

# HOUSING PROVISION POLICY IS LINKED TO CREDIT AGREEMENTS IN THE FRAMEWORK OF REALIZING COMMUNITY WELFARE

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**ABSTRACT:** *This study aims to examine the policy of housing provision associated with credit agreements to realize community welfare. Housing provision policy is an important aspect of the government's efforts to improve people's welfare. Adequate housing is one of the main indicators in assessing the level of well-being of a country. However, in meeting the housing needs of the community, one of them is the capital aspect. Therefore, the role of the government is needed in assisting and striving for the fulfillment of community housing which is a right stipulated in the constitution. The problem that will be discussed in this study is how housing provision policies are associated with credit agreements to realize community welfare. The research method used is a normative research method with a statute approach and analyzed using content analysis.*

**Keywords:** Policy, Housing, Credit Agreement, Welfare

## INTRODUCTION

The increase in housing needs due to population growth is a complex and relevant issue in the context of sustainable social and economic development. The fulfillment of housing needs is closely related to one's economic factors. Economic factors play an important role in determining a person's or family's ability to buy, rent, or build a home. Economic factors affect the fulfillment of housing needs, this is because a person's ability to buy or build a house often depends on access to capital and financial resources. People with high incomes tend to have more options when it comes to housing selection, while those with low incomes may face obstacles in this regard. For those who cannot afford to buy a cash home, the ability to pay rent or meet mortgage obligations depends largely on their economy. This includes monthly income, job stability, and the capacity to pay credit installments. The level of property prices and the cost of living in an area greatly affect the fulfillment of housing needs. In areas with high costs of living or expensive property prices, people may face difficulties in getting affordable housing. Ease of access to financial services, such as housing loans or housing assistance programs, also plays an important role. People with limited access to these services may have difficulty meeting their housing needs. To meet people's housing needs, the government and relevant institutions need to consider these economic factors. This includes the development of appropriate housing policies, housing assistance programs for the underprivileged, and measures to address housing access inequalities. With economics in mind, we can work to create conditions where everyone has decent and affordable access to safe and suitable housing for their needs.

Public welfare is the main objective of various development policies. This concept covers economic, social, to environmental aspects, and is a benchmark for the progress of a country. One of the main aspects of achieving community welfare is through ensuring the availability of adequate housing for all community members. In this essay, we will explore why ensuring the availability of adequate housing is essential to achieving community welfare. Adequate shelter is a fundamental human right. Every individual has the right to have access to a safe, healthy, and comfortable place to live. A decent home provides a

sanctuary for individuals and families from extreme weather, crime, and various other environmental risks. Therefore, the guarantee of the availability of adequate housing is a prerequisite for maintaining human dignity and improving the welfare of society as a whole as stipulated in Article 28 H paragraph (1) of the Constitution of the Republic of Indonesia (1945 Constitution), states that every citizen has the right to be able to live prosperously, physically and mentally, reside, and get a good and healthy living environment. Article 5 of Law Number 1 of 2011 concerning Housing and Settlement Areas (Housing Law), explains that the state is responsible for the implementation of housing and settlement areas whose development is carried out by the government.

The government has a crucial role to play in ensuring that every citizen has access to adequate housing. Every individual has the right to live with dignity, security, and comfort. By 2023, Indonesia's total population will reach 278.696 million people who need shelter, and while the land area cannot increase. However, the reality is that many citizens, especially those with low incomes, do not have access to adequate housing. Therefore, governments have a moral responsibility to protect those rights and ensure that every individual has adequate housing. Adequate housing is a prerequisite for achieving sustainable social and economic well-being. A decent home provides a stable foundation for individuals and families, allowing them to focus on education, employment, and positive contributions to society.

## METHODOLOGY

The research method used in this research is a normative research method using a statutory approach and a case study approach related to the Criminal Fine System New Criminal Law Code That Has A View on Justice Based on Pancasila

## RESULT AND DISCUSSION

### 1. Problems Related to Housing Provision by the Government

The provision of housing by the government is a crucial aspect of ensuring that every citizen has access to adequate housing. However, in many countries, certain problems hamper government efforts to meet people's housing needs. In this essay, we will discuss some of the main problems associated with the provision of housing by the government and some possible solutions to overcome them. One of the

main problems is the lack of sufficient funds to address the existing housing shortage. The construction of decent housing requires substantial investment, and often the government budget is insufficient to meet this need. Solutions to this problem may involve increasing budget allocations for housing in annual development and the search for alternative funding sources such as public-private partnerships or international funds.

