

Township Development by Private Sector: Lesson Learned from Greater Jakarta

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Abstract

High urbanization rate in Indonesia become a huge challenge for Indonesia nowadays. It is predicted that in 2025, 68% of Indonesia's population will live in urban area. Jakarta is the most challenging city for controlling urbanization. As the Capital City of Indonesia, nowadays Jakarta has 11 million population, and almost 30 millions population in Jakarta greater area makes Jakarta became the world's second largest urban area.

As cities become more crowded, many cannot support inhabitants' basic needs like housing. The township development outside Jakarta becoming a huge project for the government of Indonesia and private sector. Today, in Greater Jakarta area itself, there are 33 township development project since early 80's, which is mostly developed by private sector. Township development become a new resident area and center of economic growth. This is why high urbanization rate in Indonesia is also followed by a historic transformation of Indonesia economy. From rural – agriculture to urban – services economy.

Township development outside Jakarta is also creates a more challenging development phase: connectivity between Jakarta and township at greater Jakarta and also a public – private partnership in developing new township.

Keywords:

Township Development, Urbanization, Greater Jakarta Area

1. Introduction

High urbanization rate in Indonesia increased tremendously following the country's rapid development by rural – urban migration. In 1950, 15% of Indonesia's population lived in urban areas, in the next 40 years in 1990, later this number is doubled to 30%. The latest report in 2015, The Central Bureau of Statistics (BPS) reported that Indonesian people in urban areas has increased from 49% in 2010 to 53% in 2015. It is also projected by The Ministry of National Development Planning that in 2035, 66% Indonesian will be living in urban areas (PPN/Bappenas, 2015). This circumstance leads to socio-economic and cultural shifts and changes. Moreover, it has an impact on national and urban policies, including housing and settlement sectors.

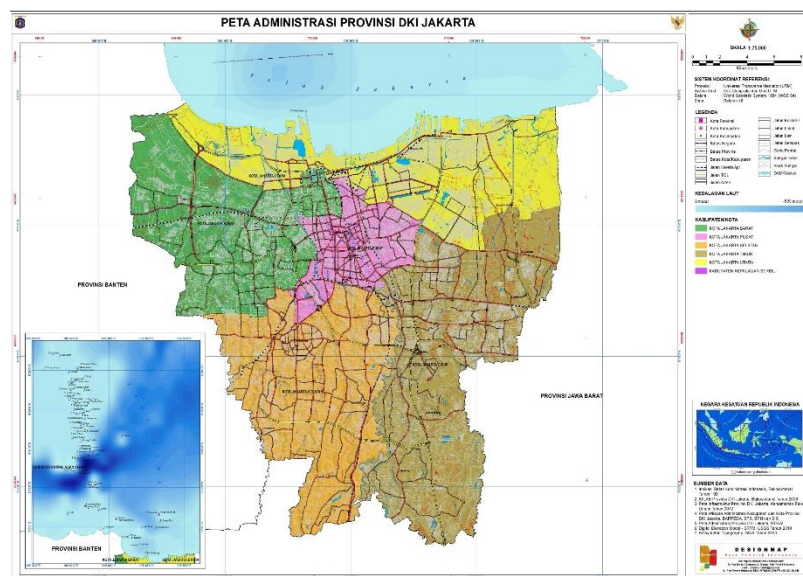
Table 1 Population Distribution in Urban and Rural Area

Source: Central Bureau of Statistics (2018)

YEAR	POPULATION LIVED IN URBAN AREAS (%)	POPULATION LIVED IN RURAL AREAS (%)
2010	49,80%	50,20%
2015	53,60%	46,40%
2035	66,60%	33,40%

Jakarta is the most challenging city for controlling urbanization. As the Capital City of Indonesia, Jakarta holds some pivotal roles for the country as well as region. The city is the centre of Indonesian national government, transportation system, and the heart of some activities such as economy, education, healthcare, culture, and tourism. As a centre of national activity, Jakarta also has been attracting many people from other areas of Indonesia to migrate to the city. According to the Central Bureau of Statistics, the rate of population growth in Jakarta during 2000-2010 was 1.41%, and in 2010 the population in Jakarta reached 9,607,787 with a density of 14,506 people/km², making Jakarta the densest province in Indonesia. Nowadays Jakarta has 11 million population, and almost 30-millions population in Jakarta greater area makes Jakarta became the world's second largest urban area.

