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Homeownership in Low-Income Communities in Indonesia: The Role of Poverty Levels, Inflation, and Bank Indonesia Rate

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ABSTRACT

This research aims to analyze the role of poverty levels in mediating the influence of inflation and the BI Rate on home ownership among low-income communities in Indonesia. The research sample consisted of 34 provinces. The analytical method used is the Structural Equation Modeling (SEM) method. The results of the analysis show that inflation and the BI Rate directly have a positive and significant effect on the poverty rate, while inflation, the BI rate, and the poverty rate have a negative and significant effect on homeownership for low-income people directly and indirectly. Novelty in the research is the poverty level variable as an intervening variable. The practical implications of this research are that it provides insights that can be used to design policies and programs that are more effective in overcoming the challenges of homeownership for low-income communities in Indonesia.

Keywords: BI Rate, Poverty Level, Home Ownership

ABSTRAK

Home is one of the basic human needs. It has a very important function in the family; family education center, cultural nursery and improving the quality of future generations. The Indonesian government places the housing sector as one of the priority sectors in comprehensive human development. Nowadays, various types of houses have developed, from modern ones such as apartments and condominiums to simple types such as ordinary flats and houses. The development of housing types also causes an increase in demand for houses, due to population growth over time. Along with the development of the dynamic lifestyle of modern society, people are more inclined to own a house in an easy, safe and fast way. This is an important point for property developers to build and develop housing to meet people's needs for a place to live (Chai & Feng, 2021; Cohen & Burinskas, 2020; Deng et al., 2019; T. Li & Fan, 2020; Malmendier, 2021a, 2021b; Tham et al., 2021).

Inflation refers to the general increase in the prices of goods and services in an economy. Rising inflation can affect people's purchasing power, especially low-income groups (low-income communities) because the prices of goods and daily necessities increase faster than their income. In the context of home ownership, high inflation can cause house prices to rise, making it increasingly unaffordable for low-income communities (Chapman & Lindenmayer, 2019). For example, high inflation can cause the price of construction materials and the cost of building a house to increase, which in turn will increase the selling price of a house (Damoah et al., 2020; Doan, 2020; Korotun et al., 2020; J. Li et al., 2018; L. Li et al., 2020; S. Liu et al., 2019; López-Santana & Rocco, 2021; Malmendier, 2021a, 2021b; Wang et al., 2019, 2020; J. Wu et al., 2017; Zavareh et al., 2020).

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The BI Rate, or Bank Indonesia's benchmark interest rate, influences housing loan interest rates. When the BI rate rises, housing loan interest rates usually also increase. This makes home financing more expensive for buyers, especially for low-income people who often rely on housing loans to buy a home. Research shows that higher interest rates can reduce the number of people who can afford to buy a house because credit installments become higher (Malik et al., 2021; Tufail & Batool, 2013). Therefore, a high BI rate can worsen the backlog of homeownership among low-income communities.

The poverty level plays an important role as a mediator in the relationship between inflation, BI Rate, and home ownership. People who live below the poverty line tend to be more vulnerable to the impact of inflation and rising interest rates. Poverty can limit their ability to save and make a down payment to buy a house, as well as pay higher mortgage installments. Research shows that poverty levels can exacerbate the negative impacts of inflation and high interest rates on purchasing power and access to home ownership (Fransisca & Ahalik, 2021; Leombroni et al., 2021).

The lack of access to facilities for the community is a fundamental thing that causes poverty. This condition of society which is called poor also applies to those who work but whose income is insufficient to meet their basic needs. Poverty can then give rise to various problems such as higher levels of crime, decreased levels of food consumption, food and shelter as well as education and health resulting from low income that can be generated. (Z. Chen & Fan, 2022; Hanif et al., 2022; Huang et al., 2020; D. Liu et al., 2022; Qian et al., 2020; H. Ren et al., 2018; M. Ren et al., 2019; D. Wu et al., 2022; Yi et al., 2022; Zhao & Lee, 2021).