In addition, complex regulations and slow bureaucracy are also obstacles in the provision of housing by the government. Long and complicated permitting processes often slow down housing construction, even if there is funding available. Solutions to this problem may involve policy reforms to simplify the licensing process and speed up decision-making, as well as improved coordination among relevant government agencies. When governments provide housing to communities, there are often problems in the fair and efficient allocation of available resources. Sometimes, subsidized housing tends to be taken by individuals or families who don't need it urgently, while those in need remain marginalized. The solution to this problem may involve the development of clear criteria for the determination of recipients of housing assistance, as well as the implementation of an effective surveillance system to prevent abuse.

In addition, land and location problems are often obstacles to the provision of housing by the government. In dense urban areas, land available for housing development is often scarce and expensive. Solutions to this problem may involve revitalizing slums, reusing abandoned lands, and updating spatial policies that support sustainable housing development. In conclusion, the provision of housing by the government is faced with various complex and challenging problems. However, with strong commitment, appropriate policy reforms, and cooperation among government, private, and civil society institutions, many of these problems can be addressed. It is important to remember that access to adequate housing is a fundamental human right, and governments have a moral and social responsibility to ensure that those rights are fulfilled for all their citizens.

The need for adequate shelter is a fundamental human right. However, in many countries, cost constraints are a major obstacle for many individuals and families to own their own homes. This creates significant inequalities in access to adequate housing, which in turn affects the social and economic well-being of society as a whole. Therefore, it is important to explore solutions that can overcome these cost constraints and ensure more inclusive housing access for all. One solution that can be taken is to develop affordable housing provision programs. Governments can play a key role in this by providing incentives, subsidies, or tax exemptions to housing developers committed to building affordable housing for low- or middle-income people. In addition, the government can also work with the private sector and financial institutions to offer more affordable financing schemes, such as low-interest rate loans or Islamic financing.

In addition, innovative approaches in housing design can also help reduce development costs and expand housing access. For example, the use of efficient construction

technology, cheap building materials, and environmentally friendly design can reduce housing production costs. In addition, rebuilding abandoned urban areas or using wasted land effectively can also help increase the availability of affordable housing. Equally important is the importance of addressing the structural inequalities underlying inequality of access to housing. These include efforts to reduce income disparities, improve access to public services such as education and health, and strengthen social protection for the vulnerable. By addressing the root causes of this inequality, we can create a more inclusive environment where all individuals have equal opportunities to have decent homes. Cost constraints are one of the main barriers to achieving inclusive housing access for all. However, with a holistic and innovative approach, including the development of affordable housing programs, efficient design approaches, financial education, and efforts to address structural inequality, we can overcome these cost constraints and create a more just and prosperous society.

## **2. Housing Provision Policy Linked To Credit Agreement in Framework of Creating Community Wellbeing**

The provision of decent housing for the community is one of the top priorities in the socio-economic development of a country. However, often access to adequate housing is hindered by capital problems. In addressing these challenges, housing provision policies can be linked to credit agreements, which can be an effective instrument to facilitate housing access and realize overall community welfare. Credit agreements can help individuals or families who have the desire to own a home but are limited by limited funds. Through credit agreements, individuals can obtain the necessary funds to purchase or build a home without having to pay in cash in full upfront. This opens the door for more people to have access to decent housing, which in turn can improve their well-being and economic stability.

In addition, the policy of providing housing linked to credit agreements may include various incentives and facilities for borrowers. For example, the government can provide interest subsidies or guarantees for low-income borrowers to help them obtain loans with lower interest rates and more flexible repayment terms. This will ensure that access to adequate housing is not only open to those who are financially able but also to those who are in more vulnerable economic conditions. In addition, credit agreements can also be an effective instrument in mobilizing the financial resources necessary for wider housing development. Banks and other financial institutions are often important partners in housing provision, and credit agreements can help in allocating funds efficiently to strategic and sustainable housing projects. By making optimal use of available financial resources, the government can accelerate the construction of adequate housing and improve the overall welfare of the community.

Home is one of the most important needs in human life, especially in the household. In other words, the house will determine the quality of a person's life. For MBR, the government subsidy program in providing residential ownership financing is highly expected. Financing is an equalized fund or bill, therefore based on an agreement or

agreement between the bank (creditor) and another party (debtor) which requires the financed party to return the money or bill after a certain time in exchange or interest according to the agreed agreement. The type of financing system in housing provision consists of a formal financing system, which is a housing finance system whose planning, implementation, and management are carried out by the government or private sector and usually already use standard standards and are profit-oriented. Thus, to be able to make it easier for people to own houses, of course, a financing mechanism is needed through payments whose burden can be reduced through payments in installments, and a non-formal financing system, namely a housing finance system whose planning, implementation and management are carried out alone by the community, NGOs or together.

