

Seeking the Role and Shape of Public Private People Partnership (PPPP) for Housing Development in Indonesia

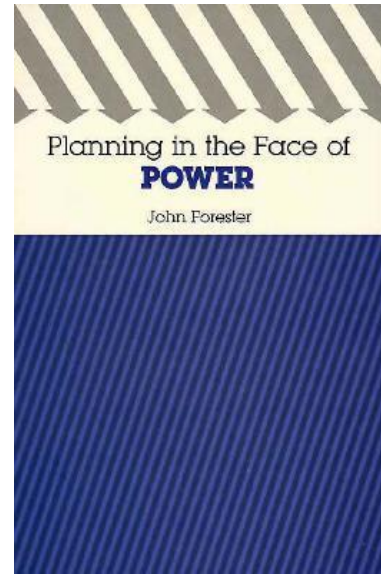
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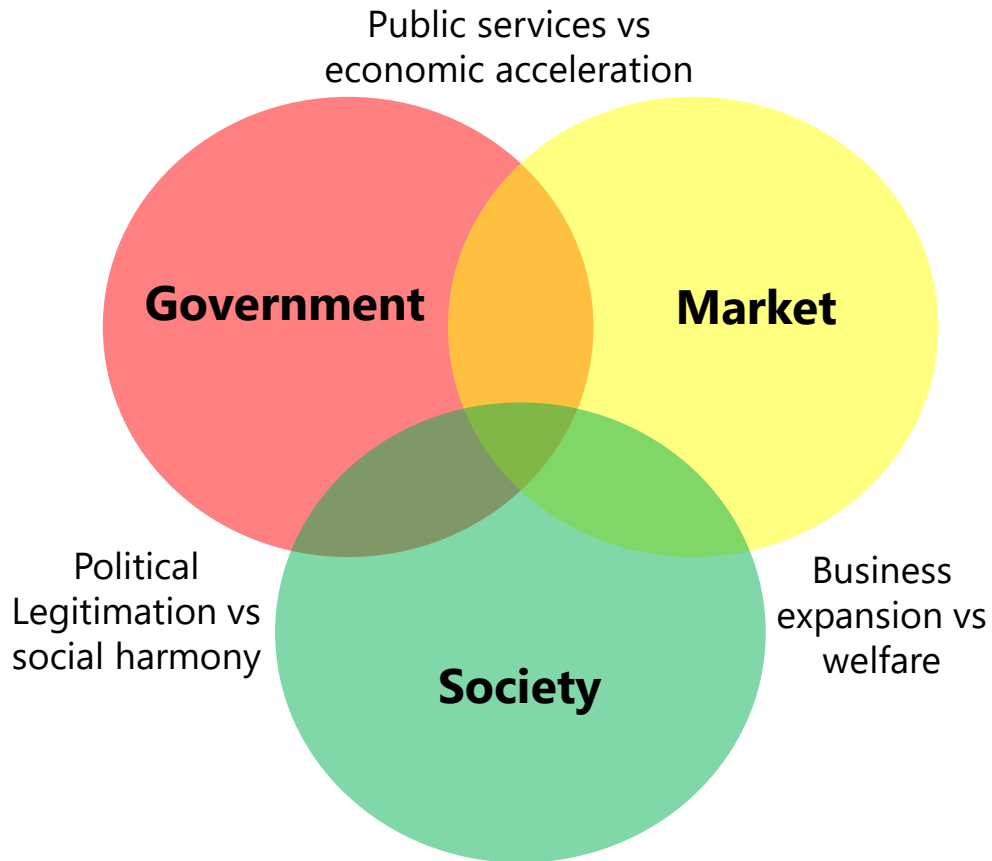
Amsterdam, 18 July 2017



Key Philosophies of PPPP



“Planning is an open transactional process”



PPPP As A Representation of Governance

“A shifting from government to governance”

	Government State vs. market resp. society	Governance State, market and networks as complementary forms of steering
Polity	<ul style="list-style-type: none"> Focus on the state Majoritarian democracy and hierarchy as most important institutions 	<ul style="list-style-type: none"> Institutional structure, which combines elements of hierarchy, negotiation systems and competition mechanisms Networks
Politics	<ul style="list-style-type: none"> Competition between political parties for acquisition of power and between interest groups to gain influence Conflict regulation by decision of responsible state organs and enforcement of official decisions 	<ul style="list-style-type: none"> Conflicts between governing/leading and governed/affected actors Steering and co-ordination within institutional steering systems Negotiations between state and/or societal actors Adaptation of institutional steering systems
Policy	<ul style="list-style-type: none"> Legislation (order and prohibition) Distribution of public goods 	<ul style="list-style-type: none"> Agreement (within networks and communities), compromises, barter Co-production of collective goods Network management Institution building (management of institutional change)

Source: (Umbach, 2007, p. 37); translated version of Benz 2004, p.21.

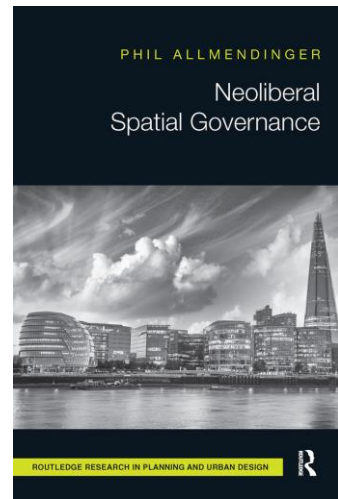
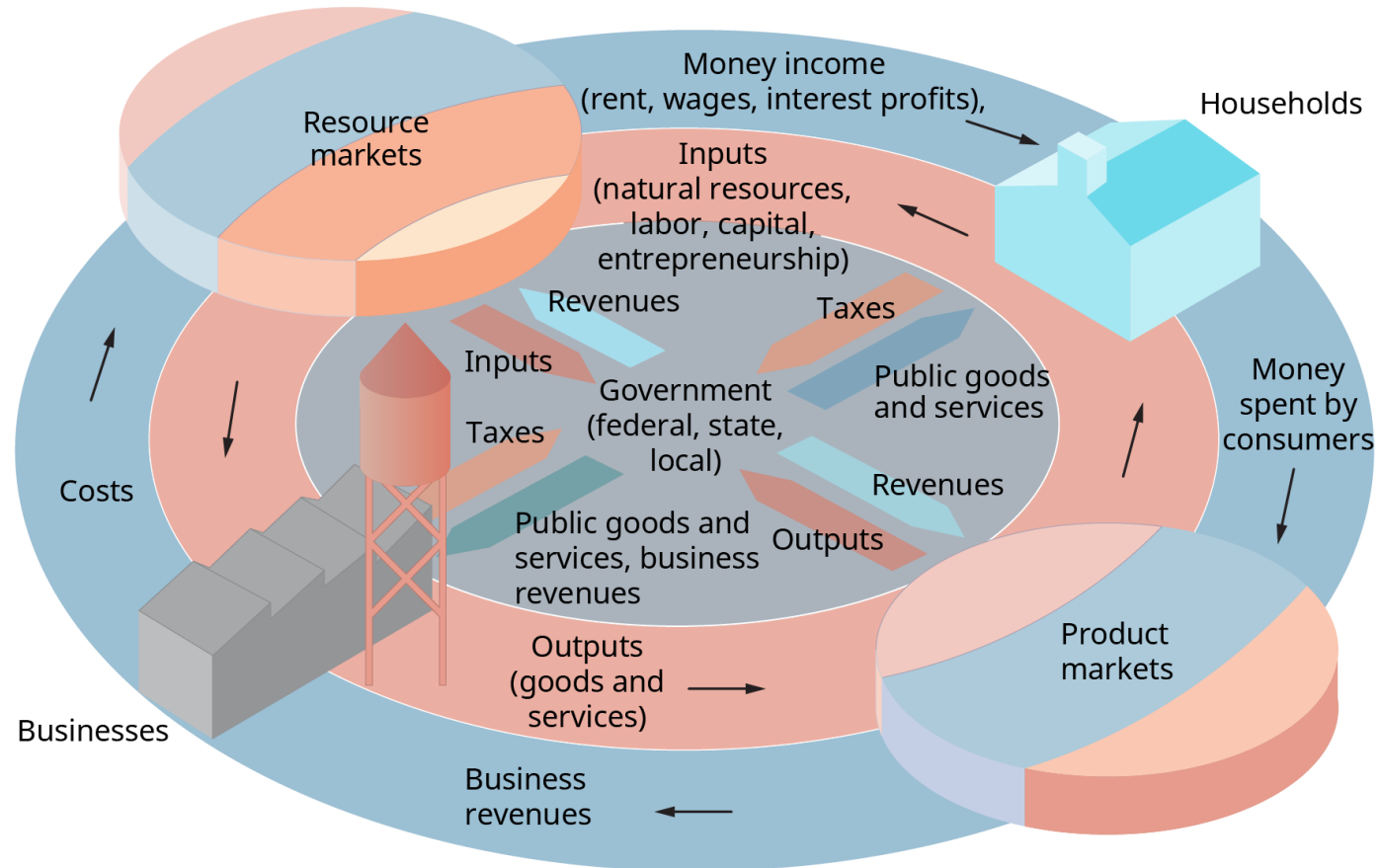
BOX 2