Figure 1 Administrative Map of Special Region of Jakarta



Source: Special Capital Region of Jakarta in Figures, Central Bureau of Statistics (2018)

**Table 2 Area of Special Capital
Region of Jakarta**

Districts	Area (Km2)	%
The Thousand Islands	8.70	1.31
South Jakarta	141.27	21.33
East Jakarta	188.03	28.39
Central Jakarta	48.13	7.27
West Jakarta	129.54	19.56
North Jakarta	146.66	22.14
Grand Total	662.33	100%

Source: Central Bureau of Statistics
(2018)

Based on Globalization and World Cities Research Network (Globalization and World Cities Research Network, 2018), research conducted by University of Borough, UK, Jakarta is categorized as the Alpha World Cities, compatible to Amsterdam, Beijing, Milan, Frankfurt, and also Seoul. It means that Jakarta is an important world cities that link major economic regions and states into global economy. Jakarta is also promoted as Global City. According to A.T Kearney Global Cities Index in 2012, Jakarta ranks at 54th position among world's global cities.

As the largest city in Indonesia where urbanization is growing rapidly, people are seeking for a place to live in or at least near the city. When Jakarta itself has been fully occupied, and the land prices are getting hard to be controlled, people tend to move outside the city, which causes urban sprawl.

The overall population of the megacity of Jakarta grew in the 20th Century, from about 150.000 in 1900 to about 32 million in 2019. The megacity of Jakarta is also called Jakarta Greater Area or *Jabodetabek*, a name formed by combining the initial syllables of Jakarta, Bogor, Depok, Tangerang, and Bekasi areas.

Table 3 Regional Profile of Jakarta Greater Area

Cities	Population	Areas (km ²)	Density (people /km ²)	Population Growth (%)
DKI Jakarta	10.374.235	662,33	15.663	0,94
Kota Bogor	1.081.009	118,5	9.122	1,53
Kota Tangerang	2.139.891	165,55	13.005	2,16
Kota Tangerang Selatan	1.644.899	147,19	11.175	3,21
Kota Bekasi	2.409.083	210,49	11.445	2,5
Kota Depok	2.254.513	200,29	11.256	3,48
Kab. Tangerang	3.584.770	959,61	3.736	3,08
Kab. Bogor	5.715.009	2.663,81	2.145	2,28
Kab. Bekasi	3.500.023	1.225,00	2.748	3,81
GRAND TOTAL	32.703.432	6.234	5.246	

Source: Special Capital Region of Jakarta, Bogor, Tangerang, South Tangerang, Bekasi, Depok, Tangerang Regency, Bogor Regency, and Bekasi Regency in Figures 2018, Central Bureau of Statistics

Based of the research conducted by World Bank, Indonesia can benefit more from urbanization. I assumed that why Indonesia's benefit from urbanization is still low because Indonesia has only a little number of cities that acts as urbanization target city.

Other countries have gained higher economic growth through formal employment and better labor productivity that result from urbanization. Every 1% growth in urban

population correlated with per capita GDP increase of 13% for India, 10% for China, and 7% for Thailand. But Indonesia is gaining only 4% GDP growth for every 1% of urbanization.

Moreover, the rate of urbanization in Indonesia is negatively correlated with the supply of housing, transportation, and infrastructure. Population growth encourages fulfillment of basic infrastructure and services for all groups of people living in urban areas. Housing ownership as a basic need must be affordable for all levels of society. Uneven or unplanned provision of residential housing will cause sprawl in peri-urban areas and cause green areas to convert to urban areas, which in turn can have a negative impact on food security and the emergence of slums.

