



## HOMES & COMMUNITIES

# Building Safe Homes and Communities: Indonesia

Vision: Ensuring access to safe and dignified homes for low-income families in Greater Jakarta through a better functioning market, and the provision of quality information, finance, skills and affordable materials.



For Tisah and her family, their new home in Kedung Dalem village, on the outskirts of Indonesia's capital of Jakarta, provides added security, comfort and increased health benefits. Photos by CRS staff

“My old house had an asbestos roof and a bamboo structure. It was small and crowded, and when it rained the house flooded.

Tisah,  
CRS project participant,  
Jakarta, Indonesia

## Context

Indonesia's population is expected to increase by 32 million people by 2040.<sup>1</sup> This creates a critical need for safe and affordable housing. Today, a staggering 42.4% of Indonesian families live in substandard housing, many of those in the capital. More than a third of Jakarta's residents live in *inadequate* dwellings.

Despite the country's economic growth, many low-income families struggle with rising land costs and limited access to finance. They rely on building their homes themselves—often of poor quality—which further exposes them to risks of disaster.

Located on the “ring of fire”, a horseshoe-shaped zone of high seismic and volcanic activity encircling the Pacific Ocean, Indonesia experiences frequent severe weather and the damaging effects of climate change.

To address the housing shortage, Catholic Relief Services is supporting families and communities with a shelter approach grounded in market systems development.

We aim to create a better-functioning market in which families on low incomes can benefit from:

- **Quality information:** Improved understanding of disaster risks, construction quality and material selection.
- **Accessible finance:** Tailored financial products for incremental home improvement and construction.
- **Skilled workforce:** Training programs to build the capacity of construction workers, or *tukangs*, in safe building practices.
- **Affordable materials:** Greater access to quality construction materials at reasonable prices.

Through these efforts, CRS aims to empower low-income communities to access safer and more resilient homes, ultimately safeguarding their lives and livelihoods in the face of disasters and increasing climate threats.



1. [World Population Review Indonesia](#)

In her new house, Tisah has a dedicated area for preparing food. In her old house, the kitchen was on the floor.

Photo by CRS staff



## Story of impact

### A place to call home

For 14 years, Tisah lived in a makeshift house, damaged and cracked in several areas, with a mismatched patchwork of repairs layered on top of each other over time. It was dangerous for family members—especially when strong winds often hit the area.

Housing is hard to find for families such as Tisah's and they battle to afford it even when it is available.

After taking part in this program, Tisah and her family have a newly built safe home, with access to clean water for washing clothes and taking a shower.

They have electricity and adequate electrical sockets. Tisah can now cook food for her children in the comfort of her own kitchen. And, she now has peace of mind as she goes about her duty as an assistant health worker in the village.

"In my old house, my children were not comfortable to study at home, but now they feel comfortable and have space to study. Even their friends come to our house to study together. I feel so happy for the safety of my children."

- Read more of Tisah's story [here](#).
- Read more about Homes & Communities [here](#).

## Opportunity

Greater Jakarta has a significant number of low-income households, estimated to include about 9 million to 12 million people. These represent a large market segment with unmet housing needs. The region—especially the fringes of the urban center—is experiencing rapid urbanization, leading to increased demand for housing and putting pressure on the housing supply.

In Indonesia, most low-income households rely on local markets to put a roof over their heads. Their transactions within the local housing market system—procuring suppliers, materials and laborers—outstrip any government efforts to provide safer and more dignified housing solutions. Indonesia has a dynamic private sector, good penetration of housing materials, and a high level of digitization. Its housing sector is valued at US\$3.4 billion, spilling over into 174 industries. The private sector can reach millions of families, including the two-thirds of the population on the lowest income. An estimated 221 million people in the country fall into this category. The consumption of this population accounts for 95% of total spending—and 90% of housing expenditure—in the country. With 87% of homeowners aspiring to live in better homes,<sup>2</sup> there is a real demand and need for housing improvement goods and services.

Through a consumer research and market actors' assessment, CRS identified opportunities to engage market actors in the following market functions: information, finance, materials and labor. In a highly competitive housing market, market actors are constantly innovating their products and services for a larger market share.

Our interventions are in line with Indonesia's long-term development plan 2025-2045, in which the government has prioritized housing sector development to support economic growth and transformation. Key government strategies include increasing housing financing, expanding access to affordable housing, and improving the efficiency of the housing value chain. By implementing these measures, the government aims to create a more vibrant and inclusive housing sector that benefits all Indonesians.

The Indonesian government's One Million Houses program has the ambitious target of constructing a million housing units a year to address the housing deficit and improve access to affordable housing. Continued efforts and collaboration between government agencies, developers, material producers and suppliers, the construction workforce, financial institutions and development partners are crucial to achieving the program's goals.

**\$3.4 billion**  
THE VALUE OF  
INDONESIA'S  
HOUSING SECTOR

2. Ibid



One of the CRS interventions is to explore ways to improve the skills of construction workers and connect low-income households with skilled and vetted construction workers to help ensure that homes are built safely, affordably and resiliently.