Qualities of Creative Modes of Urban Governance

Level	Dimension
<i>Specific episodes</i>	<ul style="list-style-type: none"> Diverse range of actors Open and diverse arenas Stimulating, welcoming, respectful and knowledgeable ambiances; generative; insurgent potentials
<i>Governance processes</i>	<ul style="list-style-type: none"> Diverse and mutually aware networks and coalitions; loosely-coupled; fluid Open, transparent and fluid stakeholder selection processes Open-minded, inclusive, informative and inventive discourses Facilitative and experimental practices, supporting self-regulating processes Laws, formal competences and resource flow principles which value local initiative and encourage experiment
<i>Governance culture</i>	<ul style="list-style-type: none"> Appreciation of diversity; focused around the concerns of multiple daily live; emphasis on performance not conformance Identity and open negotiation of values and ethics, beyond utilitarianism and consumerism; encouragement of open-minded tolerance and sensitivity Self-regulative and distributive; supportive and constraining

Complexity and Neoliberalism in Planning Practices

“Government itself has limitations”



Common Pool Resources and the Needs to Mediate Interests

“Governing the commons is challenging and subjective”

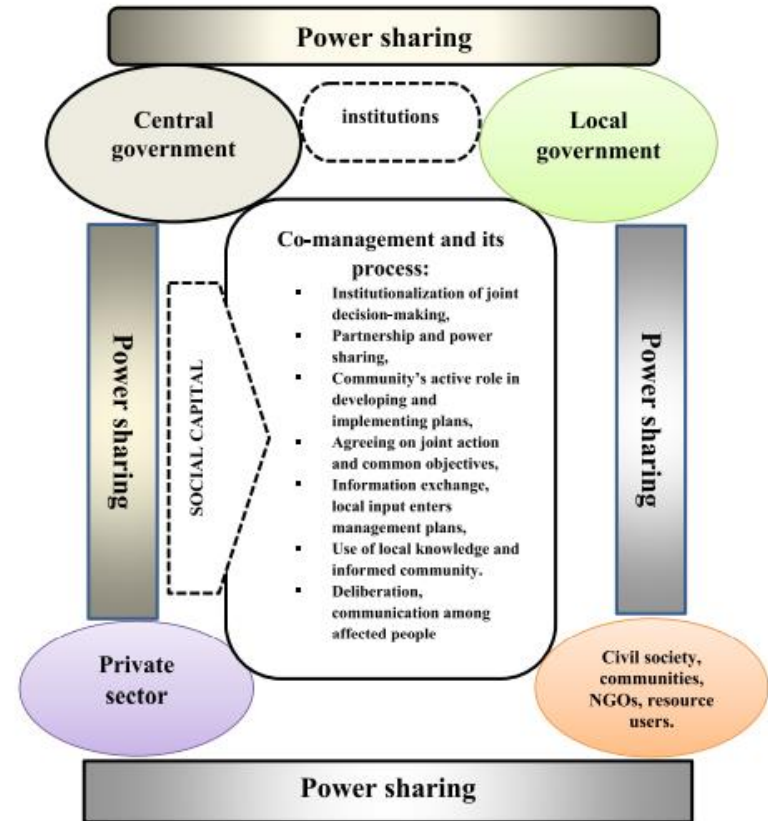
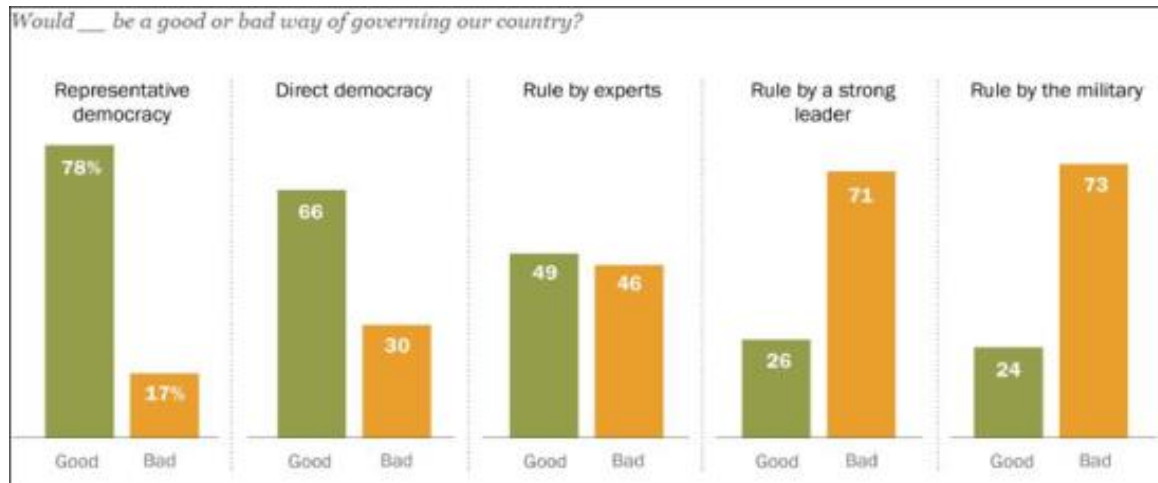


Fig. 1. Research concept model.

Democratic Planning Practices

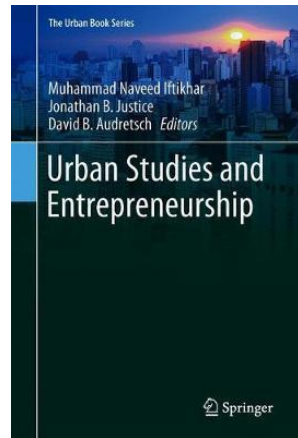
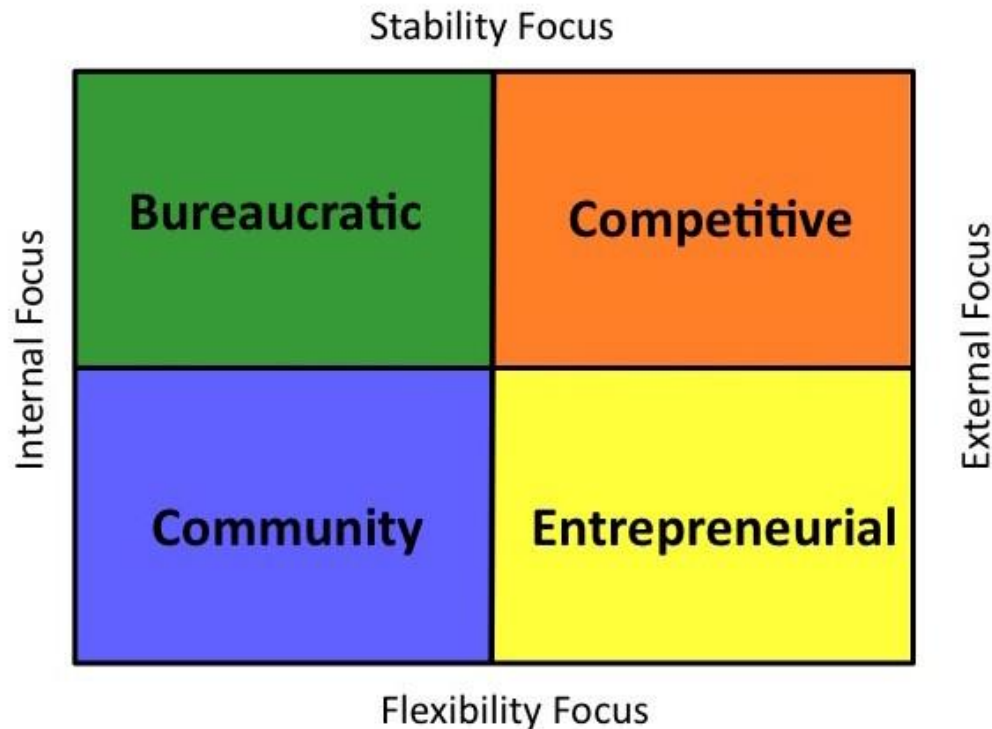
“Trend of democratization, bottom-up, and self-organisation”



Planning and Entrepreneurship: A Continuum

“Planning as an entrepreneur process”

Types of Organizational Culture



What is PPPP?