To support their daily activities, urban communities' accessibility can burden the transportation system and cause negative externalities such as congestion and pollution. The high ownership of private vehicles due to the failure to fulfill public transportation services for the community can lead to heavy traffic and causes economic loss for such city. According to the Governor of DKI Jakarta, in January 2019 there has been a Rp100 trillion pounding every year. Although there have been many government efforts to overcome traffic congestion in Jakarta, from motorcycle restrictions, odd-even license plate policies, to the development of transit oriented development (TOD) but none of these efforts has directly touched the main causes of congestion in Jakarta, namely the increase of motorized vehicles every year, not including the flow of transportation around the city of Greater Jakarta Area in and out of the city of Jakarta in the morning and evening, or during office hours.

The fulfilment of othe basic infrastructure needs causes high-financing burden for the government. Infrastructure needs such as hospitals, schools, parks, highways, flood and fire disaster management facilities, and other government supporting installations. Moreover, due to urbanization, the provision of basic infrastructure must meet certain quality standards, accommodate the needs for the elderly and persons with disabilities, and in proximity of the settlement's areas.

2. Urbanization Challenge in Greater Jakarta Area

Jakarta as a Megapolitan City involves the city/provincial governments of the surrounding areas in dividing the burden Jakarta has to bear, forming Jabodetabek as the largest urbanization destination in Indonesia. Besides accommodating a total population of 32 million in 2019, it is also home to 26 million vehicles, based on the Jabodetabek Transportation Management Agency (BPTJ) in 2019. The total number of people traveling to-and-from the Greater Jakarta Area area increases from year to year, at least 49.5 million people commute per day in 2018. Of that number, 23.4 million people commute within the city of Jakarta, 4.67 million people commute from areas other than Greater Jakarta Area, while the other 20.02 million are Bodetabek (Bogor, Depok, Tangerang, Bekasi) residents who commutes into Jakarta city per day. With the proportion of vehicles dominated by motorbikes (75%), private vehicles (23%) and public vehicles (2%) per day puts great pressure on Jakarta and the surrounding area.

Bearing a huge burden to the city, the Jakarta Greater Area is also a hub for various activities. According to the Central Bureau of Statistics, the City of Jakarta and the surrounding area have a very large GRDP level of Rp 2,249 trillion in 2017, where DKI Jakarta Province alone contributes half of that value, in the sum of Rp 1,286 Trillion. The average GDP growth per-annum reaches 9.89%, making Jabodetabek a large economic agglomeration in Indonesia. The value of GDP produced should be sufficient in providing the resources needed for the City of Jakarta and its surroundings to solve urbanization problems and fulfill the basic needs of its people.

Table 4 Gross Domestic Product of Region (GDPR) of Jabodetabek Region in Rp Million

Jakarta Greater Area	Gross Domestic Product Of Region (GDPR) (Rp Million)	GDPR Growth (%)
DKI Jakarta	1.286.668.000,00	10,29
Kota Bogor	38.506,50	26,51
Kota Tangerang	149.420.370,00	5,91
Kota Tangerang Selatan	68.317.150,00	11,20
Kota Bekasi	83.327.640,00	5,73
Kota Depok	58.344.490,00	6,65
Kab. Tangerang	119.293.279,63	9,10
Kab. Bogor	201.385.790,00	5,96
Kab. Bekasi	282.468.808,60	7,68
TOTAL	2.249.264.035	9,89

Source: Special Capital Region of Jakarta, Bogor, Tangerang, South Tangerang, Bekasi, Depok, Tangerang Regency, Bogor Regency, and Bekasi Regency in Figures 2017, Central Bureau of Statistics

The level of income per capita or the average income of the population in Jabodetabek Region is Rp. 145.49 million based on 2017 BPS data. The largest per capita GRDP is owned by Central Jakarta City, Rp. 641 million or 11.05 times greater than Indonesia's per capita GDP in the same year. While the lowest per capita GRDP is owned by the City of Depok with Rp. 25.88 million. The per capita GRDP in the Jabodetabek area, which is above the national average, is mostly the contribution of the DKI Jakarta province, while the contribution from surrounding cities is only a small portion of the proceeds obtained by the Jakarta Province.

