

A Decade of PT Sarana Multigriya Finansial (Persero) Supporting the Government in the Housing Sector for an Advanced Indonesia

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During President Joko Widodo's two terms, infrastructure development has been a cornerstone of national policy, with a strong focus on major projects, including roads and housing. One of the flagship initiatives in the housing sector is the One Million Houses Program, which was launched in 2015. Housing is a strategic sector—not only because it meets a fundamental human need, but also due to its considerable contribution to the national economy. Internal studies by PT Sarana Multigriya Finansial (Persero) (SMF) and DTS Indonesia have shown that the housing sector has a significant multiplier effect. A Rp1 trillion (USD 64.17 million) increase in demand within the housing sector can drive national economic growth by between Rp1.36 trillion (USD 87.28 million) and Rp1.86 trillion (USD 119.37 million). This growth can also generate employment for 1,745 to 6,585 individuals and lift 4,112 to 6,743 people out of poverty.

The primary challenge in the housing sector is reducing the backlog in homeownership and improving housing adequacy, as outlined in the National Long-Term Development Plan (RPJPN) for 2045. This plan envisions 100% of households having access to decent, affordable, and sustainable housing. While ongoing programs have made progress, significant gaps remain. As of 2023, 9.9 million households in Indonesia still lack their own homes, and around 26.9 million households live in inadequate housing. Addressing these numbers remains a critical goal.

As a key provider of liquidity and a fiscal tool for the government, SMF plays a pivotal role in supporting the housing sector through financing and securitization—transforming illiquid assets into liquid assets by channelling future cash flows to investors—and leveraging government funds from State Equity Participation (PMN) for the Housing Financing Liquidity Facility (FLPP) program. By September 2024, SMF will have disbursed Rp116.93 trillion (USD 7.5 billion) into the housing sector through housing finance institutions. This comprises Rp102.72 trillion (USD 6.59 billion) in financing (including FLPP) and Rp14.21 trillion (USD 912 million) in securitization.

Since 2018, SMF has been responsible for financing 25% of FLPP mortgages, with PMN-based FLPP financing totalling Rp9.33 trillion (USD 598.78 million). These funds have been optimized through bond issuance in the capital market, enabling SMF to channel Rp25.44 trillion (USD 1.63 billion) in FLPP mortgages by September 2024, financing 688,071 housing units—a multiplier effect of 2.73 times the PMN received specifically for FLPP.

To address the backlog of inadequate housing, SMF has distributed approximately Rp945.6 billion (USD 60.69 million) through its Housing Microfinance program, partnering with PT Permodalan Nasional Madani (PNM) since 2019. Additionally, SMF has improved substandard housing by building 593 housing units across 27 regions in Indonesia through its corporate social responsibility (CSR) program, which has allocated total funding of Rp40.35 billion (USD 2.59 million). This CSR initiative is part of a collaborative effort with the Ministry of Public Works and Housing under the Cities Without Slums (Kotaku) program.

SMF has also pioneered a Rent-to-Own (RTO) program targeting informal workers, which is currently in a pilot phase in collaboration with Pinhome. This program offers informal workers living in rented housing the option to purchase their residence at the end of the lease period. Through this initiative, SMF seeks to address challenges faced by individuals who lack access to traditional bank financing for homeownership.

To promote regional economic development, SMF has been assigned by the government to support tourism destinations through homestay financing. Since 2019, in collaboration with the Ministry of Tourism and Creative Economy, SMF has provided Rp13.8 billion (USD 885.66 thousand) in homestay financing to build 183 homestay units across 21 locations in Indonesia. Additionally, SMF serves as the Secretariat for the Housing Financing Ecosystem, a platform for coordinating housing sector issues and developing policy recommendations.

The development of Indonesia's housing sector over the past decade reflects proactive and sustainable government policies. Despite facing challenges in financing, housing backlogs, land availability, and other areas, the sector remains a key driver of national economic development. As a critical provider of liquidity, SMF's role will become increasingly important in supporting future government housing initiatives. By strengthening policies, expanding access to financing, enhancing programs, and deepening collaboration with stakeholders, Indonesia's housing sector can lay a strong foundation for public welfare and sustained economic growth.