stable income, and those who hold a taxpayer’s number (*nomor pokok wajib pajak*, NPWP) and annual income report (*surat pemberitahuan tahunan*, SPT).⁷¹ While this class of card-carrying citizens (i.e., workers in the formal sector) constitutes a large pool of potential home buyers, they are by no means the only low-income workers in the city who need housing. Co-existing with the formal working class is an even larger number of self-employed workers in the informal sector. Setyo Maharso, the chairman of Real Estate Indonesia (REI), points out that the current scheme of FLPP should also accommodate “informal workers, such as street vendors [*tukang bakso*] and food stall operators [*warteg dan lain-lain*] who are not eligible to receive credit from banks ... [because] they do not understand (and are unable to produce) a taxpayer number and an annual income report.”⁷² Maharso criticizes the FLPP scheme for excluding informal workers, such as vendors, even though they also “have the right to own a house.”⁷³ Maharso suggests that the scope of FLPP be expanded to include informal workers and thus to broaden the market for formal housing. However, there is no way for the bank to underwrite what it considers as that sector’s unpredictable income and uncertain employment.

The changing working and living conditions of the informal workers could not possibly be accommodated by the formal financial institutions, and these workers’ unstable incomes could not constitute marketable mortgage-backed securities. The informal workers are therefore excluded from the FLPP, but they cannot escape its effects. As many of the informal workers live on land regulated through informal means, they are subject to eviction to make space for the formal low-cost housing program. It is unfortunate that accommodating one class of low-income workers demands an eviction of another class of urban poor. Ineligible for FLPP, workers from

⁶⁹ “2019, Indonesia Targetkan 30% Kota Tanpa Permukiman Kumuh,” *Inforum 1* (2010): 28.

⁷⁰ “Suharso Monoarfa: Resmi Jabat Menpera 2009–2014,” *Inforum 1* (2010): 15.

⁷¹ The minister of housing argues that “with SPT, there is no way to lie about income. If one lies, one is violating the law and there is a punishment for that.” “Menpera Suharso Monoarfa,” *Koran Jakarta*.

⁷² “Menanti Renovasi Insentif Pajak,” *Koran Jakarta*, December 17, 2010, p. 16.

⁷³ *Ibid.*

the informal sector constitute a “floating population” that does not have the right to housing.

Land Certification

FLPP operates as part of a network of financial capitalism, which in turn is connected to the program of land certification. In the context of FLPP’s operations, land certification is a basic requirement. The minister of housing, therefore, continues to urge the local government to facilitate the process of converting informal land to formally registered land, “especially for the lower income population.”⁷⁴

Soon after the launch of FLPP, Jamil Anshari, a housing deputy of the Ministry of Housing, announced that his agency “is collaborating with the National Land Agency (Badan Pertanahan Nasional, BPN) for a program to assist with land certification.”⁷⁵ Land certification will provide legal security for landowners, and, furthermore, Anshari continued, “the land certificate can be used for collateral and credits.”⁷⁶ This view is broadly supported by the metropolitan press. *Koran Jakarta’s* special edition on land policy summarized the benefit of land certification, explaining that it will lead not only to security of tenure but also certified landownership and an increase in land value. Moreover, “the certificate can be used for collateral for a loan.”⁷⁷ The program was welcomed by some homeowners who wanted their homes to be properly registered, even though they did not plan to use them as collateral.

The initiatives from the BPN and the Ministry of Housing received support from the president. In 2008, as part of the “pro-rakyat” program, President Yudhoyono launched a program oriented towards land certification for low-income populations.⁷⁸ The program is called *Layanan Rakyat untuk Sertifikasi Tanah—Larasita* (Service for People’s Land Certification). Organized by BPN, this program aims at regularizing exchanges and ownership of land to end the informal system of land registration, which has often led to land disputes, unfair land acquisition by developers, and “illegal” land occupation by the urban poor. To show its full commitment to regularizing landownership, in 2008 the BPN (an institution which was notoriously corrupt during the Suharto era) issued a regulation to ease land certification.⁷⁹ It also provides mobile registration services via 124 *Larasita* vans and 248 motor bikes that serve people in various cities and regencies in Indonesia who wish to certify their land for the first time (but may be unable to visit a BPN branch office).⁸⁰ According to Joyo

⁷⁴ “Agar Proses KPR Makin Lancar,” *Koran Jakarta*, May 23, 2011, p. 16.

⁷⁵ Wahyu Daniel, “Pemerintah Janji Bantu Sertifikasi Tanah Orang Miskin,” May 21, 2011, <http://us.finance.detik.com/read/2011/05/21/143401/1643910/1016/pemerintah-janji-bantu-sertifikasi-tanah-orang-miskin>, accessed September 27, 2011.

⁷⁶ *Ibid.*

⁷⁷ “Merata hingga ke Pelosok Desa,” *Koran Jakarta*, May 23, 2011, p. 16.

⁷⁸ Ismoko Widjaya, “Badan Pertanahan Tak Boleh Jadi Momok Lagi,” *Vivanews*, December 16, 2008, http://us.nasional.vivanews.com/news/read/15981-badan_pertanahan_tak_boleh_jadi_momok_lagi_, accessed June 19, 2012.

⁷⁹ *Ibid.* The regulation is known as Peraturan Kepala BPN RI No. 6/2008.

⁸⁰ Pipiet Tri Noorastuti and Beno Junianto, “Badan Pertanahan Luncurkan Mobil Keliling,” *Vivanews*, February 9, 2009, http://us.metro.vivanews.com/news/read/28457-badan_pertanahan_luncurkan_mobil_keliling, accessed June 19, 2012.

Winoto, the head of BPN, his bureau's efforts have received "great appreciation from the World Bank for pioneering mobile land information services."⁸¹



Larasita van, Jakarta, 2011 (photo by the author)

Land certification is not new to Indonesia. The World Bank has been promoting the program of land certification since the New Order, especially in the mid-1990s. For the World Bank, land regularization is a mechanism to integrate the informal land market into the formal economy; such integration promotes private landownership and homeownership, which are recognized as stimulating urban productivity. The registration program, however, was carried out reluctantly during the New Order. The main cause could be attributed to the logistical cost of administering the program, but there were also politically motivated reasons to leave large pieces of land largely unregistered (with BPN) throughout the New Order.

First, the Indonesian state was reluctant to give up its ownership of land (by allowing it to be formally registered to individuals). Control over land allowed the state to have ultimate power to decide at its convenience how the land should be used for "development." The period of "liberalization" in the 1990s, for instance, witnessed major private developers (with ties to Suharto's family) acquiring with relative ease and at low prices massive tracts of land in both Jakarta and its peri-urban area.⁸² Had

⁸¹ Widjaya, "Badan Pertanahan Tak Boleh Jadi Momok Lagi."