Table 5 Gross Domestic Product of Region (GDPR) per capita of Jabodetabek Region in Rp Million

Jakarta Greater Area	GDP Per Capita (Rp Million)
Kep Seribu	303,10
Jakarta Selatan	242,49
Jakarta Timur	145,87
Jakarta Pusat	641,08
Jakarta Barat	158,31
Jakarta Utara	255,31
Kota Bogor	35,62
Kota Tangerang	60,90
Kota Tangerang Selatan	41,53
Kota Bekasi	29,14
Kota Depok	25,88
Kab Tangerang	33,28
Kab Bogor	35,23
Kab Bekasi	80,75
RATA-RATA	145,49

Source: Central Bureau of Statistics, 2017

In comparison to the degree of inequality of population distribution or gini ratio in Jabodetabek, seen from the table 6, DKI Jakarta and Banten provinces have low level of inequality, which is below 0.4. Gini ratio is a measure of inequality or aggregate inequality whose numbers range from zero (perfect income equality) to one (perfect income inequality), and classified in 3 categories, namely low (<0.4), medium (0.4-0.5) and high (> 0.5). In contrast to West Java Province which has a moderate level of inequality or above 0.4. Thus, it can be said that Jabodetabek's ability to face the challenges of urbanization is at a sufficient level. Although these capabilities are on the borderline of land capacity and financial capacity in meeting the daily needs of the community.

Table 6 Gini ratio of Jabodetabek Region

PROVINCE	URBAN-RURAL GINI RATIO
DKI Jakarta	0.390
Jawa Barat	0.405
Kab. Bekasi	0,336
Kab. Bogor	0,384
Kota Bekasi	0,351
Kota Bogor	0,410
Kota Depok	0,352
Banten	0.367

Source: Central Bureau of Statistics, Various Year

Compared to other countries, based on research conducted by UN Habitat in measuring the welfare level of a city in the City Prosperity Initiative (CPI), the welfare level of Jakarta is relatively low. The CPI is based on the aspects that make up a city, starting from the ability to meet the basic needs of the population, the use of economic benefits for the welfare of the population, the quality of the environment, the implementation of policies, and the capability of government institutions. Based on a scale of 0 - 100, Jakarta was ranked 40th out of 60 cities studied by UN Habitat. In comparison to other Asean countries, Jakarta's CPI ranking is above the cities of Manila and Bangkok.

Table 7 City Prosperity Index of Jakarta

GLOBAL RANK	ASIA AND OCEANIA COUNTRY	CPI	PROSPERITY INDEX QUALITY
7	Melbourne	80,30	Very Solid
10	Sydney	79,77	Solid
15	Tokyo	77,82	Solid
19	Osaka	76,99	Solid
24	Hong Kong	73,35	Solid
33	Almaty	67,44	Moderately Solid
40	JAKARTA	57,23	MODERATELY WEAK
41	Bangkok	56,71	Moderately Weak
42	Ulaanbaatar	56,58	Moderately Weak
44	Manila	55,81	Moderately Weak
46	Abha	54,25	Moderately Weak
47	Yerevan	53,23	Moderately Weak
51	Kathmandu	46,98	Weak and Very Weak
57	Karachi	37,00	Weak and Very Weak

Source: City Prosperity Initiative Global City Report, 2015

Based on another research conducted by the Indonesian Planners Association (IAP) in the Indonesia Most Livable City Index for cities in Indonesia, when compared to the surrounding area, Jakarta scored an average level. Most Livable City Index tries to

measure from two aspects, namely the physical (such as infrastructure, infrastructure and spatial planning) and non-physical (such as the level of community participation and economic activity) in order to score the comfort level of the city as a place to settle and work. Jakarta is rated above the cities of Depok and Tangerang, but Jakarta is rated under the City of South Tangerang which is categorized in Upper tier of the most livable city group. In conclusion, the pace of urbanization is driving cities around Jakarta to help improve the level of service in order to reduce the burden on the City of Jakarta. Including occupancy expenses that Jakarta can no longer fulfill due to the scarcity and high-price of land.

