

# Nature and Operation of Kost Private Rental Housing in Urban Settlement Development of Jakarta, Indonesia

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**Abstract:** As one type of the highly sought after housing facilities in Indonesia, Kots have formed unique heterogeneous living environment while also been a part of fast growing urban settlement developments in Indonesia's capital, Jakarta. This paper investigates the nature and operation of Kost private rental housing developed with various conditions and arrangements, as well as its position among other dwelling types, based on on-site investigations, literature reviews and statistical analyses. It is necessary to understand the development of Kost as it shows potentials to overcome the lack of affordable and adequate housing in the country. An accurate checking process during the application of building permit may early identify Kots. Undefined standard of operation and arrangement may hinder improvement opportunities to its quality of services. Efforts to educate the community and easy access to related regulations are necessary for improvement and compliance awareness. Moreover, increased collaborative design and public education may improve the knowledge of self-builders on building design, planning and construction. Associations of self-organized housing and platforms offering affordable design services that meet the guidelines and standards are promising options.

**Key words:** Kost, private rental housing, informal housing, rental operation, housing management, spontaneous settlement.

## 1. Introduction

### 1.1 Purpose

Aiming to understand the development of Kost, an informal rental housing type in Indonesia that shows potentials to solve the fast growing need of affordable and adequate housing in the country, this paper examines its characteristics, operation and role among other housing types. Furthermore, it identifies the issues of Kost as a self-organized housing facility and suggestions for future improvements.

### 1.2 Background

Currently proper adequate housing is still a major concern in Indonesia. As one of the countries with high rate of urbanization in Asia, almost 50% of the populations of Indonesia live in urban areas in 2010 [1], having around 4% of total population living for many

years in the urban setting of Jakarta [2], the capital city and a dominant center of economic, social, administrative and other activities in Indonesia [3]. Rental housing has been taking a vital role in providing housing, especially for the low-income groups in developing countries including Indonesia [4, 5].

As one of the highly sought after rental housing facilities, Kots have formed unique living environment, as well as being part of the fast growing urban settlement development in Jakarta [6]. The difference between Kots and other rental housing facilities is that Kots come in various conditions and arrangements, thus tenants are provided with a lot of choices in the market that may suit their preferences, economic capabilities and cultural issues. In addition, a Kost tends to be paid on a monthly basis and has a flexible contract period. However, despite the increasing popularity, various issues have been developing within Kost, as well as on its surroundings due its informal nature.

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The topic of Kots has not been widely studied, and there are not a lot of publications focusing on Kots, while intensive studies towards this private rental housing facility, e.g., planning methods, development policies and community's way of living, are essential to prepare effective improvement efforts and make decisions. In this case, this study is important to initially clarify the characteristics and operation of Kots and provide a base for further observations which are needed to ensure proper establishment of this private rental housing facility.

### 1.3 Method

This research combines the processes of reviewing and discussing relevant statistics and literatures, analyzing various data obtained by site investigations and interviews as a basis for the investigation of Kost.

To acquire an overview of the living environment in Kots, on-site investigations, which included personal interviews and layout mapping, were conducted in January 2013 for Kots found in four subdistricts of West Jakarta municipality, selected through statistical study. Further, statistical figures, Kost survey report, and the legal basis of Kost were obtained from Jakarta Housing and Building Agency on March 2014. In addition, the target and future planning in regards to Kost housing in Jakarta were examined during a personal interview to the officers in charge.

## 2. Housing Condition in Indonesia

Indonesia is facing problem of a backlog of about six million houses, with growth of about 800,000 annually. Moreover, as the result of growing industrialization,

the rate of urbanization has been increasing, and the percentage of total urban population of Indonesia is expected to reach 60% by 2025 [7]. In addition, housing delivery arrangement that stimulates the development of informal housing has constrained the growth of Indonesia's housing finance system. House buyers have to finance themselves to obtain their houses. As a result, the accumulating informal housing has become the most affordable option to the majority of the people [8].