⁸² Bernard Dorleans, "Urban Land Speculation and City Planning Problems in Jakarta before the 1998 Crisis," in *The Indonesian Town Revisited*, ed. Peter J. M. Nas (Münster: Verlag and ISEAS, 2002), pp. 41–56. See also Tommy Firman, "Rural to Urban Land Conversion in Indonesia during Boom and Bust Periods," *Land Use Policy* 17,1 (2000): 13–20; and Haryo Winarso and Tommy Firman, "Residential Land

all the land been registered at that time, developers would have found these properties both difficult and expensive to acquire.

Second, just as the government allowed land to be acquired and commodified, the state also recognized the legitimacy of irregular settlements where the urban poor lived. As discussed earlier, such recognition relieved the state from having to provide housing for some low-income populations. Furthermore, if the central government allowed the poor to stay informally on land in the city (regardless of any legal issues), these individuals could then help support development projects as informal, low-paid laborers. Those factors explain why, until the 1990s, according to the Hasfarm and Urban Institute report, “a large share of (housing) production takes place in the ‘informal sector’—84 percent [of the land being used for housing] by our definition ... the land titles that result from this process of informal subdivision are legal and convey full rights of ownership, but they generally remained unregistered.”⁸³ Hasfarm and Urban Institute analysts recognized that “in the future this informal production will be the only way of meeting urban housing demand,”⁸⁴ but they recommended that the “government should seek ways to upgrade the standing of valid but unregistered titles so as to increase their security and permit them to be used as loan collateral, both for housing and for business loans.”⁸⁵ The report’s subtler notion of “upgrading” is open for interpretation, but in the context of any attempt to resolve the formal and informal dualism, it can be interpreted as recommending formal land certification as a way to end housing production by informal means.

The target of land certification is not limited to the unregistered land in the informal sector. It includes the land owned by the government that for reasons that will become clear, below, has been abandoned (*terlantar*). Since a significant portion of the informal *kampung* in Jakarta, which have become the main targets of evictions in the city today, are located on *tanah terlantar* (wasteland), we need to understand how this abandoned land came to be, as the explanation exposes the politics of land certification and the spatial politics in which the city is engaged.

Tanah Terlantar

Gunawan Wiradi, the Indonesian expert on agrarian law, points out that the campaign to encourage land certification today is clearly not just about land reform or the equitable distribution of land. Instead, it is also intended to quantify government-owned land, for “no one seems to know the amount of land owned by government,” and to obtain information about how it is being used.⁸⁶

The state does, indeed, own an unknown amount of land in the city. It is not clear when the term *tanah terlantar* first appeared in public, but it refers to “unused” land,

Development in Jabotabek, Indonesia: Triggering Economic Crisis?” *Habitat International* 26,4 (2002): 487–506.

⁸³ Struyk et al., *The Market for Shelter in Indonesian Cities*, p. 352.

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ Riza Sofyat, Budi Supriyantoro, dan Windarto, “Untuk Rakyat, Pengusaha, atau Parpol?” *Trust* 41, tahun VI, August 4–10, 2008, p. 13.

such as that beneath highway overpasses, and along river banks and railway lines. The term may have emerged during the monetary crisis of 1998, for *tanah terlantar* seems to be reserved for the most marginal of the marginal. (*Tanah terlantar* has even been used by the government to accommodate the urban poor who needed space for temporary housing, especially during extraordinary economic crises.) To be clear, *tanah terlantar* is different from the vast majority of land in the city that is regulated through informal means (roughly 84 percent in the 1990s, as noted earlier).⁸⁷ During the monetary crisis of 1998, the state allowed homeless people to occupy much of the *tanah terlantar* in Jakarta as a temporary solution to an affordable-housing shortage, and so many workers who had been laid off from factories in Jakarta's peri-urban areas returned to the city and sought work or employment in the informal sector. Such arrangements are considered by some as illegal squatting, but that can be misleading, for the derogatory term obscures the fact that the occupation took place with permission from the state, even though this decision dismayed city government officials.

Tanah terlantar comprises mostly marginal land, but may also encompass land suitable for development, such as Kemayoran, the former airport. In 1998–99, while waiting for developers to recover from the financial crisis and take over the development of Kemayoran, the state opened up some spaces of the vast airfield for spontaneous settlements, only to have settlers evicted later by the administrations of Sutiyoso and Fauzi Bowo. However, it is not easy to take back *tanah terlantar* once popular housing has been tolerated there. We just have to remember the complaint of Governor Sutiyoso (1997–2007) about having to evict the urban poor from the space beneath the turnpike after a fire: "The Public Works Ministry owns the land ... This is what happens when an institution gives out building permits to squatters under the turnpike. Who wants to take the responsibility for what has happened now?"⁸⁸ The difficulty of taking back *tanah terlantar* is largely due to the manner in which settlements are formed and governed. It is far from spontaneous. Historically, settlers in Jakarta used the systematic practice of forming informal *kampung*. In the case of Kemayoran, there were *Rukun Tetangga* and *Rukun Warga* (RT, RW; neighborhood associations), governed by *oknums* (officials who abuse power) related to the Kemayoran management office, and local security thugs controlled by the company.⁸⁹ Moreover, the settlements constituted an informal land market as well. In this sense, the practice behind the occupation of *tanah terlantar* and the establishment of informal *kampung* are similar, even though they are different in their historical formation. The inventory of land, by way of certification, will help to clarify the quantity, function, and condition of *tanah terlantar*, and, perhaps more importantly, to clear it from irregular settlements and thus prevent the expansion of the informal land market.

The current "new era" of housing policy, with its mandate to resolve the formal and informal dualism, would bring to an end such land irregularity. The goal of designating and clearing space for formal housing, for instance, rests increasingly on

⁸⁷ Struyk et al., *The Market for Shelter in Indonesian Cities*, p. 352.

⁸⁸ Sutiyoso, as cited in the *Jakarta Post*, "Squatters Face Eviction in the Wake of Fire," *Jakarta Post*, August 31, 2007.

