

# **Establishing Autonomy of House Ownership in Low-income Society by Administering Money Saving**

**Kun Arsanti Dewi, Nurul Aini Sinta Dewi**

Department of Housing and Settlement Areas, Magelang City, Magelang, Indonesia

Persit Kartika Chandra Kirana Koorcab Rem 051 PD Jaya

[kunarsantiwardoyo@yahoo.com](mailto:kunarsantiwardoyo@yahoo.com), [daunhujan2020@gmail.com](mailto:daunhujan2020@gmail.com)

**Encep Rukhiyat Marsadi**

Communities Care for Housing and Settlements in Indonesia, Bandung, Indonesia

[emarsadi@gmail.com](mailto:emarsadi@gmail.com)

**Handini Rahayu**

Development Planning Agency at Sub-National Level, Magelang City, Magelang, Indonesia

[dinie.lila74@gmail.com](mailto:dinie.lila74@gmail.com)

**Suyamto**

Residential area, BPR Bank Magelang, Magelang, Indonesia

[syatoo.07@gmail.com](mailto:syatoo.07@gmail.com)

**Budiyono**

Department of Public Works and Spatial Planning Magelang City, Magelang, Indonesia

[budiyono.19680106@gmail.com](mailto:budiyono.19680106@gmail.com)

## **Abstract**

Housing backlog Magelang City (Indonesia) is still very high. Most of the contributors to the backlog are Low-Income society (LIS). The Magelang City Government owns three rental flats and two leased landed houses for LIS. The rental period for residential units is limited, the maximum is 6 years. After that, it is unknown where the tenant will live. Inviting residential tenants to set aside money for savings is not easy, because their income is limited and their desire to use money for tertiary needs often arises due to the consumptive culture of the community. Therefore, an invitation was made that compels tenants to save regularly and cannot be taken except for the purpose of building their own private house, so that it is hoped that after the rental period is over, they will have money for home ownership purposes. To be more enthusiastic in saving, a community was formed between residents to support each other, as well as awards for good savers. Therefore, a Cooperation Agreement was made with a bank owned by the regional government that served its money storage facility by the way the bank picked up the money, as a form of service to customers. With an approach to the community, a land plot owner was found who was willing to sell his land at a low price. And the land plots can be used for 20 units of Very Simple Houses. To overcome the insufficient budget owned by residential tenants to purchase land plots, a Cooperation Agreement was made with local government-owned banks so that they can serve land purchase loans with low interest (6%) and long payment terms (15 years). For the process of providing houses, the source of funding for Very Simple Houses (36m<sup>2</sup>) was obtained from the Central Java Provincial Government.

## **Keywords**

House ownership, Low-income society, Money saving, Government-owned bank, Rental flat belongs to government

## 1. Introduction

Low-income community requires assistance to provide them with housing. It is according to the Regulation of the Minister of Manpower of the Republic of Indonesia Number 18 of 2020 on Amendments to the Regulation of the Minister of Manpower Number 21 of 2016 on Decent Living Needs, it stipulates that the component for savings only consists of 2% of the total expenditure. This condition is exacerbated by the consumptive nature of Indonesian society. Jatmiko, BP (2015) asserts that the Financial Services Authority (OJK) stated that the Indonesian population has become increasingly consumptive and started to leave the saving habit. This is reflected in the declining Marginal Prosperity to Save (MPS) in the last three years and the growth in the Marginal Prosperity to Consume (MPC). If individuals have more money, they are more likely to use it on goods that are deemed less significant, such as purchasing a brand new cellphone or new motorbike, regardless of the installment they should do to buy these items. If no one is left to guide them, the ability to provide housing for themselves will be challenging, and consequently, the housing backlog will not diminish. Indeed, this burdens the government's task in providing housing for the community even arduous. If this situation is left unaddressed, it will lead to slums in the settlements since they can build inadequate houses without following the applicable requirements for housing.

The occupants of the flats and landed houses majorly work in the service sector, as employees of private companies and as casual day workers in government agencies. Low-Income Families living in flats and rented landed houses of the Magelang City Government are unbankable people, who need to be encouraged to save in the bank so with the savings they can own a house after their rental house period expires. It is because the maximum rental period in flats and landed houses owned by the Magelang City government is valid for 6 years.

To day, the Magelang government possesses three rental flats (Potrobangsari, Tidar Utara, and Wates-1) and two rented landed housing units (Wates -2 and Kedungsari) (Figure 1), totaling 329 residential units. In 2019, when this activity was ongoing, the number of rental flats and landed houses owned by the government only reached four with a total number of 304 residential units. The number of rented flats and landed houses of the Magelang Government was limited compared to those who wanted to lease the places. To build new flats and landed houses, the Magelang Government did not have sufficient funds since the budget was allocated used for other important activities. For this reason, the lease period of flats and landed houses was constrained so those in need could live there. Certainly, this effort cannot maximize the reduction in the housing backlog because after the rental period expires, residents will look for new housing by leasing or living with their parents or relatives due to their inability to own a house. In this case, not only the Magelang government help low-income people by providing rented flats and landed houses but also the rent expense to live in these housing units is very affordable compared to similar housing provided by non-government, this aims to facilitate the community to save money for housing preparation once the rental period is ceased. Flats and landed houses of the Magelang Government were publicly rented out to those Low-Income Families in 2016. When people applied for a residence permit, the manager of the rented flats and landed houses only appealed to prospective residents to save. In 2019, after three years of their occupancy, the reality was almost no occupants could save regularly every month. Obviously, it is very unfortunate. The money they should save was used to buy insignificant and unimportant goods.



Figure 1: Rental flats and lease landed houses that belong to Magelang City Government

### 1.1 Objectives

The purpose of this activity is to invite and assist tenants of rented flats and landed houses of the Magelang Government to save money and establish communities to concertedly look for lands that can be considered to build housing in groups.

