



Legal Transplantation of Land Bank in Indonesia: A Comparative Study of Land Bank Policy from Leading Country

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ABSTRACT

Indonesia is facing a severe housing crisis, compounded by rising property prices resulting from limited urban space. Data analysis provided by the Ministry of Public Works and Public Housing (PUPR) highlights a significant backlog in residential ownership, totaling 12.75 million units. Unfortunately, only 59.5% of these units meet the necessary standards for habitability. Mass land acquisition practices by a select few were observed. The potential increase in land prices due to speculative solid activities presents a pressing issue, given the economic and social impacts it generates. However, implementing the Land Bank for this problem still faces various problems. This paper aims to develop an optimal policy for enacting the land bank concept through legal transplantation between the United States and Indonesia. This study employs a conceptual and comparative methodology, examining land bank policies in both Indonesia and the United States. Comparative analysis was carried out to assess the similarities and differences between the two countries' approaches. Data collection involved a comprehensive review of literature pertaining to diverse land bank regulations. Based on the research findings, Indonesia can enhance its land bank management by adopting principles from the United States' land bank framework. The US model features adaptable non-profit organizations benefiting from well-defined state-level regulations. These entities concentrate on community revitalization efforts and frequently secure federal funding, streamlining legal procedures. Establishing land banks at the local level promotes community involvement. Indonesia should contemplate enacting specialized legislation, fostering collaborative partnerships, pursuing international grants, and streamlining bureaucratic processes to optimize the effectiveness of its land bank initiatives.

Keywords: Agrarian Problem, Land Acquisition, Land Bank

A. Introduction

Presently, the populace of Indonesia finds itself amidst a critical exigency concerning the provision of habitable dwellings. The apprehension is further compounded by the concentration of land ownership within a select few. Statistical data reveals that a significant portion, specifically 68 percent, of land in Indonesia is controlled by a small fraction, constituting only 1 percent, comprised of business entities and large corporations.¹ Conversely, the general public owns a mere 6 percent of the total land area in Indonesia (refer to Figure 1). While over 16 million farmer households currently rely on plots averaging less than half a hectare,² this circumstance also contributes to the escalation of land prices. The utilization of land should not serve as a tool to oppress other groups, as it contradicts the principles of a just economy as aspired by the Indonesian people. Therefore, land should not be commodified for profit without constraints in the event that the concentration of land ownership within a specific group results in the oppression of vulnerable communities. Hence, state authority is imperative in determining the allocation and ownership of land.

¹ Komisi II, "Saan Mustopa: Ketimpangan Penguasaan Tanah Sudah Akut," Dpr.Go.Id, 2017, <https://www.dpr.go.id/berita/detail/id/16135/t/Irtama+Jelaskan+Peran+DPR+dalam+Bidang+Anggaran+dan+Pengawasan>.

² Komisi II.