⁸⁹ For a description of the formation of *kampung* in the *tanah terlantar* of Kemayoran, see the report of Forum Warga Kota Jakarta (FAKTA), *Alternatif Penyelesaian Sengketa Pemukiman Miskin Kota* (Jakarta: FAKTA, 2006).

programs of the state and city administration “to relocate squatters living on riverbanks, along railways tracks, and under elevated expressways.”⁹⁰ After clearing, *tanah terlantar* would be subjected to a measure of urban renewal. On the question of what to do with *tanah terlantar* after it is cleared of informal settlements, the city and the nation have different aspirations. The city government of Jakarta, for instance, prefers the greening of *tanah terlantar* to fulfill the need for green space in the city, whereas the Ministry of Housing continues to explore the possibility of turning select *tanah terlantar* into sites of low-income formal housing.⁹¹

There are thus several functions in land certification that could serve both progressive and regressive urban agendas. Land certification will lead to the broadening of land supply for formal housing or green space, but it will also close down the possibility of informal settlements and eliminate the historical role of *tanah terlantar* in meeting the needs of the urban poor. Both FLPP and land certification, which are part of the “pro-rakyat” programs, are meant to support the expansion of an urban formal land market. These programs will integrate informal government-owned land into the operation of such a land market. The mission of the Ministry of Housing to increase the demand for and supply of formal housing means that the role of informal housing to meet the needs of the urban poor would have to come to an end. The practice of resolving formal and informal dualism by way of land certification would lead to the eviction of the informal workers who are living in the informally regulated lands. This is the coercive side of the new housing program, that is, the displacement of informal workers from their informally regulated lands and their exclusion from programs meant to benefit the poor.

Finally, land certification also plays an important role in controlling urban population growth. In Jakarta, land certification would help the city’s mission to eradicate the *kampung* that have been built on *tanah terlantar*, such as on river banks, along railway tracks, and beneath toll roads. It would help reduce the size of Indonesia’s *kawasan kumuh*, which in 2010, according to the minister of housing, had gone up to 57,000 hectare.⁹² It would also help the city’s bylaws, or “Raperda” (Rancangan Peraturan Daerah) on the 2010–30 spatial planning (Rencana Tata Ruang Wilayah, RTRW) agenda to limit the number of Jakarta’s population to twelve million.⁹³ It would assist the city with its demographic control program, *Operasi Yustisi Kependudukan* (OYK, Operation for Population Control), which is intended to evict vendors and migrants who occupy irregular settlements (as explained below).

We now turn to Jakarta to reflect on the city’s challenge to implement pro-poor housing policies. I explore the failure of the city’s recent, short-lived 1,000 Towers program (2006–10). The 1,000 Towers program was the one and only major state-subsidized pro-poor housing program implemented prior to the invention of the FLPP. While short-lived, it is important historically, for its demise brought to an end state

⁹⁰ Such a program is a consistent feature of the city government. The quotation is from Governor Sutiyoso (1997–2007), as cited in the *Jakarta Post*, “Squatters Face Eviction in the Wake of Fire.”

⁹¹ “Dikaji, Pembangunan Rusunawa di Pinggir Rel KA,” *Inforum* 1 (2010): 30.

⁹² Suharso Monoarfa, “Lebih dekat dengan Menteri Negara Perumahan Rakyat Suharso Monoarfa,” p. 16

⁹³ As pointed out by Margani Mustar, a municipal officer for population and settlement; see “Pengendalian Penduduk Jakarta,” *Koran Jakarta*, October 2, 2010, p. 4.

subsidies for low-cost housing and gave rise to the current FLPP program. An examination of the 1,000 Towers program also allows us to speculate on the prospects for and influence of the current *perumahan rakyat* project on the future urban form of Jakarta.

PART III: The Practice

The 1,000 Towers: A Lesson from the Recent Past

Decentralization in Indonesia has expanded the city's authority. Jakarta has the power to establish its own agenda. Yet, while "Jakarta is no longer the satellite of the central government," the city is not free from the state's influence.⁹⁴ Government Regulation (*Peraturan Pemerintah*) no. 38/2007, for instance, obliges the local government (*pemda*) to provide housing for its low-income population.⁹⁵ The broadening of the city's authority thus comes with an obligation to produce low-cost housing, which previously was the responsibility of the state. Such delegation of authority is often at odds with the priorities of the city. For Jakarta, with its problem of land scarcity and growing population, housing the urban poor has always been a challenge. The city has its own set of priorities, namely, to turn Jakarta into a world class "service city" (*kota jasa*), which basically means an investment-friendly city that facilitates consumption, "where everyone visiting the city could be well-served."⁹⁶ Such an aspiration is at odds with the state's initiative to build low-cost apartments in the city.

The Ministry of Housing nevertheless continues to warn that *pemda* should show initiative in developing for housing, especially by providing land for *perumahan rakyat*. To stress the urgency of his call, Minister of Housing Suharso Monoarfa has even outlined a mission for the *pemda*: "Many people are in need of housing, especially civil servants and people who live in the *kawasan kumuh*. Building houses and apartments for civil servants and revitalizing *kawasan kumuh* should be the *pemda*'s priority so that people do not have to keep renting in the future."⁹⁷ More specifically, he says:

I urge *pemda* to provide [a] land bank for housing ... lands in strategic places that are still cheap can be bought with local government budget (APBD). Land is an asset which can be sold to developers interested in building low-cost housing. In the past, during the tenure of Ali Sadikin, *Pemda* DKI bought lands in strategic places in Jakarta even though this is not being done any more. Local government should not be afraid to invest in land, because it is to fulfill the need of *rakyat*.⁹⁸

⁹⁴ The quotation is from former Minister of Environment Sarwono Kusumaatmadja during his bid for governor. See: "Candidates Say No to Sharia Based Bylaws," *Jakarta Post*, August 1, 2006.

⁹⁵ "Pemda Belum Peduli Perumahan," *Kompas*, November 9, 2009, p. 23.

⁹⁶ Fauzi Bowo's aspirations for Jakarta stem from his term as the head of tourism for the city government of Jakarta during the administration of Governor Surjadi Soedirdja (1992–97), who had the ambition of turning Jakarta into a "Global City." See Suwardiman, "Perjalanan Karir Fauzi Bowo," *Kompas*, August 2, 2007, p. 34.

⁹⁷ "(Susahnya) berharap pada Inisiatif Pemda," *Koran Jakarta*, May 16, 2011, p. 16.

⁹⁸ "Bebaskan IMB atau Tak Dapat DAK," *Koran Jakarta*, October 1, 2010, p. 16; see also "Kemenpera Ajak Pemda Sediakan Bank Tanah Untuk Perumahan," *Media Indonesia*, May 26, 2011.

Such suggestions have been repeatedly issued by housing ministers, an indication that it is difficult to make the *pemda* take the *perumahan rakyat* seriously.⁹⁹ At the time when the city is marketing its land for prestigious projects, such as office buildings, condominiums, and hotels, as well as converting its remaining land to green spaces, a project involving the *perumahan rakyat* is a painful reminder to the city that its available land is limited. It also raises a series of questions that haunt governors: Who owns Jakarta? How many people can the city accommodate? What kind of people does the city want as residents? Should the *perumahan rakyat* be located in the city, at the peri-urban locations, or on the outskirts of the city? Should accommodating the *perumahan rakyat* be the responsibility of other regions?