## 2. Literature Review

IMP Center said that Saving money simply means depositing some amount from your regular income so that the saved amount can be used at the time of urgency. Important needs are often unplanned, therefore it is important to be prepared. According to Wijayati (2015), the notion of saving can be defined as a positive activity, which if instilled from an early age, it can serve as a learning tool so that children can manage expenses based on the income they have and arrange so their expenses are not beyond their incomes. Saving must be followed by commitment and consistency. In saving, it is required to be able to manage finances as well as possible, especially for those who have an average income. Ramlal (2020) suggests that any household, regardless of income, can make financial mistakes, such as spending more than they originally planned. Unfortunately, the impact of these mistakes is felt far more within a low-income household simply.

In the calculation of the Decent Living Needs, the saving component only covers 2% of the total expenditure figure which is the basis for regulating the regional minimum wage (Gajimu.com), Needless to say, this is a small figure. Therefore, in fact, Low-Income Families should manage their income so they can allocate saving for a rather large amount. For this reason, frugal living and financial arrangements need to be applied in everyday life. It is widely acknowledged that Low-Income Families are very constrained in accessing formal financial institutions such as banks or insurance. The absence of collateral is a classic excuse why formal financial institutions cannot channel their credit to Low-Income Families (Pohan et al. 2014).

The Magelang Government holds a Regional-Owned Enterprise, namely the Regional Public Enterprise BPR Bank Magelang, briefly known as Bank Magelang. As a bank funded by the Regional Government of Magelang City, Bank Magelang prepares to serve all residents of Magelang City without exception, of course, while abiding the prevailing rules so as not to pose problems in the future. The World Bank (2012) states "Providing financial services to the 2.5 billion people who are 'unbanked' could boost economic growth and opportunity for the world's poor," said World Bank Group President Robert B. Zoellick. "Harnessing the power of financial services can really help people to pay for schooling, save for a home, or start a small business that can provide jobs for others. The World Bank (2012) also said that three quarters of the world's poor don't have a bank account, not only because of poverty, but the cost, travel distance, and amount of paper work involve in opening an account. For this reason, Bank Magelang should be empowered to stimulate Low-Income Families leasing flats and landed houses to save at the bank through the innovation that attracts those to save regularly. By saving, it is expected that they will own a house because the flats or landed houses they currently live in are still under a rental status. As a primary need, a family should have a house of their own, Online Civil said that food, shelter, and clothes are the basic needs of mankind for comfortable living. Among these are highly essential. During ancient times, man used to live in dens. As the culture of mankind improved, science and technology also developed. Man utilized this technological development for building his house with all sophistication and facilities.

What is the need for housing for Low-Income Families? The most important thing for them is the existence of a building that they can use as shelter from the heat, rain, and rest. The top priority for them is the proximity of the home and the workplace (on-site), while tenure and the quality of the home are the next priority (Panuju 1999 in Indrianingrum 2012). This society is not overly concerned with the physical quality of the house, as long as it ensures the continuity of life, and they also do not see the importance of tenure rights to land and buildings (Santoso, et al. 2002 in Indrianingrum 2012). There are three segments of Low-Income Families based on their ability to access homeownership, such as Low-Income Families who already own land or houses but cannot afford to build/repair, Low-Income Families who can afford to buy a house but cannot pay off mortgages, Low-Income Families who cannot afford to buy a house at all (Directorate General of Budget Ministry of Finance, 2015).

Based on the information above, it is appropriate to say that the TNI AD (Indonesian Army) in its Territorial Development function is invited to participate in assisting the implementation of housing construction for those economically disadvantaged under TNI Service activities. The TNI service as a method of Territorial Development is the collaboration of the TNI as the main component of state defense in accelerating the implementation of humanitarian activities in order to deal with social and humanitarian problems at the request of the relevant agencies or on their initiative (Hermawan, 2021). This also corresponds to one of the eight mandatory points of the TNI, which is the eighth point that reads as an example and pioneering efforts to overcome the difficulties of the people around them (Indonesian National Army website). It is the role of the government, both central and regional, to be responsible for efforts to improve people's living standards through the program to provide decent housing, especially for Low-

Income Families (perkim.id 2021). Therefore, the collaboration between the Magelang City Government and the 0705 Magelang Kodim is suitable to provide housing for Low-Income Families.

### 3. Methods

This activity employed the Participatory Action Research - PAR method with two types, including the explanative and thematic. Explanative PAR is to facilitate the community/society to participate in analyzing needs, problems, and solutions prior to planning transformative actions. Meanwhile, thematic PAR analyzes ongoing transformative action programs, as evaluation and monitoring instruments (Junaedi 2019).

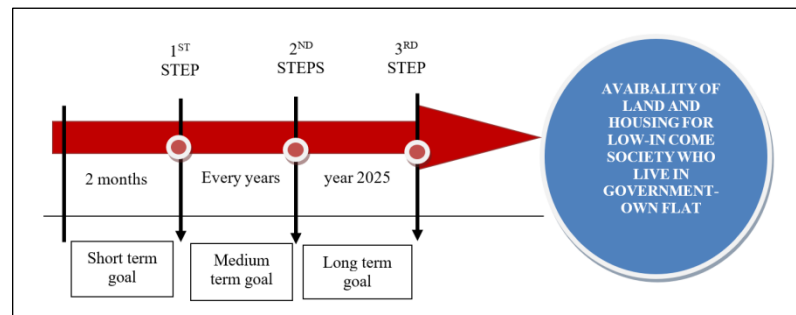


Figure 2. Grand design of steps for homeownership

The implementation of the program to invite residents of government-owned flats and landed houses to save was initiated in March 2019 utilizing a grand design of steps for homeownership consisting of 3 steps; Short Term Goal, Medium Term Goal, and Long Term Goal, each with a specified time and purpose (Figure 2).

The first step, which will be accomplished in the short-term goal, is the availability of the BUNG SUNARYA savings program which is an acronym for the *Tabungan Khusus Perencanaan Griya* (Special Saving for Griya Planning). The method used in this step is an explanatory PAR.