Table 8 Most Livable City Index of Jakarta Greater Area

JABODETABEK	MLCI 2017	TIER 2017
DKI Jakarta	62,6	Average
Kota Bogor	63,2	Average
Kota Tangerang	61,1	Bottom
Kota Tangerang Selatan	65,4	Top
Kota Depok	61,8	Bottom

Source: Indonesia Most Livable City Index Report, 2017

3. Housing Needs in Jakarta Greater Area

According to Jones Lang LaSalle (JLL) Research Report (2018) regarding Jakarta Property Market Review Q4-2108, the availability of apartments in Jakarta is abundant, judging from the completion of several apartment towers in the Jakarta CBD area and apartments around the LRT and MRT projects which are in the marketing phase. The construction of apartments around the transportation corridor is to support the fulfillment of transit-based housing. Meanwhile, according to the Q4 2018 Market Report in Jakarta issued by Colliers International, the conditions for fulfilling occupancy in Jakarta also showed the same outcome. It is estimated that 41,677 units from 79 projects in 2019-2021 will increase the total supply to 21% over the next 3 years to reach 243,495 units. The available stock of apartments in Jakarta will also be dominated by the middle and middle-to-lower classes, with various stimulant policies from the government, it is estimated that the apartment occupancy will be well-maintained.

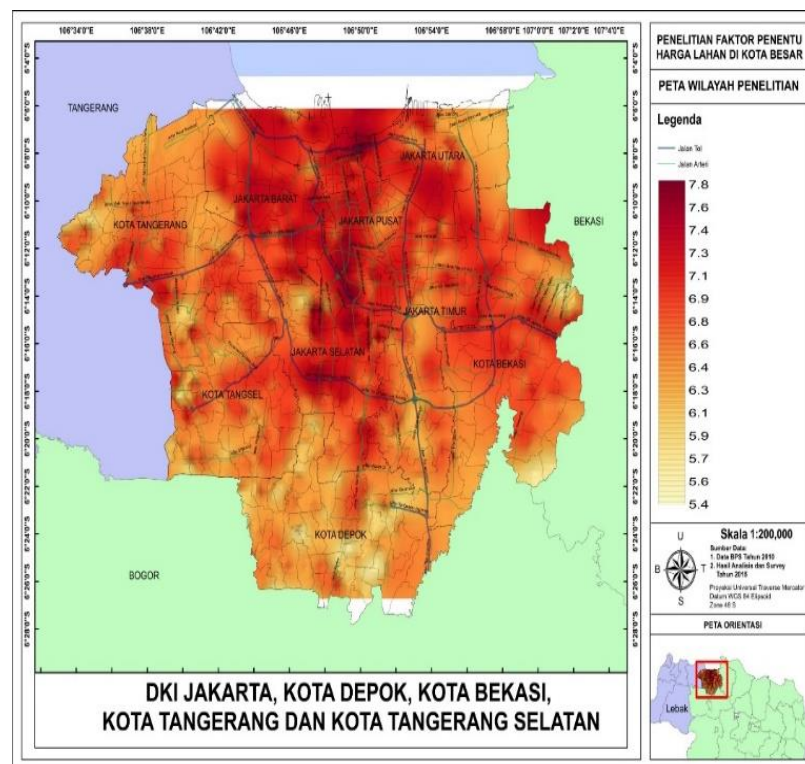
However, the diversity of people who come or settle in Jakarta as a result is different from one another, such as the diversity of the population's purchasing capability to own a house. Based on 2017 Susenas data analysis, only half of the population of DKI Jakarta (51.67%) owns property, where residents who does not own a home are concentrated in 40% of the poor. This is caused by several factors, in addition to the rate of population urbanization into the capital, limited land availability, high land prices in Jakarta, and wage of Jakarta workers whose growth does not parallel land prices. The percentage of families living in a house owned by another family or individual and does not own another house in the DKI Jakarta province, is highest when compared with other provinces, which is 43.60% (Susenas, 2017). This number is an indication of the backlog or lack of housing for residents of Jakarta. The low quality of settlements in a particular area leads to slums, a problem in the destination cities of urbanization. With such challenges, the only solution

in order for people to have permanent and habitable occupancy is, to provide new habitable housing outside the city of Jakarta.