- An expansion of public-private partnerships (PPPs) that were concerned due to their nature of against social capitalism
- Efficiencies, capacities, and resources consolidation: more powerful
- Promoting and advocating societies with power in decision making processes and planning practices
- Interactive mutual learning and sharing process, consensus, risk and commitment building

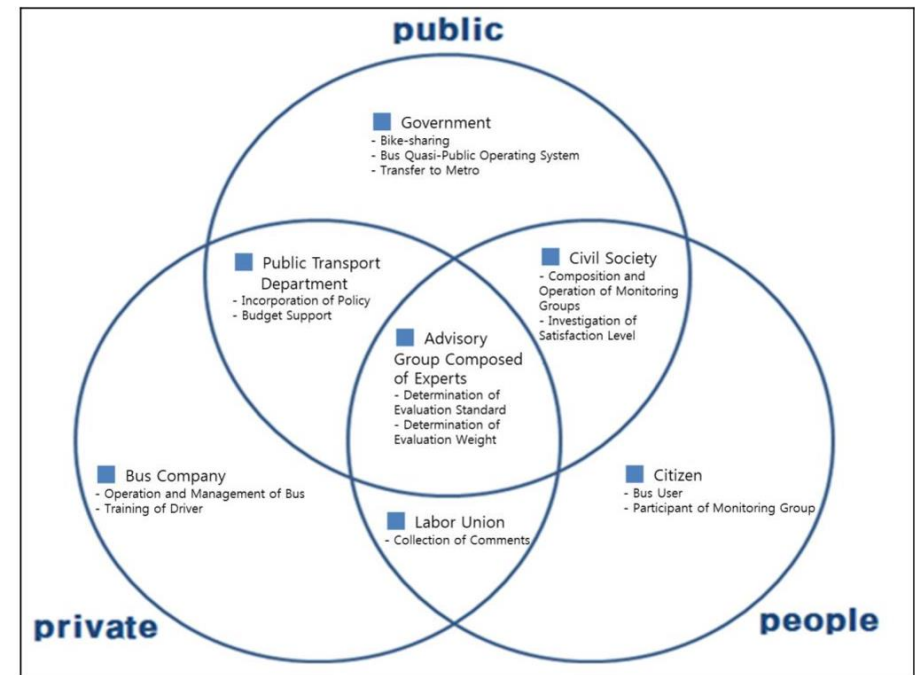
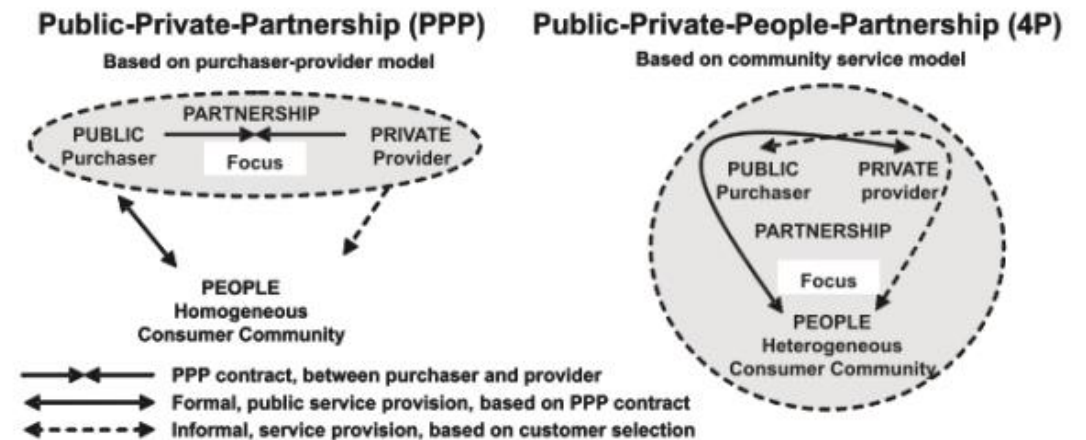
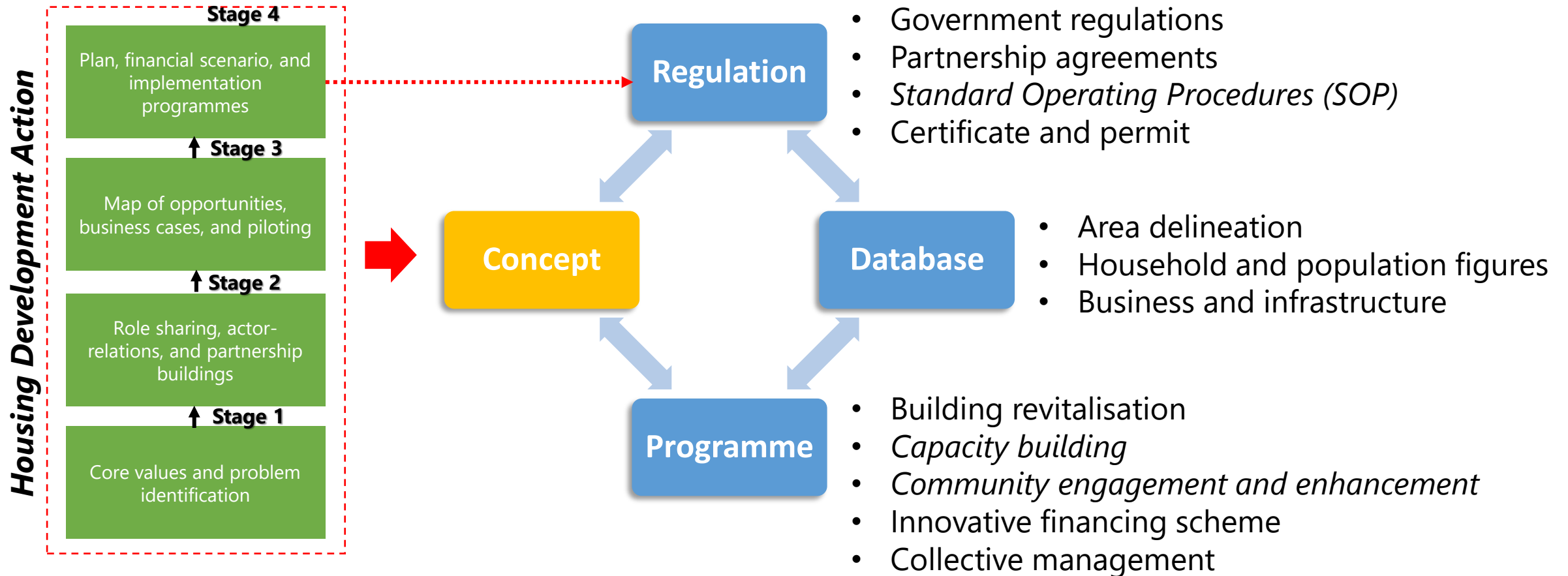


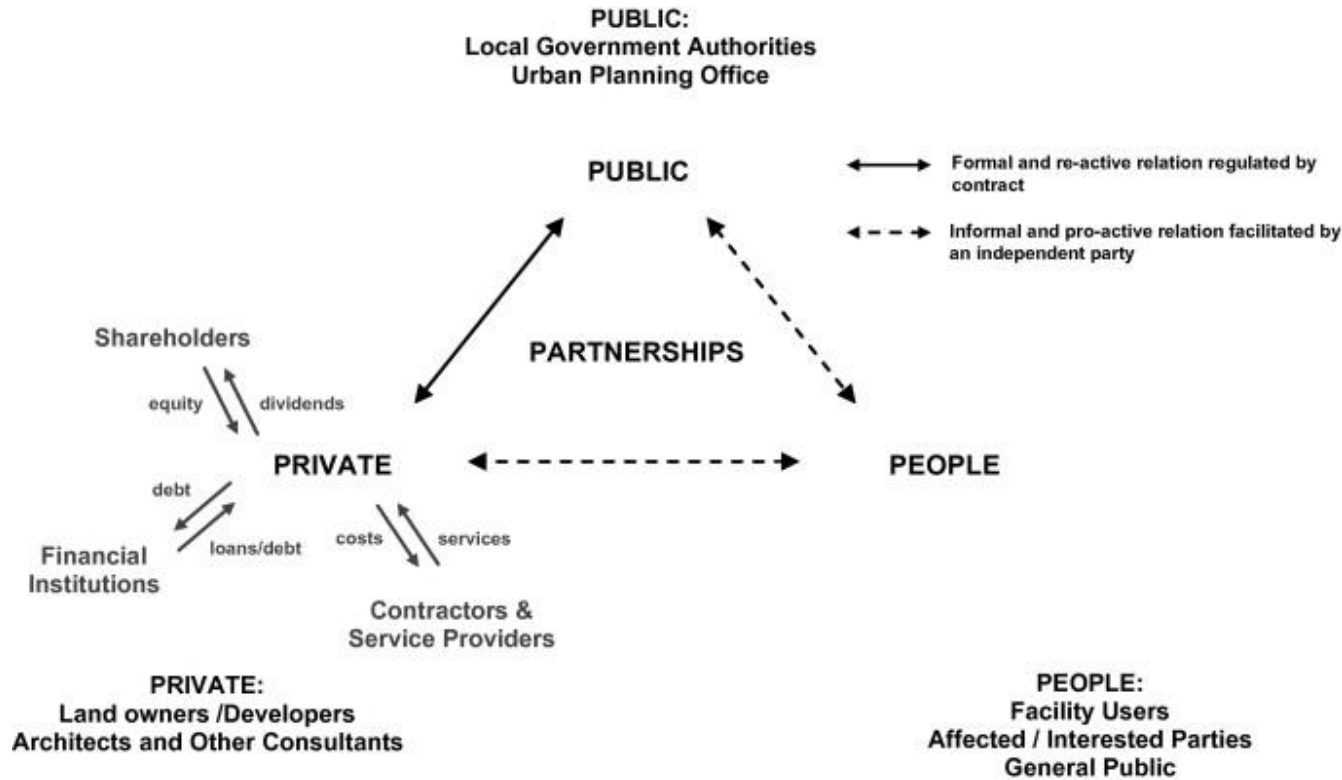
Figure 2. Interrelationships of the 4Ps Model in the Public Transit Service



