

# DECENTRALIZATION OF HOUSING POLICY FOR LOW-INCOME COMMUNITIES IN URBAN AREAS: AN ANALYSIS OF POLITICAL, FISCAL AND, ADMINISTRATIVE POLICY

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**Abstract.** The purpose of this study is to discuss housing decentralization policies for urban Low-Income Communities based on three decentralization issues, namely politics, fiscal, and administration, and to recommend the concept of housing decentralization as an instrument and housing policy reform. The idea of decentralization of housing policy can't be separated from various problems such as the debate over the authority of housing policy, the dependence of the regional government's housing budget on the central government, and various other obstacles. This study employed academic literature review related to decentralization studies and housing policies. The results of the study show that the three decentralization issues that are correlated with urban housing policies for Low-Income Communities have not yet fully provided an optimal impact on the realization of the ideal and desirable urban housing policies for Low-Income Communities. However, the very strong relationship between the three issues of decentralization and urban housing policy can be an important idea and recommendation to promote housing decentralization as an instrument and direction of urban housing policy reform for Low-Income Communities in Indonesia in the future.

**Keywords:** Housing policy; Indonesian; Housing Decentralization.

**[Judul: Kebijakan Desentralisasi Perumahan Bagi Masyarakat Berpenghasilan Rendah di Wilayah Perkotaan: Analisis Kebijakan Politik, Fiskal dan Administrasi].** Tujuan dari penelitian ini adalah untuk mendiskusikan desentralisasi kebijakan perumahan bagi Masyarakat Berpenghasilan Rendah (MBR) perkotaan berdasarkan tiga isu desentralisasi, yaitu politik, fiskal, dan administrasi, serta merekomendasikan konsep desentralisasi kebijakan perumahan sebagai instrumen dan reformasi kebijakan perumahan. Gagasan desentralisasi kebijakan perumahan tidak terlepas dari berbagai permasalahan seperti perdebatan kewenangan kebijakan perumahan, ketergantungan anggaran perumahan pemerintah daerah kepada pemerintah pusat, dan berbagai kendala lainnya. Metode penelitian menggunakan literatur akademik yang relevan dengan kajian desentralisasi dan kebijakan perumahan. Hasil kajian menunjukkan bahwa ketiga isu desentralisasi yang berkorelasi dengan kebijakan perumahan perkotaan bagi MBR belum sepenuhnya memberikan dampak yang optimal terhadap terwujudnya kebijakan perumahan perkotaan yang ideal dan diinginkan. Namun, hubungan yang sangat kuat antara ketiga isu desentralisasi dan kebijakan perumahan perkotaan dapat menjadi ide dan rekomendasi penting untuk mempromosikan desentralisasi perumahan sebagai instrumen dan arah reformasi kebijakan perumahan perkotaan untuk MBR Indonesia di masa depan.

**Kata kunci:** Kebijakan Perumahan; Indonesia; Desentralisasi perumahan.

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## 1. INTRODUCTION

The implementation of housing policies is still ineffective and has failed because most governments in the world have not been able to provide adequate housing, especially for Low-Income Communities in urban areas (Average, 2019). As a result, over the past three decades, countries

around the world have attempted to reform the relationship between central and local governments (Hananel, 2013) through decentralization policies in an effort to strengthen local government decision-making and lead to policies that reflect the interests and needs of local communities (Azis, 2008; Hananel, 2013).

Decentralization substantially encourages a shift in authority and responsibility from the central government to local governments (Roitman, 2016), and in Indonesia, decentralization has been carried out by giving greater responsibility to cities, and regencies governments, especially for political, administrative, and economic affairs (Miller, 2013) and has contributed to several changes and policy-making shifting from a top-down approach in housing planning and policy to a bottom-up approach focused on community development (Roitman, 2016). However, since decentralization was implemented, the development progress of provinces, cities and regencies has been very uneven, some have rapid progress, while others have deteriorated (Firman, 2010). In addition, the lack of institutional capacity, lack of competence in human resources, and limited access to finance over a long period of time cause decentralization to be less than optimal (Lee, 1999).