Research by (Chapman & Lindenmayer, 2019; Fransisca & Ahalik, 2021; Jovanka et al., 2020; Khomutenko, 2020; Leombroni et al., 2021; Malik et al., 2021; Neupane, 2021; Tufail & Batool, 2013; J. Zhang et al., 2018) stated that inflation, minimum wage and subsidized housing prices influence the purchasing power of low-income people. These findings indicate that increases in inflation and subsidized house prices can reduce purchasing power. At the same time, changes in the UMR can play a role in increasing purchasing power if they are offset by increases in house prices. However, there is a research gap in research from (Segarra-Oña et al., 2012) showing contradictory results that inflation, minimum wage and subsidized housing prices have no effect on the purchasing power of low-income communities. This research gap reflects inconsistencies in research results that require further explanation. Therefore, this research aims to fill this gap by identifying the role of poverty levels in mediating the influence of inflation and the BI Rate on home ownership among low-income communities in Indonesia.

The phenomenon in this research is that there are 12,715,297 residents who do not yet own a house or a backlog of home ownership in 2022, while the backlog of home ownership in 2021 reaches 12,759,172 residents. Meanwhile, 84 percent of the backlog is dominated by low-income groups (low-income communities). If detailed, the low-income communities group who do not own a house are 10,741,689 people and the remaining 1,973,608 people are the Non low-income communities group (Darisman & Sinambela, 2022).

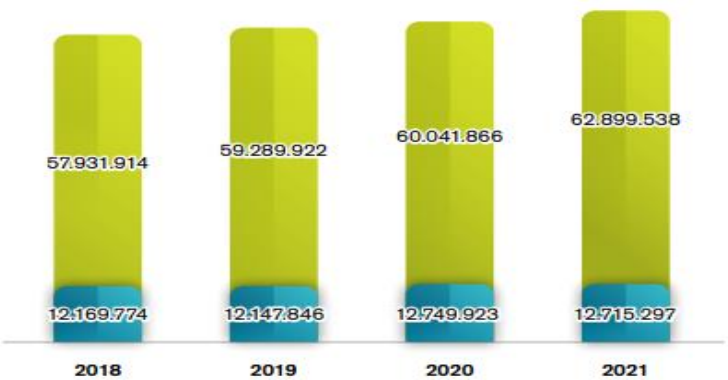

Figure 1. Number of Households Who Own a House and Don't Own a Home (2018-2021)
Source: (Katadata Insight Center, 2022)

The current research contribution to the government in making decisions is regarding the provision of housing for low-income people. Novelty in the research is the poverty level as an intervening variable because poverty is a complex problem for low-income people in owning a house. Apart from that, based on the theory of national development, it is the government's obligation to facilitate the community in gaining a sense of security to live in.

Keynes' theory says that inflation occurs because society has demand that exceeds the amount of money available. The process of competition for income between groups in society still gives rise to overall demand that is greater than the quantity of goods available, resulting in prices generally rising. Research results (Chai & Feng, 2021; Deng et al., 2019; Hu & Ye, 2020; Lai et al., 2021; T. Li & Fan, 2020; Ting et al., 2021; L. Zhang et al., 2021) show that inflation affect poverty levels, so it can be concluded H1: Inflation affects poverty levels.

There is a positive relationship between the BI Rate and the poverty level. To reduce poverty, economic growth must be increased, because if economic growth in an area increases then many people will want to invest, automatically many jobs will become available, so that the unemployment rate can be reduced which has an impact on reducing the poverty rate. Research results (X. Chen et al., 2021; Deng et al., 2020; Ding et al., 2020; Hasanah & Septiarini, 2020; Jia & Ruan, 2020; Kane & Li, 2021; Wen et al., 2021; Xuan et al., 2020) show that the BI Rate has an effect on the Poverty Level, so it can be concluded that H2: The BI Rate affects the Poverty Level.

