

Towards housing policies: Urban sprawl and housing disparities in the Jakarta–West Java growth corridor

Kintansari Adhyna Putri^{a,*}, Ikhtiar Anugrah Hidayat^b, Muhammad Athallah Alif Bimo Triyogo^c

^aMaster's Program in Public Policy and Management, The University of Melbourne, Parkville VIC 3010, Australia

^bPT Hutama Karya Infrastruktur, Jakarta 13340, Indonesia

^cMaster's Program in Leadership and Policy Innovation, Universitas Gadjah Mada, Yogyakarta 55281, Indonesia

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Abstract

Rapid urbanization in metropolitan cities such as Jakarta has resulted in a growing disparity in house prices between the city center and suburban areas. This present study examines the economic determinants of housing unaffordability, with a focus on Gross Domestic Regional Product (GDRP) and Construction Expensiveness Index (CCI). This study employs a case study of the Jakarta and West Java regions to analyze the impact of these economic indicators on housing affordability and the extending gap between urban and peri-urban areas. The study indicates that higher construction costs in urban centers substantially worsen affordability challenges. Additionally, the study explores the question whether migration to suburban areas represents a significant trend and potential policy measure to address this disparity. The results of the study highlight the interconnectedness of economic growth, construction costs, and affordable housing availability in both urban and suburban contexts. To mitigate housing inequality and foster equitable regional development, this paper proposes policy interventions such as zoning reforms, enhanced public transportation infrastructure, and alternative housing models like Rent-to-Own (RTO).

Keywords: Disparity, urban sprawl, housing policy

1. Introduction

The rapid process of urbanization occurred in metropolitan cities such as Jakarta has led to growing disparities in housing conditions not only within the urban core but also across its surrounding regions, particularly West Java, which functions as Jakarta's primary peri-urban hinterland (Prihandrijanti et al., 2021; Rustiadi et al., 2020). The role of Jakarta as the national economic center has generated a high demand for housing that has exceeded land availability and affordability within the city. This then led to the migration of households to adjacent districts of West Java. This metropolitan spillover has resulted in spatially uneven housing development, where suburban areas experience rapid residential expansion without proportional improvements in infrastructure, public services, and employment opportunities (Goldblum & Wong, 2000; Susantono, 2012).

West Java requires urgent attention as Indonesia's most populous province, where disparities in income, housing quality, and infrastructure access persist despite close economic integration with Jakarta. The suburban growth in several areas such as Bekasi, Bogor, Depok, Karawang, and Bandung Raya indicates that population and housing expansion

is outpacing regional economic capacity and planning coordination (Rustiadi et al., 2020; Kurnia et al., 2020). As West Java increasingly accommodates Jakarta's workforce while maintaining lower average incomes, the pressures of housing affordability and long commuting distances are increasing. This then renders the Jakarta–West Java corridor a regional inequality issue requiring the implementation of integrated metropolitan housing and land-use policies (Yandri, 2014; Pramesthy & Wijayanto, 2023).

The issue of housing affordability remains a persistent challenge in many developing Asian countries. The crisis is exacerbated by factors such as slower supply responses, lower household incomes devoted to housing, relatively higher construction costs, rigid land use regulations, and inefficient planning systems (Helble et al., 2020). To address this issue, it becomes crucial to develop a comprehensive understanding of the factors driving urban-suburban housing disparities in Jakarta and West Java (Rustiadi et al., 2020) (Prihandrijanti et al., 2021) (Goldblum & Wong, 2000) (Susantono, 2012).

Research has highlighted the complex interplay between transportation infrastructure development, land use dynamics, and ineffective urban management as key contributors to this expanding gap. (Goldblum & Wong, 2000) (Susantono, 2012) (Rustiadi et al., 2020). The continuous expansion of Jakarta megacity has spurred the emergence of a sprawling conurbation, as characterized by the rapid growth of suburban settlements and industrial estates along the Jakarta-Bandung

* Corresponding author.

Email: kintansariadhynap@gmail.com

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corridor. (Rustiadi et al., 2020) (Rustiadi et al., 2020). The suburbanization of areas such as Bekasi Regency, as a part of the Jakarta Metropolitan Area, is driven by urban expansion and industrialization (Kurnia et al., 2020).