PPPP Formula in Housing Development

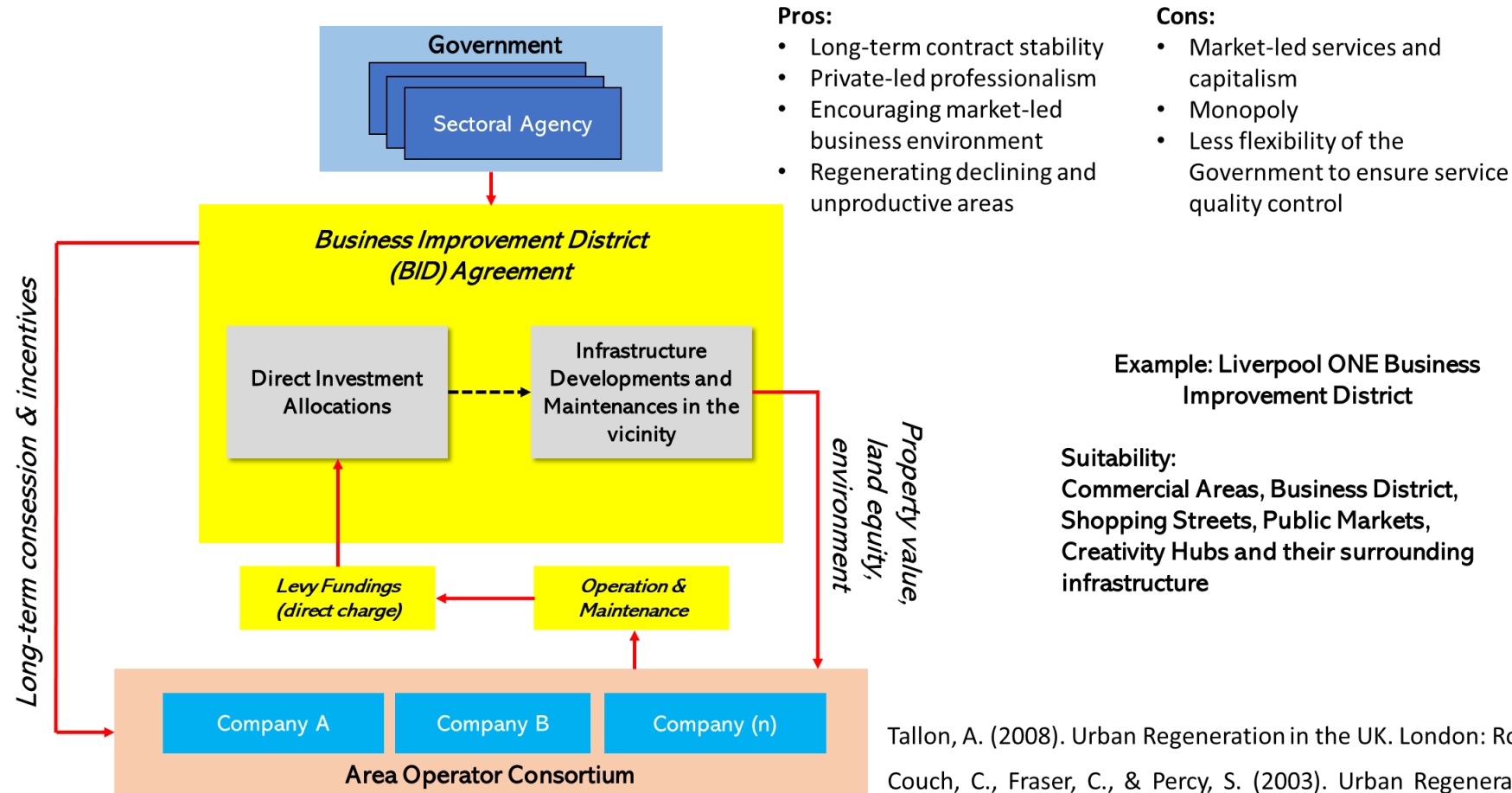


PPPP Formula in Housing Development



<https://theconversation.com/these-communities-are-experimenting-with-greener-and-fairer-ways-of-living-129374>

PPPP Formula in Housing Development: Organisation



Pros:

- Long-term contract stability
- Private-led professionalism
- Encouraging market-led business environment
- Regenerating declining and unproductive areas

Cons:

- Market-led services and capitalism
- Monopoly
- Less flexibility of the Government to ensure service quality control

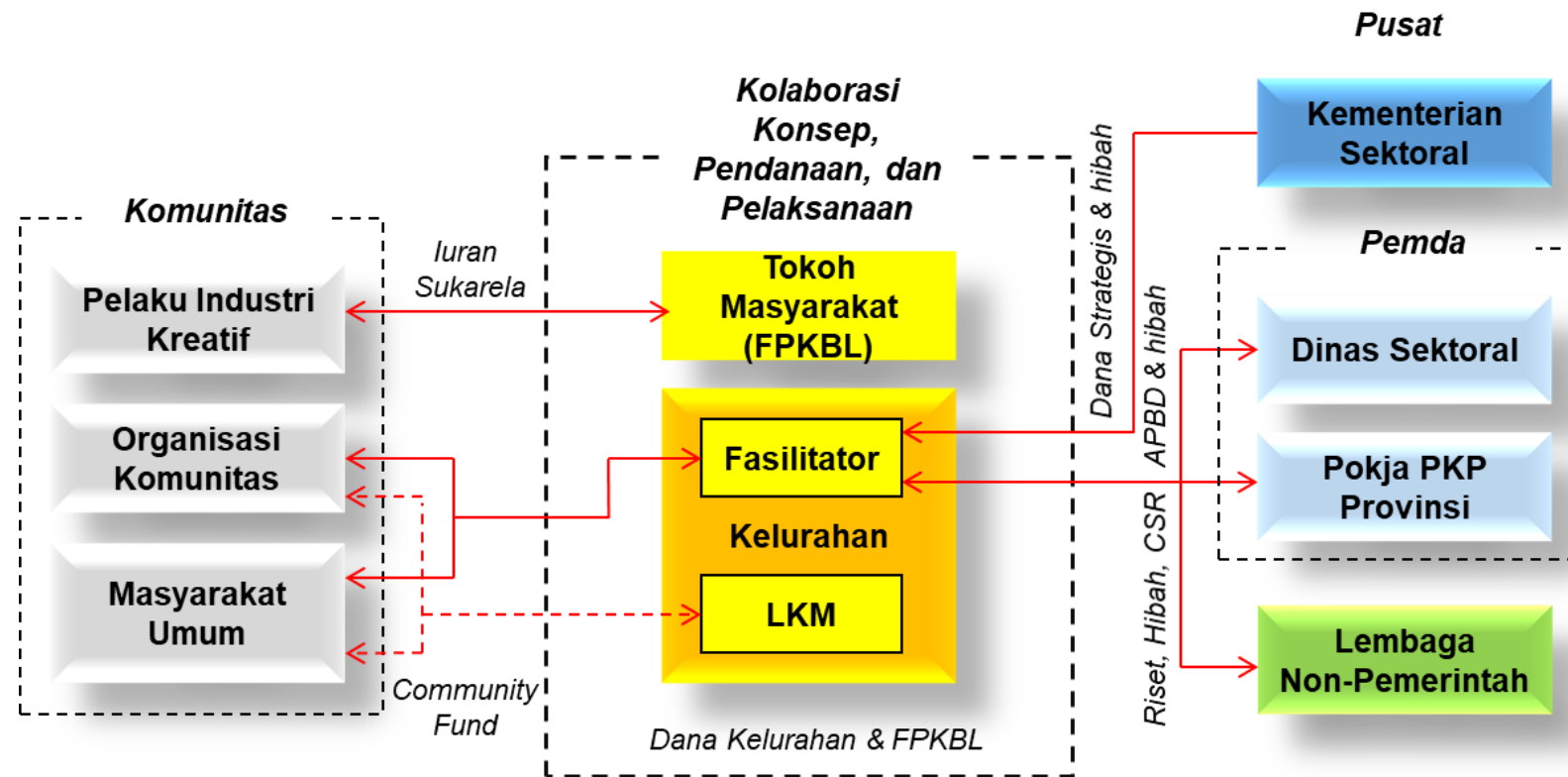
Example: Liverpool ONE Business Improvement District

Suitability:
Commercial Areas, Business District, Shopping Streets, Public Markets, Creativity Hubs and their surrounding infrastructure