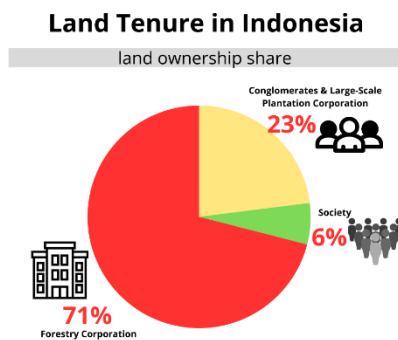


Figure 1. Land Tenure in Indonesia
Source: Processed from Databoks³

According to the Constitution of the Republic of Indonesia of 1945, State Control Rights dictate that the State represents the entirety of the population.⁴ Consistent with constitutional aims, the government must address significant concentrations of land ownership. In this regard, establishing a Land Bank is considered essential for the equitable distribution of land to the populace, particularly the marginalized, enabling them to attain land ownership. This is undertaken to prevent the concentration of land ownership within a select few. The implementation of the land bank concept has commenced in Indonesia. The legal terminology of this land bank became recognized following the enactment of Job Creation Law 11/2020, subsequently repealed by Law Number 6/2023 concerning the Ratification of Government Regulation in place of Law Number 2 of 2022 on Job Creation (hereinafter referred to as the 'Job Creation Law'). However, the Job Creation Law only regulates the land bank as a public institution expected to control land prices that have become increasingly unaffordable for the public. In contrast, one of the root causes of the uncontrolled land prices has not been addressed. The absence of provisions regarding restrictions on land control and ownership by private entities gives rise to speculation, resulting in high land prices.⁵ Several companies have trillions of rupiah of assets derived from private land banking activities (Figure 2).⁶ The ongoing activities of private land banking and the access of large corporations to land contribute to soaring land prices, creating land that is difficult to attain for low-income communities.

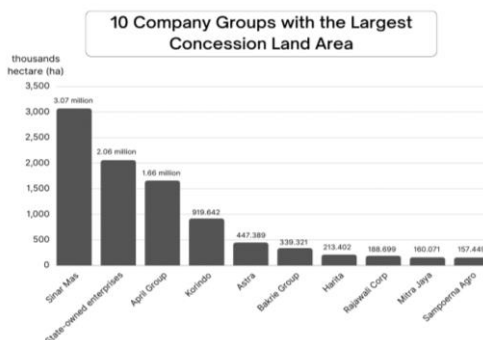


Figure 2. Companies with the most significant land holdings in Indonesia
Source: Processed from Databoks⁷

In addition, under the regulations of the Job Creation Law, there is currently no provision outlining the criteria and requirements that the Land Bank must meet in the land acquisition and management process. This deficiency raises concerns about the potential misuse of authority by the Government. In this context, through the Land Bank, the Government holds the power to acquire land from the public, citing the reason for enhancing land management. Such a situation has the potential to result in losses for Indonesian citizens.

³ Reza Pahlevi, “Sinar Mas Kuasai Lahan Lintas Sektor Lebih Luas Dari BUMN,” databoks, 2022, <https://databoks.katadata.co.id/datapublish/2022/08/18/sinar-mas-kuasai-lahan-lintas-sektor-lebih-luas-dari-bumn>.

⁴ Lego Karjoko, Zaidah Nur Rosidah, and I Gusti Ayu Ketut Rahmi Handayani, “Refleksi Paradigma Ilmu Pengetahuan Bagi Pembangunan Hukum Pengadaan Tanah,” *Jurnal Bestuur* 7, no. 1 (2019).

⁵ Veronica Kinanthi Sihutami, “Rekonstruksi Hukum Penyelenggaraan Bank Tanah Untuk Kepentingan Pembangunan Nasional” (Universitas Sebelas Maret, 2022).

⁶ Pahlevi, “Sinar Mas Kuasai Lahan Lintas Sektor Lebih Luas Dari BUMN.”

⁷ Pahlevi.

The Job Creation Law only regulates the issue of land banking and its designation as a public institution.⁸ Analyzing the execution of the Land Bank initiative in the United States, mainly through its prominent program of land redistribution, which allocates acquired land from the public land bank to furnish land and residences for lower to middle-income communities, as is customary in the United States:⁹

"The objectives of the land bank include (a) providing affordable housing; (b) returning properties to the tax rolls; (c) stabilizing deteriorating environments by rehabilitating, relocating, or rebuilding abandoned properties; (d) developing green open spaces; (e) aggregating and consolidating neglected lands into a unified and developable site; and (f) facilitating brownfield revitalization."

Furthermore, the United States utilizes the Land Bank to address abandoned and vacant properties, expediting the redevelopment of such environments and striving to provide affordable housing for the community.¹⁰ This is undertaken to safeguard properties from influential land speculators. This raises the question of how much the Land Bank policy can address Agrarian issues. It is imperative to conduct a comparative assessment of the implementation of the land bank concept in both Indonesia and the United States to examine how the United States, a prominent nation with a successful track record in implementing the Land Bank concept, regulates and implements the concept. This can serve as legal considerations that will aid in formulating land bank regulations within the framework of national legislation. Studying successful land bank practices in other countries provides valuable insights into how land banks can be effectively implemented in Indonesia.