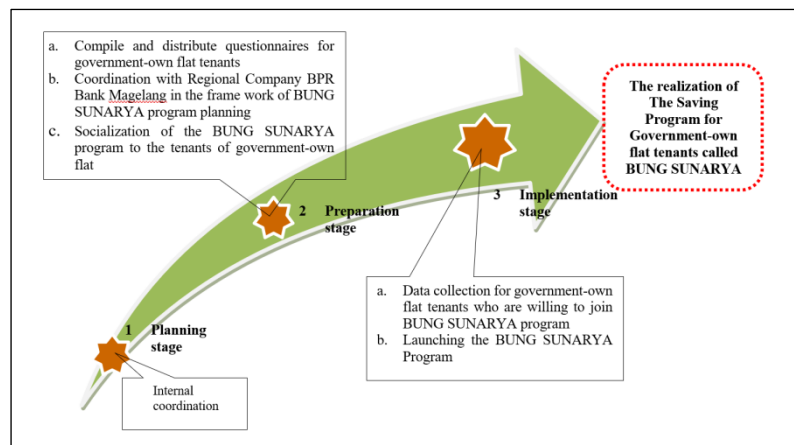


Figure 3. Road map to create a saving program (short term goal)

The Short Term Goal comprises three steps, namely Planning Stage, Preparation Stage, and Implementation Stage (Figure 3). In the Planning Stage, it was to coordinate with the team in order to ensure the implementation time. From these results, organized steps were acquired so this Short Term Goal can operate on time. Furthermore, in the Planning Stage, it was compiling and distributing questionnaires to residents of rented flats and landed houses of the Magelang Government. Questionnaires were distributed to 255 household heads who were available in houses, while the total of households are 273.

The questionnaire was prepared as an instrument to determine the residents' preparedness to save and the ability of residents to save each month so that later a decision was made on the agreed amount of savings (to get a reward). In compiling the questionnaire, the managers of rented flats and landed houses were very helpful so that the arrangement of questions in the questionnaire could be easily understood by residents. This is very understandable since the social and economic status of the occupants is included in the status of low-income families, suppose some of the questions might be difficult to understand. The questionnaire distribution was conducted on Saturday 13 April 2019. This activity was carried out on the designated day in order to avoid routine office activities and residents were expected to be available at home. Questionnaires were distributed to the residents of the rented flats and landed houses in Potrobangsari, Tidar Utara, Wates – 1, and Wates – 2 since the rented landed houses in Kedungsari had not yet been completed.

The time provided to fill out the questionnaire was two days, with the consideration that if residents did not understand how to answer the questionnaire, they could ask fellow residents or the managers of rented flats and landed houses.

The next activity was the coordination with Perumda (Regional Public Housing) BPR (Rural Bank) Bank Magelang (Figure 4) as a bank owned by the Magelang City Government who will help collect residents' savings.



Figure 4. Coordination with Bank Magelang

From the results of discussions with Perumda BPR Bank Magelang, several new ideas were obtained to attract the public to be more active in saving, such as the bank will provide a pick-up service for money saving on specified days monthly so that residents do not necessarily come to the bank themselves; for residents who regularly save every month for a year will earn a gift from the Bank Magelang; for those who save regularly a minimum of a certain amount every month for three years will have the right to extend the rent for the seventh year; Residents who save regularly a minimum of a certain amount every month for six years will have the right to extend rent for the eighth and ninth years. The amount of the minimum savings that are eligible for the reward will be discussed by both parties in an agreement.

For the saving program to be delivered properly, it is necessary to conduct dissemination to residents. Due to limited time and place, the dissemination was carried out in several stages in three locations of rented flats and landed houses and was communicated at night to ensure all residents could follow. The time for the implementation was decided by the residents, three days on 23-25 April 2019, where the place and consumption were also prepared by the residents. At the dissemination event, the benefits of saving were presented, especially step for homeownership. It also delivered the reward given if the consumer regularly saves under the consideration that is an outstanding depositor. It was explained to attract attention to save money. During the dissemination event, residents were invited to form a community to strengthen their togetherness in pursuing their dreams to have land and houses (Figure 5).





Figure 5. Socialization about Program of BUNG SUNARYA

The next step is to distribute the saving registration form to residents (Figure 6). The distribution of the registration form for saving was held on 2 May 2019, a few days after the dissemination of rewards after participating in the BUNG SUNARYA savings program. The event was held at night given that many residents could attend without interrupting their working hours from morning to evening. During the distribution of the saving registration form, there was also socialization of the benefits received by residents from the bank as the party that manages their savings, including the eligibility to attractive prizes and the main prize, a car. Participants of the BUNG SUNARYA saving program will also receive other prizes that will be held annually.



Figure 6. Shaving form sharing form Bank Magelang

To further fortify the savings program for residents of rented flats and landed houses of the Magelang City Government, the Deputy Mayor of Magelang inaugurated the initial saving process by witnessing a signature of the Cooperation Agreement between the Magelang City Housing and Settlement Service and Bank Magelang (Figure 7). In his remarks, the Deputy Mayor invited residents to seize the opportunity to save earnestly so that they could take benefits offered to those achieved depositors.



Figure 7. The signing of the memorandum of understanding between the Department of Housing and Settlement Service and Perumda BPR Bank Magelang was witnessed by the Deputy Mayor of Magelang held on 17 May 2019.

The second step, Medium Term Goals (Figure 8) contains goals that are implemented annually. Medium-Term Goals are thematic PAR. Because in this step the analysis of ongoing transformative action program was performed, as evaluation and monitoring instruments.