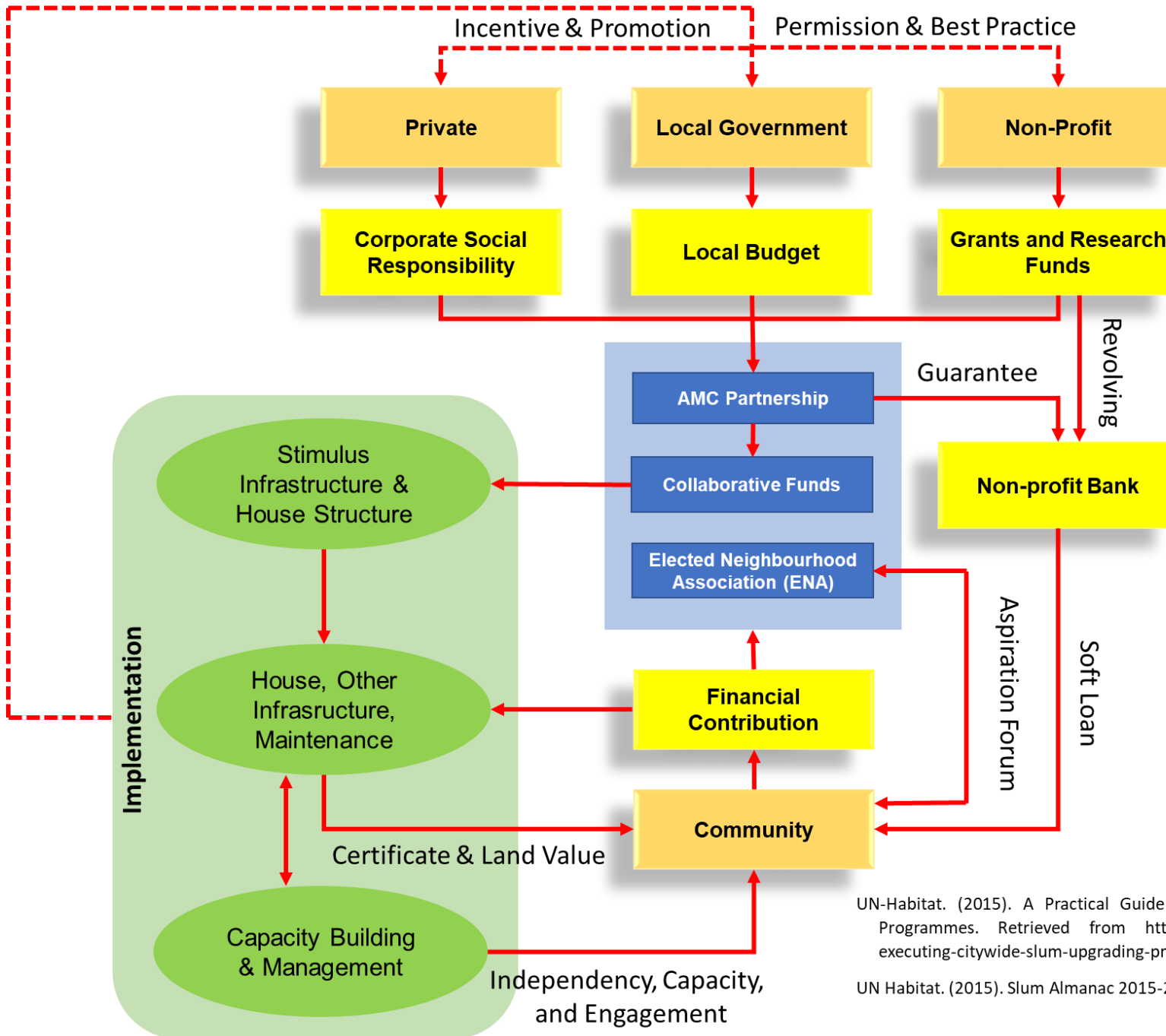
Tallon, A. (2008). Urban Regeneration in the UK. London: Routledge.

Couch, C., Fraser, C., & Percy, S. (2003). Urban Regeneration in Europe. Oxford: Blackwell Science

PPPP Formula in Housing Development: Organisation



PPPP Formula in Housing Development: Financing



Example: Favela Bairro in Rio de Janeiro

Suitability:
Public Housings, apartments, community centre, and small scale urban facilities

UN-Habitat. (2015). A Practical Guide to Designing, Planning, and Executing Citywide Slum Upgrading Programmes. Retrieved from <https://unhabitat.org/books/a-practical-guide-to-designing-planning-and-executing-citywide-slum-upgrading-programmes/>

UN Habitat. (2015). Slum Almanac 2015-2016: Tracking Improvement in the Lives of Slum Dwellers. New York.

CASE STUDY



U-Develop a Tool for Inner-city Slum Upgrading

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U-Develop

Urban Development Through Local Partnership

Addressing the objective of developing urban settlement without evicting through partnership between public, private, and local people

1. Introduction (1)

- The value of urban land increases due to limited supply, yet a growing demand.
- According to SDGs Report more than 1 billion people or 24 % of world population live in slums.
- Thus, It is significant to consider the inclusiveness of low-income people in city development.
- Several efforts have been made to resolve the issue, but little concern has been directed to economical aspect and continuity of the program.
- This study proposes a **concept of Vertical Land Consolidation that enable joint land ownership** among shareholder as a way to empower economic/ earning capacity to ensure the sustainability of program in the long run.
- It is argued that **the proposed scheme** will enable the existing resident to **own the land** and have a more **decent quality of life** which is indicated by having a portion of the land share.

2. International and National Experiences in Slum Upgrading

- Slum upgrading improves physical, social, and economic aspects of informal settlements without evicting the dwellers, thus resulting in a lower level of disturbance for the living communities [9][10][11]
- Several variables to be improved using this technique include houses, land, income, common facilities, access to public services, and welfare [11].



Thailand's Baan Makong Program



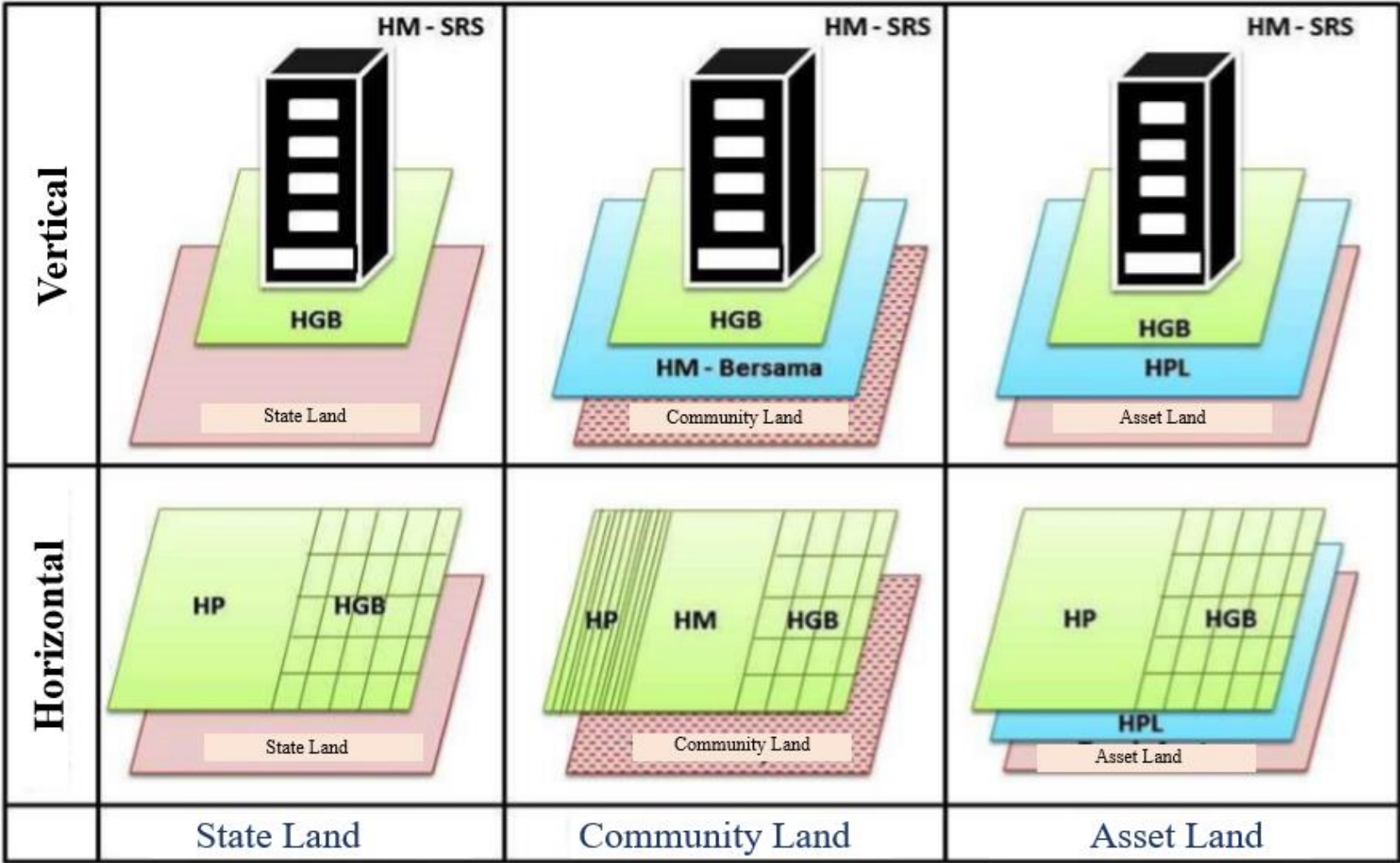
Generations of slum upgrading policies in Indonesia [8]