This paper explores two questions: How are the regulations and implementation of land banks in Indonesia, along with their challenges? How does this compare to the United States, a leading country implementing land banks? Subsequently, based on these problem formulations, several recommendations related to policies that can be adopted to enhance the regulation of land banks in Indonesia will be proposed.

B. Research Methods

This study delves into legal politics utilizing a conceptual and comparative methodology. The conceptual approach is employed when researchers construct a framework to serve as a reference in their research while adhering to established legal principles.

The comparative methodology employed in legal analysis juxtaposes the legal frameworks of one jurisdiction against another or contrasts the legal provisions of different temporal periods. This study undertakes a comparative examination of land bank policies in Indonesia and the United States. Indonesia was deliberately selected as the focal point of this research due to the land bank's current progression and integration phases. The United States, being at the forefront of land bank adoption and policy, is an exemplar in this domain.¹¹ The practical application of the land bank concept in the United States furnishes tangible evidence of a successful and well-implemented land bank system.¹²

The legal analysis entails a comprehensive review of all relevant laws and regulations pertaining to the topic under discussion. This study delves into the examination of numerous statutes and regulations governing land bank policies to extract legal perspectives on the subject matter. This involves scrutinizing and analyzing existing laws, regulations, policies, and other legal instruments pertinent to the research topic.

The data utilized in this research comprises legal materials, including laws and regulations applicable in both Indonesia and the United States. The primary legal materials examined in this study are as follows:

Table 1. Primary Legal Material

Indonesia	United States
a) Basic Regulations on Agrarian Principles Law (Number 5/1960);	a) United States Code Title-12 concerning Banks and Banking (2006, Supplement 1);
b) Land Acquisition for Development in the Public Interest Law (Number 2/2012) jo. The Stipulation of Government Regulations Law (6/2023) in Lieu of Job Creation Law;	b) Unified NSP1 and NSP3, Notice, 2010.
c) Government Regulation 64/2021 concerning Land Bank Agencies;	c) National Land Bank Network Act of 2020;

⁸ Fatimah AlZahra, "The Legal Construction of Land Bank Regulations to Realize Fair Management of State Land Assets in Indonesia," *Jurnal Rechtsidee* 4, no. 1 (2017): 1–12.

⁹ Dewoto Kusumo and Rifki Afandi, "Table Of Content Article Information Rechtsidee" 7, no. 1 (2020): 1–15.

¹⁰ Kirsten Harrison, "International Land Banking Practices: Considerations for Gauteng Province," 2007, <http://www.urbanlandmark.org.za/research/x07.php>.

¹¹ Jack Carr and Lawrence B. Smith, "Public Land Banking and the Price of Land," *Land Economics* 52, no. 4 (1976): 565, <https://doi.org/10.2307/3145199>.

¹² Richard C. Sadler and Natalie K. Pruett, "Mitigating Blight and Building Community Pride in a Legacy City: Lessons Learned from a Land Bank's Clean and Green Programme," *Community Development Journal* 52, no. 4 (2017): 591–610, <https://doi.org/10.1093/cdj/bsv052>.

d) Government Regulation 124/2021 concerning Capital of Land Bank Entities;	d) Not-For-Profit Corporation Law- Article 16 – Land Banks (New York Land Bank Act) of 2022.
e) Presidential Regulation 113/2021 concerning the Structure and Implementation of Land Bank Agencies.	e) Michigan Land Bank Fast Track Act (Act 258 of 2003).

This paper utilizes a case study methodology to formulate theories elucidating the interaction of specific factors or variables in generating particular outcomes.¹³ The comparative study employed the legal transplant method through legal transfer, which centers on disseminating legal information, namely, how it is conveyed and adopted.¹⁴ The concept of transfer aims to raise awareness among comparatists regarding the process of converting legal elements into standardized information. It demonstrates how legal information is extracted from foreign contexts, processed, and applied to the local context.¹⁵ Literature study techniques were used to obtain legal materials.

