

EVALUATION OF THE EFFECTIVENESS OF GOVERNMENT INVESTMENT IN THE HOUSING FINANCING LIQUIDITY FACILITY PROGRAM IN INDONESIA

**Subagio*, Iskandar, Heru Akhmadi, Dani Sugiri, Edy Nasrudin, Didit
Hidayat, Arbyanto Baehaqi Sohan, Cristian RP Sihalo, Evan Himawan**
Politeknik Keuangan Negeri STAN, Indonesia

Citation (APA 7th): Subagio, Iskandar, Akhmadi, H., Sugiri, D., Nasrudin, E., Hidayat, D., Sohan, A. B., Sihalo, C. R., & Himawan, E. (2026). Evaluation of the effectiveness of government investment in the Housing Financing Liquidity Facility Program in Indonesia. *Jurnal Minds: Manajemen Ide dan Inspirasi*, 13(1), 375–386. <https://doi.org/10.24252/minds.v13i1.63764>

Submitted: 18 December 2025

Revised: 10 June 2026

Accepted: 28 June 2026

Published: 29 June 2026



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ABSTRACT: This study addresses a gap in FLPP scholarship by shifting evaluation from fiscal absorption and housing-unit realization toward the public management of subsidized housing investment. Using the CIPP framework as an analytical lens, the study examines policy coherence, resource adequacy, implementation control, and socio-economic outcomes. A qualitative case study was conducted through 28 in-depth interviews with officials from the Ministry of Housing and Settlement Areas, BP Tapera, KPPN Investasi, implementing banks, developers, and low-income beneficiaries across seven purposively selected provinces, supported by document analysis and secondary-data triangulation. The findings show that FLPP contributes to backlog reduction, regional economic multipliers, asset formation for low-income households, and social stability. Its effectiveness, however, is constrained by regulatory fragmentation, quota ambiguity, exclusionary screening mechanisms, and weak infrastructure coordination. The study contributes by positioning FLPP effectiveness as a question of administrative capacity, implementation governance, interagency coordination, accountability, and equitable service delivery.

Keywords: Public Investment Management; Subsidized Housing Governance; Implementation Capacity; Interagency Coordination; Equitable Service Delivery

*Corresponding Author: subagio@pknstan.ac.id

DOI: <https://doi.org/10.24252/minds.v13i1.63764>

ISSN-E: 2597-6990

ISSN-P: 2442-4951

<http://journal.uin-alauddin.ac.id/index.php/minds>

Publisher: Management Department, Universitas Islam Negeri Alauddin Makassar, Indonesia

INTRODUCTION

Housing remains one of Indonesia's most serious public administration challenges. Although decent housing is constitutionally guaranteed as part of the right to live in a healthy and dignified environment, the policy gap remains large. The 2023 National Socio-Economic Survey records a housing backlog of 9.9 million units, with 93% of this deficit affecting low-income households. The problem is sharper because around 60% of these households work in the informal sector, where income is unstable, financial documentation is weak, and access to formal mortgage systems is limited. The house price-to-income ratio, which reaches 48.35%, further confirms that housing affordability is not only a market problem, but also a public management problem. Housing affordability must be understood through the relationship between income, housing costs, and the ability to maintain decent living conditions (Anacker, 2019). It also reflects broader structural pressures in urban housing systems, including price escalation, income constraints, and unequal access to formal housing finance (Galster & Lee, 2021; Lee et al., 2022). The state has responded through the Housing Financing Liquidity Facility, which offers subsidized housing finance through a fixed 5% interest rate, low down payment, and long-term repayment scheme. The program also has broader economic value because housing investment affects 174–185 industrial subsectors and absorbs millions of construction workers. Yet FLPP still faces bureaucratic delays, uneven construction quality, restrictive eligibility criteria, infrastructure gaps, and limited access for informal workers. These problems show that FLPP effectiveness cannot be judged only by the number of houses delivered or the amount of budget absorbed.

