The Limited Equity Cooperative Housing: Overcoming the Lameness of Land Ownership

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ABSTRACT
City gives the useful positive things, however, the urban growth can also cause various problems of social, economy, and politics. It has been realized that rapid growth of the cities in underdeveloped countries has been followed by various problems related with demography factors, particularly the growth of urban population number that cannot be avoided. Based on some theoretical views that can explain urban poverty in the third world, it seems that the impecunious clan cannot obtain any affordable housing. Meanwhile, they have the high proximity level to urban activity centers. The concept of limited equity cooperative housing as an alternative to solve this problem of poverty in Indonesian cities has a technical problem. It is not merely the problem of culture--attribute of industrialization--nor the lethargy in economics growth. The domination system of land in Indonesian cities is generally not proportional. Most of the strategic locations is dominated by the middle to upper factions, whereas impecunious faction never gets the opportunity. To change the un-proportional domination system toward the proportional domination system is the program of limited equity cooperation housing. The modification of Parsons's General Action System is the implementation of the basic strategy of the program. The difficulty to implement the program is depended on the 'political will' of the government. The policy makers need to realize that the impecunious communities in Indonesian cities should be considered as something inherent with the entire structure of urban community, and that urban efficiency is reached when this community faction is integrated better into the urban social system.

Key Words: impecunious, homesteading, affordable, gentrification, poverty.

In the wide context, city gives the useful positive things, however, the urban growth can also cause arising the various problems of social, economy, and politics. It has been realized that rapid growth of the cities in underdeveloped countries has been followed by various problems related with demography factors, particularly the growth of urban population number that can not be avoided. However, generally, there is no an indication showed that the increase of total population in the city had been decreased, from previous projection (See Taylor & William, 1982:6). The process of rapid urbanization and growth of population has been coloured by the growing of impecunious faction and the informal sector activities.

Is it realized or no, in facing this problem, the cities are generally just considered as the part of process and the objective of economy development and certainly also politics, while the existence of the impecunious community tends to be disregarded. Planning and the decision making are often focused only at solving the problem of urban efficiency, while the existence of impecunious community is mostly viewed as the element of urban that need to be evacuated, because it will only confuse the planning entirety. This most probably caused by the lack of theoretical expertise possed by the planners and decision makers, particularly relating with the poverty problem in the urban setting. The attitude of planners or decision makers, that

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usually base on the theoretical comprehension they possessed, both directly and indirectly, are obtained from theoretical knowledge resources itself. If they have a shallow comprehension, whatever the policy they decide, it would be always imprecise, and may be uneffective.

Otherwise, if they have a circumstantial comprehension, it could be expected that they will produce the appropriate and effective policies. Certainly, whatever the wideness of theoretical comprehension, it will never create the really appropriate policy and attitude generally. This is caused by the reason where every third world country has faced the problem of poverty differently and unique. In addition, every impecunious community always has the different character with the other impecunious community. However, the comprehending on the poverty problem and social lameness with wide perspective, and added with practical observation and consideration, would assist to find the most appropriate policies to be applied in any case. Actually, there are many of those theoretical considerations could explain the phenomenon of poverty and social discrepancy in the third world cities. We would not discuss those here, however, some of them could be implied directly to the policy, some are still in the general level and have not directly implied to the policy.

Urban Poverty and The Problem of Lameness in the System of Land Ownership.

Some theoretical views explaining about the occurrence of poverty in the third world cities, for example, are marginal theory, developmental theory, dependency theory and articulatory theory. The theory of marginal assumes the poverty in the third world cities is occurred by the presence of a culture of poverty constructed by the process of socialization from a generation to other generation. This theory assumes the urban impecunious community are formed in such a manner so that their own behaviour or culture even which constantly hinders them to secede from their poorness (see Baker, 1980:5; Suparlan, 1984, 1989; Gilbert & Gugler, 1981: 84, Anshory, 1989: 34). For the theory of developmental, poverty in the cities is occurred as result of the lack of attributes of industrialization, and the slowness of economic growth (see Brown & Panayotow, 1992; Bryant & White, 1986; Brown, 1986). The theories of dependency and articulatory offer the different views. Each, by separate emphasis, indicates that urban poverty emerges as result of penetration of capitalism in the third world.