When Monoarfa became minister of housing in 2009, he had already realized that it would be quite impossible for Jakarta to find land for low-cost housing. Prior to his appointment, a major attempt had already been made to build low-cost apartments in Jakarta, but the program, known as the 1,000 Towers, ended in failure. In the following section I provide an account of that failed government project, as it is relevant to understanding the current challenge of Jakarta in responding to the pro-poor housing initiative.

In August 2006, outspoken Vice President Jusuf Kalla put forward his populist “pro-*rakyat*” low-cost housing project, known as the 1,000 Towers. By then, according to the vice president, the low-income population in Jakarta numbered two million.¹⁰⁰ His 1,000 Towers project was meant “to eliminate the image of a poor city.”¹⁰¹ “Today,” Kalla pointed out in 2006, “the image of poverty for Indonesia is not coming from the hinterland of Mount Kidul. Instead, the symbol of Indonesian poverty comes from the shanty towns along the Ciliwung River [of Jakarta].”¹⁰² Kalla therefore suggested that one thousand low-cost apartment towers be built, and that 50 percent of them be located in Jakarta and its surrounding neighborhoods. The government would allocate fifty *triliun rupiah* (five billion US dollars) for this project.¹⁰³ Kalla expected that the 1,000 Towers program would bring the urban poor out of their slum-like environments, and, furthermore, the poor would not have to live far from Jakarta, because many of the towers would be located in the city. With such housing in the city, the vice president reasoned, there would be a reduction in commuting traffic, too.¹⁰⁴ Many commuters are workers who cannot afford to live in Jakarta, so, if there were affordable housing available in the city, commuters would be among the most likely buyers. Characteristic of Kalla, the project was fast-tracked. In 2009 alone, Jabodetabek

⁹⁹ The state’s complaints about the reluctance of *pemda* to provide land for low-cost housing were noted in several media reports: “Pemda Belum Peduli Perumahan,” *Kompas*; “Kemenpera Ajak Pemda Sediakan Bank Tanah Untuk Perumahan,” *Media Indonesia*; and “Bebaskan IMB atau Tak Dapat DAK” and “(Susahnya) Berharap pada Inisiatif Pemda,” *Koran Jakarta*.

¹⁰⁰ Ita Lismawati F. Malau and Bayu Galih, “Duo Yusuf Resmikan Rusunami,” *vivanews.com*, March 5, 2009, http://us.nasional.vivanews.com/news/read/36396-duo_yusuf_resmikan_rusunami, accessed June 19, 2012.

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ “No Room for Cheap Apartments: Fauzi,” *Jakarta Post*, August 16, 2006.

¹⁰⁴ Some 88.6 percent of 4.5 million commuters live on the outskirts of the city. *Ibid.*

(Jakarta-Bogor-Depok-Tangerang-Bekasi) was expected to get eighty-seven of the towers.¹⁰⁵ By 2011, all 1,000 towers were expected to have been built all over Indonesia.

For any developer in Jakarta, the call from Kalla was a call that spoke of fortune. The possibility of acquiring land in the city and taking part in a project backed by government subsidies was an opportunity too good to be true. With the vice president, nicknamed “Mr. Action,” behind the program, developers expected that they could challenge Governor Fauzi Bowo, who, in response to Kalla’s program, declared that “Jakarta simply has no space for cheap apartments.”¹⁰⁶ The governor pointed out that the city has only 1 percent of an area of 650 square kilometers that can be used for housing. Be that as it may, in the mind of developers, there are ways to get around such limitations.

By 2008, two years after the 1,000 Towers agenda was launched, almost all major developers had submitted applications to build low-cost towers, known then as *rusunami* (*rumah susun sederhana milik*, low-cost government subsidized ownership apartments). For the first time in the history of Indonesian housing, *perumahan rakyat* became a major enterprise for big, private developers in Jakarta. The then minister of housing, Mohammad Yusuf As’yari, was very pleased to see the participation of “major developers such as Agung Podomoro Group, Modernland Realty, and Bakrieland.”¹⁰⁷ So popular was the program that *Properti Review*, a real-estate magazine, called the phenomenon “Boom Apartement Rakyat,” especially “After the Kings of Property Arrived.”¹⁰⁸ The media attributed the popularity of 1,000 Towers to the generous government subsidy for the project. In 2008, the government provided 800 *milyar rupiah* (eighty million US dollars) to subsidize the project, and in 2009 the financial support jumped to 2.3 *triliun rupiah* (230 million US dollars).¹⁰⁹ Vice President Kalla even promised 10 *triliun rupiah* (one billion US dollars) to support the project.¹¹⁰ Subsidies were a major attraction, but the opportunity to acquire scarce land within the city limits was probably the main driving force behind the developers’ interest. In this 1,000 Towers project, developers took advantage of partnerships with government institutions that own land in the city.¹¹¹ PT Bakrieland development, for instance, formed a partnership with Perumnas (Perumahan Nasional), a state-owned housing company, in order to gain access to its forty hectares of land in East Jakarta.¹¹²

While developers promoted their *rusunami* in the language of pro-*rakyat*, patriotism and corporate responsibility, it has become clear that, at least in Jakarta, the 1,000 Towers project was a vehicle for private developers to acquire the remaining “unused” or informally registered state land in the city. Moreover, soon it also became clear that

¹⁰⁵ “Permohonan Bangun Rusunami Capai 432 Tower,” *Kompas*, March 21, 2009, www1.kompas.com/readkotatua/xml/2009/03/21/08171596/permohonan.bangun.rusunami.capai.432.tower, accessed June 19, 2012.

¹⁰⁶ “No Room for Cheap Apartments,” *Jakarta Post*.

¹⁰⁷ Muhamad Yusuf As’yari, “Saya Happy ...” *Property Review* 1,9 (March 2008): 11.

¹⁰⁸ Herman Syahara, “Setelah Raja-raja Properti Turun Gunung,” *Property Review* 1,9 (March 2008): 6-7.

¹⁰⁹ “Permohonan Bangun Rusunami Capai 432 Tower,” *Kompas*.

¹¹⁰ Malau and Galih, “Duo Yusuf Resmikan Rusunami.”

¹¹¹ “Lahan, Kendala Pembangunan Rusunami,” *Kompas*, February 19, 2009, www1.kompas.com/readkotatua/xml/2009/02/19/18073724/lahan.kendala.pembangunan.rusunami.

