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A Comparative Analysis of Subsidized Housing Characteristics (Case Study: Banda Aceh and Palembang City)

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ABSTRACT

This study aims to identify the disparities between subsidized housing characteristics in Banda Aceh and Palembang City. Despite being categorized in the same microzonation where prices and construction standards have been set and must be adhered to, the discrepancy between these two cities' is quite glaring. Data collection was carried out through field observations and studies of legal materials. The data were then analyzed using explanatory qualitative methods which refer to Maslow's hierarchy of needs and Dimensions of Housing Characteristics and Housing Motivation. The study's findings indicate that despite of the numerous laws and regulations that the government has enacted in regards of subsidized housing, they do not always guarantee equality, especially in regards of fulfillment of minimum construction standards and infrastructure requirements as well as the pricing of subsidized housing prices in Palembang City and Banda Aceh City. Housing is a fundamental human right, and therefore this study shows how urgent the need for a change in formulation of subsidized housing policies in Indonesia. It also highlights how the economic and social factors of Banda Aceh and Palembang City play a significant role in shaping the physical characteristics of subsidized housing and thus should be a guidance in designing further policies.

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1. INTRODUCTION

With 54% of its population living in cities as of 2018, Indonesia has one of Asia's highest rates of urbanization—a figure that was projected to rise to 68% by the end of 2025. However, this rapid increase was not accompanied by economic growth in urban communities (United Nation, 2018; Worldometer, 2025). The Central Bureau of Statistics reported a significant increase in urban poverty within a single year, reaching an astounding 2.54 million individuals from September 2019 to September 2020. According to this data, the number of improvised individuals in urban regions had reached its peak since 1999 (Statistics Indonesia, 2022). Therefore, in order to create an economically viable urban community that plays a key role in boosting urban sustainability, providing cost-effective and affordable housing has become the top priority. One of the government's efforts was through a housing acquisition assistance financing program in the form of subsidized housing.

According to the Decree of the Minister of Settlement and Regional Infrastructure, Subsidized Housing, also known as *Healthy Simple Houses* (RSH), is categorized as affordable housing that allows buyers to take advantage of a mortgage with a fixed interest rate. Subsidized housing program aims to create affordable and habitable living environments for low-income households. Nevertheless, 56.75% of currently available subsidized housing fails to meet the minimum construction standards and infrastructure criteria specified in the subsidy regulation of House Ownership Credit (KPR) (Center for Housing Financing Management, 2020). In addition of that, several well-known subsidized housing projects was continued to be built further and farther away from the city center, which lacked adequate infrastructure network support and thus, resulting in urban sprawl.

Conclusive evidence of this phenomenon was discovered in Palembang City's subsidized housing units. Despite having subpar infrastructure and construction, those housing units were reasonably priced. On the other side, Banda Aceh City's subsidized housing was viewed as the contrary due to its attractive exterior design and robust infrastructure but in return, there were price differences of 40 to 80 million over the listed price—indicating that the developers' pricing and marketing were irregular. (Center for Housing Financing Management, 2020). This inconsistency became important, because according to the Decree of the Minister of Settlement and Regional Infrastructure Number 403/KPTS/M/2002 and the Regulation of the Ministry of Public Works and Housing Number 05/PRT/M/2016 concerning Building Construction Permits, Aceh and South Sumatra is grouped in the same microzonation where prices, construction standards, and infrastructure requirements have been set and must be adhered to. This is simply because Indonesia has a wide variety of building materials and cultural potential, an in such manner, each region needs a particular approach to housing management based on local potential. However, if this discrepancy persists, it will undoubtedly lead to additional issues and limitations for future subsidized housing scheme.

Thus, the aim of this study is to compare the characteristics of subsidized housing in Banda Aceh and Palembang City in order to determine how and why this discrepancy occurs. The need of taking local contexts into account while tackling similar concerns connected to housing affordability is demonstrated by the fact that Aceh and South Sumatra provinces had ranked first and third, respectively, for the provinces with the highest poverty rates on the island of Sumatra and sixth and tenth nationally (Statistics Indonesia, 2022). Moreover, this topic becomes even more compelling to be discussed given the current government's plan to implement the "Three Million Homes" program in addition of reducing the size of subsidized landed houses (Huanggrio, 2025). It is hoped that the results of this study would serve as a guide to enhance future subsidized housing development and planning in Indonesia.

2. METHODS

Understanding Maslow's hierarchy of needs and Dimensions of Housing Characteristics and Housing Motivation was the first stage of this research. According to Maslow (1943, 1954), humans are driven by several needs which can be viewed in a hierarchical manner—thus the title “Hierarchy of Needs”. The idea of a hierarchy of needs was initially presented in his paper "A Theory of Human Motivation," as well as in his later book "Motivation and Personality. It categorizes human needs into five different levels: self-actualization, esteem, love and belonging, safety and physiological needs. (Carducci, 2020; Maslow, 1943).