In its development, decentralization has become a trend used by rich and poor, large and small countries with very different histories (Sujarwoto, 2012) and has become an important chapter of public service governance in various governments around the world which has been going on for almost the last 50 years (Rodden, 2006). It is in line with the core idea of decentralization which is to encourage and increase the response of local governments to the quality and quantity of public services (Rondinelli, Nellis, & Cheema, 1983). However, decentralization is not fully effective where centralized power is still needed to solve housing problems for Low-Income Communities (Hananel, 2013) and even tends to create inequality in urban housing (Guerrero, 2020).

Empirical evidence shows that decentralization has become the main instrument for social housing, welfare, and education policies where previously power and responsibility were concentrated (Vries, 2000) although, with various capacities, decentralization policies have had a fairly successful impact on the housing sector in the Philippines (Mathema & Mawilmada, 2000).

Besides that decentralization is promoted as a way to streamline housing programs and increase efficiency through local governments in addressing

local housing problems (Schuk, 2009) and decentralization of housing funds is the most significant measure of housing and urban policy in the context of ambitious reform program implemented in Argentina during the 1990s (Zanetta, 2007).

Decentralization is the most rational and objective choice for Indonesia, which has a large and diversity population and an archipelago of more than 17,000 islands (Alm, Martinez-Vazquez, & Indrawati, 2005; Nasution, 2017). With a diversity of ethnicities, religions, languages, cultures, from Hindu rituals practiced daily on the island of Bali, to the (partial) enactment of sharia law in Aceh and the lifestyle of the Mentawai hunter-gatherers (Indonesia-Investments, 2020). Its geographic area ranges from swampy flat plains on the coast of Java to craggy mountain peaks in Irian Jaya, the vast rainforests of Kalimantan to the dry islands of East Nusa Tenggara (Hofman & Kaiser, 2004) in (Alm et al., 2005).

The journey of decentralization in Indonesia is very dynamic, starting from the changes in the regulations of Law Number 22 of 1999 to Law Number 32 of 2004, Law Number 23 of 2014, and finally to Law Number 9 of 2015 concerning Regional Government. Some of the positive impacts of decentralization can be seen such as the increasing capacity of local governments to be more responsive to public services through participatory that involves all stakeholders more efficient development, encouraging bottom-up development approaches, competition between local governments to accelerate the growth of the regional economy and improve public services at the regional level (Talitha, Firman, & Hudalah, 2020). Although there are also negative impacts of decentralization, such as the occurrence of uncontrolled regional expansion (Firman, 2013) and the risk of causing powerful power by elite actors in the regions (Hadiz & Robison, 2004).

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In fact, the focus of the Indonesian Government on housing services in urban areas for Low-Income Communities has not fully used the decentralized format, namely by giving the delegation of authority to local governments to develop a housing policy approach (Prayitno, Kusumawanto, Kristiadi, & Suryanto, 2016). This is as stated in the regulation as regulated in Law Number 9 of 2015 concerning Regional Government which states that the affair of the Low-Income Communities authority is the domain of the central government, especially in determining programs and financing, while local governments only have the authority to make program proposals and recommendations to the central government, apart from matters of Low-Income Communities relocation and natural disasters.

Meanwhile, on the other hand, the regulation of Law Number 11 the Year 2011 regarding housing and settlement areas states that local governments have the authority and responsibility together with the central government in handling urban housing for Low-Income Communities in the regions.

The impact of the two conflicting regulations has resulted in a tug of war of authority over urban housing policies for Low-Income Communities between the central and regional governments in the regions. In addition, based on research results, urban housing policies for Low-Income Communities in Indonesia have not been fully implemented in an ideal manner such as, ineffective government support and the lack of capacity of local government budget resources.

Some evidence shows that the centralized funding policy is one of the factors for the ineffective use of housing for Low-Income Communities. The case that the revitalization of the 24-26 Ilir Palembang Flats (*Rumah susun*) has not been realized using the central government budget or the National Housing Development Public Company (*Perum Perumnas*) because the budget was diverted for the construction of flats in JSC (Jakabaring Sport City) so that Low-Income Communities experienced delays in utilizing the house. stacking is a clear example of the ineffectiveness of a centralized funding policy (Radar Palembang, 2021).