¹¹² Herman Syahara, “Ambisi Membangun Kota Perumnas,” *Property Review* 1,9 (March 2008): 20.

rusunami in the city were just too valuable to serve only the modest- to low-income market. Buyers from the upper-middle-income tier were also invited to sign up for tower housing. The towers' exterior designs were modest to suggest a low-income clientele, but their interiors were designed to attract those from the upper middle class who were seeking an apartment in the city. An impression from a visitor to the showroom of Kalibata Residence (one of the *rusunami* built by Agung Podomoro Group), for instance, reveals the developers' trick: "The model and the interior of one of the show units made my heart beat. The design is classy. To access the tower, one needs an access card. The complex is supported by shopping and fitness centers. There are facilities provided by the developer for the security and comfort of the occupants."¹¹³ Furthermore, there are plenty of parking spaces for cars in the tower described here and "if one looks at the location, it becomes clear that the tower is a strategic place for investment."¹¹⁴ Firdaus Turmudji, a member of city council, also observed that developers had taken advantage of all the facilities from the state (subsidy and location) to build middle-class condominiums instead of low-cost apartments. Turmudji pointed out that "permission was given to build subsidized apartments for the low-income population, but in reality only a few units were made available for such purpose. The rest are luxurious apartments."¹¹⁵

By the middle of 2009, it became clear that the 1,000 Towers project had missed its target. *Kompas*, a national newspaper, reported that, through May 2009, forty thousand *rusunami* units had been sold, but "subsidized credits were only given to two thousand units."¹¹⁶ The small number of credit users indicates that, as property analyst Panangian Simanungkalit pointed out, "most of the consumers [buyers] are well off, as they paid cash."¹¹⁷ Zulfi Syarif, from the Ministry of Housing, also acknowledged that "ownership of *rusunami* is dominated by upper middle class."¹¹⁸ Syarif conceded that the failure resulted from the fact that the government focused only on the supply of *rusunami*, and it did not control the demand side.

Fewer than three years after it was initiated, the 1,000 Towers project fell apart, primarily because it was not supported by any sustained funding scheme and because of the lax enforcement of the requirements that were intended to determine which developers should receive the government subsidy.¹¹⁹ By 2009, the 1,000 Towers project had slowed down, and it stopped altogether in 2010 when the subsidy from the government was halted for reasons that are not entirely clear.

The failure of the 1,000 Towers project contributed to the demise of government subsidies for housing. What we also learn from the case of the 1000 Towers is that

¹¹³ "Kalibata City, Kayaknya sih Rusunami Keren," *Kompas*, March 21, 2009, www1.kompas.com/read/kotatua/xml/2009/03/21/10252770/kalibata.city.kayaknya.sih.rusunami.keren, accessed June 10, 2011.

¹¹⁴ *Ibid.*

¹¹⁵ "Pembangunan Apartemen Kalibata City Harus Dievaluasi," *Post Kota*, July 29, 2011, www.poskota.co.id/berita-terkini/2011/07/29/pembangunan-apartemen-kalibata-city-harus-dievaluasi, accessed June 12, 2011.

¹¹⁶ "Rusunami Diduga Salah Sasaran," *Kompas*, June 20, 2009.

¹¹⁷ *Ibid.*

¹¹⁸ *Ibid.*

¹¹⁹ "Pembangunan Rusunami Anjlok 70 Persen," *Kompas*, July 15, 2009, <http://tekno.kompas.com/read/2009/07/15/16220516/Pembangunan.Rusunami.Anjlok.70.Persen>, accessed June 19, 2012.

developers continue to take advantage of government programs, especially ones that concern land acquisition. For the 1,000 Towers, developers argued that the failure of the subsidy scheme prompted them to broaden the *rusunami* market to include members of the upper-middle class.¹²⁰ The developers made no effort to disguise the



Work on Kemanggisian Residence, in West Jakarta, one of the 1,000 Towers, was halted (photo courtesy of Suryono Herlambang)

fact that they had already been making plans for the day when they could find any reason to abandon their commitment to *perumahan rakyat*.¹²¹ In retrospect, we could say that developers anticipated the failure of the 1,000 Towers mission, and they prepared

¹²⁰ Ibid. See also Ali Imron, "Pengembang Mulai Ubah Rusunami Jadi Apartemen," *Kompas*, April 7, 2009, <http://bisniskeuangan.kompas.com/read/2009/04/07/19012033/Pengembang.Mulai.Ubah.Rusunami.Jadi.Apartemen>, accessed June 10, 2011.

¹²¹ In the first quarter of 2009, as developers started to promote the towers, the municipality of Jakarta implemented sealing orders (i.e., cancellations) on eight *rusunami* projects for failing to obtain building permits (Izin Mendirikan Bangunan, IMB) and failing to submit reports on environmental impacts (*amdal*). The city government disapproved of the excessive floor coverage ratio (Koefisien Lantai Bangunan, KLB), of the towers' units, for it disregarded the limits of the available infrastructure and the density of the neighborhood where the towers are located. For developers, however, a large KLB (square meters) is needed to ensure profitability of *rusunami*, and they argued that the previous governor of Jakarta had signed off on the KLBs and it was thus illegal for the current administration to stop development. Some developers argued that the sealing orders and the uncertainty about government subsidy schemes prompted them to open *rusunami* for the upper-middle class. See "Tangan besi di Daerah," *Koran Jakarta*, December 6, 2010, p. 16; see also Emilius Caesar Alexey, "DKI Menyegel Rusun Kalibata," *Properti.kompas.com*, April 1, 2009, <http://properti.kompas.com/read/2009/04/01/05272148/DKI.Menyegel.Rusun.Kalibata>, accessed June 12, 2011.

an exit plan that contributed to the failure of the project. For the 1,000 Towers' project, developers in Jakarta designed the supposedly low-cost apartments for a middle-class life style with the expectation that, at the right moment, the *rusunami* could be easily converted into upper-middle-class apartments.¹²²

The 1,000 Towers program ended in 2010, replaced eventually by yet another program, called FLPP, which, as I discussed in the previous section, is centered on financing demand instead of supply. Yet, no matter how innovative the FLPP might turn out to be (especially given its exclusion of informal workers), in Jakarta it still has to deal with the issue of limited space, undesirable locations, and the political geography of the capital city, which has increasingly become an exclusive city for its upper-middle-class residents. As Jakarta has less and less space to accommodate irregular settlements, the city has evolved into a place where an inner-central layer is increasingly dominated by "superblocks," exclusively occupied by elites and upper-middle-class persons who have "returned to the city."¹²³ Connected to the center is the peri-urban area with its own clusters of upper-middle-class housing, and, as I will discuss in the next section, those spaces farther away where new migrants reside, along with those former city residents evicted from informal land by, ironically, the supposedly pro-*rakyat* housing program.