Figure 1. Maslow's Hierarchy of Needs
Source: (Maslow, 1943)

When associated with the context of housing planning and development, the main focus falls on the fulfillment of basic needs; specifically associated with the satisfaction of physiological demands as well as the feeling for protection and security. However, because subsidized housing has a freehold ownership status that cannot provide a guarantee of ownership, the next level—the need for affection and belonging—becomes vital. According to Harris et al. (1983), there is a connection between home dimensions and ownership motivations by applying Maslow's hierarchy of needs. The following table (**Table 1**) is a cartography of the connection between Maslow's hierarchy of requirements and Dimensions of Housing Characteristics and Housing Motivation.

Table 1. Dimensions of Housing Characteristics and Housing Motivation

Motivation Level	Dimension of Housing Characteristics		
	Physic	Social	Economic
Physiological	Sound structure offering basic facilities	Locational convenient to employment and transportation	Lowest possible cost
Safety / Security	Adequate privacy for family unit	Freedom from environmental hazards and uncertainties of rental market	Ability to exercise control over home environment
Belonging	Adequate privacy for each-individual	Socially compatible neighbors	Acceptance into community of other homeowners
Esteem	Attractive home design and landscape	Prestige address	Pride of owning asset with appreciation potential
Self-actualization	Facilities for vocational pursuit	Proximity to aesthetic, cultural, and recreational interest	Expression of commitment of specific set of values

Source: (Abadi, 2011; Harris, 1983)

Referring to the table above (**Table 1**), the second stage began with a theoretical study related to the standards and contextual provisions of subsidized housing in Indonesia. A set

of factors that highlight the features of subsidized housing in Palembang and Banda Aceh are developed utilizing the findings of the theoretical study. Most of the data were taken from applicable regulations: 1) the Decree of the Minister of Settlement and Regional Infrastructure Number 403/KPTS/M/2002 concerning Technical Guidelines for the Construction of Simple Healthy Houses; 2) Regulation of the Ministry of Public Works and Housing Number 05/PRT/M/2016 concerning Building Construction Permits; 3) Regulation of the Ministry of Public Works and Housing Number 22 of 2008 concerning Minimum Service Standards for the Public Housing Sector in Provinces and Districts/Cities; 4) Regulation of the Minister of Public Settlements and Public Housing Number 07/PRT/M/2018 concerning Self-Help Housing Stimulus Assistance; 5) Law No. 8 of 1999 concerning Consumer Protection; Regulation of the Minister of Public Works and 6) Housing Number 20/PRT/M/2019 concerning Affordability and Assistance in Home Ownership for Low-Income Communities .

The final stage was conducted by data analysis employing explanatory qualitative methods by using a specific approach to paint a picture of a phenomena, condition, or event. Exploratory research is research that is fundamental in nature and aims to obtain information, information data, and other things that are still unknown. For comparison studies, qualitative approaches are seen to be the most appropriate because they seek to uncover knowledge about an issue or subject that the researcher is not yet completely aware of or comprehended (Creswell et al., 2016; Patton, 2015; Potter, 1998; Service, 2008; World Development Report, 2022). In this research, data collection was divided into two stages: primary and secondary data collection. Primary data was obtained through personal observation of the physical structure of subsidized housing and secondary data includes several laws and decrees in addition of data from previous studies. The selected object was subsidized houses with prices closest to the microzonation standards stipulated in the Decree of the Minister of Settlement and Regional Infrastructure Number 403/KPTS/M/2002 and the Regulation of the Minister of Public Works and Public Housing Number 05/PRT/M/2016 concerning Building Construction Permits. There were two subsidized house samples taken from each city to prevent data bias.

1) Villa Bhayangkara

This housing was located in Palembang City's Kalidoni District at Residence A. Rozak Street No. 3–4. The location was an area with a moderate flood hazard level with a distance of 15–18 km to the city center. The type 36 house that was offered had land area of 73 square meters. Sold at a price of IDR 150,500,000 and a down payment of IDR 1,000,000.

2) Hanna Griya Lestari Housing

This housing was located on Monginsidi Rt. 26 Street No.131, Sematang Borang District, Palembang City. Depending on the route used, the trip took 38–41 minutes and covered 15–18 km from the city center. There was a high risk of flooding in the area. The house offered was type 36 with a land area of 83 square meters. This house was priced at IDR 140,000,000 with a down payment of IDR 1,000,000.