By these theories, we can see that the urban poverty is not a technical problem, it might be a problem of culture or structure, particularly concerning creating the access for the impecunious faction towards the resources, production system, distribution and other aspect (see also Pakpahan, 2005:27). Certainly including in it, access to obtain the affordable housing for impecunious faction. It can be assumed that the poverty they experience this time is a tentative thing, and is not merely limited by cultural factors as explained by theory of marginal. Homesteading for the impecunious faction in Indonesian cities, such as in most of third world cities, is not simply appliance for life, place for eating, talking with friend, and loving, but particularly also as an place for resource aggregation. Farther, although homesteading is not a productive investment, but its access that easily to urban infrastructure and to the activity centers of urban economics is as a necessary resource for the urban impecunious faction to be able to support the efficiency for urban economics (see Mills, 1991:222-3). It has been a marking typical at any cities in Indonesia, that at the downtown area (central business district) is usually as the areas of the important land usage in the city. There are impecunious resident concentrations at the areas, which are generally marked by operations of the various activities in informal economic sector a sector which totally supports the economic activities of urban. Because of the need on proximity in accessing to industrial areas, to harbour area, to commerce centers, or to other activity centers of urban, then around this centers the communities of impecunious people dwell. They are not interested at all to dwell at any location in suburban area.
The lack of skills and education, and added with the problem of access to obtain capital and facilities, make the impecunious those are generally the migrants from rural areas can not access the formal sectors of urban, such as private and public companies, and also to the government bureaucracy for obtain licences, investment credits and exploiting various other public facilities (see Schaffer & Hsien, 1985). As the consequence, the migrants can only take action at the informal sector and dwell at the substandard housing around the urban economic activity centers. This indicates that impecunious communities of Indonesian urban area, as in other third world cities inherently, are the part of urban system. The wide activities of real estate development in the third world cities by the effect of the government policies and by relations with the capitalism system, then there are a number of the land owners that generally consist of the middle and above of economic group in the third world cities. In fact, they are only minority in number. The happening of capital accumulation in Indonesian cities has exploited the resource from the rural region in the form of new comer in number which more and more. Finally, the cities tend to be inhabited by minority faction of impecunious and majority faction from middle and economic elite faction. This delivers the serious effect, where do ownership of the urban land is dominated by the minority faction that particularly the elite of economic, with luxuriant consumption, usage of land as a symbol for status, and heaping the properties. While on the other side which the majority, the faction of impecunious, because of access problem, would never get opportunities to obtain any land with the legal ownership rights.

The lameness of the land ownership system in urban area actually could be overcome by the acts of land use plannings and policies, especially at locations of the new developmental areas of cities. But in fact it does not like that. The new developmental areas in the cities, which generally face the outgrowth rapidly by the expanding of industrial buildings or any other commercial building. The buildings which are solely only destined for the middle faction and above, because only they are able to obtain them. Though by dozens government efforts to procurement the very cheap housing, but such programs also cannot be reached by the impecunious faction. Despitefully, selected locations for facility of the cheap settlement, which is, of course because of the consideration of price, forced to take the locations that relatively very far from the centers of urban activities.

The fundamental problem is that planning of the new development area in cities is very less in considering the existence of impecunious community as a part of urban structure. Change process take place continuing, but the urban extension itself likely has placed the change burden is not fairly on the shoulder of impecunious faction. Thing that is often disregarded by planners and policy makers is that if impecunious community existence is considered more precisely into the planning and decision, hence the community even possibly would become resource and strengthen the growth of urban economics (see Mills, 1991). To reach the urban efficiency, then policy of land uses ought to pay attention to the valid provision of homesteading for urban impecunious clan at the strategic locations. Those are the locations with affordable and high proximity level to the activity centers of the city, where do the most of impecunious people work. Then it supports, and facilitates them to access the public facility in the formal sector.

**The Program of Limited Equity Cooperative Housing: an Alternative Concept**

Empirical experiences indicate that, the efforts providing the homesteadings handled by the capitalists namely the privat sector that oriented to the profit can not cope with the problem on housing for impecunious faction in the cities (Gilderbloom, 2006). To cope the lameness, one of the efforts able to be allowed to assist the urban impecunious faction to obtain the affordable housing is through a program of housing in the form of cooperative by the way of limited equity. This program enable the impecunious faction has the power of financial in one
side, and to avoid the gentrification which is disadvantage for the action, both in the long-term and in the middle-term in other side. Such program is usually called limited equity cooperative housing, a program providing homesteading non-profitly that is allocated to the low income society faction, with an approach cooperatively. The organizer is a housing cooperation with membership limited at certain faction of society with low income, specified based on certain criteria. The cooperation acts as the developer that is non-profit oriented, which would specify the locations for development of housing (see Glossary, 2006; see also Gilderbloom & Appelbaum, 2006).