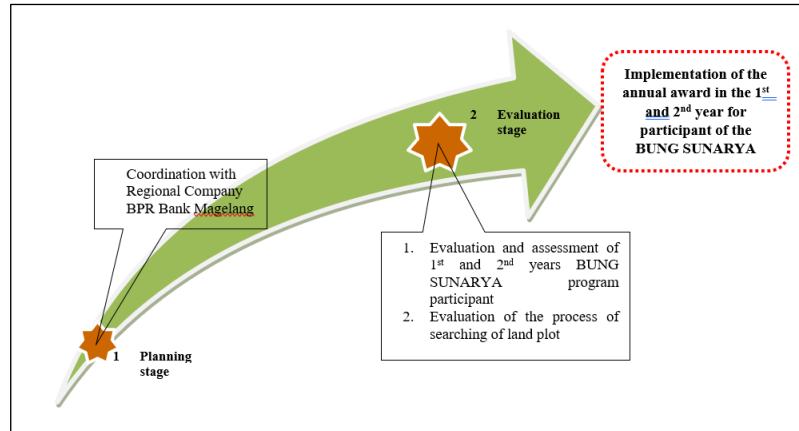


Figure 8. Road map annual evaluation (medium term goals)

The Medium-Term Goals were implemented in April 2020, at the beginning of the COVID-19 pandemic in Indonesia. This stage was carried out to evaluate the implementation of the BUNG SUNARYA program one year after the commencement. The purpose of the Medium Term Goal is to record depositors who regularly deposit the sum of the agreed amount to obtain a reward according to the conditions that have been predetermined.

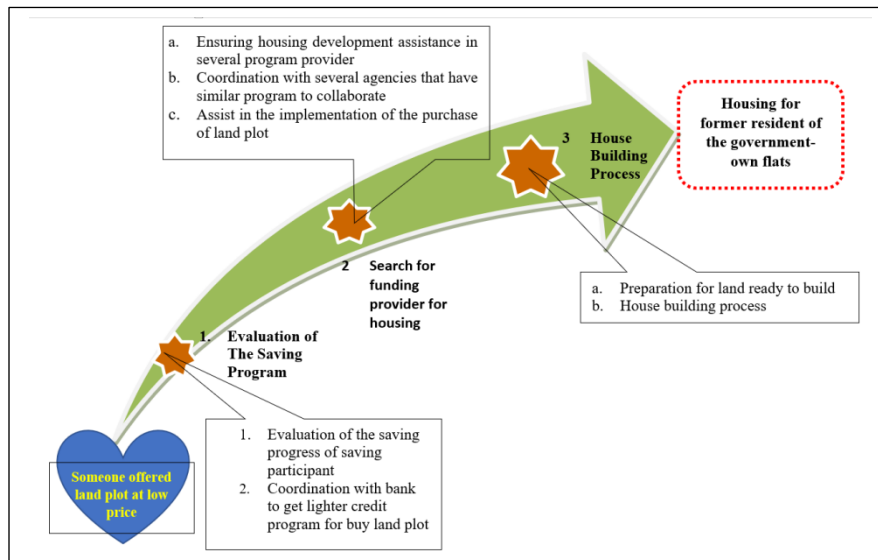


Figure 9. Road map of buying a land plot and housing building project (long term goal)

The next step is the Long Term Goal (Figure 9), the final target of this activity, which is a thematic PAR. During the onset of the Short Term Goal implementation, it is targeted that the Long Term Goal will be implemented in 2025 when residents have deposited for six years during their stay in rented flats or landed houses. However apparently, in early 2020, a resident of Magelang City who owned a plot of land in Tulung Village which was sold at a low price offered an agreement. After confirming the correctness of the information to the landowner, including information on land prices, it was a necessary step to make a site plan to investigate the number of houses that can be built in the area while considering the prevailing regulations.

From the site plan made, the land plot offered can accommodate the construction of 20 houses. Because the deposit process in the BUNG SUNARYA program had not accumulated a sufficient amount of money, the land plot could not be paid for with the total deposit. This issue should have been addressed immediately so that the land plots sold at a low price could be purchased by residents of rented flats and landed houses. With the available information in the

form of land prices and the number of plots that can be offered, coordination was managed with Bank Magelang and a notary. Notary was included under the deliberation that selling and purchasing will be assisted by the notary to the point that a land certificate for each plot will be issued. In this activity, residents of rented flats and landed houses were not included because the land plots were limited, not all of them were able to purchase the land.

After coordination, 20 units of land plots would be paid for Rp 42,000,000.00, which the payment was assisted by Perumda BPR Bank Magelang on credit for 15 years with a bank loan interest of 6% per year, making monthly installment Rp 355,000.00 and prospective creditors should have passed the Bank Indonesia assessment selection. The next step was to deliver this information to residents of rented flats and landed houses. The information was not conveyed through dissemination as usual but asked the association's management to socialize the credit program to avoid inconvenience resulting for residents who could not afford the credit since for most residents Rp 355,000.00 per month for 15 years is considered burdensome. For the affordable credit program of land ownership did not violate applicable banking regulations, a Cooperation Agreement was made between Perumda BPR Bank Magelang and the Department of Housing and Settlement Service of Magelang City.

After indirect socialization to residents regarding the existence of land for sale (the amount of land and the amount of the monthly installments were submitted), a total of 20 people who were interested in land plots were gathered through credit at the bank. After that, the financial records of the 20 depositors were observed through the Bank Indonesia Checking application. In fact, there were three ineligible people. The failure of the three people was due to the bad credit records for several months at other banks. Therefore, the remaining three lots were re-offered to residents of flats and other special housing. As a conclusion, three substitutes were found eligible to fill the slot of land plots. When the process of purchasing land plots was done, the Office of Public Housing and Settlement Service of Central Java Province stated that in 2021 stimulant assistance would be provided for the construction of new houses. Because it was a stimulant, the form of the building provided was still under construction and the lawful owner was responsible to complete the establishment of the house construction. Although the assistance was a stimulant, it was welcomed by residents as the steps to find sources of funds for house construction were also undertaken, when there was a clear statement for the process of land payments.

Furthermore, 20 prospective land purchasers were registered to obtain the assistance of a new house. With the selection process administered by the Department of Public Housing and Settlement Service of Central Java Province, 18 people out of 20 prospective buyers were chosen to receive assistance for the construction of new houses. The failure of the two people was motivated by their unrecorded status in the Integrated Social Welfare Data.