The case of cessation of housing construction for low-income communities (MBR) by a number of developers who had to be stopped due to the limited quota of the Housing Financing Liquidity Facility (FLPP) by the central government has caused a decline in the credibility of developers, and hampered consumers who are ready to occupy housing and prepare their income for housing of the house (Kabar bisnis, 2010). The delay in completing the construction of simple rental flats (*Rusunawa*) at the cost of the State Revenue and Expenditure Budget (APBN) specifically for Low-Income Communities in the Tanah Bumbu Regency, South Kalimantan for 8 months due to the limited central government budget, supervision and transparency has caused Low-Income Communities delays to occupy rental flats (Suara Publik News, 2018).

On the other hand, the impact of the central government's funding policy on the availability of MBR *Rusunawa* in the area of the Sultan Thaha Syaifudin Regional General Hospital Jambi Province has led to the non-optimal use of *Rusunawa* (Metro Jambi, 2019). Therefore, the idea of promoting housing decentralization as an instrument and direction for future urban housing policy reforms for Indonesian Low-Income Communities is a necessity.

We all understand that decentralization is a classic issue of the public administration paradigm and since the 1990s emerged as a concept that dominates government systems in various countries including Asia and developing countries where since a decade ago decentralization became one of the important reform agendas that implemented by various countries with various impacts, potentials, nature and quality of government (Sujarwoto, 2012), although according (Shah, Thompson, & Zou, 2004) there is a debate whether public management in a country needs to implement decentralization or not, supporters of the concept of decentralization still consider it a panacea for carrying out public sector reforms, especially in developing countries.

One of the characteristics of the decentralization literature comes from various disciplines such as political scientists and public administrators, especially local government science (Conyers, 1984). The important concept of decentralization is

the interaction and relations between local and central governments in an effort to create managerial capacity of local governments that are able to ensure the level of achievement of public services in accordance with the wishes of the central government (Leemans, 1970). The meaning of decentralization according to (Rondinelli et al., 1983) is the delegation of planning, decision-making, and administrative authority from the central government to local governments, although on the other hand there are unbalanced and dominant patterns and power relations from the central government to regional governments so that according to Rondinelli, decentralization needs to be supported by a public choice approach and liberal democracy, a different opinion is expressed by (Slater, 1990) with his neo-Marxist approach who chooses a sceptical attitude that decentralization will be able to bring better benefits to the whole society. Even though there are differences between the two experts, the issues and problems of decentralization that have been put forward have things in common which are related to the distribution of power between the central and local governments (Steunenberg & Mol, 1997).

Decentralization is the transfer of power, authority, responsibility, and resources from central government units to mid-level administrative units in the regions to carry out planning, decision-making and handling of public functions (Conyers, 1986) and (Ghuman & Singh, 2013) however decentralization is not only limited to the process of handing over some central government functions to local governments, but also to a broader process of social, political and public administration reform and some empirical evidence shows the impact of decentralization on public services has increased (Ahmad, Devarajan, Khemani, & Shah, 2006) and the implementation of decentralization in various countries has been effective with a success rate of 80 percent (Manor, 1999).

Decentralization can be divided into three things, namely deconcentrating, which is defined as the transfer of authority to lower units within the central ministry or agency; delegation is the transfer of authority and responsibility for decision-making and administration to semi-autonomous central government institutions (Cheema & Rondinelli,

2007) and devolution is the transfer of authority to lower levels or sub-national units of the central government for decision-making, finance and management (Cheema & Rondinelli, 2007; Johnson, 2003; Sharma, 2006).

An important reason why decentralization is carried out was that technical officials in the regions have a better understanding of the problems and are able to overcome the limited capacity of local governments (Vries, 2000). Therefore, the focus of decentralization includes responsiveness, effectiveness, and efficiency of public services in the regions (Sujarwoto, 2012) and even though there are differences, it has a fundamental philosophical similarity, namely improving public services in the regions (Shah et al., 2004).

This study specifically aims to discuss housing decentralization as an instrument and direction of urban housing policy reform for Low-Income Communities in Indonesia. This study will also discuss urban housing policies for Low-Income Communities correlated with three decentralization issues, namely political, fiscal, and administrative (Altes, 2002). This is as stated (Rondinelli et al., 1983) in (Firman, 2009) which states that decentralization in developing countries can be divided into three types, namely political, administrative, spatial decentralization and emphasized by (Evans & Manning, 2004) that decentralization is a complex and multi-dimensional issue that influence all aspects of government, not only politics, but also administration, public services, and finance.