3) Puri Gading Surien Housing

This housing was located on the edge of the lake, Griya Indah Damai housing complex, Surien, Meuraxa District, Banda Aceh City. The location was considered flood free with a 5.8–7.3 km distance from the city center which could be travelled in 16–20 minutes, depending on the route taken. This housing offered a type of 36 with a land area of 150 square meters and was priced at IDR 210,000,000 with a down payment of IDR 80,000,000.

4) Griya Atlanta Alue Naga Housing

This housing was located Belanak Street, Syiah Kuala District, Banda Aceh City. The location was considered flood free and is 8.5–12 km from the city center with a travel time of

between 14-20 minutes. The house offered was type 36+ with a land area of 122 square meters and was sold at a price of IDR 185,000,000 with a down payment of IDR 45,000,000.

3. RESULTS AND DISCUSSION

3.1 Level: Physiological Housing Needs

The initial stage of this research was conducted by compiling the first level, Physical Housing Needs, which refers to basic human needs such as food, water, clothing, and shelter. In relation to subsidized housing, it was related to the need for basic facilities from the housing itself. According to the Decree of the Minister of Settlement and Regional Infrastructure Number 534/KPTS/M/2001, a housing complex must have a good road network, wastewater treatment, waste management, street lighting, commercial facilities, educational facilities, health service facilities, public service facilities, open space facilities, clean water facilities, electricity, telephone, and disaster management facilities. Below (Table 2) is the summarized framework of the first level:

Table 2. 1st Level: Physiological Housing Needs

Dimension of Housing Characteristics			
Physical		Social	Economic
Physiological Needs	Sound structure offering basic facilities		Lowest possible cost
	1. The construction structure of the roof, floor and walls meets safety and comfort requirements: sturdy and free of cracks.	1. Not in dispute	1. Pricing
	2. Floor area more than 7.2 square meters/person	2. According to regional spatial planning	2. Down Payment & Contract Fees
	3. There is a clean water network	3. Distance to city center	3. Provisions for Subsidized Home Ownership Credit (KPR)
	4. Functioning electrical network utilities.	4. Close to transportation facilities	
	5. Paved and functioning roads.		
	6. Completed and functioning neighborhood drainage or channels.		
	7. Functioning waste disposal and management sites.		
	8. Neighborhood security posts and community meeting places		

Source: (Abadi, 2011; Harris, 1983; Ministry of Public Works and Housing, 2001)

Both housing met the minimum floor area, the availability of clean water networks, functioning electricity network utilities, the existence of functioning waste disposal sites, and the existence of environmental security posts. However, Palembang City subsidized housing's construction standard went pale in comparison. Several damages were noticeably found, such as hairline cracks in the walls and roofs in addition of a badly damaged roads—which resulted in the decline of interest (Figure 2). This supports the latest research released by the World Bank where around 36% of subsidized housing units in Indonesia were unoccupied. It stated that the reasons of this phenomenon were due to poor basic infrastructure conditions (44%), poor construction quality (27%), and lack of electricity and clean water (17%) (World Development Report, 2022). On the other hand, subsidized housing in Banda Aceh City had a better building quality such as larger land, better infrastructure, use of durable materials, and more attractive house shapes according to the standard established in the Regulation of the Ministry of Public Works and Housing Number 22 of 2008 Concerning Minimum Service Standards for the Public Housing Sector in Provinces and Districts/Cities in year 2008.



Figure 2. Comparison of the Interior and Exterior of Subsidized Housing in Palembang City and Banda Aceh City at the Level of Fulfillment of Physiological Needs

The next dimension was the social dimension. It mostly examined the location of subsidized housing. The rationale was that, particularly from a social standpoint, the requirement for housing was also impacted by the distance between the place of employment and the available transit. Even inexpensive home may inconvenience oneself if situated too far from the city's center and workplaces because of the daily commuting and perhaps, the expenses it came with (Dewita et al., 2018).