Generation	Year	Indonesian Policies
1st Generation	1968	Muhammad Husni Thamrin program
	1974-1980s	<ul style="list-style-type: none"> • Site and services • KIP (Kampung Improvement Program)
	1981-1990	<ul style="list-style-type: none"> • P3KT/Integrated Urban Infrastructure Program • Housing and Settlement Improvement
2nd Generation	1992-1998	<ul style="list-style-type: none"> • P2BPK /Community Based Housing Development • KIP Comprehensive
3rd Generation	1998-2004	<ul style="list-style-type: none"> • Social Security Net program JPS • P2KP/Urban Poverty Alleviation Program • National Movement on One Million Houses • RSS/Very Simple Housing • CoBild (Community Based Initiatives for Housing and Local Development) • NUSSP (Neighbourhood Upgrading and Shelter Sector Project) • SSPAP (Squatter Settlements Pilot Assistance program)
	2004-2010	<ul style="list-style-type: none"> • Affordable Vertical Housing • PNPM/National Program for Community Capacity Building
	2010-2014	<ul style="list-style-type: none"> • NUSSP • SAPOLA (Slum Alleviation Policy and Action Plan)
	2014-Present	<ul style="list-style-type: none"> • KOTAKU / Cities Without Slums • RP2KPKP/ Plans for Prevention and Quality Improvement of Urban Slums

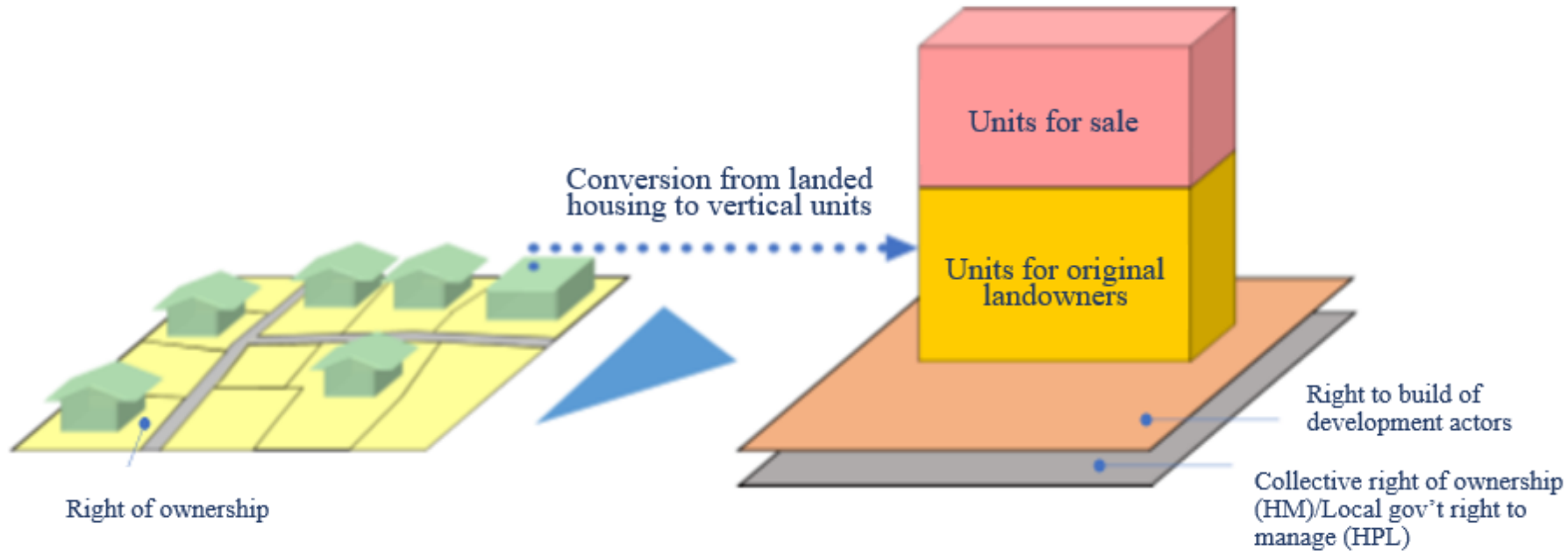
3. Land Consolidation (1)

- Land consolidation is a technique that aggregates multiple land parcels with different landowners into one unified structure for various purposes including urban development [17][18].
- In Indonesia, the term used for land consolidation is Konsolidasi Tanah.
- The regulation that governs the practice of this land consolidation in Indonesia is the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency Regulation No. 12 of 2019 concerning Land Consolidation [21].

3. Land Consolidation (2)



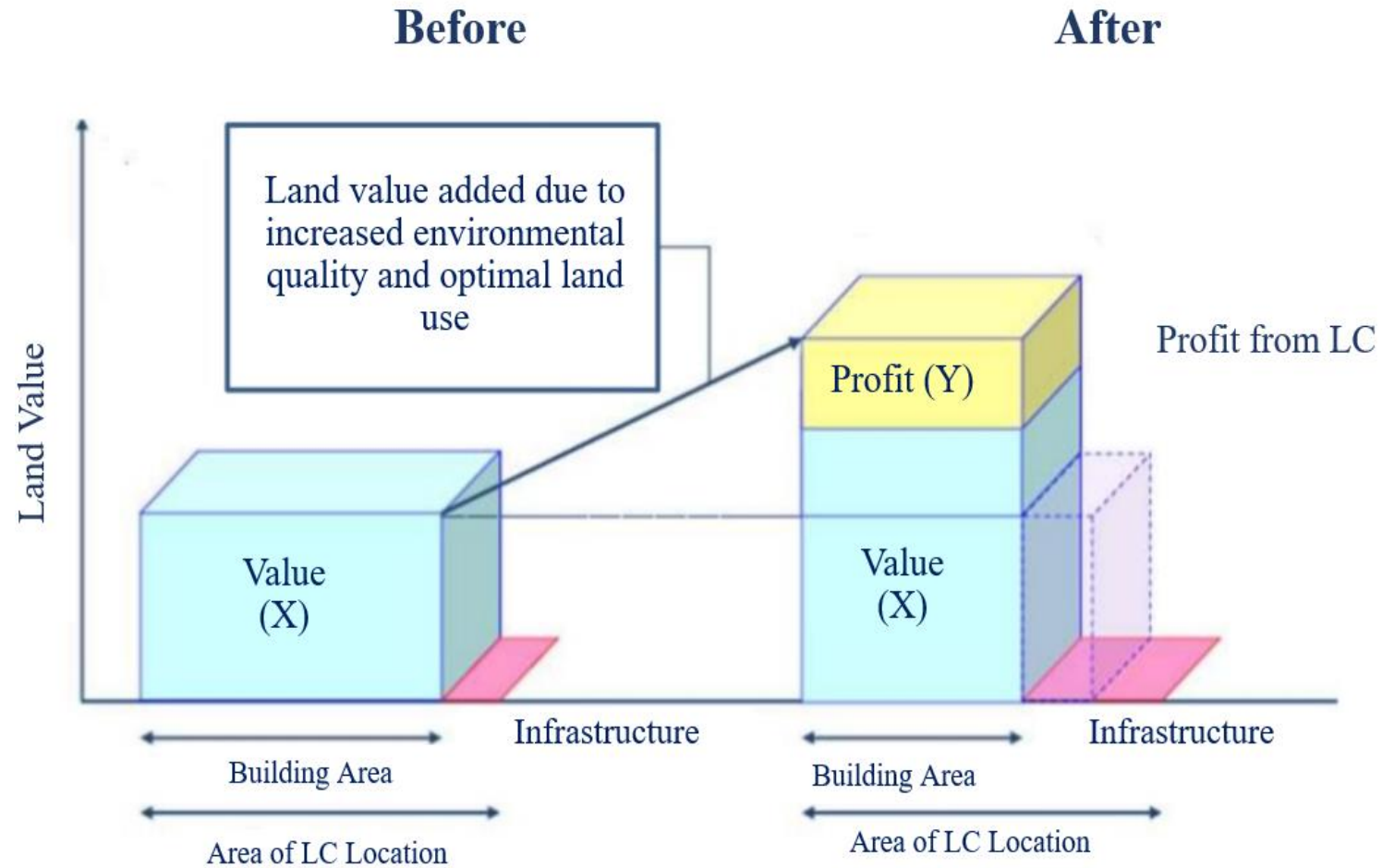
Land consolidation takes a form of horizontal and vertical



Vertical land consolidation concept [20]

For vertical land consolidation, the chosen building structure is a rise apartment. It converts landed housing into vertical units that allocated for original landowners and sale

Before and after of vertical land consolidation [23]



3. Land Contribution in Vertical Land Consolidation

- Land contribution ratio: The percentage of private land that converted into public infrastructures and facilities
- In Indonesia, the terminology used is *Sumbangan Tanah Untuk Pembangunan* or the STUP. However, STUP can also be purposed to finance the project, either partially or fully.
- The land that serves this purpose has various terminology, such as reserve land, cost equivalent land, or *Tanah Pengganti Biaya Pembangunan* (TPBP). Therefore, the land contribution ratio can be used for referring to a STUP or TPBP.