Existing research suggests that housing unaffordability tends to be more pronounced in larger cities with lower household incomes, where the price-to-income ratio can exceed 12.5. This indicates severe affordability challenges for most urban residents (Helble et al., 2020). This crisis is further exacerbated by broader global trends, such as accelerated urbanization, the provision of low-priced credit, and the rise of intra-society inequality, which have contributed to the widening gap between housing-related expenses and wage/salary increases in many urban centers. (Wetzstein, 2017).

The inequalities between rural and urban development in Indonesia are a significant concern. Data released by the Central Bureau of Statistics (BPS), in November 2011, revealed that rural areas still experienced more severe poverty in comparison to urban areas (Yandri, 2014). The problem of housing quality in Jakarta is based not only on household purchasing power, but also on the quality of existing houses. A report by the Ministry of Public Works and Public Housing (PUPR) in June 2019 released that as many as 118 out of 267 urban villages, or around 45%, still have slums in DKI Jakarta. (Putri & Dwianto, 2024). A big geospatial data approach has been utilized to model urban, suburban, and rural (USR) segmentation in Jakarta and West Java. The findings indicate a continuous growth of suburban and urban areas, with rural areas shrinking between 2019 and 2022 (Pramesthy & Wijayanto, 2023).

The Gross Domestic Regional Bruto (GDRP) is a measure of the economic output of a specific region or province, providing insight into the overall economic activity and prosperity of that area (BPS, 2024). The Construction Expensiveness Index, on the other hand, is an indicator that reflects the relative costs associated with construction projects, including materials, labor, and other related expenses (Wetzstein, 2017). This then is indicative of factors such as labor, materials, and regulatory costs that can vary significantly between urban and suburban regions.

The higher construction costs in urban areas can result in more expensive housing, contributing to a disparity in housing affordability between urban and suburban regions (Steinacker, 2003). An examination of the interplay between these two metrics has the potential to elucidate the underlying drivers of housing affordability and the divergence in outcomes between urban and suburban communities. This disparity issue poses a challenge to achieve both infill development and the provision of affordable housing within urban areas. Furthermore, to confirm the suburbanization pattern, it will be critical to ascertain whether the people tend to reside in suburban areas. The sort of policy to address the housing disparity will also be explored in the discussion.

Existing literature on housing affordability and urban expansion in Jakarta and its surrounding regions has mostly focused on land-use change, transportation dynamics, suburbanization, and environmental consequences of urban sprawl (Goldblum & Wong, 2000; Susantono, 2012; Rustiadi et al., 2020). Prior studies have documented how rapid growth

of metropolitan areas, inadequate spatial planning, and infrastructure-led development contribute to the outward spread of residential areas and rising housing pressures in peri-urban zones, particularly along the Jakarta–West Java corridor. Other strands of research emphasize housing unaffordability as a structural problem in developing Asian cities, highlighting factors such as income constraints, rigid land-use regulation, and escalating construction costs (Helble et al., 2020; Wetzstein, 2017). Recent studies have applied spatial and geospatial approaches to classify urban, suburban, and rural transformation in Jakarta and West Java, confirming accelerated suburban expansion and shrinking rural land (Pramesthy & Wijayanto, 2023).

Despite these contributions, empirical research with a focus quantitatively on the relationship between regional economic performance and construction cost dynamics as joint drivers of housing disparities across metropolitan administrative boundaries remains limited. In particular, the interaction between Gross Domestic Regional Bruto (GDRP) and the Construction Expensiveness Index (CEI) has received little attention in explaining why housing affordability gaps persist between urban cores and suburban areas within the Jakarta–West Java metropolitan system.

Moreover, previous studies tend to analyze Jakarta or suburban regions in isolation, without the integration of economic indicators and lived experiences of residents within a unified metropolitan framework. This study in turn addresses these gaps by combining quantitative analysis of GDRP and CEI across Jakarta and West Java with qualitative insights from residents and housing practitioners. This aims to offer a more integrated explanation of housing disparity and suburbanization dynamics on the regional scale.

This study is built on the identified research gaps with the aim of examining housing disparities within the Jakarta–West Java metropolitan region. This is conducted through the analysis of the relationship between two key economic indicators, namely Gross Domestic Regional Bruto (GDRP) and the Construction Expensiveness Index (CEI). Specifically, the study investigates the question of whether regional economic performance is significantly associated with variations in construction costs and how this relationship contributes to housing affordability differences between urban and suburban areas.