The first theoretical debate concerns how public programs should be evaluated. A narrow administrative view treats policy success as compliance with budget realization, procedural completion, and output achievement. In this logic, FLPP appears effective when funds are distributed and housing units are realized. This approach is useful, but insufficient. Public management requires a broader view of effectiveness because government programs exist to solve public problems, not merely to complete administrative targets. Public service logic argues that service performance should be assessed through value creation and citizen experience, not provider-centered outputs alone (Osborne, 2018). Recent public value scholarship also stresses that public programs must be evaluated through the outcomes they produce within a wider service ecosystem (Osborne et al., 2022). This is important for subsidized housing because the value of public investment depends on whether the program reaches intended beneficiaries, improves access, reduces exclusion, supports decent settlement, and generates durable socio-economic outcomes. This study therefore treats FLPP not as a funding mechanism alone, but as a public intervention whose effectiveness depends on policy design, administrative capacity, implementation control, and public value.

The second theoretical debate concerns the management of government investment across multiple institutions. Subsidized housing finance sits between fiscal policy, social policy, banking regulation, regional development, and public service delivery. This makes FLPP a complex intergovernmental and interorganizational program. The central government designs the subsidy, BP Tapera manages the scheme, banks conduct financial screening, developers produce housing units, local governments shape permits and infrastructure, and beneficiaries experience the final service. Weakness in one node can reduce the performance of the whole program. Policy coordination becomes central because complex public programs often fail when institutional roles, resources, and operational responsibilities are not aligned (Peters, 2018). Implementation studies also show that policy failure often emerges from the gap between formal policy design and field-level delivery capacity (Hudson et al., 2019). Collaborative governance further matters because housing delivery requires interaction among public agencies, financial institutions, private developers, and citizens (Ansell et al., 2017; Bianchi et al., 2021). Regulatory fragmentation, quota ambiguity, incomplete infrastructure, and uneven monitoring therefore reflect more than technical defects. They indicate coordination and accountability problems within the public administration system. From this standpoint, the effectiveness of FLPP depends on how well public institutions manage resources, responsibilities, risks, and implementation incentives across multiple actors.

The third theoretical debate concerns inclusion in public service delivery. Housing finance programs often rely on formal eligibility systems to protect public funds and reduce credit risk. However, the same instruments can exclude the households that the policy is meant to serve.

The use of formal credit screening, including SLIK OJK checks, creates a dilemma for low-income and informal workers. On one hand, screening supports financial prudence. On the other hand, it can produce systematic exclusion when applicants lack stable payroll records, formal employment status, or clean banking histories. Administrative-burden research shows that eligibility rules and documentation requirements can impose compliance costs that reduce access to public programs (Halling & Bækgaard, 2024). These burdens can also be politically and administratively normalized when target groups are perceived as less deserving or administratively risky (Bækgaard et al., 2021). Recent work on burden-reduction strategies suggests that public agencies must redesign procedures, not merely simplify rhetoric, when they seek to improve access (Benish et al., 2024). This is particularly relevant for housing finance because low-income and informal households often require adaptive financing models that fit irregular income patterns (Jones & Stead, 2020). Existing studies on FLPP tend to examine fund distribution, housing-unit realization, beneficiary satisfaction, welfare outcomes, or comparisons between conventional and Sharia subsidized mortgage schemes. These studies are useful, but they leave three analytical gaps. First, FLPP is rarely examined as a government investment instrument across the full implementation cycle. Second, the exclusion of informal workers is often treated as an access issue, not as a public management failure in inclusion design. Third, FLPP has not been sufficiently examined through an integrated framework that connects policy context, input adequacy, implementation process, and final outcomes.

Based on these gaps, this study asks four questions. First, to what extent do FLPP objectives and design align with national housing needs, low-income household characteristics, and the existing regulatory regime? Second, are the resources allocated to FLPP sufficient, balanced, and integrated to achieve its policy targets? Third, how does FLPP implementation perform in beneficiary screening, housing quality assurance, infrastructure provision, and monitoring of implementing actors? Fourth, what socio-economic benefits does FLPP generate for low-income households, and which groups remain excluded from access? This study contributes to public administration and public management scholarship in three ways. Theoretically, it operationalizes the CIPP framework for evaluating public investment in subsidized housing by linking policy coherence, resource adequacy, implementation fidelity, inclusion, and socio-economic outcomes. Empirically, it provides a multisite qualitative evaluation of FLPP across seven provinces by integrating perspectives from public institutions, banks, developers, and low-income beneficiaries. Practically, it reframes the evaluation of subsidized housing programs from unit realization and fiscal absorption toward administrative capacity, interagency coordination, accountability, infrastructure readiness, housing quality, and equitable access. This framing responds to affordable-housing governance debates that treat housing delivery as a coordination problem among state actors, market actors, and financing institutions (Alteneiji et al., 2020). It also extends recent arguments that affordable housing policy requires stronger governance arrangements to protect public objectives when delivery depends on private and semi-public actors (Canelas & Alves, 2024).