There are several negative impacts arising from inflation, including: decreasing economic activity, decreasing the level of people's prosperity, decreasing the real income of people on fixed incomes, reducing the value of wealth in the form of money, and worsening the distribution of wealth (Samuelson & Nordhaus, 2004). Inflation will reduce people's purchasing power. This happens because wages are not rising as fast as prices are rising, so inflation will reduce the real wages of people with fixed incomes. From this causality, inflation will indirectly influence purchasing a house on credit. Research results (J. Li et al., 2018; L. Li et al., 2020; S. Liu et al., 2019; Wang et al., 2019, 2020; J. Wu et al., 2017; Zavareh et al., 2020) show that inflation has an effect on low-income people's home ownership, so it can be concluded that H3: Inflation affects low-income people's home ownership.

In making monetary policy, Bank Indonesia has monetary policy transmission channels, one of which is the interest rate channel. In the interest rate transmission channel, changes in the BI Rate affect deposit interest rates and bank credit interest rates. With the high reference interest rate or BI Rate during the crisis, it will result in a decrease in demand for housing credit because mortgage interest rates soar (Adji et al., 1999). Research results (X. Chen & Song, 2022; Fei, 2020; Hua et al., 2021; Lan et al., 2020; H. Ren et al., 2018; Yen et al., 2022; Yin et al., 2023) show that the BI Rate has an effect on Home Ownership of Low-Income People, so it can be concluded H4: BI Rate affects Home Ownership of Low-Income People.

Purchasing power is closely related to inflation and the amount of income and expenditure which leads to a picture of the level of welfare enjoyed by the community as a result of improving economic activity. The higher people's purchasing power, it can be said that the higher their income level. A high level of income indicates that a person is in a condition where he can meet his needs, or in other words, the person is not included in the poor category. Research results (Z. Chen & Fan, 2022; Hanif et al., 2022; Huang et al., 2020; D. Liu et al., 2022; Qian et al., 2020; H. Ren et al., 2018; D. Wu et al., 2022; Yi et al., 2022; Zhao & Lee, 2021) show that the level of poverty influences home ownership in low-income communities, so it can be concluded that H5: Poverty level affects home ownership in low-income communities.

Inflation is a huge economic problem, especially for developing countries. The source of inflation in developing countries comes from several factors, such as government budget deficits which then have an impact on increasing the money supply. Research results (Atreya & Czajkowski, 2019; Gotama & Anastasia, 2021; Ma et al., 2021; Porumb et al., 2020; Prakash et al., 2021) show that inflation influences home ownership in low-income communities through poverty levels as intervening variable, so it can be concluded H6: Inflation affects Home Ownership in Low Income Communities through Poverty Level as an

intervening variable.

The BI Rate interest rate functions to control interest rates at banks because the high loan interest rates set will have an impact on profits obtained and also have an impact on reducing credit distribution. Because the high interest on these loans will lead to an increase in non-performing loans which will cause banks to be unable to distribute credit. Research results (Atreya & Czajkowski, 2019; Gotama & Anastasia, 2021; Ma et al., 2021; Porumb et al., 2020; Prakash et al., 2021) show that the BI Rate influences Home Ownership in Low-Income Communities through Poverty Levels as an intervening variable, so it can be concluded H7: BI Rate affects Home Ownership in Low Income Communities through Poverty Level as an intervening variable.

RESEARCH METHOD

This research is descriptive research with a quantitative approach using survey methods (Sugiyono, 2016). The population used in this research is all provinces in Indonesia in 2022, totaling 38 provinces. Meanwhile, the research sample consists of 34 provinces, 4 provinces do not yet have data on inflation and poverty levels because they are newly established provinces (Hermawan, 2018).

Variable	Used	Formula
Inflation	used to measure the Inflation variable	Inflation Rate = $Inflation_t - Inflation_{t-1}$
BI Rate	used to measure the BI Rate variable	BI Rate = $BI\ Rate_t - BI\ Rate_{t-1}$
Poverty Level	used to measure the Poverty Level variable	Poverty Level = $Poverty\ Level_t - Poverty\ Level_{t-1}$
Purchasing Power of Low-Income Communities	used to measure the variable Purchasing Power of Low-Income Communities	PPI = $Purchasing\ Power\ Index_t - Purchasing\ Power\ Index_{t-1}$

The data analysis technique used in this research is Structural Equation Modeling (SEM) analysis. Data management in this research will use Smart PLS software. Structural Equation Modeling (SEM) is a method used to cover the weaknesses found in the regression method (Ghozali, 2014, 2018).