The mechanism of the cooperative is explainable as follows: that in a typical arrangement, every user will pay for a shares of light advanced money (for example 10% from the value of the property to be owned); the monthly payments include every portion of owner from collective mortgage, added the costs for the maintenance and operation (see Giderbloom and Appelbaum, 1991:180-1). If an owner intend to move, the owner is not enabled sell his property to other party, except through the cooperation which is the competent organizer. Hereinafter, the cooperation will resell the property to a new owner, which have been accepted a member of the cooperation; in this way, sale price will remain constantly at under the market price to the same type and quality. If a certain house is re-sold to the cooperation, while its mean price is still above the range of life, then the unit owned by the cooperation would never be sold.

Figure 1. Sale and Resale Pattern of Homesteading at Conventional Cooperative Housing, from Gilderbloom and Appelbaum (1991)

Such cooperative is termed as limited equity. Limited equity, according to the definition used by Gilderbloom and Appelbaum (1991:180) is the limitation of equity of cooperation’s members to reown units that have been freed by the cooperation. In other words, limited equity gives the limitation at the result accepted from any resale the house units by the first owner. This differs from the housing cooperation without limited equity, where the cooperation’s members are unhampered to resale their house units at the market value prevailed. At conventional housing cooperation, every member which have mastered a homesteading can sell directly to other party at the price of market applied. In practice, this pattern enable the happening of gentrification - switchover of right of properties to the hand of higher level economic society faction (see the Figure 1).

At the cooperative housing with the system of limited equity, if any member would sell his or her property, the owner is only able to resell the property through the cooperation at the price of under the market price (see Figure 2). In this way, it will be yielded not only the important improvement to reach an affordable housing for impecunious faction, but also can prevent the gentrification.
Figure 2. Buy and Resale Pattern of Homesteading at The Program of Limited Equity Cooperative Housing, from Gilderbloom and Appelbaum (1991)

System Approach as the Application Method

A system is usually defined as an association of elements that is interconnected each other forming a complex whole as an unity. System responds to input, output and feedback. Feedback is occurred when output is functioned as an input and leading toward stability or change of the system. Feedback can be in form of positive or negative. In general system theory, negative feedback could be occurred when the respond of system reside on adversative direction from the output. Output of the cycle would lead the stability at the system, when the feedback is the negative form. Hereby, negative feedback is the respons of system toward its stability and self arrangement (see Figure 3).

Figure 3. The model of input-output systems with negative, from Gilderbloom and Appelbaum (1991)

On contrary, positive feedback is oftentimes comprehended as a cycle that is able to cause the change radically inside system. Output of the cycle would lead at the change of system when the feedback is positive form (see Figure 4).

Figure 4. The model of input-output systems with positive, from Gilderbloom and Appelbaum (1991)
For example, growth of the economics follows the capitalistic pattern and institutionalizing of the land speculation by the elite of economic possibly would become the main obstacle for the organizer or the cooperation management in accessing acquirement of the affordable housing. In this case, without 'political will' of the government, any effort to apply this program would only face a failure. As a solution, can be considered the combination model between 'top-down' and 'bottom-up', as shown in Figure 5.
Figure 5. The model on system approach for Implementation providing of the Limited Equity Housing, from Gilderbloom and Appelbaum (1991)

Figure 5 shows some interrelationships between the institutions that competent in providing homesteading for impecunious faction, through the approach of the program of limited equity housing. In the framework at Figure 5 it is shown the interconnection between one system component with other system component in society. Interrelationship in direction of bottom-up, covers the relation between impecunious faction of urban society and housing cooperation, between the housing coorporation and non government organizations (NGOs) and legal aid institutions (LAIs); between the housing cooperation and the professional developer; between NGOs/ LAIs, and central/city government; between NGOs/LAIs and banks or other financial institutions.