Usually the use of this system without using standard standards as in the formal financing system. In the housing finance system, especially for low-income people. Many people want to own a house but cannot make payments in cash. For this reason, there is a mechanism for buying or owning a house, making payments in installments or better known through credit within a certain time. Through payments on credit or installments, it is more affordable for the public. With the increasing need for houses, banks are very serious about working on and making these bank products. The bank's product is better known as KPR, which is financing for the general public who want to own a house. However, in general, financing support by banking institutions in providing credit to consumers prospective customers, or prospective debtors is carried out through the credit application process and through the process of analyzing the provision of credit to loans submitted based on administrative procedures that have been taken. The principles of financing analysis for credit are guidelines that must be considered by Islamic bank financing officials when conducting analysis.

Banks have very strict requirements and assessments, so this institution is very careful in lending, including mortgages. The Bank is highly exposed to credit risk given its lending-based business activities. In addition, the bank business has a high debt-to-capital ratio (highly leveraged). Any increase in the default rate of each debtor (default rate) will potentially have an impact on reducing bank capital even though the bank can make its collateral a source of capital credit to third parties. Houses based on the provision system can be grouped into two types, namely formal housing and self-help housing. Formal housing is housing built and prepared by institutions or legal entities through a licensing process under laws and regulations. Formal housing is built by contractors or developers and is widely applied in urban areas. Formal housing pays more attention to the supply side approach, where selling value is the main consideration rather than use value. Informal housing or self-help housing is housing that is prepared and built by the community itself by utilizing the resources they have. Self-help houses are built on the initiative of individual and collective communities, usually carried out by friendly community members.

Nevertheless, in linking housing provision policies to credit

agreements, keep in mind that consumer protection and financial sustainability should be a major concern. The government needs to ensure that credit agreement mechanisms do not burden borrowers with excessive financial burdens or risk causing future financial crises. In addition, there needs to be strict supervision of unethical or misleading banking practices that may harm consumers. In conclusion, linking housing provision policies with credit agreements can be an effective strategy in realizing community welfare through access to adequate housing. However, it should be noted that the implementation of this policy must pay attention to consumer protection and financial sustainability. With a careful and planned approach, this policy can be one of the important instruments in the effort to create a more prosperous and sustainable society.

Adequate housing is not just a necessity, but a human right that must be guaranteed to every individual. Major challenges remain in ensuring universal access to adequate housing. To overcome this problem, the legal construction related to the provision of housing linked to credit agreements by the government becomes an undeniable urgency. In this context, it is important to understand how crucial adequate housing is in realizing the welfare of society as a whole. Decent housing is the foundation of social and economic well-being. People who live in safe, healthy, and affordable homes tend to have better living conditions overall. By having access to adequate housing, they can focus on self-development, education, and participation in economic activities, all of which are key factors in improving the well-being of individuals and society as a whole.

Legal constructions related to the provision of housing linked to credit agreements provide a real solution to the problem of housing shortage. By facilitating access to housing loans, the government helps overcome financial barriers that often prevent people from owning their own homes. This encourages financial inclusion and allows those who previously did not have access to financing to have a decent place to live. Housing provision policies linked to credit agreements also provide a major boost to economic growth. Investment in housing construction not only creates new jobs within the construction sector but also stimulates the growth of other related sectors. It creates a positive economic cycle, increases people's purchasing power, and nourishes sustainable economic development.

However, without proper legal construction, this positive potential cannot be fully realized. Clear regulations, measurable policies, and legal protections for all parties involved are key to ensuring the effectiveness of government housing programs. A solid legal construction will ensure that housing loan agreements are fair, transparent, and beneficial for all parties involved. The urgency of legal construction regarding the provision of housing attributed to credit agreements by the government cannot be overstated. This is not only a matter of social justice, but also an investment in the well-being of society as a whole. By ensuring access to adequate housing for all individuals through appropriate credit agreement mechanisms, governments can create more stable, prosperous, and sustainable societies for generations to come.

## CONCLUSION

Based on the results of research related to housing provision policies associated with credit agreements to realize community welfare, this approach has great potential to create a positive and significant impact on the social and economic welfare of the community as a whole. In combining efforts to provide adequate housing with access to financing through credit agreements, the government can create a supportive environment for people to own their own homes, which is a key factor in improving their quality of life. In this context, these policies not only provide solutions to existing housing shortages, but also stimulate economic growth, create jobs, and promote financial inclusion. By facilitating access to housing loans, the government helps overcome financial barriers that often prevent people from owning their own homes, which in turn can improve their social and economic well-being.

In addition, this policy also opens up opportunities for the growth of the housing and property sector, which has a positive effect on overall economic growth. Investment in housing construction creates new jobs in the construction sector, as well as stimulating demand for other related goods and services, all of which help strengthen local and national economies. Nevertheless, the success of this policy largely depends on the proper construction of the law. Legal protection for all parties involved in housing credit agreements should be guaranteed, and transparency and accountability in the process should be top priorities. Strong laws will provide certainty and trust to all parties, and ensure that these programs can run smoothly and effectively.

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