### 2.1 Informal Settlements

The community self-reliance is estimated to take part on the provision of almost 80% of total houses in Indonesia. While formal housing, developed systematically and with good planning, only forms 10~20% of total housing areas, the mostly-exist informal housing settlement, known as *kampung*, is usually not developed with planning. The services and facilities of informal housing are attempted by families or individuals instead of being designed and prepared before [9]. Table 1 [10] compares formal and informal housing types in Indonesia.

Informal settlements are defined as: (1) housing that occupies a land illegally; (2) housing that does not comply with current planning and building regulations [11]. As the occupants tend to have limited legal claims and do not have the rights over land or housing they occupy, the unclear status and tenures of informal settlements hinder improvement opportunities to the level and quality of services [12]. The existence and growth of these settlements are caused not only by urban growth, rapid urbanization or income poverty but

**Table 1 Types of housing development in Indonesia [10].**

Type	Example	Initiator	Characteristic
Formal	Organized	Apartment complex, real estate	Companies (developers, housing development organizations), government
	Individual	Private house	Individual, family
Informal	Legal	Kampung house	Individual, family, group
	Illegal	Slum area	Individual, family, group

**Table 2** Different kinds of dwelling statuses in Indonesia.

Dwelling status	Owner	Stay period	Cost	Method of payment
Privately owned	Oneself	Free	Free	n.a.
Contract basis	Anyone	Specified	Based on agreement	Based on agreement
Rental basis	Anyone	Unspecified	Based on agreement	With payment
Free-rental basis	Anyone	Unspecified	Free	Free
Official residence	Institution	Based on agreement	Free, or based on agreement	Based on agreement
Owned by parents or relatives	Parents or relatives	Unspecified	Free	n.a.
Others	Conditions vary	Conditions vary	Conditions vary	Conditions vary

also by various factors, e.g., regulatory framework for urban planning, delivery of land for settlements and government spending on infrastructure [13].

### 2.2 Dwelling Statuses

Several types of dwelling statuses in Indonesia are statuses of privately owned, on a contract basis, on a rental basis, on free-rental basis, official residence owned by parents or relatives and others, as explained in Table 2. The dwelling statuses of others apply to residences that cannot be classified into one of the above categories, e.g., residence owned by a group of people and traditional houses [14].

While the percentage of dwellings with status of contract or lease has been considerably similar over the years, the percentage of dwellings with status of own in Indonesia has been slightly decreasing (Fig. 1) [15, 16]. However, the decrease is more obvious in the case of Jakarta (Fig. 2) [15, 16], and those with status of contract or lease seem to be increasing. As the high housing price due to the dense population of Jakarta led to difficulty for the middle-to-low income earners in buying houses [17], the urban setting has influenced residents' choice of renting instead of buying.

## 3. Kost Private Rental Housing

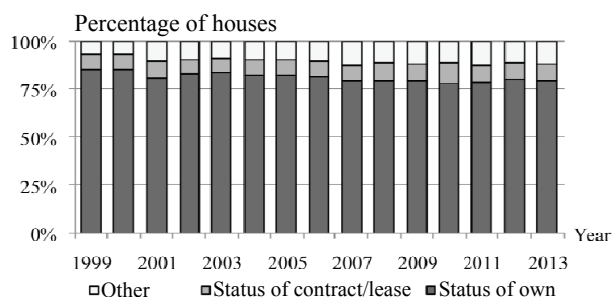
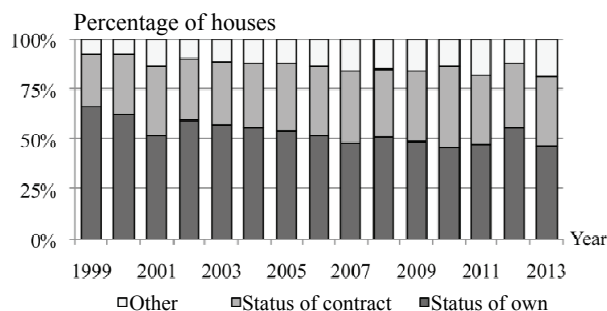
### 3.1 Etymology