In addition, the study qualitatively explores suburbanization dynamics by examining residents' residential choices and the structural factors that drive relocation from urban cores to peri-urban areas. Accordingly, this study addresses the following research questions: Is there a statistically significant relationship between GDRP and CEI across cities and districts in Jakarta and West Java? How do housing disparities influence residential location decisions between urban and suburban areas? and What policy approaches can effectively address housing disparities and mitigate unsustainable suburbanization in the Jakarta–West Java metropolitan region?

2. Theoretical Framework

2.1. Defining urban sprawl

Urban sprawl, in this context, refers to the uncontrolled

expansion of urban areas into surrounding rural or undeveloped land, characterized by low-density, automobile-dependent development patterns (Putria et al., 2025). This phenomenon frequently leads to increased housing disparities, as the outward growth pushes housing further from economic centers, creating challenges related to accessibility and affordability for a significant portion of the population (Mulyani et al., 2025).

Furthermore, this expansion invariably exerts considerable pressure on green spaces, underscoring an urgency for sustainable urban planning that incorporates green development initiatives to mitigate environmental and socioeconomic impacts (Harsono, 2024). A nuanced understanding of urban sprawl necessitates an examination at both macro and micro levels, considering how global economic forces manifest in local housing markets and individual living conditions (Serpa & Ferreira, 2019).

This framework will also analyze the role of specific economic indicators, such as Gross Regional Domestic Product and the Construction Cost Index, in exacerbating house price disparities between urban centers and suburban areas (Putria et al., 2025). This investigation seeks to determine if a significant relationship exists between these economic indicators and the observed housing disparities, and whether residents are increasingly tending to reside in suburban areas due to these factors (Putria et al., 2025).

Furthermore, the framework will examine how these economic pressures, coupled with state-building mechanisms and population growth, shape urban processes and spatial distribution of economic returns, leading to a complex interplay of organized and self-market dynamics in housing development (Setiadi et al., 2022). The analysis will consider how urban densification, when implemented in conjunction with sprawl management, could provide a sustainable planning strategy for intermediate cities facing rapid growth (Messaoui et al., 2024).

2.2. Housing disparities: Conceptualizing inequality

Housing disparities refers to the unequal distribution of access to adequate, affordable, and quality housing. This issue is frequently exacerbated by rapid urbanization and fragmented policy approaches that fail to integrate socio-cultural dynamics, governance, and technological advancements (Chin et al., 2025). These disparities are profoundly determined by economic positioning and local policy responses, which mediate the emergence of social inequalities in housing, particularly affecting first-time homeowners and younger generations (Geróházi et al., 2023). This includes the analysis of how macro-economic processes, such as the deregulation of banking systems and decreased public spending on infrastructure, contribute to housing inequalities by increasing reliance on private development and prioritizing home ownership (Nelson et al., 2023).

Furthermore, for various socio-economic groups, the selection of housing is largely predetermined by income levels. The lower-income households will have more restricted options in comparison to their higher-income counterparts who benefit from diverse housing markets and access to various housing finance mechanisms (Salama, 2019). This stratification repeatedly results in a spatial mismatch in which affordable housing options are increasingly located far from employment

centers, necessitating longer commutes and contributing to urban sprawl (Ali et al., 2022).

Moreover, the increasing cost of construction in urban centers, as reflected by the Construction Expensiveness Index, frequently prompts developers and residents to more affordable suburban and exurban locations. This further exacerbates this phenomenon (Putria et al., 2025). Such displacements have the potential to lead to significant social and economic consequences, including reduced access to essential services, diminished social capital, and increased financial burdens on vulnerable populations (Nelson et al., 2023). Inclusionary zoning policies, despite their frequent consideration as an antidote to such challenges, require careful implementation, in particular in regions transitioning from rural to urban economies, to prevent unintended consequences such as further entrenchment of economic inequality (Lyu, 2025; Teklemariam et al., 2025).

2.3. Existing housing policies impact

Such policies often deal with the challenge of balancing rapid urban development with the provision of equitable housing. This task is further complicated by the diverse socio-economic landscape and varying regional needs across Jakarta and West Java (Nasrabadi et al., 2024). This often necessitates a re-evaluation of existing land-use regulations and zoning practices, which frequently underpin housing affordability challenges by dictating development locations and types (Putria et al., 2025). Moreover, the limitations in land availability and the financial constraints faced by low-income populations exacerbate the difficulties in accessing affordable housing within urban centers, pushing them towards suburbanization and contributing to urban sprawl (Mutaqi et al., 2024; Saputra & Isnaeni, 2018).