THEORETICAL REVIEW

This study theorizes the Housing Financing Liquidity Facility (FLPP) as a public management instrument for governing subsidized housing investment. FLPP is not merely a mortgage subsidy or a housing finance facility. It is an administrative mechanism through which the state mobilizes fiscal resources, regulates access, coordinates implementing institutions, shapes market participation, and converts public expenditure into housing outcomes for low-income households. This framing matters because housing affordability is not produced by household income alone. It is shaped by land markets, credit systems, construction costs, infrastructure provision, regulatory capacity, and the ability of public institutions to organize delivery across sectors (Anacker, 2019; Galster & Lee, 2021). Public management theory therefore provides a stronger lens than a narrow finance perspective. It directs attention to how institutional design, administrative capacity, interagency coordination, and service delivery systems determine whether subsidized housing reaches the intended beneficiaries. From this view, FLPP effectiveness should not be reduced to unit realization or fiscal absorption. Those indicators show administrative throughput, but they do not fully capture public value, inclusion, infrastructure readiness, or the quality of settlement outcomes. Public service logic supports this position by arguing that public performance should be assessed through value

creation and citizen outcomes rather than provider-centered output completion (Osborne, 2018; Grönroos, 2019; Osborne et al., 2022).

The CIPP framework is used in this study as a public management evaluation model because it connects program design, resource governance, implementation control, and policy outcomes. Context evaluation examines whether FLPP is administratively and institutionally aligned with the housing backlog, low-income household characteristics, regional housing markets, and the regulatory environment. Input evaluation assesses whether fiscal allocations, quota systems, banking arrangements, information systems, institutional capacity, and infrastructure support are sufficient to sustain program delivery. Process evaluation examines the managerial performance of implementation, including beneficiary registration, SLIK OJK screening, bank verification, building approvals, developer compliance, construction quality, monitoring, and intergovernmental coordination. Product evaluation assesses whether the program produces public value through housing realization, welfare gains, household asset formation, regional economic effects, dwelling quality, and equitable access. This framework is appropriate because public management effectiveness is not a single performance statistic. It is a layered assessment of whether the state can diagnose a public problem, allocate resources, govern implementation, and produce outcomes that are legitimate, inclusive, and durable.

A public management reading of FLPP also requires attention to governance architecture. The program operates through a network of actors whose responsibilities are linked but not always fully integrated. National government sets the policy direction and subsidy structure. BP Tapera administers the scheme. KPPN Investasi supports fiscal flow. Banks conduct credit assessment and disbursement. Developers produce housing units. Local governments control permits, land-use arrangements, and infrastructure environments. Beneficiaries encounter the final administrative and service experience. This multi-actor structure makes FLPP vulnerable to coordination failure. Policy coordination becomes critical because program success depends on the alignment of authority, resources, incentives, and operational responsibility (Peters, 2018). Implementation failure often occurs when formal policy design is not matched by field-level delivery capacity (Hudson et al., 2019). Collaborative governance is also essential because subsidized housing delivery requires continuous interaction among public agencies, financial institutions, developers, local authorities, and citizens (Ansell et al., 2017; Bianchi et al., 2021). From this perspective, bureaucratic delays, quota ambiguity, infrastructure gaps, uneven monitoring, and developer risk are not secondary technical problems. They are core public management failures that weaken administrative coherence and reduce the public value of housing investment.

The final theoretical issue concerns administrative inclusion. FLPP is designed for low-income households, but access to the program is filtered through formal banking and bureaucratic procedures. These procedures protect fiscal discipline and credit quality, but they can also reproduce exclusion when they privilege applicants with formal employment, stable payroll records, clean credit histories, and complete documentation. Administrative-burden theory explains how eligibility rules, documentation demands, digital systems, and institutional encounters can reduce access among target groups (Barnes, 2021; Halling & Bækgaard, 2024). Citizens with stronger administrative capital are more capable of navigating complex procedures, while informal workers often face higher compliance costs because their income is real but less legible to formal systems (Masood & Nisar, 2021). In the FLPP context, SLIK OJK screening and conventional income verification create a public management dilemma. The state must preserve prudential control without turning administrative prudence into social exclusion. This study therefore treats inclusiveness, dwelling and infrastructure integrity, and risk-sharing fairness as central elements of public investment effectiveness. A subsidized housing program succeeds not simply when houses are built or funds are absorbed, but when public administration can govern access, coordinate delivery, manage risk, and ensure that housing is affordable, livable, accountable, and fair.