The challenge of ownership backlogs and uninhabitable homes in Jakarta, is still major. Based on the 2015 data from the Central Statistics Agency, there are 1.276 million Jakarta residents who does not own a home. Residential needs will continue to be a challenge in the future. Estimated by 2020, there will still be a housing deficit with a backlog of 7.63 million and 2.38 million non-habitable homes nationally. Not including the addition of new families to reach 700,000 units per year.

The limited development of housing to meet the housing backlog is due to the scarcity of land and high land prices. The density of land that has been built in cities and the high price of land in urban centers ultimates to the development of settlements that convert land on the outskirts of the city from green areas to settlements, and the limited land to support settlements because it is far from water and electricity services. The average increase in land prices from 2010 to 2014 reached 24.54% in the Jabodetabek region. Map of land prices in Jabodetabek are shown in the following figure, where relatively cheap land prices are in cities around Jakarta. This has led to the development of township development to reduce the occupancy burden in Jakarta.

Figure 2 Land Price Map in Jabodetabek



Source: Winarso dkk, 2015

4. Township Development as an Innovative Solution

At the early stages of the development of Jabodetabek, Indonesia experienced a large economic development with growth in 1995 and 1997 reaching an average of 5.2 percent (Stern, 2003) and even reached 7 percent per year for more than a decade (Hill, 1996). This situation encouraged the development of land on a large scale and became one of the causes for Jakarta to develop into very large metropolitan. (Winarso, 1999; Winarso, 2002; Cybriwsky and Ford, 2001). Large-scale land development or township development, also known as the development of a "new city", united Jakarta with its periphery which became known as Jabodetabek, a very large urban area, or "megacity" (Winarso et al. 2015).

At a time when the Indonesian economy was booming, or in the 10-year period since 1986, large-scale land development has led to 20 new cities in the area of Jabodetabek (Winarso, 1999). As of now, in 2019, according to research conducted by JLL there are 33 new cities that develop large-scale housing. The total area of the new cities now amounts to 50,388 hectares in the Jabodetabek area which is mapped in the table below.

Table 9
New Cities
in the
Greater
Jakarta
Area

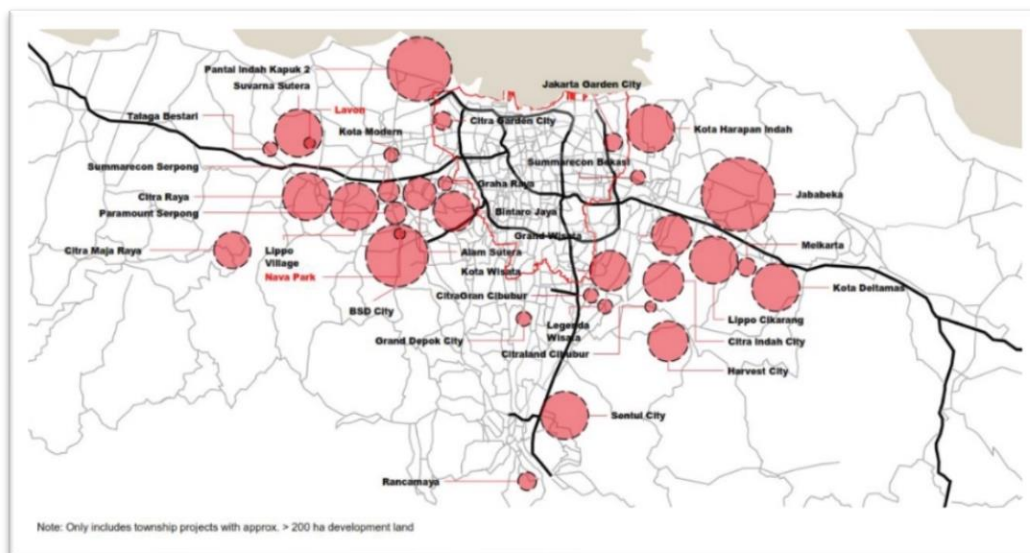
NO	TOWNSHIP	LOCATION	AREA (Ha)
1	Alam Sutera	Tangerang	700
2	Bintaro Jaya	Bintaro, Tangerang	2.321
3	BSD City	Tangerang Selatan	6.000
4	Citra Garden City	Jakarta	451
5	Citra Grand Cibubur	Cibubur	220
6	Citra Indah City	Bogor	825
7	Citra Maja Raya	Maja	2.600
8	Citra Raya	Tangerang	2.760
9	Citraland Cibubur	Cibubur	200
10	Graha Raya	Tangerang	350
11	Grand Depok City	Depok	300
12	Grand Wisata	Cibubur	1.100
13	Harvest City	Cibubur	1.050
14	Jababeka	Cikarang	5.600
15	Jakarta Garden City	Jakarta Timur	270
16	Kota Deltamas	Cikarang	3.000
17	Kota Harapan Indah	Bekasi	2.200
18	Kota Modern	Kota Tangerang	400
19	Kota Wisata	Bogor	750
20	Lavon Swan City	Tangerang	2.600
21	Legenda Wisata	Bogor	500
22	Lippo Cikarang	Cikarang	5.500
23	Lippo Village	Tangerang	1.500
24	Meikarta	Cikarang	500
25	Nava Park	BSD, Tangerang Selatan	68
26	Pantai Indah Kapuk 2	Jakarta Utara	1.000
27	Paramount Serpong	Tangerang Selatan	550