This article discusses decentralization of housing policy for Low-Income Communities in urban areas based on political, fiscal and administrative analysis and the concept of decentralization of housing as an instrument and direction for housing policy reform for Low-Income Communities in Indonesia.

## 2. METHODS

This study uses a literature review approach. This approach aims to analyze any selected literature – whether it represents qualitative, quantitative or mixed research consisting of multiple data sources such as article sources, theories or conceptual

frameworks (Onwuegbuzie, Leech, & Collins, 2012). The data collection technique was carried out in June 2021–September 2021 through searching various sources and literature, both from housing policy theory, decentralization based on political, fiscal, administrative, financial and low-income issues. In addition, several government regulations and newspaper reports were searched to complete the data analysis. The literature review comes from scientific papers and articles published from 1970 to 2020.

In order to be able to provide an overview of the importance of decentralization of housing policy for urban Low-Income Communities based on three decentralization issues, namely politics, fiscal, and administration, and to recommend the idea of decentralization of housing policy as an instrument and reform of housing policy, this research uses thematic analysis, namely analytical technique that determines, analyzes, and arranges themes in a complete and detailed data set (Braun & Clarke, 2006).

Stages of thematic analysis include (1) Understanding the data, at this stage the researcher reads the literature actively and critically to find meaning related to the research question; (2) Prepare the initial code, at this stage the researcher provides a code for each data literature data that has been selected and is relevant to the research; (3) Searching and finding themes, namely reviewing all codes and groups that have been compiled to be paired into a theme; (4) Reviewing the theme, at this stage the researcher reviews, modifies, and develops the initial theme and ensures its relevance to the research question; (5) defining and naming themes, namely the researcher finds the 'essence' of each theme as a whole and determines the data aspects captured by each theme); (6) Compile the script, after the theme is determined and given a name, then the last stage is compiling the script.

### **3. RESULT AND DISCUSSION**

#### *3.1. Urban Housing Policy for Low-Income Communities in Indonesia in the era of Decentralization*

The implementation of decentralization in Indonesia has been started in 1999 or when Law no. 22 of 1999 concerning Regional Government and

Law no. 25 of 1999 concerning Central and Regional Financial Balance which is the first step to fix centralized government administration towards a decentralized atmosphere by providing wider autonomy to the regions (Usman, 2003). In subsequent developments, revisions were made to the Regional Government Law that occurred in 2004 and most recently in 2015 through Law Number 9 of 2015 concerning Regional Government and revisions to Law No. 25 of 1999 became Law Number 33 of 2004 concerning Financial Balance between Central and Regional Government.

The significant difference between the revised law and the previous law includes a more comprehensive description of the division of responsibilities between the central, provincial and regional / city governments; strengthening the roles of the Governor as the representative of the central government and financial management through the distribution of finances between the Government and Regional Governments proportionally, democratically, fairly and transparently by taking into account the potentials, conditions and needs of the Region.

In the context of housing policy, the existence of Law Number 1 of 2011 concerning Housing and Settlement Areas in substance forms the legal basis and government efforts to manage and regulate housing policies for Low-Income Communities which are operationalized as mandatory regional government affairs through Government Regulation No. 38 of 2007 concerning the division of government affairs between the Government, Provincial Government and Regency/City Government.

In the context of housing policy, the existence of Law Number 1 of 2011 concerning Housing and Settlements has substantially become the legal basis and the government's efforts to regulate and regulate housing policies for Low-Income Communities which are operationalized as mandatory local government affairs through Government Regulation Number 38 of 2007 concerning the Division of Government Affairs between the Government, Provincial Government, and Regency/City Government.

However, as explained in the introduction, decentralization of the urban housing policy for Low-Income Communities in Indonesia has not fully been implemented, several problems such as the conflict between the two regulations regarding the authority of housing policy in the regions, say Law Number 9 of 2015 concerning Regional Government and Law Number 11 of 2011 concerning Housing and Settlement Areas has resulted in a tug of war of authority for Low-Income Communities housing policies between the central and regional governments.

Furthermore, in this section, we will describe urban housing policies for Low-Income Communities that are correlated with three decentralization issues, political, fiscal and administrative. The important reasons for these three things are put forward because they are the dominant issues of decentralization in Indonesia, so that an in-depth analysis is needed as an alternative solution to the direction of urban housing policy for sustainable Low-Income Communities.