RESEARCH METHOD

This study employed a qualitative case study design to examine the effectiveness of the Housing Financing Liquidity Facility (FLPP) as a complex public policy intervention. A qualitative approach was selected because the study sought to explain institutional processes, implementation constraints, and stakeholder interpretations that cannot be captured adequately through administrative indicators alone. The unit of analysis was the FLPP scheme as a national

housing-finance policy intervention, while the empirical design followed a multi-site embedded case study structure. Seven provinces were selected as embedded cases: Bali, Papua, Aceh, East Java, Jambi, South Sumatra, and Bangka Belitung. These provinces were not treated as comparative cases, but as embedded sites that reveal variation in FLPP implementation. The sites were selected through maximum-variation sampling based on three criteria: regional housing-market type, including tourism-based, frontier, metropolitan, mining or plantation, and archipelagic contexts; the proportion of informal-sector workers in the regional labor force; and implementation problems reported by BP Tapera, including quota shortage, infrastructure constraints, and exclusion related to SLIK OJK screening. This design allowed the study to capture how one national program operates under different administrative, market, and territorial conditions.

Primary data were collected from February to August 2025 through in-depth interviews with 28 informants. The informants consisted of four representatives from central government institutions, including the Ministry of Housing and Settlement Areas, BP Tapera, and KPPN Investasi; seven representatives from executing banks, with one informant from each province and including both conventional and Islamic banks; seven registered FLPP developers, with one developer from each province; and ten MBR beneficiaries from the seven provinces. The beneficiary group included four informal-sector workers, such as small traders, fishermen, and online motorcycle drivers, and six fixed-income earners, such as government employees and factory workers. Informants were recruited through a mixed purposive and snowball strategy. Institutional and banking informants were selected purposively based on their formal role in FLPP planning, financing, disbursement, or supervision. Developers and beneficiaries were initially identified through BP Tapera regional contacts and developer-association referrals, then expanded through snowball referrals to reach informants with direct program experience. Interviews were conducted face-to-face or through Zoom and Google Meet, lasted between 45 and 90 minutes, and were conducted in Bahasa Indonesia. With consent, interviews were audio-recorded and transcribed verbatim. When recording was not permitted, detailed field notes were written during and immediately after the interview.

Secondary data were used to support, contextualize, and verify the interview evidence. These materials included BP Tapera annual and quarterly disbursement reports, administrative data from SiKumbang, SiKasep, and Sitara, policy documents and regulations issued by the Ministry of Housing and Settlement Areas, FLPP disbursement records from implementing banks, the 2023 Susenas housing module, and previous studies on FLPP and affordable housing. Data analysis followed a hybrid deductive-inductive thematic coding procedure guided by the CIPP evaluation framework. In the first coding stage, deductive parent codes were constructed from the four CIPP dimensions. Context codes captured alignment between FLPP objectives, national housing needs, MBR characteristics, and the regulatory framework. Input codes captured fiscal resources, quota allocation, institutional capacity, planning, budgeting, and information-system support. Process codes captured beneficiary screening, registration, bank verification, construction, permitting, monitoring, and interagency coordination. Product codes captured housing realization, infrastructure quality, beneficiary welfare, asset formation, economic multiplier effects, and inclusion or exclusion outcomes. In the second coding stage, inductive sub-codes were developed from informant narratives, including "SLIK barrier," "quota ambiguity," "PBG delay," "PSU burden," "infrastructure shortage," "informal income verification," and "developer risk." To improve coding dependability, two researchers independently coded six transcripts and then reconciled differences through discussion before applying the agreed coding structure to the full dataset.