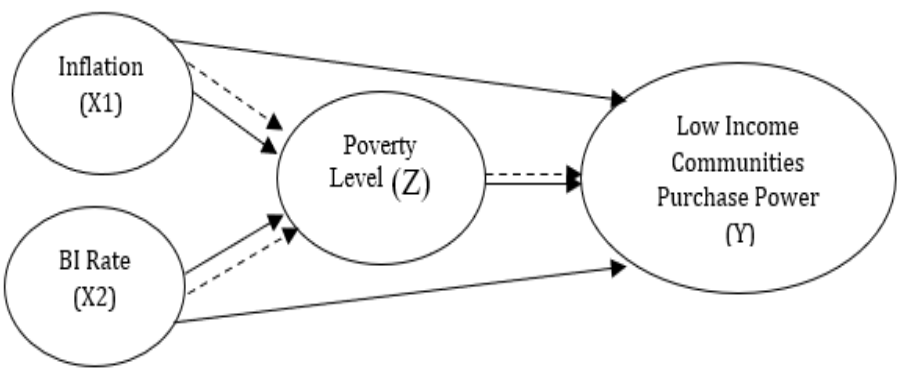

Figure 2. Conceptual Framework

RESULT AND DISCUSSION

Indonesia is one of the centers of economic growth with the highest population in Southeast Asia, where the population is increasing from year to year. This increase in population growth has encouraged the growth of housing development, especially small types with subsidized facilities, which can be seen from the increasing number of developers in Indonesia. The City Planning system implemented in Indonesia provides many opportunities so that many developers are rushing to build property, in this case houses. This development makes it easier for people to get a place to live. Therefore, as a consumer you must be selective in choosing a developer. The need for housing certainly cannot be separated from population growth trends and the supply of houses based on the number of houses. The progress of Indonesia's (economic) development, with a relatively high growth rate, where in 2021 it reaches 3.61% and in 2022 it reaches 5.58% so that the average is above National Growth. In this field, the results of descriptive statistical data processing for research variables appear in Table 1 below:

Table 1. Descriptive Statistics Result

Description	Inflation	BI Rate	Poverty Level	Home Ownership
Min	1.33	3.5	0.43	0.66
Max	5.95	5.5	7.28	0.88
Mean	3.15	3.92	1.80	0.75
STD.DEV	1.59	0.73	1.42	0.06

Source: Data Process, 2023

The Inflation variable shows an average value (mean) of 3.15. The lowest value for the Inflation variable is 1.33 and the highest value is 5.95. The standard deviation is 1.59. The BI Rate variable shows an average value (mean) of 3.92. The lowest value for the BI Rate variable is 3.5 and the highest value is 5.5. The standard deviation is 0.73. The average poverty level variable (mean) is 1.80. The lowest value for the Poverty Level variable is 0.43 and the highest value is 7.28. The standard deviation is 1.42. The Low-Income Community Home Ownership variable shows an average (mean) value of 0.75. The lowest value for the Home Ownership variable for Low Income Communities is 0.66 and the highest value is 0.88. The standard deviation is 0.06.

The discriminant validity test uses cross-loading values. An indicator is declared to meet discriminant validity if the cross-loading value of the indicator on the variable is > 0.7. The reliability test with the composite reliability above can be strengthened by using the Cronbach alpha value if it has a Cronbach alpha value > 0.6.