C. Results and Discussion

1. Agrarian and Land Reform Problems in Indonesia

Indonesia faces challenges related to unequal land distribution. Historically, land ownership has been concentrated among a few entities, including large corporations and elites.¹⁶ This has led to disputes and conflicts with local communities, indigenous groups, and small-scale farmers who often lack formal land titles.¹⁷ Inconsistent land tenure policies and inadequate land registration systems contribute to tenure insecurity for many Indonesians.¹⁸ In some cases, local communities may have cultivated and lived on land for generations without proper legal recognition.¹⁹

Land and its value play a central role in social engagements and progress. With the continuous increase in the human population, land serves as an essential dwelling place or potential investment. Nonetheless, the significant needs for land exceeds the available supply. The demand for housing land is disproportionate to the land supply, leading to uncontrollable price increases. The heightened demand for land is closely intertwined with elevated rates of urbanization.²⁰

Society tends to migrate to large cities, influencing significant changes in land use. The limited availability of land for housing, rising land costs, and rapid urbanization rates all contribute to the expansion of cities.²¹ Continuous urbanization might hinder socio-economic endeavors and disturb spatial planning practices in Indonesia.

The restricted availability of land also impacts the need for land for infrastructure and public amenities.²² The scarcity of land for infrastructure development poses a hindrance to such projects.²³ Consequently, delays in infrastructure development result in losses for diverse stakeholders, encompassing the government, developers, and the community. These consequences arise from the government's struggles in acquiring land for infrastructure projects. To address the issue of limited land availability for infrastructure development and allocation, the Indonesian Government established the Land Bank Agency.

¹³ Hang Yin, "Status Quo of the US and UK's P2P Lending Regulation," *Global Journal of Economics and Business Administration* 1 (2016): 32–36, <https://doi.org/10.28933/yin-gjeba-02-2016>.

¹⁴ Günter Frankenberg, "From 'transplant' to Transfer," *The Oxford Handbook of Law and Anthropology*, 2021, 333–51.

¹⁵ Frankenberg.

¹⁶ Andi Achdian, "Tanah Bagi Yang Tak Bertanah: Landreform Pada Masa Demokrasi Terpimpin 1960-1965," *Kekal Press*, 2008, 1–112.

¹⁷ Nadya Suciati, "Land Reform Indonesia," *Lex Jurnalica* 1, no. 3 (2004): 131–42.

¹⁸ Winahyu Erwiningsih, "Pelaksanaan Pengaturan Hak Menguasai Negara Atas Tanah Menurut UUD 1945," *Disertasi Program Doktor Ilmu Hukum Program Pascasarjana FH UII* 16 (2009): 118–36.

¹⁹ Kepala Badan et al., "Reformasi Hukum Pertanahan Indonesia" 8, no. 10 (2019).

²⁰ Afwan Anantya Prianggoro, "Does Indonesia Need a Land Bank Agency? Examining the Role of a Land Bank Agency in Indonesia's Spatial Planning Practice" (The University of Groningen, the Netherlands, 2022), <https://unsplash.com/s/photos/agrarian-indonesia>.

²¹ Azhari Pamungkas and Haryo Winarso, "Bentuk Kelembagaan Dan Pola Pembiayaan Land Banking Publik Di Indonesia," *Tataloka* 20, no. 1 (2018): 35, <https://doi.org/10.14710/tataloka.20.1.35-49>.

²² Noegi Noegroho, "Penerapan Konsep Land Banking Di Indonesia Untuk Pembangunan Perumahan MBR Di Kawasan Perkotaan," *ComTech: Computer, Mathematics and Engineering Applications* 3, no. 2 (2012): 961–65, <https://doi.org/10.21512/comtech.v3i2.2329>.

²³ Prianggoro, "Does Indonesia Need a Land Bank Agency? Examining the Role of a Land Bank Agency in Indonesia's Spatial Planning Practice."