Credibility was strengthened through source, method, and investigator triangulation. Source triangulation compared evidence from regulators, banks, developers, and beneficiaries on the same implementation issues, such as quota allocation, SLIK OJK screening, building approvals, infrastructure provision, and housing quality. Method triangulation compared interview claims with BP Tapera administrative records, bank disbursement data, policy documents, and relevant housing statistics. Investigator triangulation was applied through joint coding, coding comparison, and analytic discussion among researchers. Claims that could not be confirmed by at least one additional source were retained only as informant perceptions, not as verified findings. The study followed the institutional research protocol of Polytechnic of State Finance STAN, Indonesia. All informants received information on the research purpose, voluntary participation,

data use, confidentiality, and the right to withdraw without consequence. Institutional and banking informants provided written informed consent, while community-based informants provided oral informed consent recorded at the start of the interview, following common field practice in Indonesia. Individual names were anonymized, and findings were reported only by stakeholder category and province, such as “Developer, Bangka Belitung” or “Beneficiary, Bali.” Table 1 summarizes the methodological design by linking informant categories, institutional affiliations, regional coverage, data sources, and their analytical use within the CIPP framework.

Table 1. Informant categories, data sources, and their use in the CIPP analysis

Informant category	Institutional affiliation	Regional coverage	n	Use in CIPP analysis
Central-government regulators	Ministry of Housing & Settlement Areas; BP Tapera; KPPN Investasi	National	4	Context, Input
Executing banks (conv. & Sharia)	FLPP-disbursing banks at branch level	All 7 provinces	7	Process, Product
FLPP-registered developers	Local subsidised-housing developers	All 7 provinces	7	Input, Process, Product
MBR beneficiaries (fixed-income)	Civil servants, factory workers, formal employees	Bali, Aceh, E. Java, Bangka Bel.	6	Product (welfare, asset accumulation)
MBR beneficiaries (informal sector)	Small traders, fishermen, gig workers	Jambi, S. Sumatra, Papua	4	Process (SLIK exclusion), Product (inclusivity)
Secondary documents	BP Tapera reports; SiKumbang/SiKasep/Sitara; Susenas 2023; regulations	National + 7 provinces	—	All four CIPP dimensions (triangulation)

RESULTS

Contextual Analysis

The FLPP program targets 350,000 subsidized housing units nationally by 2025, with a budget of IDR 35.2 trillion, supporting the government’s “3 Million Homes” initiative. Policy incentives include full VAT coverage, BPHTB exemptions, and PBG fee waivers. However, local-level implementation is inconsistent. In regions such as Bali and Papua, unclear regional regulations impede execution, while discrepancies in land area standards and housing price caps create challenges for developers, especially in high-tourism or strategic urban zones.

Input Analysis

Although budget allocations have increased, quota shortages in Bali and Papua remain critical bottlenecks. Limited human resource capacity in local governments further delays licensing and approval processes. Technical input integration, via BP Tapera’s digital ecosystem (SiKumbang, SiKasep, Sitara), is hindered by data inconsistency and inadequate interoperability with external spatial planning systems, affecting land acquisition efficiency and project execution.

Process Analysis

SLIK OJK screenings exclude many informal workers despite their repayment capacity, limiting program inclusivity. Construction management faces procedural delays, cost pressures due to material inflation, and obligations to provide Public Utilities (PSU), reducing salable land area. Monitoring mechanisms indicate mis-targeting, with some houses remaining uninhabited or sublet, reflecting gaps in quality assurance and compliance monitoring.

Product Analysis

As of December 2025, 237,045 units have been achieved by FLPP (BP Tapera, 2025 disbursement report), representing roughly 67.7 percent of the 350,000-unit annual target, with varying levels of regional success, such as high absorption levels in provinces within Java and lower levels in Papua and some regions in Eastern Indonesia. As for the shortcomings identified by beneficiaries and developers within South Sumatra, Bangka Belitung, and Papua, they include poor provision of water supply facilities, unsealed entry roadways, and inadequate drainage system infrastructure. Based on the information provided by the informants and responses from the developer survey, positive effects were noted across the four themes of CIPP-Products, where advantages were consistently noted for fixed income recipients versus those from the informal economy.

In terms of economic impact, the construction sector linkage and downstream MSME linkages created by the FLPP project result in multiplier effects. The widely cited number of 12 to 15 million people benefiting from the “3 Million Houses” programme is an estimate provided by the Ministry of Housing and Settlement Areas (2024) on the basis of the input-output coefficient of the construction sector used to project employment of 3 million housing units. Therefore, this number is stated here as a policy prediction rather than a verification of the benefitting from the 237,045 units delivered up to now. Developer interviews in East Java, Bangka Belitung, and Aceh reveal an actual but smaller expansion of local employment and downstream MSME activities (material supply, finishing, electricity and sanitation systems). Social benefits for beneficiaries have manifested themselves in the form of increases in household assets, improved psychological comfort, and social stability. However, the informal economy workers continue to face obstacles in accessing the benefit, and housing construction is still not accompanied by adequate environmental infrastructure (water supply, roadways, internet).

