

# USER CHARGE SCHEME BUSINESS MODEL FOR PUBLIC HOUSING PROJECT IN PUBLIC PRIVATE PARTNERSHIP (PPP)

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## ***USER CHARGE SCHEME BUSINESS MODEL FOR PUBLIC HOUSING PROJECT IN PUBLIC PRIVATE PARTNERSHIP (PPP)***

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**Abstract:** Indonesia is currently facing tight pressure budget capacity to finance all infrastructure projects due to massive portions now are spent for COVID 19 impact treatment including national economic recovery program. One of proposed solutions to accomplish infrastructure projects like public housing is by inviting private investors to engage together with the government in public private partnership (PPP) scheme. There are a lot of idle land space owned by government that can productively utilize into public housing project and let private sectors run the project with the scheme of Design Built Finance Operate Maintenance (DBOFM). One of the schemes is implementing user charge model. So, government will not give the subsidy and let private sectors determine the commercial tariff for public housing but government requires private sector to allocate property spaces for low income groups (LIGs). The objective for this study is trying to simulate user charge model in PPP for public housing. The study has used literature studies and case study from one pilot project in Bandung, Indonesia to further analyze how feasible in user charge implementation scheme. Literature studies has found that commitment and guarantee from government contracting agency is critically significant followed by financing access, stakeholder coordination as well credibility and experience of private sectors in property construction and operational management. It is inferred that user charge calculation scheme is too commercial rather than put social objective specially to provide housing access for LIG. Private sector tends to conduct the analysis which develop more commercial space with the motive for generating multiple streams of revenue that will increase profitability for their shareholders and to cover fixed interest cost from banking loan. If property portion for LIG is being increased then the margin will be very low for private sectors, and it would make unattractive for private sectors to invest in property project under PPP. It is recommended that government should also have more involvement in PPP project not only to offer the land and permit but also give subsidy especially for LIG. Other option for the next research is assessing the other possibility to implement availability payment (AP) model in the simulation to make certainty in the project, so it will make PPP for public housing projects becoming more attractive for private investors.

**Keywords:** Public Private Partnership, Public Housing, User Charge, Financing, Private Sectors

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