Table 2. Discriminant Validity

Variable	Cross Loading Value	R_{tabel}	Cronbach Alpha	Information
Inflation (X_1)	1.000	0.266	1.000	Valid
BI Rate (X_2)	1.000	0.266	1.000	Valid
Poverty Level (Z)	1.000	0.266	1.000	Valid
Home Ownership in Low Income Communities (Y)	1.000	0.266	1.000	Valid

Source: Data Process, 2023

Based on the data presented in table 2 above, it can be seen that each indicator in the research variable has a cross-loading value > Rtabel. Based on the results obtained, it can be stated that the variables used in this research have good discriminant validity in compiling their respective variables. The multicollinearity test was carried out to determine the

relationship between indicators. To find out whether the formative indicators experience multicollinearity by knowing the VIF value. A VIF value between 5-10 can be said to mean that multicollinearity does not occur in this indicator. The following are the results of the multicollinearity test for each of the research variables.

Table 3. Variance Inflation Factors

Variabel	VIF
Inflation (X_1)	1.076
BI Rate (X_2)	1.046
Poverty Level (Z)	1.058

Source: Data Process, 2023

Based on Table 3, the results of the multicollinearity test show that the VIF value is below 10, so it can be said that multicollinearity does not occur for each of the research variables. Based on the data processing that has been carried out, the results can be used to answer the hypothesis in this research. Hypothesis testing in this research was carried out by looking at the T-Statistics values and P-Values values. The research hypothesis can be declared accepted if the P-Values < 0.05. The following are the results of hypothesis testing obtained in this research through the inner model.

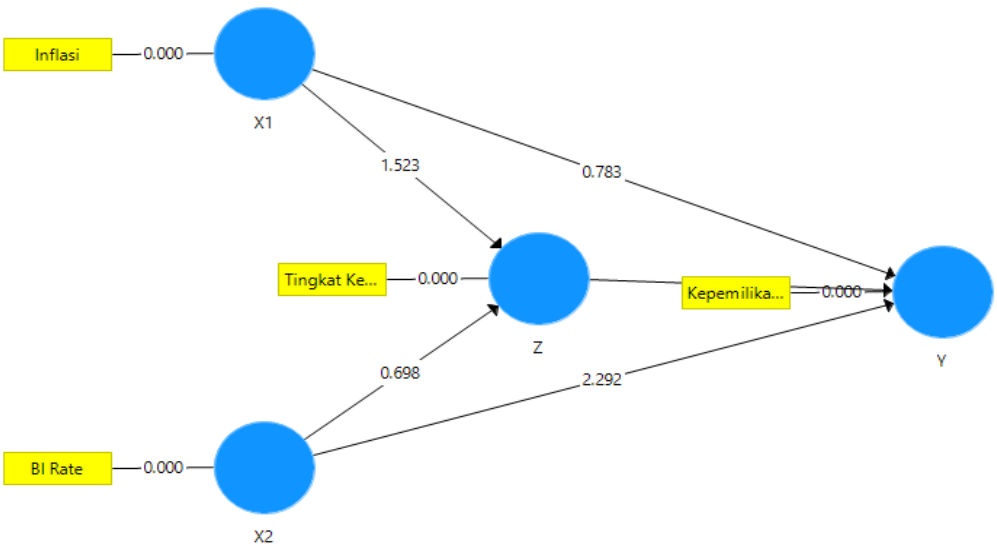

Figure 3. Result (of Testing)

From the results of the research hypothesis testing model as in the picture above, we can then determine the direct influence and indirect influence of the relationship between the variables. And the results of testing the direct influence of the relationship between variables can be seen in the following Table 4.

Table 4. Influence Between Variables

Hypothesis	Variable	Path Coefficients	P-value	Result
H1	Inflation – Poverty Level	0.196	0.009	Significant
H2	BI Rate – Poverty Level	0.097	0.005	Significant
H3	Inflation – Home Ownership in Low Income Communities	-0.147	0.004	Significant
H4	BI Rate – Home Ownership in Low Income Communities	-0.397	0.022	Significant
H5	Poverty Level – Home Ownership in Low Income Communities	-0.172	0.025	Significant
H6	Inflation – Low-income Home Ownership through Poverty	-0.034	0.000	Significant (Partial Mediation)
H7	BI Rate – Low-income Home Ownership through Poverty	-0.017	0.000	Significant (Partial Mediation)

Source: Data Process, 2023.