Source:
Analysis,
2019

28	Rancamaya Golf & Country Estate	Cileungsi, Bogor	400
29	Sentul City	Bogor	3.100
30	Summarecon Bekasi	Bekasi	240
31	Summarecon Serpong	Tangerang Selatan	375
32	Suvarna Sutera	Tangerang	2.600
33	Talaga Bestari	Balaraja, Tangerang	308
GRAND TOTAL			50.338

The development of new cities provides new housing opportunity for people who work or live in Jakarta and the surrounding areas. The approach to the construction of a new city is very strategic in triggering the emergence of new hubs that may potentially distribute the burden of Jakarta in meeting the needs of the community. The new cities were built by the private sector to assist the government in meeting shelter needs. In the figure below, the distribution of the 33 new cities in the Jakarta Greater Area is mapped based on the location and scale of the development. It is seen that, connectivity between the township and the city of Jakarta encourages the development of public transportation infrastructure, such as trains or inter-city buses that pass-through toll roads. Township must also be well planned, both in terms of technical planning, infrastructure and finance and connectivity with its hinterland, Jakarta. With the establishment of an effective new city, it will create a new growth center that can generate collective regional growth. Thus, it can be said that township development is a solution to the challenges of urbanization in the city of Jakarta by distributing the burden with new cities around it.

Figure 10 Township Distribution in Jabodetabek



Source: JLL Annual Report, 2018

5. Government and Private Roles in Township Development

5.1. Government Role

The government as the policy-maker, formulate strategic programs and development plan. In urban development, the Indonesian government has compiled the 2015-2045 national urban development policy and strategy (Kebijakan Strategis Pembangunan Perkotaan Nasional/KSPPN) which sets a national urban development vision to realize "Sustainable Cities and Competitiveness for Community Welfare" which are described in the following 6 missions:

1. Increasing equitable development of cities according to their roles and functions in order to reduce inequality between cities, between regions and between villages
2. Speed up the fulfillment of minimum urban service standards based on the typology and characteristics of the city
3. Build decent, safe and comfortable city dwellings, which are environmentally, societally and culturally based
4. Controlling space and urban development activities, by maintaining the capability and capacity of the city environment, as well as being responsive and adaptive to climate change and disasters
5. Build economic activities, government, and urban communities that are productive, creative and innovative, efficient and IT-based
6. Improve the quality of the implementation of urban governance that is transparent, accountable, participatory and professional

The government plays a major role in setting policies, strategies, plans and programs, both in development planning and budgeting or in preparing spatial plans. Plans for the construction of township must be accommodated in spatial plans with structures and patterns that has legal strength so as to provide long term legal certainty. The government must also provide various incentives in the form of easy business processes and permits that are fast, transparent and free of extortion.