### *3.1.1. Political Decentralization*

The issue of political decentralization of urban housing for Low-Income Communities can be initiated by the tug of war of authority for urban housing policy for Low-Income Communities between the central and regional governments, this can be seen in two conflicting regulations, namely Law Number 9 of 2015 concerning regional government which states that affairs and the authority to provide housing for Low-Income Communities is the full responsibility and is the domain of the central government, while in Law Number 11 of 2011 concerning housing and settlement areas, local governments have the authority to carry out housing affairs for Low-Income Communities together with the central government and it is operationalized through a Government Regulation. No. 38 of 2007 concerning the sharing of Government Affairs between the Government, Provincial Government and Regency/City Government.

The impact of the conflict between the two regulations that resulted from the political process causes a very dominant intervention from the

central government through various programs implemented in the regions. This condition is one of the effects of decentralization based on political aspects (Slater, 1990) and is incompatible with the objectives of political decentralization which provide opportunities for citizens and elected representatives to have power in public decision making (Litvack & Seddon, 1999).

In addition, the impact of political decentralization that is not ideal can be seen from the limited role of local governments and only as a supporting actor for policies in the regions with the tasks and responsibilities of providing socialization programs to Low-Income Communities, granting permits, and providing land. This is a consequence of the weak bargaining position of the local government at the stage of formulating urban housing policies for Low-Income Communities and shows that the decentralization policy mechanism that is implemented is only centered on political decentralization (Davay, 1988) so it can be said that the amount of authority and power of the central government shows that the political decentralization of urban housing for Low-Income Communities has not yet been implemented in accordance with the ideal concept, which is to provide opportunities for citizens to have power and authority in making public decisions.

### *3.1.2. Fiscal Decentralization*

Fiscal decentralization is one of the instruments that must be provided in the implementation of public services through the delegation of authority from the central government to local governments to carry out regional development functions (Sow & Razafimahefa, 2015).

The aim is to increase efficiency and effectiveness in the management of regional resources (Barzelay, 1991) this confirms the view that fiscal decentralization structures are more suitable to be applied in developing countries than centralized structures (Shah, 1999).

The important essence of fiscal decentralization is the existence of authority (discretion) or the discretion of regions to allocate their budgets according to their regional needs and priorities. Two

important instruments in the context of fiscal decentralization are the authority to collect taxes (taxing power) and regional transfers (Yuna et al., 2012).

Fiscal decentralization in Indonesia had started since the Soekarno and Suharto governments. In the Reform era, fiscal decentralization began on January 1, 2001, and was regulated through Law Number 9 of 2015 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between Central and Regional Government. Understanding fiscal decentralization in Indonesia is implemented by giving autonomy to local governments to determine the size and structure of their budget expenditures (Nasution, 2017) and not in the income aspect, where fiscal decentralization from the expenditure side is interpreted as the authority of local governments to allocate expenditures according to their respective needs of each region, here the function of the central government is only to provide advice and monitoring of implementation (Haryanto, 2017).

Fiscal decentralization instruments in Indonesia include the General Allocation Fund (DAU), the profit-sharing Fund (DBH) and the Special Allocation Fund (DAK). Urban housing policy for Low-Income Communities in the context of fiscal decentralization is supported through the Special Allocation Fund (DAK) budget allocated to regions and sourced from the state budget revenue and expenditure (APBN) with the aim to increase the availability of housing that is decent and affordable, especially for Low-Income Communities. The fiscal decentralization pattern through Special Allocation Fund in the context of urban housing policy for Low-Income Communities has not yet been implemented in accordance with the objectives of fiscal decentralization, which is to improve the financial performance of regional governments (Gemmell, Kneller, & Sanz, 2013) and has not been implemented effectively and efficiently to improve economic and financial management in public services (Ebel & Yilmaz, 2002). In this case, although the Special Allocation Fund for housing has been allocated to the local government, the budget can only be used for housing programs for Low-Income Communities on a small scale and does not have a big impact on Low-Income Communities in the

regions while on the other hand, the budget capacity of the regional government is very limited.

The amount of the urban housing budget for Low-Income Communities in the regions and the lack of budget capacity of local governments make housing programs for Low-Income Communities are carried out by the central government, which has quite large funding sources for Low-Income Communities where the central government allocates a budget of 21.6 trillion consisting of four programs, namely Housing Financing Liquidity Facility (FLPP), Subsidy for Down Payment (SBUM), Savings-Based Housing Financing Assistance (BP2BT), and People's Housing Savings (CNN Indonesia, 2020, December).