## CRS and partner response

### Objectives

CRS works with market actors in Greater Jakarta, aiming to reach 5,500 people in five years, and with the potential to affect and influence local systems that will benefit 9 million to 12 million people. CRS aims to empower low-income households to improve their living conditions by making informed decisions and accessing affordable financing.

CRS is managing a portfolio of housing interventions that contribute to a systemic strategy to influence the local market system:

- **Enhancing housing finance products.** Providing technical assistance to improve home improvement loan products. This involves embedding information about construction practices into the loan application process, empowering low-income homeowners to make informed decisions about renovating their homes for resilience.
- **Improving market information for consumers.** Working with material producers and suppliers to enhance market information availability for low-income consumers. By providing better information about product quality, pricing and application, CRS aims to empower consumers to make more informed choices.
- **Addressing the skills gaps of construction workers.** Exploring ways to improve the skills of construction workers and connect low-income households with skilled and vetted construction workers. This will help ensure that homes are built safely, affordably and resiliently.
- **Enhancing policy instruments for an enabling environment.** Working with local and national policymakers to improve access to shelters and housing.

### Activities

To date, CRS and our partners have achieved the following:

- Conducted research and assessments to gain a deeper understanding of the housing system, produce valuable leads and inform our interventions, including:
  - A market assessment to identify constraints and opportunities for low-income households.
  - Formative research on building-permit behaviors to understand the processes and challenges involved in obtaining permits.
  - A policy review to understand the opportunities to improve shelter regulations.
- After a pilot to construct 10 housing units, we issued two district policies and technical guidance documents in Tangerang District, Greater Jakarta, to unlock village government financing for the repair and construction of housing.
- Since then, 11 villages have allocated \$170,000 to more than 100 housing units, benefiting 360 people from low-income households.
- Facilitated the issuance of the National Disaster Management Agency Regulation No 3/2023 on Implementing Guidelines for Providing Temporary Shelter Assistance to improve the options and quality of shelter delivery with the potential to reach 40,000 households, or up to 200,000 people displaced or affected by disasters.
- Provided 10 organizations with training on market-based programming for the shelter sector, and translated global resources on the topic into the Bahasa Indonesia language.



### Homes & Communities Strategic Change Platform

As a part of its Vision 2030 agency strategy, Catholic Relief Services has undertaken a transformational shift from a focus on shelter and settlement—the building of roofs and walls—to homes and communities, the foundation on which life rests. CRS is committed to achieving transformational systems-level change to reach 10 million people affected by crisis and enable them to live in safe and dignified homes and communities through its two-pronged approach:

- Expanding CRS programming reach
- Bringing about systems-level change

## Looking ahead

The CRS interventions aim to support self-sustaining systems with limited or no direct support. We are focused on empowering local actors, creating enabling environments and strengthening the capacity

of actors to manage and improve the housing system. The goal is to create a self-sustaining system that is more inclusive and equitable, that can benefit low-income households and contribute to overall economic development.

CRS project participants Aan and Suhayati are pictured here with their daughter Nanda outside their newly constructed house in Kedung Dalem village. Previously, they lived in a precarious old house and their overriding concern was that the house was unsafe for their children. They were selected to participate in the CRS Homes and Communities pilot project, which ensures that homes are built safely, affordably and resiliently.

Photo by CRS staff



## Working in partnership

CRS works closely with a diverse range of partners and stakeholders in Indonesia to address systemic housing challenges by leveraging our collective strengths. We work in collaboration with households with low incomes, to support their leadership in improving their living conditions by making informed decisions and accessing affordable financing. Key partners include:

- Financial service providers focused on serving low-income households.
- Companies involved in the production and supply of building materials.
- Service providers that offer essential services for housing.
- Government agencies responsible for housing that play a vital role in creating the enabling environment for affordable and quality housing.
- Nongovernmental organizations working in the shelter and settlement sector.
- Nongovernmental organizations and humanitarian actors that provide emergency and transitional shelters to disaster-affected communities, raise awareness about safe construction, and advocate for policies that promote affordable housing and disaster resilience.

“Thank God, it’s so comfortable so I don’t have to move anywhere, even when it rains.”

Suhayati

CRS project participant,  
Jakarta, Indonesia

## CRS in Indonesia

Since 1957, CRS has been a dedicated partner of communities in Indonesia, working to save, protect and transform lives and foster self-reliance. Through programming in disaster risk management, climate change and agricultural livelihoods, CRS has made significant contributions to the well-being of vulnerable communities. CRS has built rich partnerships at the local and national levels, working collaboratively to deliver timely,

appropriate and high-quality sustainable solutions. Our market-driven approaches, integrated into our humanitarian and development efforts, have proven effective in addressing the needs of communities and bridging gaps in essential services and products. By engaging with policymakers, nongovernmental organizations, financial service providers and other market actors, CRS is paving the way for a more inclusive market system.



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