

EXECUTIVE SUMMARY

One of the biggest problems Indonesia has faced over the years is the backlog. According to the vice President of Indonesia, Ma'ruf Amin, the backlog in Indonesia by 2020 is estimated to be over 11,4 million. Also, the increasing number in new households that haven't received houses every year causes demand for houses to increase. This will further impact on the backlog in Indonesia. So far, several solutions have been offered by the government such as subsidized housing.

To be able to become a part of the solution, PT Damai Sejahtera Selalu (DSS) will produce subsidized housing for low income citizens in Purbalingga. Purbalingga has a shortage in housing with a projection of 52,579 by 2026. Said Muchsin, the Head of REI (Real Estate Indonesia) Banyumas, explained that citizens of Purbalingga Regency prioritized living in their own home after marriage. Due to this culture still inherent in Indonesian society, subsidized housing is more desirable.

There are currently 8 developers that provide subsidized housing. The number of housing units grows every year. Unfortunately, most Purbalingga's low income citizens face difficulty in fulfilling the beginning legality payment fees due to their recurring habit of being unable to save money. As a result, most citizens either failed or chose to delay their purchase of the subsidized houses.

PT DSS is a property developer and will provide subsidized housing for low income citizens in Purbalingga who have trouble saving money. PT DSS provides subsidized houses in which the price of initial payments of purchase will be charged to the loan ceiling that will be paid together with the KPR FLPP installments. Thus, consumers will only need to pay the down payment, process the KPR and pay the installments every month. This makes it easier for low income citizens to purchase subsidized houses. The construction of subsidized houses by PT DSS in the long run will be carried out to various cities in Central Java.

PT DSS has the vision to become a trusted developer along with providing ease for low income citizens to own a house. Furthermore, PT DSS will be active in supporting the government to decrease the backlog in Purbalingga. PT DSS will adopt the focus cost strategy. The emphasis on using this strategy is through simultaneously constructing the housing area to make operational expenses more efficient. This strategy reduces the cost that a consumer will incur for a purchase of a house making it a competitive advantage to compete against competitors.

Since there is a gap between the supply and demand that reaches up to 52.579 by 2026, it shows that the market is very potential and sustainable to enter. Its' potential

is also attributed to the fact that houses are one of the fundamental needs of a human therefore becoming a primary asset for consumers. The market potential in Purbalingga is financially attractive because the number of families that need housing increases every year. Based on our projection, by the 10th year, PT DSS's projected sales is Rp 22.725.500.000,-. This results in an IRR 19.33% with a payback period of 7 years and NPV of Rp 1.152.632.083 These figures show that the subsidized housing market is a suitable business to pursue.

Keywords: low income citizens, subsidized housing, KPR FLPP, real estate developer, Purbalingga