In order to achieve the vision and mission and to put the urban development plan into realization, the government is not independently capable due to budget constraints. Therefore, the government budget allocation must be placed on strategic allocations, namely on allocations that will trigger the growth of regional development, and allocate budget for development where the private sector cannot or is not interested for taking part. In this case, the government can play a role in the construction of basic infrastructure such as roads, clean water, electricity and the construction of public facilities such as mass transportation, or in some cases in providing land for the development of the township area which can be cooperated with the private sector.

Due to the limitations of the government in terms of budgeting and technical capabilities, the government must involve urban stakeholders especially those who have access to financing and proven technical capabilities. The main stakeholders that must be involved by the government are the private sector, because the private sector has sufficient

financial resources and technical capabilities that have been tested in the construction of dozens of new cities around the Jakarta area.

5.2. Role of Private Sector

The private sector has access to funding both in the form of company internal capital funds, banking funds and public funds through the stock exchange. The technical capabilities of private developers have also been proven in building township of world-class quality, in which some has received international awards such as Bumi Serpong Damai and Alam Sutera. With these various factors, the private sector is very strategic to become a partner of the government in the construction of new cities.

The private sector has a role as the party that provides the land and create masterplan and siteplan, which must be in aligned with spatial plan set by the government. Furthermore, the private sector also has the role to find and provide funding needs for the development process. After the development funds are available, the private sector will carry out the development process in staging phases in accordance with the planned development staging. Furthermore, the private sector must also build various public facilities and social facilities in accordance with the minimum standards of service facilities. After the new city is built and has been inhabited by residents with various activities in it, the private sector must provide good management of the area in order to create a quality urban environment.

Table 11 Role of Government and Private Sectors in Township Development

Government Role	Private Role
1. Planning Strategic National Policy Planning	1. Land Provision
2. Compiling National-Reguional-Lokal Spatial Planning	2. Creating Masterplan and siteplan
3. Provide incentives; Ease of Business Process, Hasten License and Permits	3. Funding the development
4. Build basic infrastructure needs: Roads, Bridges, Water Supply, Energy Supply	4. Development Process
5. Provide Public Facilities: Public Transportation, Waste Management Facilities etc.	5. Build Public and Social Facilities: Mosques, Green Areas, etc
6. Providing Land (in some partnership scheme)	6. Estate Management

Sumber: Analysis, 2019

5.3. Future Challenges: Public and Private Partnership in Township Development

Township development has been carried out by the private sector in a dominant manner, starting from initial initiatives, ideas, concepts of planning, financing, development and estate management of the township region. The government's role is only as a regulator. Along with the increase of the urbanization and difficult urban challenges, the Indonesian government currently plans to build 10 new cities, where initial initiatives, ideas, concepts of planning, financing, development and estate management are carried out by the

government. This is certainly a challenge and raises a big question, will the government be able to realize the development of new world-class city quality independently?

Based on the experience of private developers over the past 4 decades, building new cities is a long-term project that requires large funds and long-term commitments. Without intending to undermine the government's capability, it doesn't seem appropriate if the government moves independently to build 10 new cities. Synergy and collaboration with the private sector that has the ability, experience and tested is certainly a wiser step. The government can become a regulator, enabler and in certain cases act as a provider of land for the construction of new cities. This public-private partnership can work well by mirroring and learning from previous experiences.

Nowadays, the Indonesian government plans to move capital to a new location which has yet to be determined, although based on various studies, the possibility of an alternative location is the Kalimantan Island, namely in East Kalimantan, Central Kalimantan or South Kalimantan. With an estimated budget requirement of around Rp. 466 trillion (USD 30 Billion), the budget provided by the government is around Rp. 30 trillion. The rest of these budget is realized from the cooperation of the government and the private sector as much as Rp. 340 trillion, and Rp. 95 trillion from the private sector. In this case, the government has stated that it will involve the private sector through the public private partnership scheme and pure private investment scheme. Of course, with a long history of township development experiences around megapolitan Jakarta, experienced private developers can become a strategic partner of the government in building the new capital city of Indonesia.

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