Relation between central government and private sector/developer and with banks/financial institution, especially in relations of policies, regulations and controlling. Efficiency of this program is mostly determined by the regulations arranged by the government particularly which party to the impecunious group. The policy regarding crossed-subsidy in real estate development can urge on the developer to give the land subsidy in the interest of the impecunious faction. Central government also can issue a policy of giving of credit related to the providing homesteading for impecunious faction. The other form of policy that can assist is the form of tax dispensation, priority for the cooperation management. Relation between city government and cooperation management, covers the aid of city government in the form of land use policies with casts aside strategic locations for the impecunious faction where have the high proximity level to access the centers of economy activities in city. The other aids of city government consist of any form of dispensation for permit and retributions, technical assistance, human resource training, management assistance and other activities like that.

Although it is expected city government can give quite a lot aids to cooperation management, however, all important thing that should be avoided, is direct aid what can lessen the authority of cooperation management to make any decision for the project developments.

Relation between cooperation members and cooperation management, consist of two especial dimensions, both are membership relation, including delegation relation, and relations on selling and also purchasing the property units. Pursuant to the basic concept of limited equity cooperative Housing, there are some principles of the work relation between cooperation management and its members have to be obeyed, for example: a cooperation’s member is a member of impecunious faction society group, according to certain clauses and criterion; and members could buy or sell any property only through the cooperation.

Relation between the cooperation and the supporter institutions. Relation between the cooperation and non government organizations (NGOs) and law aid institutions (LAIs) can be realized in the form of establishing of the institutions by the cooperation's self, or in form of contractual relation. Relation between cooperation and NGOs/LAIs especially in the form of relation in legal aspect and supervising or controlling. NGOs and LAIs is expected can be function to control particularly the implementation of policies by central government and city government designed to avoid the capitalists to intervene into the system. While the relation between banks/financial institution with cooperation is particularly in the form of credit and capital aids. For example: construction credit aid, housing credit aid, etc.

Relation between NGOs/LAIs and related institutions, especially is in the form of supervising and controlling on policy implementation. As the institution representing the cooperation, what also mean the institution delegated by impecunious group, NGOs or LAIs are expected can control various policy of respective city and central government, particularly in
supervising and controlling the mechanism of providing homesteadings for impecunious faction.

**Basic Strategy: Applying Parson’s Action System**

System theory of Talcott Parsons explains that a local community, an association, a corporation, a family, or a friendship tying can be considered as a small system. That way also, life segments in a society be like aspects of economic, politics, and culture are qualitatively imaginable as a system.

For Parsons, the various systems are correlated through a transfer of symbolic information. Every subsystem of a social system has a same symbol: money for subsystem of economics, power for subsystem of political, influence for subsystem of social community, and commitment for the subsystem of socialization. Even if the symbolic sources are changed in any system, the system is always in balance with other systems, and at the same time maintains its identity by itself, maintains its boundaries.

Parsons introduced his structural functionalism with 4 important functions for all action systems, well known by the name of AGIL Scheme, as abbreviation from Adaptation, Goal Attainment, Integration, and Latency (maintenance of pattern). AGIL Scheme is a function of accumulation the activities which is directed to certain necessity fulfillment, or requirement of system (Parsons, 1971:6; Veeger, 1986:199–206). According to Parsons, every system is controlled by some subsystems. The highest for the problem of information and the lowest subsystem for the problem of energy. Thus, the lower elements of subsystems push their energies up to the system, while the higher elements of the subsystems return the information downward. Parsons then made the assumption in four action systems to realize his AGIL scheme, namely: (1) behavior organism is the action system implementing the function of adaptation (A) by adapting itself and with changing the external environment; (2) personality system is the action system conducting attainment the goal (G), by specifying purpose of the system and mobilizationing the resource to reach it; (3) social system is the action system overcoming the function of integration (I) with controlling the parts to be its components; and (4) cultural system is the action system executing the function of latency (L), the pattern by providing the actor in form of peripherals of value and norm, motivating them in acting (see Ritzer & Goodman, 2004:121; Turner, 1991:69-70).

The problem of our fundamental discussion related with the above principle, is how do we control the tendency to change the system from within. System of land domination that is established in our cities nowadays is the system of lame land domination. Our duty, in this case, is to do an approach to control the change of the system up at new system that is expected the sistem of proportional land domination. The following thing would be described is a basic concept, which can be considered, namely a basic strategy to implement the program of limited equity cooperative housing, by referring to the action system of Parsons.

The first action system, behavioral organism can be associated with institutions, which have been discussed above, starting from central government up to impecunious society faction, each plays certain role and function for adaptation to process the system change from the imbalance of land domination system to the balance of land domination system, through the program of limited equity cooperative housing.