"Indekos" in Indonesian means "a boarder" or "to have a boarder", and this came from a Dutch term "in de Kost". The word "Kost" means "cost" or "expenses" in English, so "in de Kost" literally means "in the expenses". Moreover, in Dutch language, "Kost" without the preposition "in" also means "to have a Kost

room", Kost tenant or a guest house. The word "indekos" is also used as a term for office renting by a larger company to a smaller company [18].

In the past, the term was used during World War I in relation to the housing of migrants, which came in the form of "kosthuis", i.e., boarding house, "pension" and guest house. Both of them reflected temporary nature [19]. In this case, a "kosthuis" literally means a house where people can stay "in de Kost".

The difference between a "kosthuis" and a "pension" is that a "kosthuis" is a private residence where someone rents a room and usually eats together with the family, while a "pension" is a kind of small hotel with a limited number of rooms and a dining hall where guests can enjoy the meal separated from the operator.

**Fig. 1** Dwelling ownership status in Indonesia from 1999 to 2013 [15, 16].**Fig. 2** Dwelling ownership status in Jakarta from 1999 to 2013 [15, 16].

### 3.2 *Kost at Present*

Nowadays, although not often, both terms “kosthuis” and “pension” are still used in the Dutch society, and they accommodate the need of people who have to live far away from home due to various reasons, e.g., work and study. Meanwhile, in Indonesia, the familiar nature of Kost in the past seems to have developed into a business-oriented facility [20].

Kosts have formed unique living environment while being part of the fast growing settlement developments in Jakarta. Kosti show two main conditions, i.e., Kosti with owners living side-by-side with tenants and Kosti with owners living in separate houses [6].

There was no Kost found during the survey that includes meal service in payment as in “kosthuis”, although most of them employ live-in or live-out housekeepers that can prepare meals upon request, with or without extra payment involved.

A Kost is not similar to “pension” as general meals are not provided, and not all Kosti have a space for dining. However, Kosti are run with various conditions and arrangements, and the combinations may differ from one to another. This and the high flexibility provided due to its informal nature make them popular among other rental housing types.

### 3.3 *Owner, Tenant, Renter and Staff*

Although the operation of Kost facilities involves various parties, the two main characters are the Kost owner (O) and the tenant (T). The term “tenant” refers to people who stay in the Kost on a rental basis.

In most of the cases (90.24%), Kost owners employ one or more staffs (S) to support the operation of Kost. The most common one is a housekeeper, who is supposed to maintain the cleanliness of the common area of Kost, as well as to help tenants with various extra services, e.g., laundry work and cooking. The extra services are included in a number of cases, while in most cases, tenants are required to pay an additional fee, either to the owner or directly to the housekeeper.

It was also found that it is possible in a number of

cases to ask for services that are not directly related to the Kost, depending on the skill of the staff and tenant and staff relationship. In addition, some owners employ a security guard or a male staff that acts as a security guard to improve the security of Kost.

A number of owners also rent out separated space to other parties, described as renter (R), with different arrangements in place. The summary of the relationship between tenant, staff and renter in relation to the owner and the distribution of each case is explained in Table 3.

During the survey, renters were found in 29.27% of the total cases. Three types of pattern were found in cases in which owner and tenants are living together, while two types of pattern were found in cases in which owner and tenants are living separately.

Interestingly, the renters of OTR1 and O-TR1 cases used the space for residential purpose, while the renters of OTR2, OTR3 and O-TR2 cases used the space for commercial purpose. It may suggest that Kost owners tend to not provide complete facilities for rental space that is meant to be a commercial space. Moreover, a number of tenants expressed concerns about safety and security issues, as renters’ customers also share tenants’ space, e.g., toilet, in many cases.