1. The Path Coefficient value from Inflation to Poverty Level is β = 0.196, which is positive. The p-value is 0.009, this result is significant because the p-value is less than 0.05.
2. The Path Coefficient value of the BI Rate on Poverty Level is β = 0.097, which is positive. The p-value is 0.005. This result is significant because the p-value is less than 0.05.
3. The Path Coefficient value from Inflation to low-income communities Home Ownership is β = -0.147, which is negative. The p-value is 0.004, this result is significant because the p-value is less than 0.05.
4. The Path Coefficient value of the BI Rate on low-income communities Home Ownership is β = -0.397, which is negative. The p-value is 0.022, this result is significant because the p-value is less than 0.05.
5. The Path Coefficient value from Poverty Level to low-income communities Home Ownership is β = -0.172, which is negative. The p-value is 0.025, this result is significant because the p-value is less than 0.05.
6. The value of the path coefficient from inflation to low-income housing ownership through poverty level is β = -0.034, which is negative. The p-value is 0.000, this result is significant because the p-value is less than 0.05.
7. The Path Coefficient value of the BI Rate on low-income communities Home Ownership through Poverty Level is β = -0.017, which is negative. The p-value is 0.000, this result is significant because the p-value is less than 0.05

The Effect of Inflation on Poverty Levels

The results of research hypothesis testing show that inflation has a positive and significant effect on poverty levels. This means that the higher the inflation, the higher the poverty level. Inflation occurs because a society wants to live beyond the limits of its economic capabilities.

The higher rate of inflation will greatly influence various economic activities from various sectors so that it will suppress the rate of economic growth, encourage an increase in unemployment and in turn will have an effect on reducing the level of welfare of the population, especially for low-income and fixed-income population groups. Through the

process of continuous inflation, the government can take over secretly and without a trace. In this way they not only take over, but they take over arbitrarily and, in the process, impoverish many people. If it is related to poverty, when the inflation rate rolls around and the real currency value fluctuates very greatly, the rising inflation will in turn be followed by an increase in the poverty line as a result of the increase in the inflation rate which will encourage an increase in the number of poor people.

Inflation represents the prices of necessities, causing people's purchasing power to also increase. And this affects the level of poverty. Inflation as an economic phenomenon will certainly have an impact on people's economic activities. Inflation causes the prices of consumed goods to rise, while people's income does not increase. Research (Chai & Feng, 2021; Deng et al., 2019; Hu & Ye, 2020; Lai et al., 2021; T. Li & Fan, 2020; Ting et al., 2021; L. Zhang et al., 2021) show that inflation has an effect on poverty levels.

The Influence of the BI Rate on Poverty Levels

The results of testing the research hypothesis show that the BI Rate has a positive and significant effect on the Poverty Level. This means that the higher the BI Rate, the higher the Poverty Level.

If the BI Rate is high, the amount of investment will decrease and unemployment will increase, thereby triggering poverty levels. If the Central Bank increases interest rates, it is hoped that people will be interested in saving money in banks and thus the amount of money in circulation will decrease. The biggest contribution to inflation comes from the increase in goods prices due to rising fuel prices. Then the increase in inflation due to food prices continues to affect the external balance. This made the central bank respond by strengthening monetary operations through greater liquidity absorption. And the same thing as in 2022 where inflation is mostly contributed by the food group. This is due to an increase in food prices due to the delayed effects of floods and the impact of El Nino which can cause dry seasons in various regions.