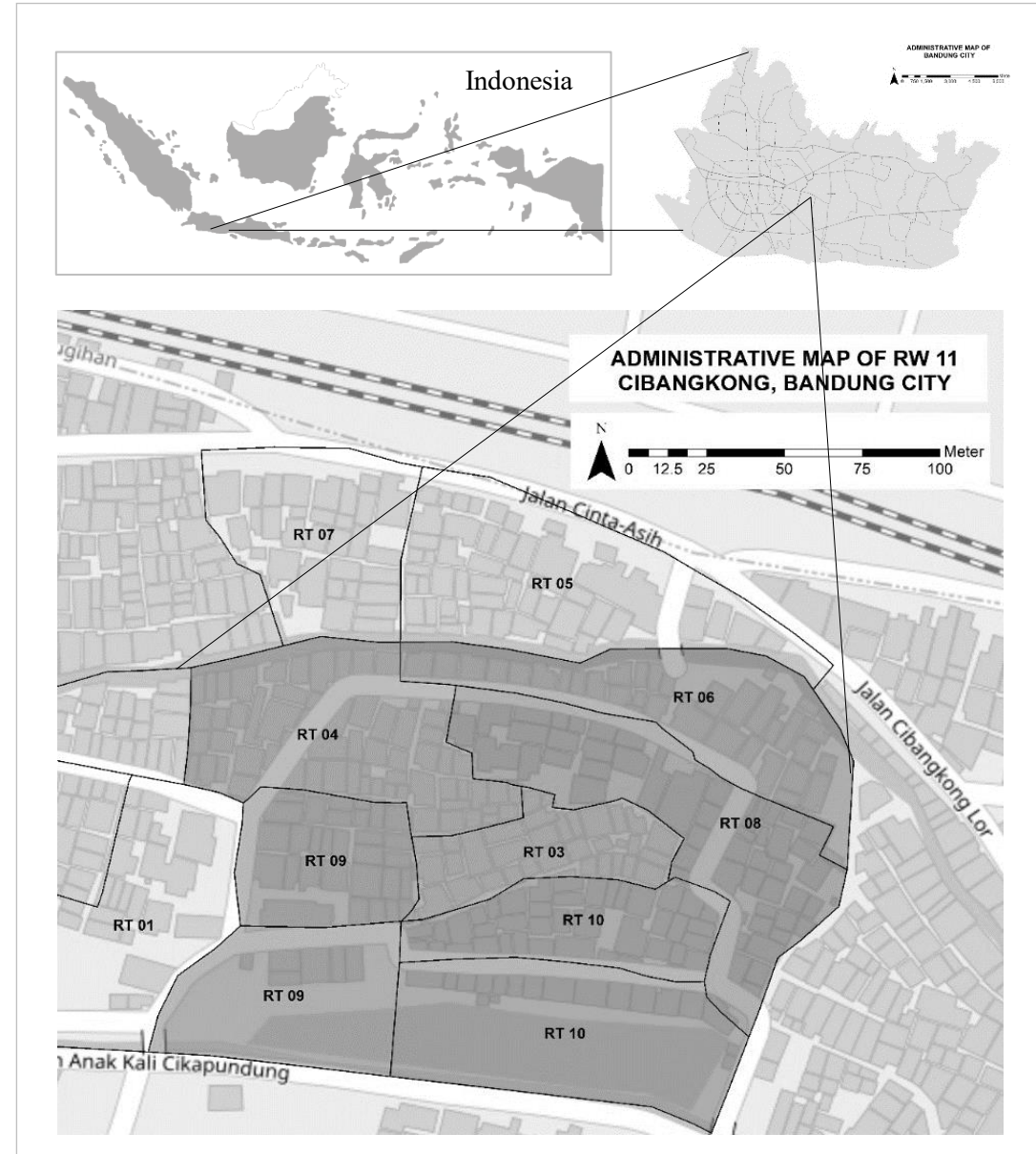
4. The Needs of Institutional Settings in Delivering the Project

- Institution is a fundamental aspect in executing the programs, goals, and objectives.
- One of institutional approaches that has been implemented lately in a project is a **Public-Private Partnerships (PPPs)**.
- Generally, PPPs seek to build **mutually** beneficial durable cooperation between **public** and **private partners**
- However, the PPP approach seems to be lacking the community participation. The community needs to have an involvement and contribution to the project.
- Therefore, to allow more community engagement, we propose a **new concept** that incorporates ***the community's participation.***

5. Methodology

- The data used in this paper are the primary and secondary data
- We conducted a field survey for primary data and literature review for secondary data.
- Methods that are used for field surveys are questionnaire distribution, housing and facilities observation, and land parcel mapping.

Land and Building	Landowners	Renters (If Available)
<ul style="list-style-type: none"> • Land area • Land status • Building area • Number of building floors • Building function 	<ul style="list-style-type: none"> • Landowners' name • Number of households • Number of populations • Length of stay 	<ul style="list-style-type: none"> • Rental price • Number of rental rooms • Number of renter households



5. Result: Existing Condition



1. Physical capital

- Under-developed infrastructure (road, sewerage, water)
- Improper settlement



2. Economic or financial capital

- Mixed employment mostly on informal sectors with low income, such as: 'warner' business, small market (warung), local trader, "pedagang keliling"
- Mostly have unstable income



3. Human capital

- Mostly has limited skills and knowledge



4. Natural Capital

- Exposed to waste/garbage.
- Wastewater system mostly covered by pavement blocks
- Most households use underground water



5. Social Capital

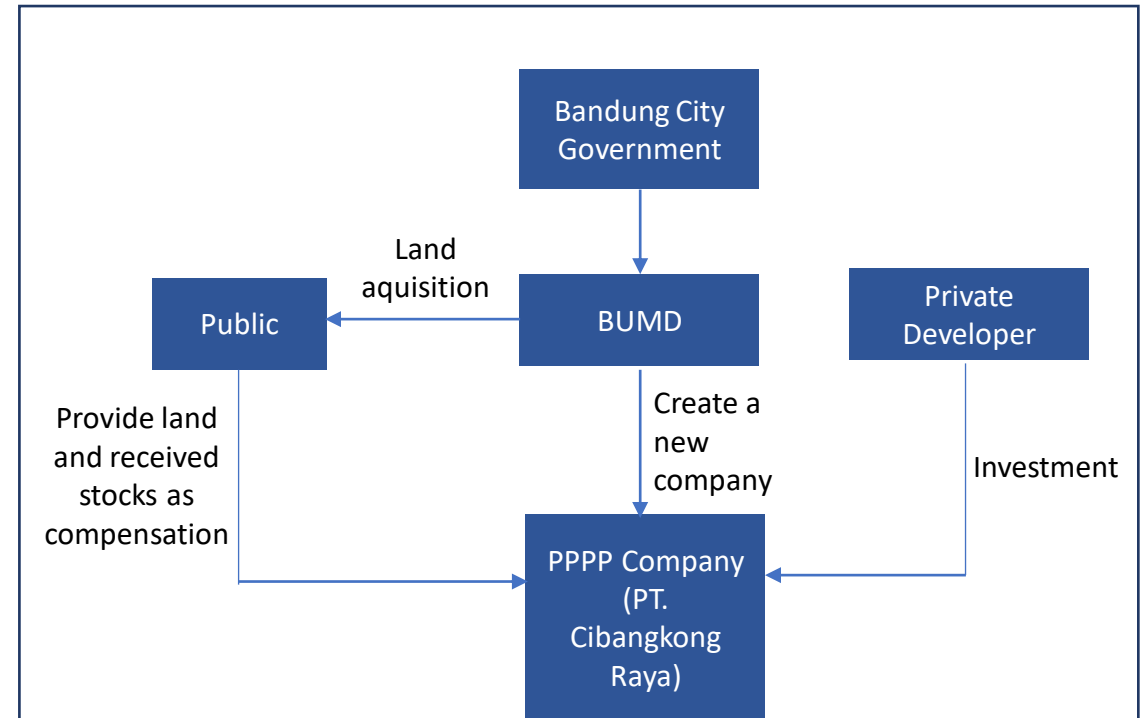
- Closed community.
- Unsuitable environment to raise children (many children has become a gangster or "pengamen")
- Social disparity

5. Result

The stakeholders that have been identified in this project are:

1. **Bandung City Government.** Has high power and influence to run the project by giving permit and approval
2. **Local Resident of Cibangkong.** Highly interested in the project's success level since it involves their place.
3. **Private company.**
4. **National Government.** Have a low interest in the project development since they consider that the project is a concern of the Bandung City Government.