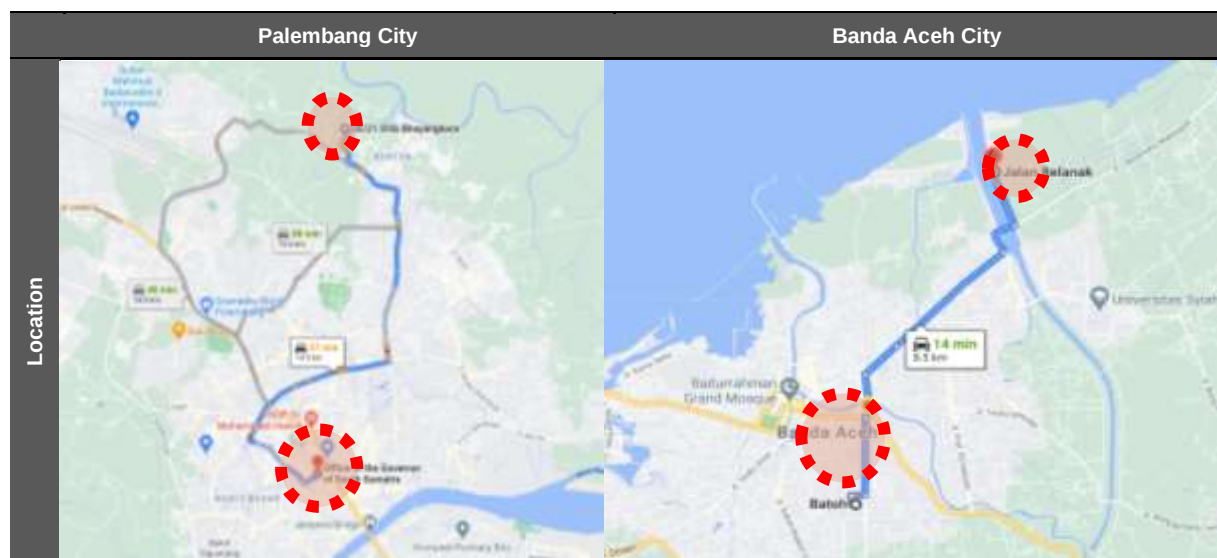


Figure 3. Comparison of Social Characteristics of Subsidized Housing in Palembang City and Banda Aceh City at the Level of Fulfillment of Physiological Needs

Source: (Google Maps, 2022)

Referring to the technical guidelines for the construction of simple healthy houses issued in the Minister of Settlement and Regional Infrastructure Decree Number 403/KPTS/M/2002,

the criteria considered in this dimension were: 1) Undisputable Land; 2) Location in accordance with regional spatial planning; 3) Distance from the city center and 4) Close to transportation facilities. Both locations are not in dispute status and in accordance with their regional spatial planning. In Palembang City, the housing is 15 km-18 km away with a travel time of around 38-40 minutes, and the distance between the housing and the main road is 0.5 km - 1 km (**Figure 3**). The third dimension refers to a person's ability to reach housing prices with the ability to pay without causing financial problems (Robinson et al., 2006). The diversity of potential building materials and culture in Indonesia requires different housing management in each region according to local potential, so that the cost of building a house can be affordable for low-income people. The basis for selecting one of the Healthy Simple House (RSH) prototypes is based on a study of Microzonation (**Table 3**).

Table 3. Microzonation of Building Materials, Geology and Architecture at Provincial and/or District/City Levels Housing

Region (Province)	Materials and natural conditions	Alternative sequence of types of houses that can be applied
Special Capital Region of Jakarta, Yogyakarta, West java, Banten, East Jawa, Central Jawa	Dry Soil, Sand	Wall (Conblock)
Aceh, South Sumatra, North Sumatra, West Sumatra, Jambi, Lampung, Bengkulu, Bangka Belitung, South Sulawesi, Southeast Sulawesi	Wet Soil, Clay	Half wall, Wall (Red Brick), Stilt Wood, Non-stilt Wood
Bali, NTB, NTT	Dry Soil	Wall (Red Brick)

Source: (Ministry of Settlement and Infrastructure, 2002)

For the cities of Palembang and Banda Aceh, the price established was around IDR 150,500,000 (**Table 4**). The price of subsidized houses in the city of Palembang was in accordance with the standards established by the Decree of the Minister of Public Works and Housing Number 242/KPTS/M/2020—which fell under IDR 150,500,000, but the provisions of the down payment and contract fees were unequal to attract consumers. The impact was many houses end up having to be confiscated because of bad credit. In the city of Banda Aceh, the price of subsidized housing was more expensive, reaching an enormous IDR 185,000,000 with a down payment of IDR 45,000,000 due to the quality of the house which designed to be equivalent that to a regular commercial house. Because the construction was gradual, the average credit was smooth so that cases of houses being confiscated by banks were very rare (Center for Housing Financing Management, 2020).

Table 4. Comparison of Economy Characteristics of Subsidized Housing in Palembang City and Banda Aceh City at the Level of Fulfillment of Physiological Needs

Microzonation	Price
Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi)	Rp 168.000.000
Outside Jabodetabek	Rp 150.500.000
Aceh, South Sumatra, North Sumatra, West Sumatra, Jambi, Lampung, Bengkulu	Rp 150.500.000
Riau Islands, Bangka Belitung, Mentawai Islands	Rp 156.500.000
Anambas Islands	Rp 168.000.000
Outside Murung Raya Regency Mahakam Ulu Regency	Rp 164.500.000
Murung Raya Regency and Mahakam Ulu Regency	Rp 168.000.000
Maluku, North Maluku, Bali and Nusa Tenggara	Rp 156.500.000
West Papua, East Papua, South Papua	Rp 168.000.000

Source: (Ministry of Settlement and Infrastructure, 2002)

In general, subsidized housing in both cities met the all the dimension quite well except for a few categories in Palembang City's subsidized housing such as minimum constructions and infrastructure as well as the remote location. For a summarized content, the 1st level's mapping can be seen in (Table 5). A few key points should be noted to make interpretation easier. First, the leftmost column was the categories and indicators of physical housing characteristic dimensions. Second, the color differences indicate whether the dimension of needs was fulfilled (*black letters*) or not fulfilled (*red letters*). And last but not least, the side-by-side comparison with only one row answer indicated the same outcome and or situation for both cities.