A significant factor contributing to these housing disparities in Jakarta, particularly, is the uncontrolled escalation of land prices, coupled with high construction costs and a lack of incentives for green building development ("Factors Inhibiting the Implementation of Green Building Criteria and Parameters in the Provision of Affordable and Livable Housing in the Jakarta Area," 2024). These factors contribute to the ongoing urban sprawl, where the expansion of urban functional areas into fringe areas is evident, comparable to patterns observed in other Indonesian cities such as Makassar, Semarang, and Yogyakarta (Putria et al., 2025). This phenomenon is further intensified by the increased demand for housing driven by rapid urbanization, particularly in suburban areas, which often leads to the development of small and medium-scale residential units that may lack comprehensive sustainable planning (Yandri et al., 2024).

3. Methodology

3.1. Data collection

This present study employs a mixed-method approach, with a focus on Jakarta and West Java, to explore the relationship between economic indicators and the housing gap. A mixed-method research design was implemented to analyze the significant relationship between Gross Regional Domestic

Product (GRDP) and the Construction Cost Index (CEI), as well as to compare housing gap trends between urban and urban fringe residents.

The quantitative component of the study is based on the data sourced from Indonesia Central Bureau of Statistic (BPS) on GRDP and CEI of 33 cities and districts in Jakarta and West Java for 2023. The analysis integrates a range of socio-economic indicators, including income levels, house prices, and construction costs to provide a comprehensive view of the factors driving housing inequality. The qualitative aspect of the research included in-depth interviews with three different civil stakeholder groups.

Two key informants (coded as A1 and A2) were selected as representative informants, each treated as analytically equivalent to ten respondents based on shared demographic characteristics, occupational backgrounds, and recurring housing-related experiences commonly observed within their peer groups.

Participant A1 resides in Central Jakarta and represents a group of approximately ten young urban professionals living in the city center. The perspective of the subjects reflects the challenges commonly experienced by this group, including high housing prices, limited residential space, and economic exclusivity associated with elevated construction costs and strong regional economic output.

Participant A2 resides in a suburban area (Depok, Bekasi, Bogor) and represents a group of ten young professional residents in peri-urban locations. Their insight captures shared suburban housing experiences, such as relatively lower housing costs, increased space availability, infrastructure constraints, long commuting distances, and exposure to urban sprawl dynamics.

In addition, three housing developers with profound experience in marketing residential properties in Jakarta and its surrounding suburban areas were included as *Participant 3*. This group provides a supply-side perspective on construction costs, land availability, and market responses to regional economic conditions, complementing the resident-based accounts and enabling triangulation of findings.

3.2. Data analysis

This present study employs a simple linear regression model estimated by means of the Ordinary Least Squares (OLS) method to examine the relationship between Gross Domestic Regional Bruto (GDRP) and the Construction Expensiveness Index (CEI) using cross-sectional data across 33 administrative regions in Jakarta and West Java. CEI is represented as the dependent variable, while GDRP serves as the independent variable. All quantitative analyses were conducted via the utilization of StataSE software for data processing, estimation, and diagnostic evaluation.

Prior to estimation, key classical regression assumptions, including linearity, independence of observations, homoscedasticity, and normality of residuals were evaluated. Visual inspection of scatterplots and residual diagnostics indicates that these assumptions are reasonably satisfied, supporting the appropriateness of the OLS estimation.

Prob > F = 0.0006 is the p-value of the model. It tests the null hypothesis that the R-square is equal to 0. Typically, to

reject the null hypothesis, a p-value lower than 0.05 is required. Here, the p-value of 0.0006 indicates a statistically significant relationship between X and Y. R-squared = 0.3206 shows the amount of variance of Y that is explained by X. In this case, expense explains 32% of the variance in SAT scores. Therefore, this present paper accepts H1, and thus H0 is rejected.