According to the monetarist view, an interest rate in equilibrium (meaning there is no push up or down) will be achieved if people's desire to save is the same as the entrepreneur's desire to invest. Meanwhile, according to the Keynesian view, the higher the interest rate, the higher the cost of holding cash (in the form of interest rates that are not earned because wealth is expressed in the form of cash) so that the desire to hold cash also decreases. Conversely, if the interest rate falls, the cost of holding cash will also be lower so that the demand for cash rises. Research (X. Chen et al., 2021; Deng et al., 2020; Ding et al., 2020; Hasanah & Septiarini, 2020; Jia & Ruan, 2020; Kane & Li, 2021; Wen et al., 2021; Xuan et al., 2020) show that the BI Rate influences the Poverty Level

The Effect of Inflation on Home Ownership in Low-Income Communities

The results of research hypothesis testing show that inflation has a negative effect on home ownership for low-income communities. This means that the higher the inflation, the lower the home ownership of low-income people.

High inflation can weaken the economy, increase production costs, reduce investment levels, and reduce the purchasing power of people who own subsidized housing. Developers may benefit from inflation; this can be achieved if the income obtained is higher than production costs. If inflation is high in a country, it will also have a negative impact on existing investments. This is because if the prices of goods and services on the market are very high, people's tendency to consume goods and services will decrease. The increase in prices on the market is not accompanied by an increase in wages or income for the community, so this causes people's consumption to decrease.

A high level of inflation indicates that the risk of investing is quite large because high inflation will reduce the rate of return of investors. In conditions of high inflation, the prices of goods or raw materials have a tendency to increase. An increase in the price of goods and raw materials will make production costs high, which will result in a decrease in demand,

which will result in a decrease in sales, which will reduce company income, especially in the property sector. Research (J. Li et al., 2018; L. Li et al., 2020; S. Liu et al., 2019; Wang et al., 2019, 2020; J. Wu et al., 2017; Zavareh et al., 2020) show that inflation affects home ownership in low-income communities.

The Influence of the BI Rate on Home Ownership in Low-Income Communities

The results of research hypothesis testing show that the BI Rate has a negative and significant effect on Home Ownership for Low-Income People. This means that the higher the BI Rate, the lower the Home Ownership of Low-Income People.

Changes in bank interest rates can occur relatively quickly and are caused by many factors, so this will also determine the size of the total subsidized mortgages distributed by banks to the public. With bank interest rates that are affordable for debtors or people who need subsidized mortgages, it is likely that demand for subsidized and non-subsidized mortgages distributed can also increase.

An increase in the BI Rate will have an impact on the economy and the real sector. Economic growth will slow down. On the other hand, an increase in the BI Rate will result in an increase in banking interest rates. Banks can increase interest rates on deposits or loans. An increase in savings interest rates will encourage people to postpone consumption activities because they choose to save funds in banks. An increase in deposit interest rates will increase bank funding costs. If they don't want margins to be depressed, banks must increase loan interest rates. Banks' steps to increase loan interest rates will face the risk of non-performing loans. According to classical economists, interest rates are determined by the supply of savings by households and the demand for savings by investors. Research (X. Chen & Song, 2022; Fei, 2020; Hua et al., 2021; Lan et al., 2020; H. Ren et al., 2018; Yen et al., 2022; Yin et al., 2023) show that the BI Rate has an effect on Home Ownership for Low-Income People.

The Influence of Poverty Levels on Home Ownership in Low-Income Communities

The results of research hypothesis testing show that the level of poverty has a negative and significant effect on home ownership in low-income communities. This means that the higher the poverty level, the lower the home ownership of low-income people.

The higher the income level of Low-Income People, the lower the portion of Low-Income People's income that is spent on food, and the higher the portion of Low-Income People's income that is spent on non-food needs. So it can be said that if the income of Low-Income People increases, the portion of income spent on non-food needs, especially those used to buy a house or pay mortgage installments, will become larger.

A person's expenses can be measured through the income they have because income is closely related to capabilities. Where someone owns a house is greatly influenced by the income they earn. Consumer expenditure factors can influence the demand for subsidized housing, where the decision to purchase subsidized housing is influenced by the level of consumer expenditure. So, a person's ability to own a house is greatly influenced by the income they earn. If a person's income increases and economic conditions do not experience recession and inflation, the tendency to own a house will increase both in quality and quantity. Research (Z. Chen & Fan, 2022; Hanif et al., 2022; Huang et al., 2020; D. Liu et al., 2022; Qian et al., 2020; H. Ren et al., 2018; D. Wu et al., 2022; Yi et al., 2022; Zhao & Lee, 2021) show that the level of poverty influences home ownership in low-income communities.