Too Far to Live

As pointed out above, Minister of Housing Suharso Monoarfa was often quite frustrated by the reluctance of the city government to collaborate on the project of housing the poor. He even warned that "matters concerning housing are now the responsibility of the region, as this has been arranged in our constitution [*undang-undang*]. If there is a governor who doesn't pay attention to housing, then one should question his or her commitment to his or her own *rakyat*."¹²⁴ Invoking "*rakyat*" to remind local government of its responsibility shows that the notion of *rakyat* continues to carry weight, even though it has often been used and abused for interests that have nothing to do with the *rakyat*. The notion nevertheless still connotes legitimacy, leadership, and the moral community in Indonesia.¹²⁵ The central government is now mandating the city and its residents to take care of *rakyat*—a task that was previously assigned to the nation-state.

While the reality of *rakyat* has often been neglected by the ruling elites, it cannot be totally ignored. Governor Fauzi Bowo knows this perfectly well. He is quick to point out that even though there is no space available in the city for inexpensive apartments (especially after the 1,000 Towers program took up most of the unused land), his administration is committed to serve the *rakyat's* need for housing. He points out that his administration has been building low-cost rental apartments (*rumah susun sewa*—

¹²² Imron, "Pengembang Mulai Ubah Rusunami Jadi Apartemen."

¹²³ For a discussion of "superblocks" and "back to the city," see Abidin Kusno, *The Appearances of Memory: Mnemonic Practices of Architecture and Urban Form in Indonesia* (Durham, NC: Duke University Press, 2010), pp. 71–100.

¹²⁴ Suharso Monoarfa, as cited in "Bebaskan IMB atau Tak Dapat DAK," *Koran Jakarta*.

¹²⁵ For a discussion of the changing meaning of *rakyat*, see James Siegel, *A New Criminal Type in Jakarta: Counter-Revolution Today* (Durham, NC: Duke University Press, 1998).

rusunawa). For the city government, in a country that seeks to promote property ownership, building rental apartments for the low-income population shows, indeed, a commitment to serve the *rakyat*, even though the number of these units is still far below the target, since the city government is capable of providing only one thousand units per year, far below the target of seventy thousand units.¹²⁶

The problem, however, is not the limited supply, but the extremely low demand. The occupancy rate of units that are available is very low. *Koran Jakarta* reports that, as of 2010, Jakarta has 5,600 units available, or fifty-six rental towers, in thirteen locations, but three thousand units, or thirty towers, are empty, even though the rent is already low, "between 120 to 350 thousand *rupiah* (twelve to thirty-five dollars) per month."¹²⁷ In other words, the majority of the low-income population has not gained access to *rusunawa*. The reasons have been multiple, ranging from the fact that the poor are simply too poor to pay even the already low rent to problems of poor building maintenance to, most importantly, the towers' locations, which are too far from the city, so that accessing public transport remains a problem.

Teguh Satria, a council member of Real Estate Indonesia, indicated that "the challenge of *rusunawa* is location."¹²⁸ In Satria's opinion, location close to the city would be favorable, but, as Governor Fauzi Bowo has already pointed out, there is simply no space available inside the city limits for cheap apartments. There are also reports of abuse by officers in charge of *rusunawa* who make money by renting only to those who can pay more than what a low-income renter would be asked to pay. Aside from the problems of poor infrastructure and bureaucratic corruption, there is also a requirement that further limits the accessibility of *rusunawa*. Agus Subardiono, head of the city's Housing and Building Department, has explained that "it is not easy for people to get one *rusunawa* unit. There is a selection process. Priority is given to residents who have been evicted from Jakarta's riverside and beneath the toll road. Only the low-income population is accepted, but (in any case) they have to carry a Jakarta resident ID."¹²⁹ *Rusunawa*, which is supposed to accommodate the poorest, contains its own structure of exclusion. And, in the context of Jakarta's own agenda to minimize the number of commuters and to curb population growth, *rusunawa*, in its location at the periphery, serves to define the limit of the city.

Limited space has certainly exacerbated the difficulties of accommodating the urban poor in Jakarta, but the strategic plan to limit Jakarta's inner-city population has added to that problem. As Margani Mustar, a deputy of Population and Settlement from city government, pointed out, for a city with a population that continues to grow, "Population control is a priority of the Jakarta administration."¹³⁰ According to Mustar, his office has been kept busy with controlling the population increase. Since the end of

¹²⁶ "Dorong Pemda cepat bergerak," *Koran Jakarta*, February 21, 2011, p. 16. Meanwhile, *Koran Jakarta* has noted that "Jakarta residents need 70,000 units *rusunawa*, but because of the low budget, the city government can only build 800 to 1,000 units per year." See "9 Rusunawa Segera Dibangun," *Koran Jakarta*, January 17, 2011, p. 6.

¹²⁷ "Kerja Keras Bangun Rusunawa," *Koran Jakarta*, September 20, 2010, p. 16; and "9 Rusunawa Segera Dibangun," *Koran Jakarta*.

¹²⁸ "Dorong Pemda cepat bergerak," *Koran Jakarta*.

¹²⁹ "9 Rusunawa Segera Dibangun," *Koran Jakarta*.

¹³⁰ "DKI Batasi Jumlah Penduduk," *Koran Jakarta*, September 30, 2010, p. 6.

2010, transmigration, OYK, and family planning have been carried out simultaneously in the five administrative territories of Jakarta. The OYK targets, especially, “densely populated settlements, rented houses [*rumah kos*], low-cost apartment buildings, and employment agencies ... to look for those who don’t have ID, have no permanent residence, and are unemployed.”¹³¹ These indigents will be sent to “the city’s social work department [and] after rehabilitation will be sent back to their home town.”¹³²

Given the Jakarta administration’s focus on reducing its marginalized population, it is perhaps too much to expect that the city will house them. What the municipality has done is to build *rusunawa* at the outskirts of the city, hoping that Jakarta’s peri-urban surroundings will absorb the surplus population evicted from the urban center. Both *rusunawa* and the OYK thus are projects that bring together society and space in defining, along class lines, the center and the margin of Jakarta. They raise a question of where *perumahan rakyat* should be located in a city where the devolution of power from the nation to the city continues to perpetuate spatial division, social inequality, and poverty.

If historical consideration and comments on the present produce only a gloomy narrative of continuity, and if the revolution in the financing of pro-poor housing is, after all, a movement that only continues to deny the rights of the poor to live in Jakarta, what is left to imagine for the future of the city? If the progress of Jakarta necessarily involves evictions of the poor, it is not difficult to imagine what the future of Jakarta will look like. In the following section, I discuss a book by Zaenuddin HM called *Jakarta: 500 Years* that projects a “desirable” future by setting Jakarta in some era to come.¹³³ This book does not, however, describe how the transition from the actual to the utopian could be made. What I have discussed so far in three parts above (i.e., the 1,000 Towers program, the role of finance capital, the FLPP, land certification, and the creation of card-carrying credit-worthy citizens) can be seen as providing a context for Zaenuddin’s end-of-history book.