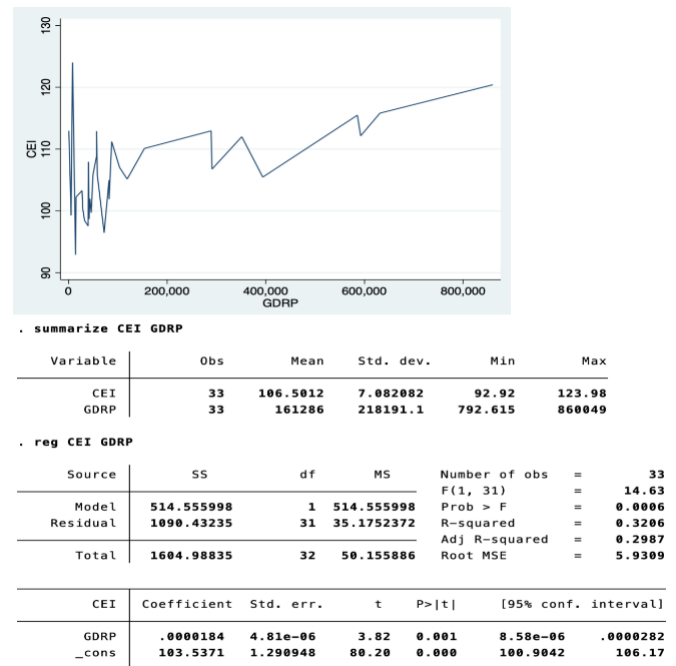


Fig. 1. Regression test to GDRP and CEI of city/district in Jakarta and West Java

4. Results and Discussion

4.1. Relationship between GDRP and CEI

The regression analysis reveals a statistically significant relationship between Gross Domestic Regional Bruto (GDRP) and the Construction Expensiveness Index (CEI) across Jakarta and West Java. The model's p-value (Prob > F = 0.0006) was below the 0.05 threshold, leading to the rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1). This finding confirms that regional economic performance is significantly associated with construction cost variation. The R-squared value of 0.3206 indicates that approximately 32 percent of the variation in CEI is explained by GDRP, suggesting a moderate but meaningful explanatory relationship.

These findings are consistent with existing literature on urban sprawl and housing disparities, highlighting that a robust regional economies can lead to an increase in construction demand, land competition, and development costs in urban centers (Putria et al., 2025; Wetzstein, 2017). Rising construction costs then reduce housing affordability and drive both developers and households to relocate to suburban areas, thereby reinforcing suburbanization and spatial inequality (Mulyani et al., 2025; Ali et al., 2022). In the context of Jakarta–West Java metropolitan, this dynamic supports theoretical frameworks linking economic growth, construction

costs, and urban sprawl. In this context, suburban expansion emerges not as a solution but as a structural consequence of uneven regional development and housing market pressures (Setiadi et al., 2022; Messaoui et al., 2024).

4.2. Feedback loop between GDRP and CEI to housing

The *Gross Domestic Regional Product* (GDRP) of a region serves as an indicator of economic expansion, which typically stimulates increased construction activity, as manifested through infrastructure, commercial buildings, residential areas, and industrial projects. The growth of businesses and industries have the potential to increase the demand for new construction projects rises. A booming economy will probably lead to greater demand for housing, commercial spaces, infrastructure, and transportation networks, all of which drive up construction costs. This increase in demand, in turn, can contribute to a rise in the CEI.

An analysis of household distribution has been conducted, demonstrating significant clustering in Bogor, Bandung, Bekasi, East Jakarta, Sukabumi, Cianjur, and Karawang areas. These areas are characterized by High Consumer Expenditure Index (CEI) and Below-average Gross Domestic Regional Product (GDRP). Notably, of these regions, East Jakarta is the sole region that stands out with the highest GDRP.

This phenomenon implies that, despite residing in these peripheral areas, most residents continue to be employed in Central Jakarta, which offers the highest income levels. In contrast, Central Jakarta, South Jakarta, West Jakarta, and North Jakarta—regions with both higher GDRP and CEI—tend to have relatively low residential populations. Meanwhile, East Jakarta with a lower GDRP in comparison to other parts of Jakarta, exhibits the highest number of residents. Central Jakarta is perceived to have the lowest household density among the other regions.