The implication of this condition is the shift in the role of regional government as the main actor of housing policy to the central government. In this case, the determination of targets and target groups, the program mechanism and the location of the housing program is regulated and falls under the authority of the regional government. This shows that fiscal decentralization does not have a significant impact on economic growth in developing countries (Davoodi & Zou, 1998; Woller & Phillips, 1998) due to the large dependence of local government budgets on the central government in urban housing development for Low-Income Communities.

The great dependence of budget allocations from local governments on the central government has a negative impact on governance (Mello & Barenstein, 2000). Therefore, we suggest that an effective strengthening of the capacity of local government and innovation in housing policies is needed to overcome budget dependence. In addition, to obtain optimal results, fiscal decentralization with an adequate level of spending is indispensable in increasing the efficiency of public services (Sow & Razafimahefa, 2015) and can have a positive impact on economic growth, especially in the regions (Zhang & Zou, 1998).

### *3.1.3. Administrative Decentralization*

The essence of administrative decentralization aims to transfer authority from the central government to regional governments in decisions making related to resources and responsibilities of public

services so that administrative decentralization is often referred to as the narrowest form of decentralization and has three different characteristics, namely: 1) deconcentrating; 2) delegation and 3) divestment (Aid, 2007). Administrative decentralization attempts to redistribute authority, responsibility, and financial resources in providing public services between different levels of government. Thus it can be said that Administrative Decentralization is the transfer of responsibilities covering planning, financing, and certain public management from the central government and its agencies to operational government agencies units (Mollah, 2007).

The important issue of administrative decentralization in the context of the hierarchical administration of urban housing policies for Low-Income Communities in Indonesia can be seen from the existence of Satuan Kerja Non Vertikal Tertentu (SNVT) as representatives and an extension of the central government located in each region. Certain SNVT was formed by the Directorate General of Housing Provision of the Ministry of Public Works and Public Housing (PUPR) with the task of coordinating and supervising central government programs implemented in the regions so that it can be said that Certain Non-Vertical Work Units is not a local institution formed on the initiative of the local government as a result of decentralization.

In the context of being a fellow country in Asia and the implementation of decentralization, SNVT in Indonesia is different from local institutions that represent and provide input in the planning and budgeting process in India that are able to provide better services or institutions based on local health innovations developed in the Philippines where community participation able to increase the capacity of individuals and local communities in providing services (Ghuman & Singh, 2013).

One of the goals of placing Certain Non-Vertical Work Units is to ensure that all housing programs in the regions run well and at the same time break the bureaucratic chain. We view that the existence of Certain Non-Vertical Work Units in the regions has not been effective in ensuring the availability of housing for Low-Income Communities, the

coordination function which is the main task and responsibility of Certain Non-Vertical Work Units is still experiencing various obstacles such as the difficulty of licensing housing land in the regions and the difficulty of accessing Low-Income Communities to get a House Ownership Credit (KPR) at banks. In addition, in the context of bureaucracy and administration in the regions, the existence of Certain Non-Vertical Work Units has created bureaucratic limits for urban housing programs for Low-Income Communities in the regions and has further strengthened the distrust of the central government towards local governments and resulted in the impact of the position of local governments being only subordinate, having limited authority and only implementing housing programs based on guidance and directions from the central government.

The three issues of decentralization that have been described with various complexity of problems are challenges that must be faced by the central and local governments in the era of decentralization. Therefore, we are of the view that pushing the housing decentralization policy is a necessity and an important part of the goals of urban housing policy for Low-Income Communities in Indonesia in the future.

### *3.2. Housing Decentralization as an Instrument and Direction for Housing Policy Reform for Low-Income Communities in Indonesia*

Decentralization is a process of transforming governance is not something that is easy to realize, this is because there are several things that make it difficult to ideally implement decentralization such as the strong centralistic character, a limited understanding of decentralization as the delegation of authority and not the development of local government capacity (Santoso, 2010). In this case, decentralization is only centripetal (spreads into higher powers and is not centrifugal or spreads into the power of smaller government units (Leemans, 1970). India is an example of a country that has almost a population equal to that of Indonesia, has failed to implement decentralization because it was only implemented partially, the central policy was too dominant and the local government structure was weak (Murthy & Mahin, 2015).