The Effect of Inflation on Home Ownership in Low-Income Communities through Poverty Levels

The results of testing the research hypothesis show that inflation has a negative effect on home ownership in low-income communities through poverty levels. This means that the higher the inflation, the lower the home ownership of low-income people through the poverty

level.

Inflation is a macroeconomic variable which can be said to have an influence on subsidized KPR because with increasing inflation, the government takes policy by increasing the BI Rate which has an impact on increasing deposit interest rates and commercial bank credit interest rates. Inflation is a situation where the prices of goods and services experience price increases that last for quite a long time and this increase occurs evenly. If inflation is high in a country, it will also have a negative impact on existing investments. This is because if the prices of goods and services on the market are very high, people's tendency to consume goods and services will decrease.

The property industry is closely related to the banking sector. This is because the banking sector's financing for property projects is quite large. As we know, most of the funds in the banking sector come from third party or public funds. This dependence on financing from banks is what makes the property business in Indonesia very influenced by the policies of banks/financial institutions, the state monetary authority (Bank Indonesia), and is further influenced by the macroeconomic conditions of the country as a whole. Research (Atreya & Czajkowski, 2019; Gotama & Anastasia, 2021; Ma et al., 2021; Porumb et al., 2020; Prakash et al., 2021) show that poverty levels influence home ownership in low-income communities through poverty levels.

The Influence of the BI Rate on Home Ownership in Low-Income Communities through Poverty Levels

The results of research hypothesis testing show that the BI Rate has a negative effect on Home Ownership in Low Income Communities through Poverty Levels. This means that the higher the BI Rate, the lower the Home Ownership of Low-Income Communities through the Poverty Level.

Credit interest rates are one of the important things that people consider before they decide to apply for credit from banks or non-bank financial institutions. Furthermore, mortgage interest rates can be known to have a significant influence on investment in the property sector in Indonesia. These results show that an increase in mortgage interest rates will provide support in efforts to increase investment activities in the property sector in Indonesia. When interest rates fall, investments that have a higher risk, for example shares compared to deposits, will become attractive. Apart from decreasing deposit interest, companies whose shares are traded have the potential to grow. Companies will be bolder in expanding so that investors choose to buy shares rather than instruments with fixed profits because interest rates are falling. Research (Atreya & Czajkowski, 2019; Gotama & Anastasia, 2021; Ma et al., 2021; Porumb et al., 2020; Prakash et al., 2021) show that poverty levels influence home ownership in low-income communities through poverty levels.

CONCLUSION

Based on the research results, it shows that low-income people are affected by the inflation rate, BI Rate, and Poverty Level. The research results show a positive and significant influence between inflation and the BI Rate on poverty levels because high inflation and the BI Rate cause uncertain economic turmoil. Furthermore, the research results show that Inflation and the BI Rate have a negative and significant influence on Home Ownership for Low-Income People. The higher the inflation and BI Rate, the lower the homeownership of low-income people because the installment burden will also be greater. In general, this research illustrates that the need for homeownership for low-income communities is increasing due to the increasing population of Indonesian people, so the need to have a place to live is also directly proportional. The practical implications of this research are that it provides insights that can be used to design policies and programs that are more effective in overcoming the challenges of homeownership for low-income communities in Indonesia. Implementation of these findings can help create a fairer environment and support increased community welfare. This research has limitations that affect the research results, namely that the focus of the study in the research still focuses on one type of house, namely subsidies. Suggestions for future researchers are to expand the types of housing provision,

for example, commercial housing with low interest rates. For future researchers, it is hoped that they will add more research year samples to be able to describe more concrete conditions, for example using a research period spanning several years.

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