DISCUSSION

The findings indicate that FLPP should be understood not merely as a housing finance scheme, but as a public investment instrument whose effectiveness depends on the interaction between policy fit, resource adequacy, implementation quality, and social outcomes. The CIPP framework clarifies this relationship because it allows effectiveness to be assessed across the full policy cycle rather than through isolated administrative indicators. Unit realization and fiscal absorption remain important measures, but they provide only a partial account of program performance. They show that resources have been distributed and houses have been produced. They do not show whether the program reaches the intended population, whether housing units are supported by adequate infrastructure, whether risks are fairly allocated among implementing actors, or whether the program generates durable welfare gains for low-income households. This distinction is consistent with public service logic, which treats public effectiveness as a matter of value creation rather than provider-centered output completion (Grönroos, 2019). It also reflects the risk of value destruction when public programs deliver formal outputs but fail to protect citizen experience, inclusion, and long-term welfare (Engen et al., 2021; Cui & Osborne, 2023).

From the context dimension, FLPP has strong policy justification. Indonesia continues to face a large housing deficit, and low-income households remain the most affected group. The program responds to this structural problem by lowering financing barriers through subsidized interest, affordable down payments, and longer repayment tenures. Its design reflects the state’s responsibility to correct market failure in housing access, especially when commercial mortgages remain unreachable for many low-income households. This role is important because the housing affordability crisis is not reducible to household income alone. It is produced through the interaction between land markets, urban development, housing supply, credit access, and public regulation (Wetzstein, 2017). Market-based housing supply policies can expand formal housing provision, but they often fail to secure affordability when public governance does not discipline land costs, developer incentives, and settlement quality (Wetzstein, 2022). In this sense, FLPP is necessary because inclusive housing requires national policy intervention, not only private-market correction.

However, the findings also show a gap between national policy intent and local implementation conditions. Regional variation in land prices, infrastructure readiness, permitting

practices, and housing demand makes a uniform delivery model difficult to sustain. Bali, Papua, East Java, Aceh, South Sumatra, Jambi, and Bangka Belitung illustrate that FLPP operates within different territorial, regulatory, and market environments. A national subsidy design can lose effectiveness when it is not adapted to regional housing governance. Sustainable and inclusive housing policies require stronger integration between national housing finance, urban planning, infrastructure provision, and compact settlement development (Moreno-Monroy et al., 2020). This explains why FLPP cannot be evaluated only through central program indicators. Its actual performance is shaped by the capacity of local institutions to translate national financing into livable housing environments.

From the input dimension, FLPP demonstrates substantial fiscal and economic strength. Government investment through the program stimulates construction activity, sustains developer operations, and activates supply chains involving material suppliers, MSMEs, and local labor. The broader housing agenda is projected to absorb 12–15 million construction workers, while regional evidence shows that FLPP supports business continuity in the housing sector. In Bangka Belitung and Aceh, developers benefit from stable demand, faster capital turnover, and improved business resilience, even though margins are lower than in commercial housing. In East Java, subsidized housing demand helps developers withstand rising construction costs. These findings show that FLPP produces value beyond direct household assistance. It functions as countercyclical public investment that stabilizes local housing markets and protects regional economic circulation. Such value is generated through an ecosystem of public agencies, banks, developers, households, and local infrastructure actors rather than through a single implementing institution (Kinder et al., 2022).

The same input structure, however, also reveals managerial vulnerabilities. Fiscal allocation alone does not guarantee resource adequacy. Developers still face land scarcity, rising material costs, price-cap pressure, and infrastructure obligations that reduce project feasibility. Banks face credit-risk exposure because the current scheme places much of the repayment risk on implementing banks. This risk structure encourages conservative screening, particularly when applicants come from non-fixed-income segments. Quota uncertainty in Papua and Bali further disrupts planning because banks and developers cannot fully synchronize financing, construction, and sales cycles. These constraints indicate that FLPP's resource system is not only financial. It also depends on stable quota governance, predictable risk-sharing arrangements, reliable infrastructure support, and stronger coordination between national and local actors. Public management reform in such settings requires governance arrangements that distribute authority, accountability, and operational responsibility across multiple actors rather than concentrating performance expectations in one administrative node (Krogh & Triantafillou, 2024).