PART IV: Utopia?

The Chosen Population

In 2008, the year when major developers (in collaboration with state enterprises) acquired the last pieces of urban land for the 1,000 Towers program, Zaenuddin HM, a senior journalist and writer, wrote a futuristic book titled *Jakarta: 500 Years—Obsession and Hope of Jakarta in the Year 2027*. He wrote:

In 2027, Jakarta will only be occupied by a “chosen population” [*orang-orang terpilih*] ... Jakarta will no longer be attractive for migrants who flocked into the city [from villages] after Ramadhan. People will think twice about coming to the city because the selection is harsh, so that population growth can be controlled. The selectivity of the Jakarta population is accompanied by the strict policy of the Jakarta government towards newcomers. Those who came only by means of

¹³¹ Ibid.

¹³² Ibid.

¹³³ Zaenuddin HM, *Jakarta 500 Tahun*.

determination [*nekat*] will be restricted by regulation. They will be arrested and deported back to their home town.¹³⁴

Zaenuddin wrote his book as a “Betawi who is also a resident of Jakarta.” He hopes that it will be useful for “readers, especially policy makers, who care about the future of Jakarta.”¹³⁵ The book could be read as a satirical warning, but it could also be seen as a projection of a desirable future currently under construction. We do not know how Zaenuddin’s vision has been received, but Governor Fauzi Bowo has responded by endorsing the book. The governor is hopeful that “the book will bring the government and people of Jakarta together in responding to the challenges and problems the city is facing by making use of every potential and opportunity that has come to the city.”¹³⁶ This brave and also creepy book of the future, however, is unambiguously written from the perspective of the present. In 2027 (when Jakarta will celebrate its five-hundredth birthday), “the urban poor [such as *gepeng*, or beggars and vagrants] will have no place in a city populated only by the ‘chosen people.’”¹³⁷ Jakarta will not tolerate people without skills and will only welcome those who can participate in and contribute to a city filled with “international business.”¹³⁸ Given the discourses on housing in contemporary Indonesia and the ongoing dislocation of people who are part of the “informal” sector in Jakarta, Zaenuddin’s vision of the future is not baseless, nor is it an illusion. Written to celebrate “Visit Indonesia 2008,” the book registers the idea that future aspirations are as important as—if not more important than—present realities. The contents of the book deal with today’s dreams and nightmares. It covers topics (as listed in the table of contents) such as: “Jakarta, Green Garden,” “Jam-Free Traffic,” “Goodbye Flooding,” “The Chosen People,” “Get Out, Gepeng,” “Demography,” “Welcome Business City,” “Global Restaurant,” “Silaturrahi Jazz,” and “Memories of Old City,” and ends with “Back to Religion,” as if to thank the creator, for, after all, “God is above everything.”

Three chapters of this book focus on problems associated with Jakarta’s population. Zainuddin envisions a Jakarta transformed by a spatial planning initiative stretching from 2010 to 2030, and he imagines that by 2027 “twelve million people will have been formally registered ... everyone has an ID, an address, and a profession.”¹³⁹ As a result of this transformation, there will be no “informal” people remaining in the capital, none of the poor residents who previously lived in unpredictable conditions, dependent on uncertain livelihoods.

Zaenuddin’s work is grounded in the contemporary challenges facing Jakarta and its aspiration for a transformed society, one that is based on the eradication of *kawasan kumuh*, regularization of land, and the control of its population growth. His future Jakarta is also predicated on Jakarta’s peri-urban area absorbing a large share of population evicted voluntarily or by force from their informal spaces and livelihoods

¹³⁴ Zaenuddin HM, *Jakarta 500 Tahun*, pp. 43, 45, 46.

¹³⁵ *Ibid.*, p. viii.

¹³⁶ *Ibid.*, p. vi.

¹³⁷ *Ibid.*, p. 51.

¹³⁸ *Ibid.*, p. 45.

¹³⁹ *Ibid.*, p. 47.

in the city. This area is outside the scope of Zainuddin's utopianism, even as it is expected to absorb problems that Jakarta seeks to externalize.

The Future Urban Form

Towards the end of 2010, *Koran Jakarta* reported that "in the past two decades, Bekasi, Depok, Tangerang, and Bogor (Bodetabek) have been the place for the development of *rumah sejahtera* [prosperous housing for the poor], but today this region has been filled with upper-middle-class residences."¹⁴⁰ The vice chairman of Real Estate Indonesia, Muhammad Nawir, has observed that "the land price in Bodetabek has become expensive. It is no longer possible to build *rumah sejahtera* there that cost less than sixty *juta rupiah* (six thousand US dollars) per unit."¹⁴¹ Prompted by the increase in the price of land in peri-urban Jakarta, the state housing developer, Perumnas, which has pioneered low-cost housing in peri-urban locations since its establishment in the 1970s, has also turned to the more lucrative business of middle-class housing projects. Where have the low-income housing projects gone? According to Teddy Robinson Siahaan, director of marketing for Perumnas, "they have gone farther and farther away, now they are located in Karawang, Cikopo, and, on a smaller scale, Cikarang."¹⁴² Siahaan explained that target buyers for such housing would not be from Jakarta. Instead, the houses will be "more for the locals, civil servants, and members of the military and police."¹⁴³

With the decrease of affordable housing in Jakarta's peri-urban areas, where have the evictees, the poor, and the informal workers gone? What can we say of those who have been displaced from the city? There is no straightforward answer to this, but what we have begun to hear are discursive forms of discontent. For instance, in January 2011, *Kompas* reported that the peri-urban areas have increasingly become the hotspot of criminal activities: "Hotspots for crimes seem to have been increasingly happening at the borders of Jakarta, Tangerang, and Depok, especially the theft of motor bikes ... There are also thefts taking place in informal rental places (*kos* and *kontrakan*)."¹⁴⁴ The reason, according to *Kompas*, is "the weak social ties between people who live in those areas."¹⁴⁵ These are petty crimes, but they are significant, for the targets are modest- to low-income people who travel to work (very likely in Jakarta) by motor bike and, as newcomers, rent apartments in the peri-urban. Meanwhile, a series of violent incidents in peri-urban Jakarta have also been reported. They involved attacks by some Islamic mass organizations on religious minorities.¹⁴⁶ We cannot say that there is a connection between the evictions of the urban poor to the fringe of the city and the increased hotspots of crimes and violence in the peri-urban area. There is no evidence that the marginalized populations who are displaced into the periphery

¹⁴⁰ "Menjauh dari Ibu Kota" *Koran Jakarta*, October 1, 2010, p. 16.