To maintain the progress of the assistance of New House Development, the cleaning process in the site and distribution of the plots were completed before the land plots were paid. The payment process for land plots consumed time because it was inherited land and should be attached by relevant documents of inheritance land.

Novelty in the implementation of the house construction assistance process was found, namely the involvement of members of the Kodim 0705 Magelang. The engagement of Kodim 0705 Magelang in this activity was to facilitate the program application, and it was welcomed by Kodim 0705 unit because it was one of the agendas of the Karya Bhakti TNI activities. Members of the Indonesian National Armed Forces (TNI) are familiarly closed to the community. The plot of land used for the house construction was located in a residential area and the road to access the location was rather difficult. People have to go through a narrow and densely populated area. It is expected that with the participation of the TNI, approaching the residents could be done efficiently so that the projected obstacles could be solved well. Along with the participation of Kodim 0705 Magelang in this activity, they also have participated in achieving one of the eight Main Duties of the TNI, which is the eighth list, and it was also included in the Karya Bhakti TNI activity Kodim 0705 Magelang (Figure 10).





Figure 10. The process of housing construction with members of Kodim 0507 Magelang in Tulung Village

#### 4. Data Collection

The residents of rented flats and landed houses of the Magelang City Government in 2019 were 290 families, comprising 94 residents in Potrobangsari flats, 94 occupants in North Tidar flats, 54 in Wates 1 Flats, and 48 households in Wates flats.

Table 1. Rental price on unit

No	Position	Rental price (Rp.)				
		Potrobangsari, 24 m <sup>2</sup>	Tidar Utara, 24 m <sup>2</sup>	Wates 1, 36 m <sup>2</sup>	Kedungsari, 27 m <sup>2</sup>	Wates 2, 27 m <sup>2</sup>
1	1 <sup>st</sup> floor	175.000,00	175.000,00	375.000,00	150.000,00	150.000,00
2	2 <sup>nd</sup> floor	175.000,00	175.000,00	350.000,00		
3	3 <sup>rd</sup> floor	150.000,00	150.000,00	325.000,00		
4	4 <sup>th</sup> floor	125.000,00	125.000,00	300.000,00		
5	5 <sup>th</sup> floor	100.000,00	100.000,00			
Note : USD 1 = ± Rp. 14.305,00 → Rp. 175.000,00 = USD 12,24						

The rental price of the same quality in sites outside the property of government is two times higher than the highest rental price (results of Housing Office survey in 2019), so if the tenants can deposit their money in their stay in a government-owned rental unit for the cost of the rent, a certain amount of money can be accumulated. Table 1 is the rental price for each flat.

Table 2. Estimated money that can be collected during tenure in the rental unit

No	Position	Rental price (Rp.)				
		Potrobangsari, 24 m <sup>2</sup>	Tidar Utara, 24 m <sup>2</sup>	Wates 1, 36 m <sup>2</sup>	Kedungsari, 27 m <sup>2</sup>	Wates 2, 27 m <sup>2</sup>
1	1 <sup>st</sup> floor	12.600.000,00	12.600.000,00	27.000.000,00	10.800.000,00	10.800.000,00
2	2 <sup>nd</sup> floor	12.600.000,00	12.600.000,00	27.000.000,00		
3	3 <sup>rd</sup> floor	14.400.000,00	14.400.000,00	28.800.000,00		
4	4 <sup>th</sup> floor	16.200.000,00	16.200.000,00	30.600.000,00		
5	5 <sup>th</sup> floor	18.000.000,00	18.000.000,00			
Note : USD 1 = ± Rp. 14.305,00 → Rp. 10.800.000,00 = USD 754,98						

In Table 2 above, the accumulated money that can be earned by residents is calculated considering that they can save money based on the rental price of a non-government house, which is twice the rent of a house with the same quality as the flats and landed houses owned by the Magelang City Government. However, this was not possible; the tenants considered it too burdensome. Finally, it was agreed that the minimum amount of monthly deposit to be eligible to extend is no less than Rp 150,000.00, which is the amount of rent for the Landed Houses Wates 2. If it is less than that amount, the money collected would be too small and residents would be unmotivated to save their money.

Table 3. Results of the questionnaire on the amount of income and place of residence after the expiration of the tenure

No	Monthly income (Rp) in millions	Σ Head of Households	Place of residence after the time of living in the flat is complete	Σ Head of Households
1	1 - 1.4	30	Own house	42

2	1.5 - 1.9	65		Rental house	107
3	2 - 2.5	85		Parent's or sibling's house	28
		177			177

Monthly income from both husband and wife could only be found in six households. The majority of residents wished to live in flats and rented houses for six years. Only five people wanted to stay for three years, and the five people answered living in their own house after the rental period expired.

Table 4. Recapitulation of the results of the questionnaire on the amount of deposit

No	Flat	Σ Distributed Questionnaire	Σ Returned Questionnaire	Will to deposit		Ability to save/ month (Rp.) in rupiah						
				Yes	No	50	100	150	200	250	300	>300
1	Wates	41	24	24	-	16	4	2	2	-	-	-
2	Tidar Utara	80	35	28	7	14	6	1	3	3	1	-
3	Potrobangsari	80	73	32	41	11	10	3	4	1	2	1
4	Wates	54	45	24	21		17	2	2	1	2	-
	Total	255	177	108	69	41	37	8	11	5	5	1

As a matter of fact, residents' interest in saving large amounts is still challenging. It can be observed from the people who deposited Rp 150,000,00, only 30 residents out of 177 returned the questionnaire or approximately 16.94%. Table 4 shows that from 177 questionnaires resubmitted, residents who are interested in saving were 108 respondents or 37.24% out of 290 residents.