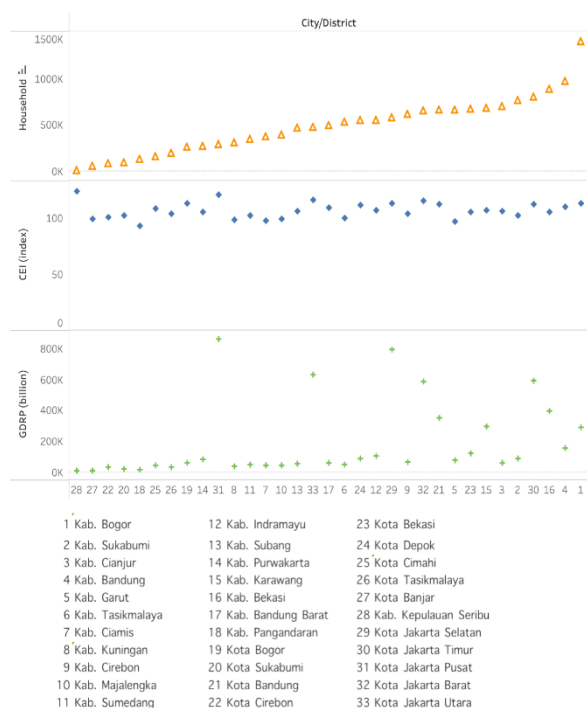


Fig. 2. GDRP and CEI compared to household density of city/district in Jakarta and West Java

This trend indicates a preference among residents for areas with lower concentrations of office industries and a greater availability of open green spaces. Additionally, East Jakarta provides adequate connectivity to Central Jakarta, the primary hub for office districts. Notably, Kepulauan Seribu exhibits the highest Consumer Economic Index (CEI) despite having the lowest Gross Domestic Regional Product (GDRP) and population. This discrepancy can be attributed to the limited infrastructure development of the region and restricted access to construction materials, which influence overall economic activity and living conditions in this northern coastal area of Jakarta.

However, the spread of urban development into suburban areas with low population density and limited land use diversity has the potential to lead to urban sprawl (Bagheri & Tousi, 2017). Demand for more living space continues to drive suburban expansion, facilitated by automobile dependency (Batty, et al., 2003). Sprawl, the process of urban expansion, has been identified as a contributing factor to increased traffic congestion, pollution, and loss of open spaces, while also contributing to social issues such as reduced community interaction (Sen, 2011).

4.3. Suburbanization and urban sprawl

Urban sprawl refers to the uncontrolled, low-density, and outward expansion of urban areas into surrounding rural land (Nechyba & Walsh, 2004), as the opposite of compact urban development (Iqbal et al., 2024). In Indonesia, urban sprawl is associated with increased population migration, high population pressure, and soaring land prices (Anggit & Putri, 2022). It is characterized by the expansion of urban functional areas into urban fringe areas, as observed in Makassar City (Amri & Manaf, 2023). In Semarang, rapid urban growth has significantly reduced agricultural areas, gardens, and wastelands, indicating unsustainable land use trends (Subiyanto & Fadilla, 2018). In Yogyakarta, urban sprawl has led to a decrease in productive land, transforming agricultural land into residential and commercial areas (Anggit & Putri, 2022).

In the Jakarta metropolitan region, the early stages of "post-sub-urbanization" are evident, where the private sector plays a significant role in land acquisition and development. This necessitate thorough planning to prevent exacerbation of regional problems and ensure coordinated public responses (Firman & Fahmi, 2017). This research utilizes the sampling of the perspectives of urban and suburban residents to address the issue of housing disparity by revealing the trend of sub-urbanization regarding the challenge posed by urban sprawl.

The participants admit that despite satisfaction with local amenities such as education, healthcare, and recreation in central areas, environmental concerns such as pollution and flooding remain prevalent. The most influential factor influenced by housing disparity is the lower income level in urban areas, especially central Jakarta. *"Home ownership increasingly difficult, particularly for young professionals, as income levels often fail to match escalating housing costs"* (Participant 1, Interview, 2025).

The respondents residing in Central Jakarta perceive housing disparities in Jakarta to be a significant challenge, with

social and economic exclusivity shaping residential patterns. *“Neighborhoods are dominated by executives and expatriates, limiting social interaction among residents.” This statement collides with the suburb’s perspective that high-end housing complexes tend to attract residents with better educational backgrounds and social etiquette” (Participant 1, Interview, 2025).*

The respondents living in Central Jakarta consider relocating to the suburbs for perceiving it to be a more comfortable and less crowded environment, with transportation options significantly influencing their housing choices. *“There are improvements in public transport connectivity, yet urban sprawl continues to impact commuting times and congestion, exacerbating daily struggles for residents” (Participant 2, Interview, 2025).* The quality of housing has been demonstrated to have a direct effect on well-being, with commuting times and inadequate living conditions having the capacity to diminish residents’ quality of life.