Table 3. Mapping of Subsidized Housing Characteristics in Palembang City and Banda Aceh City at the Level of Fulfillment of Physiological Needs

1 st Level: Physical Needs	Palembang City	Banda Aceh City
Physical: Housing is adequate and offers basic facilities that are generally needed.		
The construction structure of the roof, floor and walls meets safety and comfort requirements: sturdy and free of cracks	There are several types of damage, such as hairline cracks in the walls and roof, and the road is badly damaged, so there is little interest	The building quality is one level better, such as more land, better infrastructure, and the use of durable and attractive materials
Floor area more than 7.2 square meters per person	9 square meters (Type 36)	
There is a clean water network from local water supply utility or other functioning clean water sources	Tap Water, Water Well	Tap Water
Functioning electrical network utilities	Yes	
Paved and functioning neighborhood roads	Still under Construction	All roads are paved and in good working order
Completed and functioning neighborhood drainage or channels	Drainage is still under construction	Drainage has been completed and is functioning
Functional waste disposal and management site	Yes	
Neighborhood security posts and community meeting places	Yes	
Social: Location is suitable for work and transportation		
Not in dispute	Yes	
According to regional spatial planning	Yes	
Distance to city center	38-40 minutes from city center (15-18 km)	16-20 minutes from city center (5.8-7.3 km)
Close to transportation facilities	1-7 minutes from main road (0.5 km-1km)	1-7 minutes from main road (0.5 km-1km)
Economy: The lowest possible cost		
Pricing	IDR 140.000.000 - 150.500.000	IDR 185.000.000- 210.000.000
Down Payment & Contract Fees	IDR 1.000.000 – Rp 2.000.000	IDR 40.000.000- 80.000.000
Provisions for Subsidized Home Ownership Credit (KPR)	PT Bank Tabungan Negara (Persero) Tbk. Subsidized Mortgage Loan 20 years instalment	

3.2 2nd Level: Security and Safety Needs

At this level, the ability of housing to preserve the health and well-being of its occupants satisfies the need for security and safety. The physical dimension of the level of security and safety refers to the ability to provide privacy for every resident living in the housing. The level of privacy of a place or space can be measured using Edward T.'s proxemic theory. Proxemics is another form of explaining how a person is unconsciously involved in the structure of space or physical distance between people. In everyday interactions, there is a distance that is unconsciously created when people are active both inside and outside the home, for example

when in the family room which can be categorized as a space with an intimate distance and outside the home when using public facilities which can be categorized as a space with a social or public distance (Brown, 2001; Lascu, 2002).

Based on said theory, the types of privacy distance can be divided into 4 types, but the physical level of safety and security motive of this level was discussed with an emphasis on public and social distance. Social distance ranges from 1.2 meters at its closest point to 3.6 meters at its furthest point. This distance is also known as psychological distance, and it is an area of interpersonal space that is purposefully kept at a minimum. The findings of the observations indicated that social privacy in Palembang's housing was not quite satisfied because of the lack of proper fences and down rotten border. In Banda Aceh, however, the public and social distance was kept secure by the distinct and consistent house boundaries which fell in line to the principles of Edward T. Hall's philosophy (Brown, 2001; Dewita et al., 2018; Lascu, 2002; Winston, 2009). Below is the summarized framework of the second level:

Table 6. 2nd Level: Safety and Security Needs

Dimension of Housing Characteristics					
Physical			Social	Economic	
Safety & Security Needs	Adequate privacy for family unit			Freedom from environmental hazards and uncertainties of rental market	Ability to exercise control over home environment
	Type	Near	Far	Free from Environmental Hazards, which includes: 1) Physical hazards 2) Biological hazards 3) Chemical hazards 4) Cultural/practice-related hazards 5) Social hazards 6) And regulations related to Ease and/or Assistance in Acquiring Homes for Low-Income Communities	1) Rules related to renovation. 2) Landed Public Houses or Public Condominiums can only be rented and/or transferred in 5 cases; outside those cases, any form of selling and or renting will be considered breaking the law.
	Intimate	> 15cm	15cm-45cm		
	Personal	45cm-75cm	75cm-120cm		
	Social	1.2m-2.1m	2.1m-3.6m		
	Public	3.6m-7.5m	> 7.5m		