## 5. Results and Discussion

### 5.1 Numerical Results

Table 5. Amount of deposit at the commencement of saving program

No	Amount of Deposit (Rp)	Number of Depositor
1	< 50.000,00	10
2	50.000,00	43
3	100.000,00	37
4	150.000,00	15
5	> 150.000,00	22
	Total	127

Table 5 presents that after the dissemination of the benefits of savings, the number of residents who wanted to save increased to 127 seen from the residents who participated in the BUNG SUNARYA program. The depositors who save more than Rp 150,000.00 increased simultaneously after the reward was announced, namely the lease extension with a minimum deposit of Rp 150,000.00/month. Meanwhile, 163 residents did not deposit anything. A total of 90 people transferred less than Rp 150,000.00 regardless of their ineligibility for an additional extension, they saved money. In the other case, 22 people who deposited more than Rp 150,000.00 expressed that their remaining money was more than Rp. 150,000, would be safely stored in the bank because if it was not transferred, they would use it to buy other unnecessary goods. Dissemination of the benefits of saving can increase people's readiness to save, especially after it was announced that there will be rewards for depositors who perform well with something that they need, extension to rent flats and landed houses.

After one year of the implementation of the savings program, it is necessary to conduct an evaluation, as well as enter the second year.

Table 6: Evaluation results of the deposit process in two years

No	Deposit amount (Rp)	$\Sigma$ Initial depositor	April 2020			April 2021		
			$\Sigma$ Depositor	Regular deposit/ Month		$\Sigma$ Depositor	Regular deposit/ Month	
				Yes	No		Yes	No
1	> 50.000,00	10	10	-	10	10	-	10
2	50.000,00	43	33	18	15	30	8	22
3	100.000,00	37	37	32	5	37	7	30
4	150.000,00	15	15	15	-	10	7	3
5	> 150.000,00	22	18	10	8	9	7	2
Total		127	113	75	38	96	29	67

The first evaluation was carried out in April 2020, in conjunction with the emergence of the COVID-19 pandemic. As a result, many residents could not continue the program because their daily income decreased significantly. The depositor declined from 127 to 113 because 14 people left the flats and landed houses. The depositors who regularly transferred a minimum of Rp 150,000.00/month remained unchanged. In April 2021, the depositor recorded 96 because 17 residents left the flats and landed houses (Table 6). All classes of depositors were affected. This happened due to declining sources of income as a consequence of the COVID-19 pandemic. The COVID-19 has had a wide impact on residents of flats and landed houses. Around 40% work in the service sector and the remaining 60% work as employees of private companies. Restrictions on community activities brought another influence as well on residents working in the service. The same experience was suffered by employees of private companies due to the reduction of working hours, thus cutting their income. This was much appreciated compared to the termination of employment (results of interviews with residents of flats and landed houses). Meanwhile, 31 families left the flats and landed houses from 2020 to 2021 because they had already found another place.

For the depositor to keep saving, prizes from Perumda BPR Bank Magelang were still announced. From the evaluation results, the rewards required review. Hence, the step taken was the assessment of saving achievement should be halted, pausing until the COVID-19 cases are diminished. The land purchase in installments was positively received by the residents, especially for those who qualified to become the landowners. For those who did not pass due to certain reasons from requirements of the Bank Indonesia checking application, this has turned into a motivation to control the finance management, especially those related to shopping for daily needs using the installment system at the bank. For residents who from the beginning were unable to participate in the selection of land purchases due to their inability to pay loans, this turned out to be another reason to be more active in saving.

## 5.2 Graphical Results



Figure 11. Comparison of savers' interests before and after socialization

Figure 11 shows a slight increase in the number of depositors after dissemination. For some savings, there was no noticeable increase. However, there was an improvement in the savings rate below Rp 50,000.00 because that number did not exist before.



Figure 12. The results of the evaluation of depositors in 2019, 2020, 2021

Figure 12 displays the decline in depositors in the second and third periods. This occurred due to the COVID-19 pandemic. Depositors below Rp 50,000.00 from the second year were no longer able to routinely save. In the second period, depositors of Rp 150,000.00 who transferred regularly remained complete. Nonetheless, entering the third period, the number of regular depositors decreased. In the third year of the saving program, all classes of depositors were affected. The clear sign of the decline in regular savings was the class of regular depositors of Rp 100,000.00, from 32 to 7 depositors.

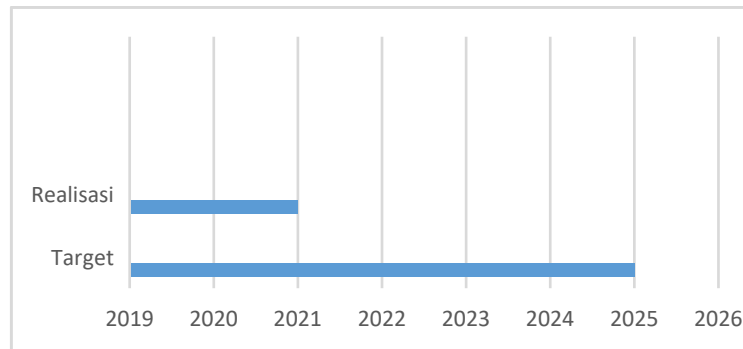


Figure 13. The display of targets that are achieved quickly.

There had been a change in the program road map. Time was faster than expected. In 2019, it was estimated that the house construction will be realized in 2025 after the resident's tenure expires. Regardless, with the availability of land that could be purchased and the government's program to provide new house construction in 2021 (Figure 13), the availability of houses for tenants of flats and landed houses would be rapid. Despite only 20 simple units being built (Figure 14).

Around 50% of the residents were interested in the BUNG SUNARYA program. It denotes that residents' awareness to save was poor. For this reason, it is necessary to stimulate residents to make them motivated. During two evaluations, the number of depositors continued to decrease, apart from leaving flats and landed houses, it was also due to the COVID-19 pandemic. At the end of 2021, 20 houses have been constructed for residents of flats and landed houses, meaning that around 10% of the residents can be facilitated by the construction of private houses with government assistance.