In regards to the staffs, two types of pattern were found in cases in which owner and tenants are living together, while three types of pattern were found in cases in which owner and tenants are living separately.

OTS1 and O-TS1 were the most types found during the survey, suggesting that live-in staffs are the most common compared to live-out staffs in OTS2 and O-TS2 and live-in staffs that serve two houses in O-TS3. Live-in staffs might be seen as an efficient and economical option to have both full-time manager and service provider under one employment.

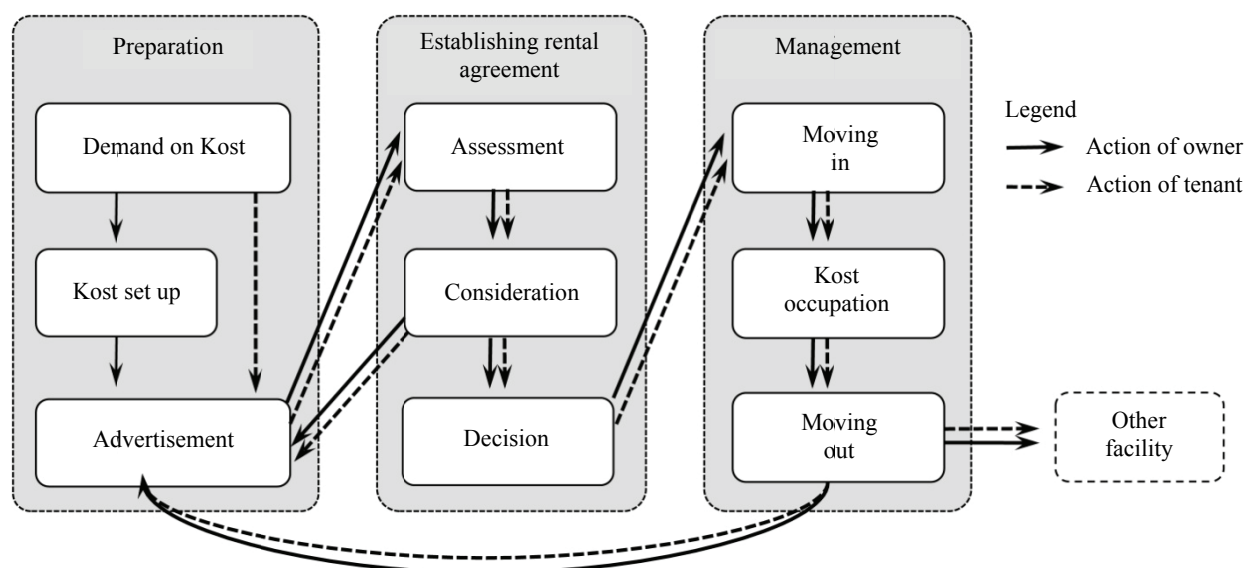
## 4. Operation of Kost

Kost operation generally involves three stages, i.e., preparation, establishing rental agreement and management. The details are illustrated in Fig. 3.

**Table 3 Relationship between owner, tenant, staff and renter in Kost.**

Owner and tenant (OT)			
OT		O T	
OT—Owner and tenants live together in Kost.		O-T—Owner lives separately and does not stay in Kost.	
OT and staff (S)	OT and renter (R)	O-T and staff (S)	O-T and renter (R)
<b>OTS</b> OTS1 (37.84%) Owner, tenant and staff live together. Staff stays in Kost.	<b>OT R</b> OTR1 (16.67%) Renter does not use any facilities of Kost.	<b>O TS</b> O-TS1 (35.13%) Staff stays at Kost to take care of Kost and tenants' need.	<b>O T R</b> O-TR1 (8.33%) Renter stays at a separated rental space.
<b>OT R</b> OTS2 (8.11%) Staff comes daily for the job, but he/she does not stay permanently in Kost. Staff uses a part of Kost's space.	<b>OT R</b> OTR2 (41.67%) Renter does not stay at the rental space but uses a part of Kost's space.	<b>O T S</b> O-TS2 (10.81%) Staff stays separately but uses a part of Kost's space.	<b>O T R</b> O-TR2 (25%) Renter stays at a separated rental space but uses a part of Kost's space.
	<b>OT R</b> OTR3 (8.33%) Renter does not stay at the rental space and does not use any Kost facilities.	<b>O S T</b> O-TS3 (8.11%) Staff stays in owner's house or Kost, and works for both places.	