¹⁴¹ Ibid.

¹⁴² Ibid.

¹⁴³ Ibid.

¹⁴⁴ "Titik Rawan Kejahatan Ibu Kota," *Kompas*, January 13, 2011, p. 25.

¹⁴⁵ Ibid.

¹⁴⁶ Haryanto, "Attacks on Christian Congregations Soaring, Rights Group Reports," *Jakarta Globe*, July 27, 2010; Iman Firdaus, "Mencari Musuh Islam Sebenarnya," *Forum Keadilan* 27, October 30, 2005, pp. 18–19.

are more likely to be involved in the thefts, robbery, and violent acts, but, left alone, without social protection, they have become the target of violent acts. Or one could also imagine a scenario of dystopia similar to that indicated by Mike Davis, where hard line religious organizations are stepping in to fill the gaps left open by disillusionment with the promise of and the right to the city.¹⁴⁷

The Jakarta of the future is likely to accommodate the middle class and seek to repress visible evidence of a subordinate population. The “outcast” is expected to give up on Jakarta, as the future city would be populated only by Zaenuddin’s “chosen people,” who will live in a center harmonized by their collective imagined isolation from the subordinate class and social conflicts. The chosen twelve million cosmopolitan elites in Jakarta will be joined by another “chosen population” living in the clusters of gated new towns of the peri-urban, which will include more and more exclusive housing complexes.¹⁴⁸ Surrounding them will be perhaps clusters of urban and rural interstitial zones, with life organized increasingly under the influence of *Sharia* law. Cutting across these different layers of space are the vagrants, the informal workers, and the poor who continue to float in and out of the city.¹⁴⁹

There are, for sure, members of the subordinated class who persist and manage to stay in Jakarta, thanks in part to the efforts of NGOs. The urban renewal program’s eviction of the poor has, indeed, been challenged by pro-poor activism among NGOs, such as efforts undertaken by the Urban Poor Consortium (UPC) and the Forum of Urban Citizen (Forum Warga Kota Jakarta, FAKTA).¹⁵⁰ These forces are sometimes successful, but mostly they have failed in reclaiming the urban center for the poor.¹⁵¹ The NGOs have been at the forefront in defending the rights of the urban poor to stay

¹⁴⁷ Mike Davis, “Planet of Sums,” *New Left Review* 26 (March–April 2004): 5–34.

¹⁴⁸ The Islamic housing complexes have been proliferating in peri-urban Jakarta. In Depok alone there are at least fourteen Islamic housing complexes that have put the city at the top of the list for Islamic housing production. Yet, while the Islamic housing complexes could be said to be responding to the influence of Islam and *Sharia* law promoted by the Islamic political party, PKS (Partai Keadilan Sejahtera, Prosperity and Justice Party), they exhibit the same shortcomings as do other Jakarta housing complexes. The design of Islamic complexes does not include housing for the poor. Instead, these exclusive complexes have contributed to the loss of affordable land for the construction of low-income housing around the city.

¹⁴⁹ It is appropriate to reflect on the words of Terry McGee, the *guru* of Southeast Asian cities, who predicted the future of Indonesian housing before the collapse of the Suharto regime:

Indonesians now live in three main types of housing: The wealthy mostly occupy single-family houses in large developments on the edge of the cities, or high-rise apartments in the city core. The middle class, which now comprises a majority of the urban population, lives in smaller houses in suburbs scattered throughout the periphery of cities, and in upgraded “*kampung*” style houses within city boundaries. For the urban poor, the majority now live in legalized and upgraded squatter settlements, or in low-rise, walk-up, low-income housing.

See Terry McGee, “The Future of Urbanisation in Developing Countries: The Case of Indonesia,” *Third World Planning Review* 16,1 (1994): xi.

¹⁵⁰ The conflict between the urban poor and urban politics in Jakarta is outside the scope of this paper. For a report on the roles of NGOs in defending the urban poor in Kemayoran, see R. B. E. Agung Nugroho and the Ambar Prihastomo, *Alternatif Penyelesaian Sengketa Pemukiman Miskin Kota*, Forum Warga Kota Jakarta (Jakarta: FAKTA, 2006). For an exploration of living in the “urban periphery” in Jakarta (and elsewhere) as the basis for both survival and hope, see Abdoumalig Simone, *City Life from Jakarta to Dakar: Movements at the Crossroads* (London: Routledge, 2010).

¹⁵¹ For a discussion on the work of an NGO in providing urban services for an informal settlement, see Lana Winayanti and Heracles C. Lang, “Provision of Urban Services in an Informal Settlement: A Case Study of Kampung Penas Tanggul, Jakarta,” *Habitat International* 28 (2004): 41–65.

in the city, and they have been involved in mobilizing the resources of the poor so that they could house themselves, but we still do not know for sure what the future holds for the evictees, the poor, and those who are housed and work informally.¹⁵² Irreducible, they may continue to “disappear” into any kind of spatial interface they can find in *both* the city and the peri-urban areas, creating their own centers at the margin of urban spaces. Some, if not most, however, may give up the city’s promises of modernity, its wheel of fortune, and its slogan of “city for all,” and disappear into hard-line mass organizations that are pressing for a different foundation for the urban future. Disillusioned by their steady and gradual eviction from the city and robbed of their hope to live there, the marginalized could be recruited by hard-line organizations to attack the city from the periphery. This would look like the geography of dystopia, which poses an uncertain future for the city. There is a good deal to be gloomy about. Jakartans, however, may not currently think much of policy and politics, for they have come to realize that in a place like Jakarta, new policy will rapidly become obsolete, and the future will be pretty much like the present and the past. Yet, while today may resemble the past, it looks forward to more possibilities.

Whatever the future may be, Jakartans today must acknowledge that the low-income population is being displaced farther and farther away from the city. What this essay tries to show is merely that such displacement could be conducted under the name of *perumahan rakyat*. As the term *perumahan rakyat* continues to be invoked by the center for its own renewal, it risks being betrayed one more time.

¹⁵² During the election campaign for governor, neither Adang Dorodjatun (who is supported by PKS) nor Fauzi Bowo wanted to submit themselves to the pressure from the coalition of marginalized groups (consisting of Rakyat Miskin Kota, Persatuan Penyandang Cacat se-DKI, and Forum Waria Indonesia). The groups issued motions of no confidence against both candidates for their failure to sign a memorandum of understanding that pledged their commitment to *rakyat*. See “Debat Kumis Fauzi,” *Berita Kota*, August 5, 2007, pp. 1, 11