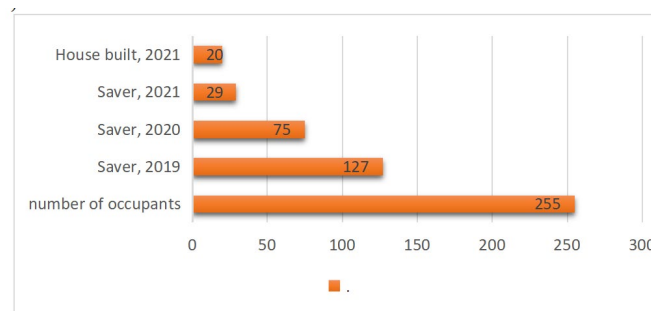


Figure 14. Graph of the BUNG SUNARYA program progress in 2021

### 5.3 Proposed Improvements

The COVID-19 pandemic has greatly affected the decline in the income of the BUNG SUNARYA program depositors, many people are not able to save money monthly. Thus, it is essential to evaluate the reward for the addition of a predetermined tenure.

Based on the initial data on the number of residents participating in the BUNG SUNARYA program, it is required to formulate new programs for tenants with the small saving scheme, including 78 tenants who can only save less than Rp 150,000.00/month. Because they will aggravate the high number of housing backlogs for the Magelang City Government after their tenure in flats and landed houses expires. They are included in the Low-Income Families segment which cannot afford to buy a house.

With the rapid construction of 21 houses, it is expected that it will attract residents to save. For other depositors, they can try to purchase land as well as new housing assistance. It is important to find a source of funding. It is projected that the Magelang City government can disburse funds for the program.

The implementation of house construction which is faster than what has been planned results in the incomplete infrastructure and facilities for housing clusters. As a consequence, the housing environment was not well-organized. It is imperative to immediately propose to the government for the provision of housing facilities and infrastructure (roads, drainage, and lighting) so that housing that has been completed can be immediately occupied.

### 5.4 Validation

The BUNG SUNARYA program which has been implemented since 2019 presents new programs that support housing activities for the Low-Income Families of Magelang City. This appeared due to the acceleration of the implementation of land purchases and the construction of housing assistance from the Province of Central Java. The land purchase occurred ahead of the target so that the residents' savings were not able to cover the purchase, emerging a new program at Perumda BPR Bank Magelang. The program, which is a low-cost Home Ownership Loan (KPR), with a low-interest rate of 6% and an installment period of 15 years, is a new program for the banking world in Indonesia. So this situation makes the Housing Offices from other cities and regencies learn from the Housing and Settlement Service Office of Magelang City and Perumda BPR Bank Magelang, as evidenced by the selection of housing for former residents of flats and landed houses in Tulung Village during the Horizontal Learning event held by the National Development Planning Agency in Magelang City on 25 – 27 October 2021 ([jatengprov.co.id](http://jatengprov.co.id)).



Figure 15. The implementation of horizontal learning by Bappenas and the visit of the Governor of Central Java at the housing site of former residents of flats and landed houses of Magelang City Government

The cooperation with Kodim 0705 Magelang in constructing houses is a new program in the house construction program from Central Java Province. On 14 January 2022, Central Java Governor Ganjar Pranowo visited the housing site. During the visit, Ganjar expressed his gratitude to the TNI for helping the process of building his house (wartamagelang.com). This news was also published in several media so that it could be acknowledged by other regency governments (Figure 15).

## 6. Conclusion

1. Saving is simple yet difficult to implement if there is no strong will with a specific purpose, especially for low-income people. Activities such as saving the need to be controlled so that low-income families are able to be disciplined in committing so. The rewards for depositors who perform well can encourage the community to be motivated in saving.
2. There is a great need for assistance from local governments in preparing housing for low-income families by utilizing the potential that exists in the community.
3. The need for cooperation between existing government institutions for activities related to the living needs of low-income families through available programs and new programs that can be immediately designed because there are many basic needs of life, in this case, is the provision of housing.
4. Local governments must take precise initiative towards policies in Regional-Owned Enterprises for the benefit of the people by the readiness to assist in administrative completeness so that they will not violate regulations.
5. The implementation of this research activity can lead to two programs that have never been implemented previously, which is the emergence of the Low-Cost Home Ownership Credit program by Perumda BPR Bank Magelang and the TNI Service Program with the Magelang City Government for handling housing for Low-Income Families.

## References

- Direktur Jenderal Anggaran Kementerian Keuangan, Peranan APBN dalam Mengatasi Backlog Perumahan Bagi Masyarakat Berpenghasilan Rendah (MBR), Available: <https://anggaran.kemenkeu.go.id/api/Medias/d5d98b36-3ed8-4b9f-9d95-b95a6e8878cf>, Accessed on January 25, 2022.
- Gajimu.com, Standar Kebutuhan Hidup Layak, Available : <https://gajimu.com/gaji/gaji-minimum/komponen-khl>, Accessed on January 15, 2022.
- Hermawan, N., Optimalisasi Penyelenggaraan Bakti TNI dalam Rangka Pemberdayaan Wilayah Pertahanan Darat, Available: <http://tniad.mil.id/optimalisasi-penyelenggaraan-baktiTNI-dalam-rangka-pemberdayaan-wilayah-pertahanan-darat>, Accessed on January 17, 2022.
- IMP Center, Saving Money: Its Meaning and Importance, Available: <http://imp.center/i/saving-money-meaning-impotance-5295/>. Accessed on January 24, 2022.
- Indrianingrum, L. Housing ownership and affordability among low-income society in the poorest sub – district of Semarang, Central Java, Indonesia, *AIP Conference Proceeding* 1818 (1), 020019, pp. 3, March 10, 2017.
- Jatengprov.co.id, Sigap Atasi Backlog Rumah, Bappenas Ajak Provinsi Lain Belajar dari Jateng, Available: <https://jatengprov.go.id/beritaopd/sigap-atasi-backlog-rumah-bappenas-ajak-provinsi-lain-belajar-dari-jateng/>, Accessed on January 25, 2022.
- Junaedi, F., Participatory Action Research, Metode Riset untuk Analisis Sosial Partisipatif, Available: <http://repository.ums.ac.id/bitstream/handle/123456789/30437/Penelitian%20tindakan%20partisipatif.pdf?sequence=1&isAllowed=y>, Accessed on January 14, 2022.