There were cases in which there was no staff and/or renter involved.

**Fig. 3 General operation of Kost private rental housing.**

#### 4.1 Preparation

##### 4.1.1 Kost Set Up

As an answer to market demand, Kosti were set up through various ways, i.e., space allocation in the house and space creation outside the current residence of the owner. Space allocation in the house was done by sharing space (i.e., owners let some space in the house

for tenant and have some space used for both on a sharing basis) and by creating additional space (i.e., the owner prepares a space extension for tenants).

Moreover, a number of owners decided to set up Kosti on purpose by creating space for tenant outside the owner's current residence by having a change of function or a new Kost construction. In some cases, the owners had a vacant facility whose function is then

converted into Kost by partial or whole renovation. Many Kosti formed through this way also house the owner instead of the tenants only. Similarly, other owners built a new Kost construction on a vacant land for tenants only or for both owner and tenants.

Kosti set up by space allocation in the house were easier to identify during the survey. However, set ups by function change and new Kost construction were harder to clarify as the condition was not obvious in some cases, while in others, the staffs were unaware of the set up status, and the owner was not available.

#### 4.1.2 Advertisement

The process of advertisement appears to be informal, and, in general, the tenants are the ones who do the more active approach instead of owners who persuade people to consider staying in Kost. The tenants usually look for Kost by door-to-door system or by getting the information from various sources, e.g., signboards, friends, neighborhood people and advertisements.

Many Kosti have the look of common private houses. Some owners put signboards that state the room availability and their criteria. However, many owners prefer not to put on signboards due to various reasons, e.g., business competition and law-related issues [6].

Many owners also advertise through newspapers, community bulletins, internet forums and sites. Several Kosti have their own custom-made website. However, advertising through mouth-to-mouth and reference seems to be the most popular as these methods are considered simple, effective and economical. Intermediate parties were sometimes involved, and an amount of appreciation fee were paid to those who brought the tenant to the Kost.

### 4.2 Establishing Rental Agreement

#### 4.2.1 Assessment

In regards to tenant's eligibility, every owner has his/her own criteria about the suitable candidate. For example, many Kosti are intended for certain gender, or for both genders. In others, the owners stated their preference of tenant's occupation, as they perceived

that people with different nature of jobs might have different lifestyle that may not work well together.

Similarly, tenants also have preferences on their ideal living place, thus Kost viewing is the first step. At this point, tenants have the chance to see Kost environment and ask for detailed conditions and limitations to the owner or staff, e.g., profiles of other tenants, occupancy rules and services provided.

#### 4.2.2 Consideration

After the assessment stage, both owner and tenant have the chance to consider the conditions before making decision. Although the owners have their own criteria, it is not based on a fixed rule, thus they may be flexible in some cases. Depending on their preference, they may tolerate certain conditions that, in fact, do not meet their criteria. In the same manner, tenants may put the information they got during room viewing into consideration before making decision.

#### 4.2.3 Decision

After an agreement has been found, in general, down payment, usually in the amount of one-month rental fee, is required to book the room. If later the tenant changes mind, it is customarily not returnable. In some cases, the managers may keep the room for free and give some time for the potential tenant to think and confirm within the agreed time limit.

In addition, the owner may issue a receipt or, in some cases, a letter of agreement. Tenants will also decide the day of moving into the Kost, so the owner or staff can prepare the room before tenant's arrival.

On the other hand, when the rental agreement is not established, both parties may refuse to go to the next step, and they may continue looking for other options that may fit into their criteria.