The respondent from the suburb primarily perceives housing disparities in terms of property size relative to price rather than social inequality. They observe that while spacious homes remain available in Depok for approximately IDR 1 billion, similar properties in Central Jakarta are significantly smaller unless priced at around IDR 4 billion. However, relocation remains an option, the respondent has no intention to move to Central Jakarta but rather to other suburbs. Ultimately, their residential decision-making is heavily determined by transportation infrastructure, with car ownership becoming a practical solution to suburban mobility constraints.

This condition has the potential to intensify the negative impacts of suburbanization and urban sprawl. The higher levels of vehicle pollution contribute to environmental degradation. Also, traffic congestion emerges as a significant challenge, and flooding originates from elevated suburban areas such as Bogor, where water-absorbing hills have been replaced by residential developments. Furthermore, numerous lowland suburban areas that previously were rice fields have been transformed into residential areas, rendering them highly vulnerable to severe flooding, as evident in areas such as Bekasi.

4.4. Policy recommendation

To mitigate the adverse effects of urban sprawl, it is critical for urban planners, governments, and communities to adopt multi-faceted strategies. This study draws on insights from a private developer director in Jakarta’s metropolitan area, who highlights that affordable housing development is driven by the need to provide housing solutions for low-income families.

“The Indonesian government’s policy of waiving Value-Added Tax for home purchases up to IDR 2 billion is a notable step toward making housing more accessible for middle-income families” (Participant 3, Interview 2025). This kind of financial assistance and housing policy has been demonstrated to have a significant influence on homeownership (Amit et al., 2021). The expansion of this program to accommodate more low-income buyers could be a crucial reform. However, Indonesia has implemented Housing Financing Liquidity Facility (FLPP) policy that aims to facilitate the provision of affordable housing for those with low income (Widiastuti et al., 2019).

“International models like “Rent to Own” (RTO) could be adapted locally to enhance accessibility. The RTO scheme allows renters to gradually transition to homeowners by leasing a property with the option to purchase it after a set period” (Participant 3, Interview 2025). This model can assist low-income earners who may encounter challenge in accessing conventional mortgage financing in achieving homeownership (Nei, et al., 2023). For low-income households, rental housing, including RTO models, can mitigate the risk of undesirable wealth fluctuations. It is because it provides a structured path to ownership without the immediate financial burden of a mortgage, thus offering a more stable financial trajectory (Sahasranaman, et al., 2020).

An alternative model, Rent-to Own (RTO), should incorporate flexibility in payment schedules to accommodate the financial variability of low-income households. This flexibility can encourage more participants to adhere to the program and successfully transition to homeownership (Guajardo, 2021). However, total payments under RTO contracts can be significantly higher than retail prices or traditional mortgage costs (Zikmund-Fisher & Parker, 1999). Therefore, it is deemed critical to carefully evaluate the financial implications. *“Therefore, providing accurate data on housing backlogs would enable developers to build homes in the most needed areas” (Participant 3, Interview 2025).*

“Regulations of zoning and land-use significantly impact housing affordability by controlling development locations. Transportation infrastructure also remains a key factor influencing housing choices” (Participant 3, Interview 2025). Zoning reforms represent a pivotal policy instrument for promoting sustainable urban development patterns and mitigating the adverse consequences of urban sprawl (Gyourko, 2009). The strategic modification of zoning regulations enables governments to foster mixed-use development, which integrates residential, commercial, and recreational spaces, and encourages higher-density housing, particularly within urban centers (Gyourko, 2009).

However, zoning practices have the potential to engender inequitable outcomes, particularly in the global South, where they may lead to informality and marginalization of the urban poor, furthering special interests by commodifying space and creating unequal power dynamics (Geyer, 2024). *“Therefore, addressing housing disparities in Jakarta requires improved infrastructure and transport to reduce the gap between urban and suburban areas” (Participant 3, Interview 2025).*

It is pivotal to comprehend the challenges and constraints that policymakers are confronted with, as it can be instrumental in the formulation of practical and feasible recommendations (Byman, 2024). Feasibility in policy analysis involves evaluation of the constraints including social, political, administrative, institutional, technical, and economic that limit the range of viable policy options (Majone, 1975). The objective of policy alternatives is explained below using a merit comparison of the three options including (1) Existing waiving VAT and FLPP policy, (2) RTO policy based on housing backlogs, and (3) Zoning reform with infrastructure improvement.