The phenomenon described above specifically occurs in most urban housing programs for Low-Income Communities in Indonesia which are characterized by the dominance of the central government through a top-down approach so that local governments and communities do not have room to develop their capacity (Roitman, 2016). We see that there has been a difference in points of view between the central and regional governments in interpreting the substance of decentralization, especially in terms of economic and political interests, so it has an impact on changing regulations and weakens local institutions in the regions.

In addition, as described in the previous section, the contradiction of two regulations regarding the authority of urban housing for Low-Income Communities, namely between Law Number 23 of 2014 and Law Number 1 of 2011 clearly creates dualism of authority between the central and regional governments, resulting in housing programs for Low-Income Communities in the regions become ineffective. In this case, government regulation and evaluation capacity to ensure accountability and quality assurance of bureaucracy and public services (Gaus, Sultan, & Basri, 2017) have not been able to answer housing problems and even tend to create new problems.

Another problem related to the low capacity of local government budget resources, which are only able to finance housing programs for Low-Income Communities so that they only have a small impact on the community has led the housing programs in regions are done more by the government with the support of large budget resources and limited local government authority. This shows the low bargaining position of the regional government as well as only being subordinate to the central government and the low level of trust of the central government in local governments. Thus, it can be said that the patterns and relationships between regional and central government increasingly explain the assumption that the implementation of political, fiscal and, administrative decentralization cannot be carried out easily and even tends to result in urban housing policies for Low-Income Communities that are not in line with expectations.

Thus, we are of the view that a change in the pattern and power relations between the central and local governments is needed through the housing decentralization instrument which is expected to be able to overcome various problems and bridge the gap in housing regulations for Low-Income Communities, given that local governments have proportional authority and increase the capacity of local government budget resources so that has an impact on the decentralization process through changes in the pattern of power relations between the central and regional governments as well as relations between local governments. In this section, we recommend some ideas for changes to be made regarding how decentralization of housing can be implemented as follows:

- 1) Revitalization or arrangement of regulations that provide certainty for local governments to have full authority in formulating and implementing urban housing policies for Low-Income Communities in regions without dominant intervention from the central government.
- 2) Reducing the intensity and role of the central government in housing programs for Low-Income Communities in the regions. This is based on the idea that the government and the people in the regions are the ones who know best about their problems and needs
- 3) Structuring the patterns and institutional relations of vertical agencies placed by the central government in the regions.
- 4) Creating innovative local budget policies in the context of housing decentralization with a mechanism for proposing housing programs that are actually tested and directly supervised by housing stakeholders.
- 5) Active involvement of local investors in housing development in the regions in an effort to foster self-reliance and increase regional economic growth.

The decentralization of housing as a concept and an idea clearly requires a long process to be implemented. The various challenges that will be faced by various parties are certainly not impossible, therefore encouraging the commitment and political will of the central government as the holder of the greatest power is very important to dare to innovate the government system. This of course must also be supported through cooperation

with various parties, especially stakeholders in the housing policy of the central government and local governments in Indonesia.

#### 4. CONCLUSION

Urban housing policies for Low-Income Communities in Indonesia have not fully adopted the concept of decentralization. This is reflected in the policy authority which is still the domain of the central government. In this case, the delegation of authority from the central government to regional governments is still partial in nature, and is concurrent or divided in two between the central government and local governments.

On the other hand, the context of political, fiscal, and administrative decentralization has a very close relationship with the governance of urban housing policies for Low-Income Communities and various problems have been found as a result of decentralization that is not yet ideal. We recommend the need to change patterns and power relations between the central and local governments through the housing decentralization instrument which is expected to be able to overcome various problems of urban housing policy for Low-Income Communities in the regions. The implications of this research are expected to provide benefits for urban policy actors for Low-Income Communities in Indonesia to carry out housing policy reform through housing decentralization instruments that are adapted to the social, political, and cultural dynamics of Indonesia.

The limitation of this research is that it only uses the point of view of reviewing three issues of decentralization, so that as a scientific discourse in recommending the idea of decentralization of housing so that in the future an in-depth study is needed by conducting analysis from various different points of views.

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