The second action system is personality system. For Parsons, personality system is an action system executing attainment the goal, and mobilizing the resource to reach it. In this case, the purpose that should be reached is fulfilled the requirement of the affordable housing and also has a high level of proximity to central places of urban economic activities, both are seen from the aspek of impecunious. Resources mobilization conducted through the redesign of land based on the regulation of land use. The other resources are the capital accumulation from any resource, for example the fund from the community savings, pension and so forth.
The cooperations which obtain much advantage can invest some of their advantages by buying a number of plots of prospective sites for further development. Other source that able to be obtained is from the member dues and the loan fund from finance institutions. The loan required by cooperation is not only able to obtained from any bank, however, it can also be obtained from financial institutions of non bank, such as building society, housing development finance cooperations, and various companies of insurance.

Social system, the third action system, can be arranged through stipulating various policies by government that is able to stimulate the system change from 'lame land domination system' to 'proportional land domination system' at each of the related institute.

The fourth action system is cultural system. This system executes the function of maintenance or latency the pattern by providing the actor with a set of values and norms that is able to motivate them in acting. Applying of cultural system in the case of program of housing cooperative, especially is to provide the law equipment toward the changing. Some important legal equipment, for examples: the policy of land use which is done through the planning of city land use, that is determined into the regulation of city; the rule of housing and real estate development, which is conducted to crossed-subsidy, where any developer developing housing and real estate by profit oriented, is required to give a part of its site for development for impecunious faction housing; the other equipment of law is policy of tax dispensation and the rule of decision to facilitate the construction credit for the cooperation of housing. Cultural system, as the action system, exists in level of the hierarchy of general action system. In this case, Parsons view has given a sign about the importance of government role for the socialization of the equipment of law, so that, it might create an atmosphere to lead the system at change that is expected.

Conclusion and Implication

Simply, this article has tried laying open the problem of poverty, which related to urban lameness problem in land ownership, and providing the homesteadings for impecunious faction, as embraced in a few items following: (a) by the theoretical studies, it is seen that poverty in Indonesian cities is not only technical problem solely. It is not merely because of problem of culture or attribute of industrialization and also not only because of lethargy in economics growth. Poverty in our cities, likes in other third world cities, is more related with the socio-economic problems, which can be explained in constellation of world economic and the politics of economy in the global structure. Impecunious faction nowadays in Indonesian cities does not have enough opportunity for obtaining the land at locations that have high proximity to access the centers of economic activities; (b) domination system of land in Indonesian cities is generally unproportional or lame. That is most of all the strategic locations is dominated by the middle faction and above, whereas impecunious faction is never get any opportunity for it. The main problem is how do changing the unproportional domination system toward the proportional domination system, so that impecunious faction can get the opportunity to have the strategic locations. One of concepts able to trigger change of the system is the program of limited equity cooperation housing. Although this program is the program having the character of 'bottom-up', but the impecunious community of urban will remain be confronted with various problem of access. The program has to involve also the programs of 'top-down', where do central government and city government take a role to share in assisting the cooperation management effort, such as through various policies and their operations; and (c) the basic strategy of the program implementation can be done by creating a modification on Parsons's General Action System, which is composed with four action systems: behavior organism is associated as the institutes from the highest hierarchy (central government) toward the lowest hierarchy (the impecunious faction). Each takes a role to adaptation toward the expected change of the system. Personality system, is the action system executing the goal attainment, that is to fulfill the requirement of the affordable housing and having the high
proximity to reach the centers of economy activities; social system can be formed through various policies to arrange the role and function of every institution of society as the agents of change; and cultural system is to execute the function of maintenance (latency) the pattern through providing the actor with equipment of value and norm to motivate them in acting, especially in providing the equipment of law to direct the expected change of the system.

As a final conclusion of this article, it is important to be reminded that the difficulty to implement the program of housing like this, is not at how changing the unproportional land domination system, and also not at how to create the harmonious interaction between the components of the system, but it seems more depend on the 'political will' of government. However, without desire of the government to assist implementing the program seriously, any policy specified would not reach the expected result. In this case, the policy makers need to realize that the impecunious community in Indonesian cities, at least to the condition of at this moment, should be considered as something inherent with entirety structure of urban community. And the all important thing is that, urban efficiency is only possibly reached when this community faction is integrated betterly into urban social system.

References