From the process dimension, the most serious challenge concerns administrative inclusion. FLPP is designed for low-income households, yet its implementation often privileges applicants who can satisfy formal banking requirements. The use of SLIK OJK screening, income documentation, payroll verification, and conservative credit assessment creates a structural barrier for informal workers. This issue appears in Jambi, South Sumatra, Papua, East Java, and Bangka Belitung, where some informal workers have actual repayment capacity but cannot pass formal eligibility procedures. The problem is not simply that applicants are rejected. The deeper issue is that the administrative design recognizes formal income more easily than real economic capacity. Administrative capital matters because citizens with stronger knowledge, documentation, and institutional familiarity are better positioned to navigate state procedures (Masood & Nisar, 2021). Public benefit systems can also impose hidden costs on citizens through repeated documentation, verification, waiting, and institutional encounters (Barnes, 2021). FLPP therefore risks becoming more accessible to administratively legible beneficiaries than to informal households that also belong to the target population.

This finding exposes a central public management dilemma. Prudential screening protects public funds and banking stability, but rigid screening can weaken the inclusion mandate of subsidized housing policy. A program aimed at low-income households cannot rely only on conventional mortgage logic when a large part of the target group works outside formal employment. Learning and compliance costs become decisive when applicants must understand eligibility rules, match themselves to administrative categories, and produce acceptable evidence of worthiness (Moynihan et al., 2022). Digital systems may improve processing efficiency, but they can also generate digital administrative burdens when applicants lack the data trails, financial

records, or platform literacy required by the system (Peeters, 2023). The challenge is to design a risk-sensitive but inclusion-oriented eligibility system. Such a system would not remove credit discipline, but it would create more adaptive methods for assessing informal income, repayment behavior, household cash flow, and community-based economic stability. Reducing excessive compliance demands can improve the experience and well-being of target groups without eliminating administrative control (Bækgaard et al., 2021). This is why the FLPP eligibility system should be treated as a core policy design issue, not as a minor technical procedure.

From the product dimension, FLPP generates clear social value. The program helps beneficiaries move from insecure housing conditions toward ownership, asset formation, and family stability. National figures show that the proportion of the housing backlog declined from 17.47% in 2017 to 13.57% in 2024. Beneficiary interviews in Bali also show high satisfaction, with 91% of the 23 interviewed beneficiaries reporting that they were satisfied or very satisfied. Similar responses emerged in Aceh, where beneficiaries associated FLPP housing with security, dignity, and long-term household stability. These findings suggest that FLPP can convert public subsidy into meaningful welfare gains when access, location, financing, and housing quality align. Public service innovation becomes meaningful when it expands citizens' capacity to live differently, not merely when it improves administrative throughput (Hardyman et al., 2022).

The asset-building effect strengthens this conclusion. In the Bali sub-case, beneficiary interviews indicate an average nominal asset increase of about 36% over an average period of three years, mainly due to appreciation in FLPP-financed housing. This figure should be interpreted cautiously because it comes from a specific local sample, but it still demonstrates an important mechanism. FLPP allows low-income households to transform monthly housing payments into asset accumulation. This is a stronger welfare effect than short-term consumption support. It gives beneficiaries a material base for household security, intergenerational stability, and future economic mobility. Yet this value can be weakened when bureaucratic design produces onerous experiences for households that already face economic precarity (Daigneault, 2024). The welfare effect of FLPP therefore depends not only on the subsidy received, but also on the administrative pathway through which households obtain and sustain access.

The product dimension also reveals a major quality problem. Housing unit delivery does not always translate into livable settlement formation. Evidence from South Sumatra, Bangka Belitung, and Papua shows that several FLPP locations still face inadequate water supply, road access, drainage, electricity, and connectivity. This infrastructure gap weakens the welfare value of delivered houses. A unit can be legally realized, financially disbursed, and physically occupied, yet still fail to provide decent living conditions when basic environmental infrastructure remains incomplete. This shows the limit of output-based evaluation. A house is not only a structure. It is part of a settlement system. Inclusive housing policy must therefore connect affordability with infrastructure, spatial planning, public transport, and access to urban services (Moreno-Monroy et al., 2020). FLPP effectiveness depends on whether housing finance is integrated with land development, utility provision, and local infrastructure investment.