The comparison indicates that the RTO policy is becoming more feasible and effective, considering the administrative delay and higher investment cost burden. However, the

implementation of the Policy “Alternative 1” requires effective collaboration between policymakers, developers, and communities, to balance economic and social interests. The “Alternative 2” is regarded as the long-term planning for urban sprawl management that might result in complex community relocation. In the short term, the implementation of current policy is the most rational course of action, while the transition for housing backlogs data can be gradually initiated.

Policy Aspect	Current Policy: Waiving VAT and FLPP	Alternative 1: Rent to Own using Housing Backlogs Data	Alternative 2: Zoning Reform and Infrastructure Enhancement
Objective	Increase homeownership by reducing the financial burden through VAT waivers and subsidized mortgage schemes (FLPP).	Provide an alternative pathway to homeownership by allowing tenants to convert rental payments into equity, targeting low-to-middle-income groups in high-backlog areas.	Improve housing accessibility by restructuring land use regulations, increasing urban density, and developing infrastructure in suburban zones to support housing expansion.
Strength	<ul style="list-style-type: none"> - Immediate affordability boost for homebuyers. - Encourages mortgage access. - Well-integrated with existing banking schemes. 	<ul style="list-style-type: none"> - Utilizes housing backlog data to identify high-demand areas and target eligible populations. - More inclusive for those ineligible for mortgages. - Reduces long-term rental dependency. - Encourages private sector investment in housing projects. 	<ul style="list-style-type: none"> - Reduces urban sprawl by guiding housing developments into well-planned, high-density zones. - Improves public transport and utility services. - Supports sustainable housing development.
Weakness	- Limited impact on renters who	- Requires a regulatory framework for	- Land rezoning is complex and may face bureaucratic

Table 1. Policy recommendation

5. Conclusion

Rapid urbanization in metropolitan cities such as Jakarta has directed to an escalating disparity in housing prices between the city center and suburban areas. This present study examines the economic factors of housing unaffordability with a focus on *Gross Domestic Regional Product* (GDRP) and *Construction Cost Index* (CEI). Through a comparative analysis of Jakarta and West Java, this study assesses the impact of various factors on the challenges in terms of housing affordability and the expanding gap between urban and suburban divides.

The findings indicate that higher construction costs in urban areas exacerbate the affordability crisis. Moreover, the study explores the question of whether migration to suburban areas represents a significant trend and identifies policy measures that can address this gap. The result reveals that, despite residing in suburban areas with lower construction costs, residents continue to work in city centers, which offer higher income levels. Suburbanization and urban sprawl remain substantial challenges, contributing to increased traffic congestion, pollution and the loss of open spaces. Critically, we

do not identify suburbanization as a solution; rather, it is a systemic challenge that necessitates the implementation of integrated policy interventions. This present study proposes tripartite strategy:

1. The expansion of Rent-to-Own (RTO) schemes to bridge affordability gaps for low-income households.
2. Zoning reforms to incentivize high-density, mixed-use development near employment hubs.
3. Strategic infrastructure investments to decouple suburban residency from urban economic dependency.

This study emphasizes the importance of urban planning tailored to the specific needs of a region, with a particular focus on the utilization of data driven housing backlog management. The sustainability in urban development in Jakarta necessitates policies that simultaneously address economic disparities, spatial inefficiencies, and environmental trade-offs.

To enhance housing affordability and urban planning in Jakarta and its suburban regions, a comprehensive approach is imperative, considering the distinct characteristics of urban, suburban, and rural areas. The implementation of effective management strategies should focus on the protection of agricultural land, the regulation of private sector involvement, and the utilization of housing backlog data to support informed decision-making process. These efforts are essential for achieving sustainable regional development and reducing housing inequality. Consequently, policymakers should promote balanced and sustainable urban growth that narrows the gap between urban and suburban areas.

This present study is subjected to one primary limitation regarding its exclusive confinement of the empirical analysis to the metropolitan regions of Jakarta and West Java. This may constrain the transferability of the findings to other “metropolitan context” in Indonesia characterized by different spatial configurations and institutional arrangements. To advance this line of inquiry, it is recommended that future research adopts longitudinal data to assess the long-term dynamics of urban sprawl and housing inequality and employs Geographic Information System (GIS)-based spatial analysis to examine housing disparities by integrating spatial housing data with socio-economic indicators. This would enable the identification of uneven housing distribution patterns and differential access to adequate housing across metropolitan areas, as well as generating more robust and “policy-relevant insight” into land-use change.

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