### 4.3 Management of Kost

#### 4.3.1 During Stay in Kost

The management of Kost is considerably varied and flexible depending on owner's preference. In a number of cases, the owner acts as a manager, even when the owner does not stay in the Kost. However, in most

cases with no owner living inside, the housekeeper or security guard is appointed to provide services, as well as to hold the responsibility of running and managing the Kosti as the Kost manager. In some cases, the Kost managers also seem to be in charge of keeping the Kost fully occupied.

In general, a Kost manager is responsible of the maintenance, cleanliness and additional services needed by the tenants. However, he/she is also indirectly responsible further to maintain the safety and peace in the Kost. In this case, owners usually apply rules to be enforced by the Kost manager.

The payment of Kost is generally done periodically and in advance. Tenants pay in cash directly to the owner or staff in almost all the cases. Although some owners do not stay in Kost, a number of them visit the Kost and check its condition during payment period.

#### 4.3.2 Moving In and Moving Out

The formalities involved in renting is considerably limited, as in most cases, no written contract would be provided, but some may provide an informal letter of agreement upon request. In addition, it is a normal practice for owners to ask for a copy of tenant's identification documents. However, it seems that the strictness of one owner can be different from the other. The most common document asked is the national identity card, but in the case of family members sharing a room together, owners often ask for a copy of family registry.

In the case of moving out, although a number of owners expect tenants to notify the staff or owner few weeks to one month in advance, the practice is more flexible in general, and tenants are free to leave anytime, provided they have paid the rental fee. In addition, the owner is required to register the changes of occupancy in his/her facility to the Citizenship Agency and the tenant is required to report of the change of address to neighborhood office.

### 5. A Self-Organized Rental Housing Facility

Although various guidelines and regulations apply, a

Kost facility tends to be set up and organized informally following the preference of owner, thus its position that is in the boundary of a private house and a rental housing facility seems to take part in the occurrence of misunderstandings and violations. A number of Kosti seemed to be more commercial and profit-oriented than the others. In this case, many owners felt that their Kosti were "simple" and "homely", and they expressed disagreement to be associated with commercial rental accommodation facility, e.g., hotel.

In fact, the enforcement of the regulations has several hindrances, e.g., inadequate resources to support law enforcement in the neighborhood level and lack of public education on the planning regulations and their importance [21].

On the other hand, a Kost also has the attributes of a self-built housing, which is mainly characterized by having a self-builder initiates almost all of the construction process. As the self-builders are individuals or households from various economic and educational backgrounds, many of them have limited knowledge in regards to building design, planning and construction. Therefore, inadequate design, over design, poor technology or construction supervision affected the result.

The financial condition of middle-to-low-income self-builders may also have taken a role in the choice of low quality materials used in some cases. However, with proper guidance and knowledge, they may be updated with alternatives and technology to apply materials with lower cost.

### 6. Conclusions

Being in the boundary of a private house and a rental facility, a Kost is set up and operated informally following the owner's preference, thus cases that cause discomfort to tenants due to lack of facilities or sense of security may exist. Its undefined standard of operation and arrangement may hinder improvement opportunities to its quality of services by government.

Although a number of owners decided to have Kost

space in the house at the later stage, a number of cases were purposely constructed to be Kots. In this case, an accurate checking process during the application of building permit may be an important point to obtain early identification and registration of Kost.

Without owner's awareness on the quality and adequacy of Kost, the existence of standards and regulations would not be effective. Therefore, rigorous efforts to educate the public seem to be necessary at the basic steps for improvement. Moreover, it is important to provide easy access to the building and housing regulations for the public in order to educate the public and increase compliance awareness.

In addition, increased collaborative design and public education seem necessary to provide wider exposure to improve the knowledge of self-builders on building design, planning and construction. Associations of self-organized housing and platforms to offer adequate and affordable design services that meet the official guidelines and design standards to potential house owners are promising options.

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