- KOMPAS.com, OJK: Orang Indonesia Makin Konsumtif, Available: <https://money.kompas.com/read/2015/08/08/110746226/OJK.Orang.Indonesia.Makin.Konsumtif>, Accessed on January 15, 2022.
- Online Civil, Importance of House in our Life, Available: <https://www.onlinecivilforum.com/site/importance-of-house/>, Accessed on January 17, 2022.
- perkim.id, Peran Pemerintah dalam Pembangunan Perumahan, Apa Saja?, Available: <https://perkim.id/perumahan/peran-pemerintah-dalam-pembangunan-perumahan-apa-saja/>, Accessed on January 25, 2022.
- Pohan H, Suroso P, Pattiwael J, Fordian D, Perilaku Menabung Kelompok Masyarakat Berpenghasilan Rendah (MBR) di Perkotaan dan Perdesaan: Sebuah kajian Awal, Available: <https://media.neliti.com/media/publications/12672-ID-perilaku-menabung-kelompok-masyarakat-berpenghasilan-rendahmbr-di-perkotaan-dan.pdf>, Accessed on January 24, 2022.
- Ramlal H., The 14 Best Budgeting Tips for Lower Income Families, Available: <https://www.creditcanada.com/blog/the-12-best-budgeting-tips-for-lower-income-families>, Accessed on January 25, 2022.
- The World Bank, Three Quarters of The World's Poor Are 'Unbanked', Available: <https://www.worldbank.org/en/news/feature/2012/04/19/three-quarters-of-the-worlds-poor-are-unbanked>, Accessed on January 15, 2022.
- wartamagelang.com, Gubernur Ganjar Kunjungi Proyek Perumahan Layak Huni Berbasis Komunitas di Kota Magelang, Available: <http://wartamagelang.com/gubernur-ganjar-kunjungi-proyek-perumahan-layak-huni-berbasis-komunitas-di-kota-magelang.html>, Accessed on January 15, 2022.
- Wijayati, H., *50 Cara Menabung yang Benar*, 1<sup>st</sup> Edition, Penerbit Quadrant, Yogyakarta, 2018.
- Website Tentara Nasional Indonesia, Delapan Wajib TNI, Available : <https://tni.mil.id/pages-7-delapan-wajib-tni.html>, Accessed on January 25, 2022.

## Biographies

**Kun Arsanti Dewi** is now serving as Secretary at the Magelang City Housing and Settlement Service, having previously served as Head of Housing and Land Division at the Magelang City Housing and Settlement Service. Formerly, from 2015 – 2017 she had been serving as Head of the Energy and Mineral Resources Division at the Magelang City Public Works Department. From 2013 to 2015, she served as Head of the General and Personnel Sub-Division and from 2010 to 2013 as Head of the Building Division at the Magelang City Public Works Department. She joined as a Civil Servant of the Magelang City Government in 2005. She graduated with a Bachelor's Degree in Architectural Engineering at Diponegoro University in 1996. After graduating, she joined a building contractor in a private company in Jakarta. Following that, from 1998 to 2005, she worked as a furniture designer for a foreign company in Semarang.

**Nurul Aini Sinta Dewi** Completed her studies at the Department of Architecture, Gajah Mada University in 2005. After that, she began to join as a Civil Servant of the Magelang City Government in 2006 as a staff of the Program Development Division until 2008. From 2008 to 2012, she was assigned as a staff of the Highways Division of the Public Works Department Magelang City. Between 2012 and 2013 as Head of the Parks Maintenance Division and 2013-2015 as Head of Program Division at the Department of Sanitation, Parks, and Spatial Planning, Magelang City. In 2015-2017 she returned to the Public Works Department of Magelang City as Head of the Building Division. In 2017-2022, she served as Head of the Housing Division. In 2022, as Functional Officer of Building and Housing Engineering.

**Encep Rukhiyat Marsadi** Completed his studies in Environmental Engineering, Winaya Mukti University, Bandung in 1995. As Chairman of the Association of Human Settlement & Housing Design Expertise from the National Settlement Development Consultant Association from 1998-present. As the Board of Trustees of the Bandung Regency Housing Care Community Forum from 2002-present. 2010-2011 as a member of the Community Assistance Staff.

**Handini Rahayu** Completed S1 Architecture from Gajah Mada University in 1998, earned her Master's Degree in Regional Planning from Gajah Mada University in 2008. Joined Civil Servant in 2003 as staff at the Magelang City Regional Planning and Development Agency. In 2009-2012 as Head of the Parks and Street Lighting Division at the Environmental Service. In 2012-2017 as Head of the Human Settlements Division of the Magelang City Public Works

Department. As Secretary of the Department of Housing and Human Settlement Service in 2017-2019, continued as Head of the Department of Housing and Human Settlement of Magelang City in 2019-2021. From 2021 to the present as Head of the Magelang City Regional Planning and Development Agency.

**Suyamto** obtained a Bachelor of Economics from the University of Semarang, in 2008-2009 he joined the Mandiri Artha Abadi Rural Bank as a sales supervisor, continued as Branch Head, and the Head of the Commercial Division continued as Human Resources Development. From 2009 to present, as Head of Marketing Department.

**Budiyono** Joined as a civil servant of Magelang City in 1990 in the Workshop Division until 1998 continued as Revenue Treasurer from 2000 to 2017 at the Public Works Office of Magelang City. From 2017 to 2020 as Head of Administration for the Technical Implementation Unit of Leased Flat in Magelang City. From 2020 to present as Head of the Technical Implementation Unit for Domestic Wastewater Management.