The type of institutional concept that is suitable for this project is local governance with **Public Private People Partnership (PPPP) model.**



Institutional Setting of Cibangkong's Redevelopment Plan [34]

Two Main Corporations:

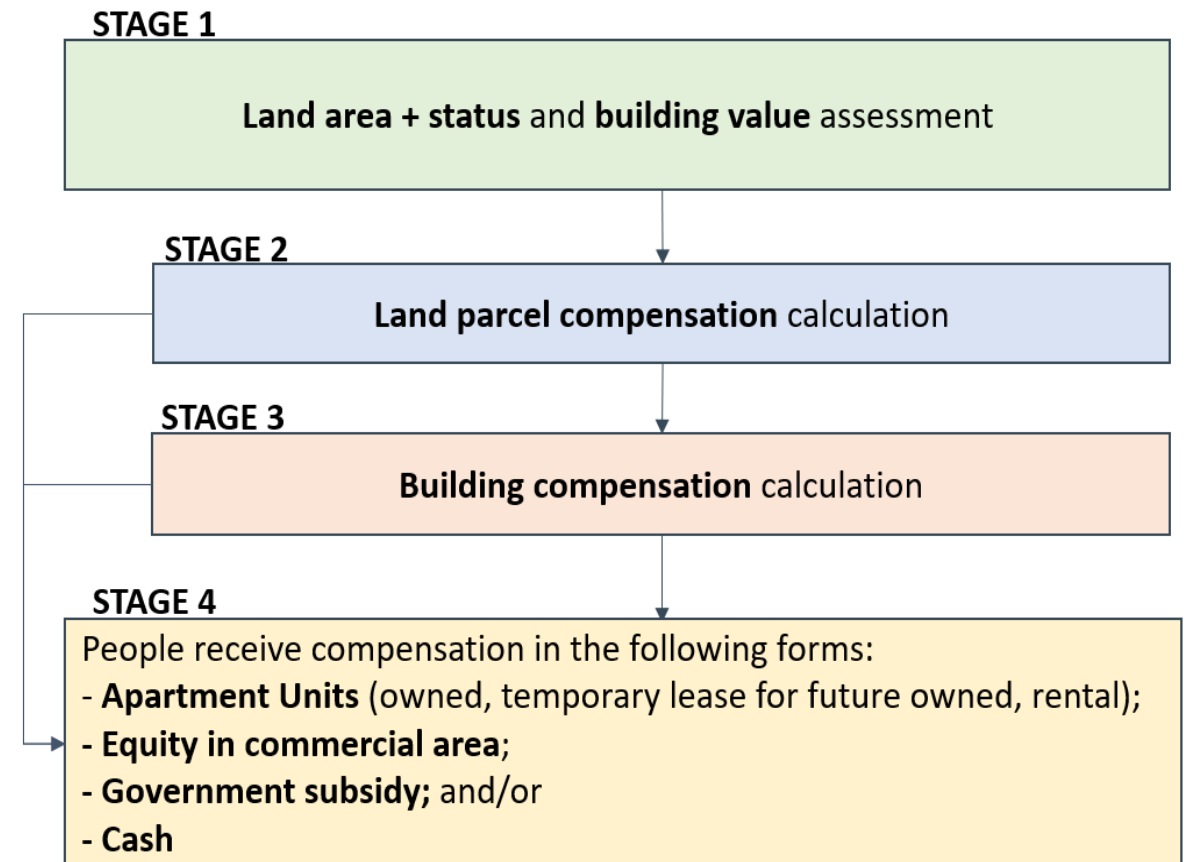
1. Regional-Owned Enterprise (Badan Usaha Milik Daerah/BUMD), fully owned by the government in charge of managing public area.
2. Profit-oriented company which adopted PPPP model as the business scheme.

5. Result

Vertical Land Consolidation Model using PPPP Approach

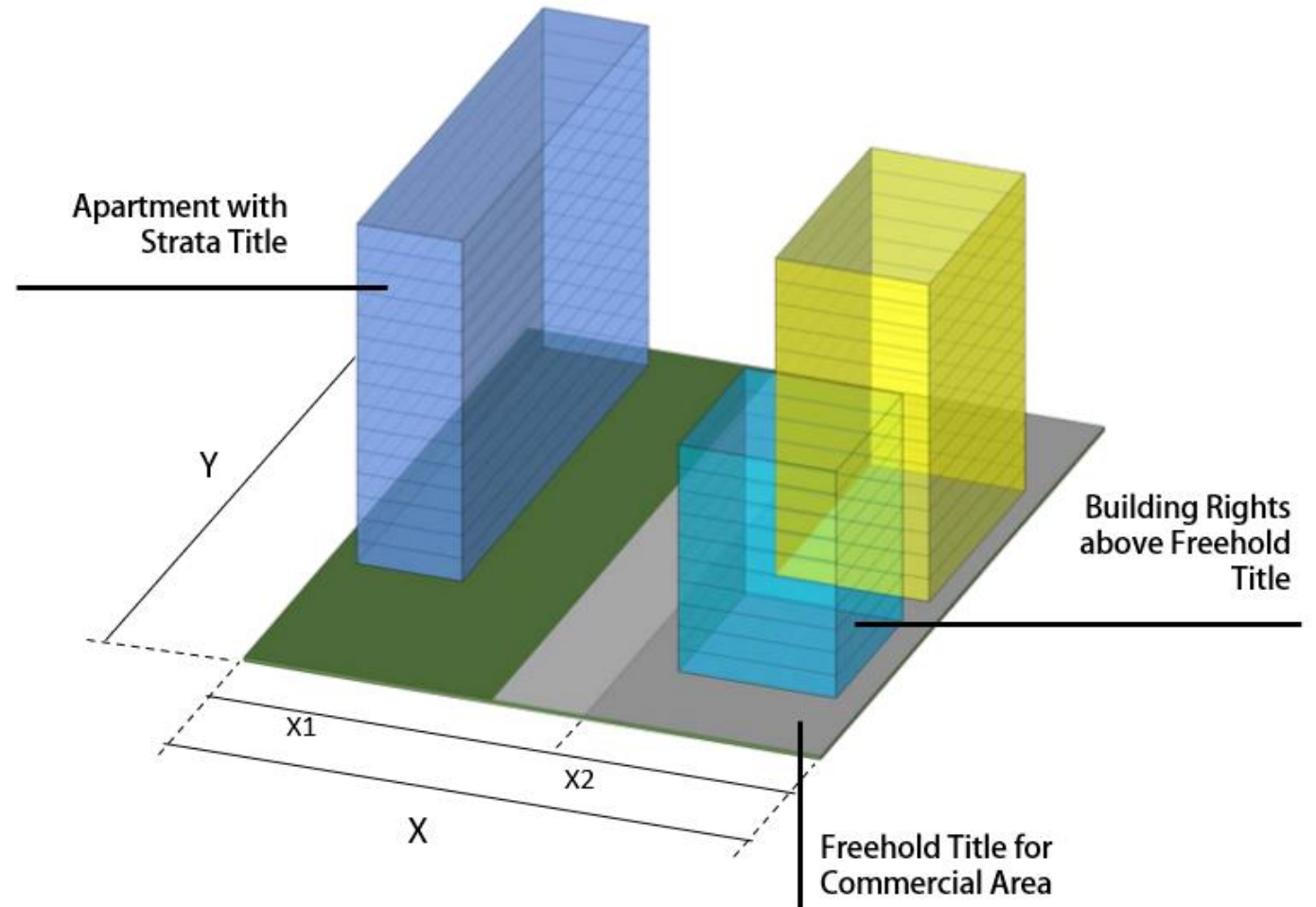
The focus of this calculation is to give landowners and occupiers more opportunities to participate in the project.

Besides obtaining apartments and building compensation, landowners can receive more profit by giving up a certain percentage of their land as equity



5. Result

The distinctive characteristic that makes the PPPP approach unique compared to the PPP scheme is the more involvement of the people



Differences Between Horizontal Land Consolidation, Conventional VLC, and VLC with PPPP Approach

Variable	Horizontal Land Consolidation	Conventional VLC	VLC with PPPP Approach
Buildings and Areas Orientation	Horizontal	Vertical	Vertical
Land Rights	HP, HM, HGB	Collective Freehold Title (HM-Bersama), Building Rights (HGB), Strata Title (HM-SRS)	Freehold Title for Commercial Area, Building Rights (HGB) above Freehold Title, Strata Title (HM-SRS)
Scheme	Public and Private Partnership (PPP)		Public, Private, People Partnership (PPPP)
Stakeholders	In PPP approach: Government and Private		Government, Private, and People
Investors	In PPP approach: Private		Government, Private, and People
Project Executor	Government and Private		Independent Company as a subsidiary of Regional-Owned Enterprise

Differences Between Conventional VLC and VLC with PPPP Approach

Variable	Conventional VLC	VLC with PPPP Approach
Compensation for Landowners	Apartment units	<ol style="list-style-type: none"> 1. Apartment units. 2. Share of equity in the commercial area. 3. Cash from building compensation. 4. Lease apartment unit that can be owned after certain period (For landowners with multiple households who do not received apartment unit yet)
Compensation for Renters/Leasers	-	<ol style="list-style-type: none"> 1. Rental/lease units
Benefit for Landowners	<ol style="list-style-type: none"> 1. Higher land value 2. Improved housing and facilities 	<ol style="list-style-type: none"> 1. Higher land value 2. Improved housing and facilities 3. Long-term profit from equity share
Benefit for Renters/Leasers	-	Free from eviction
Land Area Allocation After LC	<ol style="list-style-type: none"> 1. Area for housing development 2. Area for public infrastructure 3. Area for reserve land/cost equivalent land (to recover construction budget) 	<ol style="list-style-type: none"> 1. Area for housing development and public infrastructure. 2. Area for reserve land/cost equivalent land in the form of equity (to recover construction budget and generate long-term revenue for shareholders)
Land Contribution Concept	Uniform (All participants give up the same percentage of land as contribution)	Nonuniform (Participants may have different percentage of land contribution. It depends on how much area they gave up for equity instead of converted into apartment)

6. Conclusion

- This vertical land consolidation with PPPs approach is **beneficial** to the stakeholders since it allows:
 1. equity sharing in the commercial area
 2. higher land value
 3. improvement in housing and facilities
 4. long-term profit
 5. no eviction

To be highlighted in the context of community involvement, the PPPP approach brings a possibility of **development without eviction** (in which the occupiers may get rental apartment units too). It also provides **reserve land** as an **investment** instrument.

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