Source: (Abadi, 2011; Harris, 1983; Brown, 2001; Ministry of Public Works and Housing, 2001)

The next dimension is related to security from environmental hazards and the certainty of price and financing of housing. In Law Number 1 of 2011 concerning Housing and Residential Areas paragraph 5 article 101, it is clearly stated that Housing/Settlement Development is carried out to realize better conditions for houses, housing, and settlements in order to protect the safety and security of residents and the community. And also in article 104, everyone is prohibited from building, housing, and/or settlements in places that have the potential to cause danger to goods or people and a fine of 50 million rupiah and a maximum sentence of 5 years for violators in article 157. The environmental hazards referred to were a) Physical Hazard; b) Biological Hazard; c) Chemical Hazard; d) Cultural/practice-related hazard and e) Socio hazard (**Table 6**).

Physical hazard is related to the physical aspect of the environment, both from housing and the occupant's house itself. Examples of this were materials from public facilities that were not up to standard and dangerous, locations that were not permitted to build houses such as on riverbanks because they can cause flooding to the use of safe and standard materials in every house in the housing complex. Biological Hazard is a hazard that comes from animals, microorganisms, bacteria, parasites, and viruses that are in the surrounding environment. This can be seen from how the waste management system, drainage that meets standards (Alves, 2022; Winston, 2009). Chemical Hazard is a potential hazard that comes from chemicals used both in buildings and housing environments. Examples of this are non-standard house ventilation that can cause respiratory hazards, the use of unsafe building materials such as asbestos on the roof and poor waste management in housing environments.

Cultural/practice-related hazard is a hazard related to the habits or cultural behavior of people in housing complexes. For example, littering behavior. Socio hazard is a social hazard that exists in the housing community environment. An example of this aspect is tolerance in neighbors in housing. It is not uncommon to find discrimination against some people who are in the minority (Alves, 2022). Article 54 No. 4 expressly guarantees security in the certainty of housing market pricing, particularly for low-income neighborhoods, where credit, financing, and deeds of agreement will be convenient. Primary and secondary housing financing are the two methods in which Articles No. 121 and No. 122 govern the financing system through financial institutions. The term "primary financing" refers to funding that is provided by a financial organization that extends credit or in compliance with legislative requirements. On the other hand, secondary financing is funding provided by non-bank financial entities through the capital market securitization of financing assets to assist in funding the building of homes for the low-income communities.

Regarding environmental risks and market price volatility, Palembang and Banda Aceh housing differed from one another in this regard. According to the data gathered, homes in the Palembang neighborhood were located in an area that was vulnerable to flooding allegedly because of the broken drainage systems and overall bad water treatment systems. Pollution levels were also high compared to other location because it's located near a plantation and several factories. The same case couldn't be applied with Banda Aceh subsidized housing. There was no risk of pollution or other hazards, and housing in Banda Aceh was situated in a location that's protected from flood attacks. Low-income communities (MBR) control the majority of the homes in Palembang City, hence the distribution of housing was ideal. Most of the residents of Palembang housing were laborers, independent workers, and honorary employees. The majority of the homes in Banda Aceh were purchased by civil servants, who were also members of the low-income group. In Palembang, housing was typically occupied in installments with a low-down payment of up to IDR 1,000,000.00. The owner was then entitled to the house key after the DP has been paid. Some of the buildings had already been built, while others were being built piece by piece. Housing in Banda Aceh was currently subsidized and not yet habitable.

The freedom or right to control the living conditions within the housing complex was part of the economic factor at this level. In this case, the owner can choose to redesign or renovate his house. Before remodeling his property, the homeowner must, however, complete a number of requirements, one of which is to notify the financing bank of the renovation. Renovating a home is allowed as long as it is not multi-story, does not alter the building's front appearance, and the credit is operating efficiently. The only changes that could be made to the front of the house are the addition of a fence and canopy. The margin will transfer to a commercial home if the homeowner completes a complete renovation prior to the five-year credit period.

Public Landed Houses or Public Flats can only be rented and/or transferred in the following cases: a) Inheritance; b) Has been occupied for more than 5 years for Public Landed Houses; c) Has been occupied for more than 20 years for Public Flats; d) Moving residence due to socio-economic improvements; e) For the benefit of the Implementing Bank in the context of resolving problematic credit or financing. In subsidized housing in Banda Aceh, there was misuse of subsidized housing where several houses are purchased to be rented out again (mostly to students and young couples) before the 5-year period, thus clearly violating the applicable regulations. For a summarized content, the 2nd level's mapping can be seen in (Table 7).