The integrated CIPP reading shows that FLPP is effective, but unevenly so. The program is strong in fiscal execution, market stimulation, and formal-worker access. It is weaker in informal-worker inclusion, infrastructure integration, risk-sharing fairness, and interagency coordination. Its context is compelling because the housing need is large and constitutionally relevant. Its input is substantial because public investment mobilizes the housing sector and supports regional economic activity. Its process remains constrained because screening, permitting, quota management, and coordination systems do not always match field realities. Its product is significant because it reduces housing need, supports asset formation, and improves household stability, but the product is incomplete when access is unequal and infrastructure is insufficient. This unevenness is precisely why FLPP should be evaluated as a public management system, not as a financing pipeline.

The managerial implication is direct. FLPP should move from an output-centered subsidy model toward an integrated public management model. Future program reform should improve eligibility design for informal workers, strengthen risk-sharing mechanisms between government and banks, stabilize quota planning, align national housing systems with regional spatial-planning data, and ensure that every housing unit is supported by basic infrastructure. The program also requires stronger coordination among BP Tapera, implementing banks, developers, local governments, utility providers, and land-use authorities. Without this coordination, FLPP will

continue to finance houses without fully governing the conditions that make those houses livable, inclusive, and socially productive.

Overall, FLPP demonstrates that subsidized housing investment can generate significant public value when it connects finance, delivery, and welfare outcomes. The program has reduced part of the backlog, sustained regional economic activity, supported developer resilience, and enabled many low-income households to enter property ownership. Yet its effectiveness remains limited by the institutional architecture through which the program is implemented. Administrative systems that exclude informal workers, infrastructure systems that lag behind housing delivery, and risk structures that discourage broader access all reduce the program's public value. The central lesson is therefore not that FLPP fails, but that its success remains institutionally incomplete. Its next stage must be judged not by how many units are financed alone, but by whether the state can make subsidized housing accessible, livable, accountable, and fair.

CONCLUSION AND FURTHER STUDY

This study concludes that the FLPP program is effective as a public investment instrument for reducing Indonesia's housing backlog, stimulating regional economic activity, sustaining developer operations, and improving welfare outcomes among low-income households. The CIPP-based evaluation shows that FLPP is strongest in its policy fit and fiscal architecture, as the program responds to a real demand for affordable home ownership and mobilizes substantial public resources through a relatively stable financing mechanism. Its product-level outcomes are also visible through housing-unit realization, beneficiary satisfaction, asset formation, and local economic multipliers. However, the program is only partially effective when judged through inclusivity, dwelling and infrastructure integrity, and risk-sharing fairness. The findings show that FLPP works more smoothly for formally employed beneficiaries than for informal workers, whose economic capacity is often not recognized by conventional banking procedures. Implementation is further constrained by building-approval delays, quota uncertainty, land scarcity, weak central-local coordination, uneven infrastructure provision, and asymmetric risk allocation between government, banks, and developers. Thus, FLPP should not be read as either a success or a failure in simple terms. It is a functioning housing-delivery instrument whose public value remains institutionally incomplete.

This study has limitations that open important directions for future research. The qualitative multisite design, based on 28 informants across seven provinces, provides rich institutional and regional insight but does not allow statistical generalization to all FLPP beneficiaries or implementing regions. The Bali evidence on beneficiary satisfaction and household asset growth should also be treated as context-specific rather than nationally representative. Future studies should use longitudinal household data to examine post-occupancy welfare, repayment stability, asset accumulation, infrastructure quality, and settlement sustainability over time. Comparative research between FLPP and other affordable-housing schemes would also clarify which subsidy designs produce stronger inclusion and welfare effects. Further research should examine alternative credit-assessment models for informal workers, including cash-flow-based assessment, community verification, digital transaction histories, and hybrid guarantee mechanisms. Managerially, FLPP reform should focus on harmonizing central and local regulations, stabilizing quota allocation, integrating housing data with spatial-planning and infrastructure systems, strengthening construction and post-occupancy quality assurance, and redesigning credit mechanisms so that fiscal prudence does not become administrative exclusion. These reforms would allow FLPP to move from a unit-delivery program toward an integrated public housing investment model that is accessible, livable, accountable, and fair.

ETHICAL DISCLOSURE

Not Applicable.

CONFLICT OF INTERESTS

There is no conflict of interest.

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