Table 7. Mapping of Subsidized Housing Characteristics in Palembang City and Banda Aceh City at the Level of Fulfillment of Safety and Security Needs

2 nd Level: Safety and Security Needs		Palembang City	Banda Aceh City
Physical: Adequate privacy for family unit			
Social Distance	Less sufficient, because the boundaries between houses were occasionally broken.	Sufficient, because the boundaries between houses were pretty clear	
Public Distance			
Social: Freedom from environmental hazards and uncertainties of rental market			
Physical Hazard	Housing was prone to flooding because of the broken drainage systems. Pollution levels were also high compared to other location because it's located near a plantation.	Housing was not prone to flooding and tends to be safe and has a good drainage system. The waste treatment plan was also up to standard.	
Biological Hazard			
Chemical Hazard			
Cultural/Practice-related	Tends to be unsafe, especially at night.	Considerably very safe and organized.	
Social Hazards			
Housing Provision	Low-income communities (MBR), and those who buy are generally labourers, freelancers and honorary workers	Low-income communities to middle-income communities, and the majority were classified as civil servants.	
Ownership	On average, houses have been built before being marketed with a low-down payment so that prospective buyers only need to pay Rp 1,000,000 and immediately receive the keys.	Subsidized houses are usually built in stages, so there are rarely any houses that can be occupied immediately	
Economy: Ability to exercise control over home environment			
Permission to Renovate Home	Home renovation is allowed as long as the credit runs smoothly, does not change the front of the building and is not multi-storey. The front of the house that may be changed is only the addition of a canopy and fence. If you do a total renovation of the house, the margin will move to a commercial house		
	Can only be rented and/or transferred if it has been occupied for more than 5 (five) years	Misuse of subsidized houses where some houses are purchased to be rented out again (usually to students and young couples) before the 5-year period.	

3.3 3rd Level: Housing Belonging Needs

In the previous level, the availability of privacy for each housing resident has been discussed. At this level, the privacy referred to is more intimate and closer. In terms of safety needs, housing must accommodate the privacy of every resident living in the housing. The level of privacy at the belonging level includes privacy between family members and members of the house. The interactions created at this level occur at a smaller distance and the status of the information circulating is a secret that can only be known by people who are really close (Alves, 2022; Brown, 2001; Hawkey et al., 2003; Hetherington et al., 1993; Lascu, 2002; Winston, 2009) (**Table 8**).

At this level, there are two types of distances that often occur. The first is the intimate level of distance. This type of distance is a distance that only occurs between people who are really close. At this distance, even a sound like a small whisper will be heard, body heat will also be felt because there is physical contact. This is common among close family and household members where very intense interactions occur. The second is personal distance. There is no significant difference between intimate and personal apart from the distance where the personal distance is slightly further between 45 to 120 centimeters. Vocal characteristics, although not to the point of whispering, but soft voices can be heard. From the results of observations, the privacy of each homeowner in both Palembang and Banda Aceh housing is not sufficient because the area of the house is limited and there are only two rooms. For an estimate of a small family with 3-4 members, the size and division of space is

not ideal because the possibility for each resident to violate each other's privacy is quite large (Figure 4).

Table 8. 3rd Level: Belonging Needs

	Dimension of Housing Characteristics				
	Physical			Social	Economic
	Type	Near	Far		
Belonging Needs	Adequate privacy for each-individual			Socially compatible neighbors	
	Intimate	> 15cm	15cm-45cm	Good social housing life is where people enjoy reciprocal relationships and learn from each other (Johnson, 2001). If the community is homogeneous and feels compatible, the relationship that occurs will be more intensive, whereas if heterogeneous, the relationship will not be intensive regardless of the level of closeness (Gans, 1961).	
	Personal	45cm-75cm	75cm-120cm		
				Acceptance into community of other homeowners	
				Social stratification can be formed from several factors, including status (wealth), occupation, and educational attainment.	

Source: (Abadi, 2011; Harris, 1983; Brown, 2001; Ministry of Public Works and Housing, 2001)

Even though the size might be the standard to most subsidized housing, it can result in claustrophobic living situations that could affect family relationships and general quality of life. Generally speaking, a 36 square meter room is too tiny for a family and can have a detrimental effect on their wellbeing, sometimes resulting in stress and health problems. According to Handbook Germany, experts advise a minimum of 12 square meters per person over the age of six, and 10 square meters for younger children, though the exact minimum space requirements can vary. For instance, according to the rule that a child under six may require a bit less room, a family of four should ideally have at least 44 square meters (Handbook Germany, 2025).



Figure 4. Comparison of Subsidized Housing's Floor Plan in Palembang City and Banda Aceh City

This finding also provided a sound and objective perspective in viewing the current backlash against Indonesia's newest subsidized housing program—the micro-home idea. In addition to reducing the construction space from 21 square meters (226 square feet) to 18 square meters (194 square feet), Indonesia's housing officials are suggesting lowering the minimum plot size for subsidized dwellings from 60 square meters (645 sq ft) to 25 square meters (270 sq ft). According to current regulations, a residential unit must be at least 36 square meters in size—but even though the size might be allowed by law, it can result in claustrophobic living situations that could affect family relationships and general quality of life because the lack of space and distance (Huanggrio, 2025; James, 2007; Lascu, 2002).

The compatibility of other housing inhabitants is one of the social characteristics at this level. In neighborhood life in housing, good social life is characterized by reciprocal relationships that occur in the housing environment (Hawkley et al., 2003; Hetherington et al., 1993). The characteristics of individuals and society affect the level of compatibility of neighborhood life. If the community in a particular environment is homogeneous and feels compatible, the relationship that occurs will be more intensive, not just exchanging greetings. Whereas if the community is heterogeneous, the relationship will not be intensive regardless of the level of closeness (Gans, 1961). This was quite evident in the day-to-day interactions amongst Palembang City residents who live in subsidized housing. Helping one another has frequently taken the form of welcoming one another while meeting and lending each other home appliances. People in this social standing establish a close-knit family environment because of this open approach. Since the alley serves as both a public area and a grocery store, people feel as though there are hardly any borders between their neighbors; in fact, they meet more frequently and maintain social relationships with them.

The Dimension of Economy refers to social stratification, including status (wealth), occupation, and educational attainment. In terms of wealth, occupation, and education, the classification of housing from subsidized housing to middle-class to upper-class housing indirectly creates a community within the housing. Economically speaking, those in the middle class are more receptive to others. It is typically demonstrated by interaction patterns that are not exclusive to the middle class in this socioeconomic standing culture. When they have free time, they usually spend it interacting with their neighbors. For instance, they may spend time at a store only to talk to their neighbors. Socially affluent people, on the other hand, hardly ever engage with the local community. In general, this group still knows one another, although they hardly ever engage socially with the local population. As a result, compared to Palembang City, inhabitants of Banda Aceh City's subsidized housing have fewer options for acceptance and compatibility. For a summarized content, the 3rd level's mapping can be seen in (Table 9).

Table 9. Characteristics of Subsidized Housing in Palembang City and Banda Aceh City at the Level of Fulfillment of Belonging Needs

3 rd Level: Belonging Needs		Palembang City	Banda Aceh City
Physical: Adequate privacy for each-individual			
Intimate Distance	Not Sufficient because the house area is limited and there are only two rooms. For an estimate a s mall family with 3-4 members, the size and division of space is not ideal because the possibility for each occupant to violate each other's privacy is quite large.		
Personal Distance			
Social: Socially compatible neighbors			
Combability	Tend to have an open brush in their social life as neighbors, such as borrowing kitchen utensils from each other through the back door of the house.	Socially wealthy rarely interact with people in the surrounding environment.	
Economy: Acceptance into community of other homeowners			
Acceptance	Tend to be very accepting	Generally, this group still knows each other but socially they rarely interact with people in the surrounding environment	

From the results and discussions, it can be concluded that first, subsidized housing in Palembang city had a cheaper price because the quality of the building was poor, the location chosen was quite far from the city center and prone to flooding, and public facilities were still inadequate. Down payment and contract fees were also made unequal to attract consumers

because of the unbalanced comparison of demand and supply of subsidized housing. Second, Banda Aceh has higher purchasing power. On average, credit was smooth so that there were rarely cases of houses being confiscated by banks. Because supply and demand were matched, there was also less price rivalry, allowing developers to set prices higher than necessary while still selling every unit. However, there was a misuse of subsidized housing, as a number of subsidized homes in Aceh were bought and rented out before the five-year ownership requirement ended, usually to young couples and students who in a dire need of affordable housing. Third, both subsidized housing lacks the sufficient proximity in all four levels because of the space limitations due to regulations. Due to the lack of distance and space, it can lead to cramped living conditions that may negatively impact family ties and overall quality of life. Last but not least, subsidized housing in Palembang City offers better compatibility and acceptance possibilities than subsidized housing in Banda Aceh City since people with lower socioeconomic rank usually have an open brush in their social interactions with neighbors.

4. CONCLUSION

The study's findings indicate that despite of the numerous laws and regulations that the government has enacted in regards of subsidized housing, they do not always guarantee equality, especially in regards of fulfillment of minimum construction standards and infrastructure requirements as well as the pricing of subsidized housing prices in Palembang City and Banda Aceh City. Housing is a fundamental human right, and therefore this study shows how urgent the need for a change in formulation of subsidized housing policies in Indonesia. It also highlights how the economic and social factors of Banda Aceh and Palembang City play a significant role in shaping the characteristics of subsidized housing and thus should be a guidance in designing further policies.

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