2. Urgency of Implementing Land Bank to Address Agrarian Problems

Indonesia confronts numerous challenges regarding land use and spatial planning, including steep land prices, urbanization, urban sprawl, and land disputes. Moreover, land-related issues in Indonesia are linked to unequal land ownership and a scarcity of land for infrastructure development.

Despite the existence of a primary agency responsible for land administration and spatial planning, namely the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN), land programs have not yet achieved an optimal level of effectiveness.²⁴ Therefore, the Government instituted a new entity known as the Land Bank in 2021. Within agrarian reform initiatives, the land bank serves as a tool for overseeing spatial planning practices in Indonesia.²⁵

The Land Bank institution allocates land for the betterment of society, fostering social progress, economic balance, land organization, agricultural advancement, and the pursuit of fairness and equality. As a non-profit, state-owned institution, The Land Bank Agency is tasked with tackling diverse land-related challenges and fulfilling the objectives outlined in the national land strategy. Hence, the land bank contributes to enhancing future land use planning. The land bank plays a role as a land provision instrument in several ways, as follows:

Table 2. The Land Bank Role

Manage and centralize ready-to-use land.	The land bank is involved in identifying, acquiring, and overseeing parcels of land suitable for development. These lands are then prepared with infrastructure facilities and grouped based on their location/usage zones so that they are ready to be allocated for infrastructure and settlement development.
Provision of land for strategic projects	The land bank provides the land needed for national strategic projects such as road construction, airports, ports, and industrial zones through accumulation and collaboration with relevant stakeholders.
Utilization of abandoned/undeveloped land	Abandoned lands, such as post-mining areas and former project sites, can be reused through land arrangement and development by the land bank into productive areas.
Consolidation of land for businesses	The land bank plays a role in concentrating and consolidating separate lands needed by investors/businesses through acquisition, negotiation, and land exchange to meet the extensive land needs for business purposes.
Provision of commercial land	The lands managed will then be distributed and reallocated for integrated housing development, commercial areas, and other public facilities based on the area's master plan.

From the table, it can be observed that the role of the land bank is one of the crucial instruments for centralized and coordinated land provision to support development across various sectors. Given the need for land availability to support infrastructure development and the creation of new housing areas, land scarcity emerges as a significant limitation for the advancement of national strategic projects.²⁶

The land bank is anticipated to aggregate land centrally.²⁷ Moreover, as a small number of individuals continue to dominate land ownership, the land bank facilitates agrarian reform initiatives aimed at achieving social justice through the redistribution of land ownership.²⁸

In addressing control over land speculation and mitigating unreasonable fluctuations in land prices, the land bank is envisaged to regulate land supply and demand in a comprehensive manner. There is a need for more integrated land management coordination among agencies/institutions.

Currently, land management remains fragmented.²⁹ The land bank is also expected to coordinate synergistic land management. Therefore, the existence of the land bank becomes imperative. It is hoped that the Land Bank can address various land-related issues.

²⁴ Ismail Hasan, Tjahjo Arianto, and Aristianto Nugroho, "Penyelesaian Kasus Pertanahan Melalui Resettlement," *Jurnal Tunas Agraria* 2, no. 3 (2019).

²⁵ Fatimah, "REFORMA AGRARIA DALAM KONTEKS PENINGKATAN AKSES KAUM TANI MISKIN TERHADAP PENGUSAHAAN TANAH DI INDONESIA," *Jurnal Hukum Samudra Keadilan* 10, no. 2 (2015): 191–203.

²⁶ Badan et al., "Reformasi Hukum Pertanahan Indonesia."

²⁷ Sadler and Pruet, "Mitigating Blight and Building Community Pride in a Legacy City: Lessons Learned from a Land Bank's Clean and Green Programme."

²⁸ Hadi Arnowo, "Peran Bank Tanah Dalam Pengaturan Penyediaan Tanah," *Jurnal Inovasi Penelitian* 2, no. 9 (2022): 3077–88.

²⁹ Prianggoro, "Does Indonesia Need a Land Bank Agency? Examining the Role of a Land Bank Agency in Indonesia's Spatial Planning Practice."

3. Problems and Challenges of Land Bank Implementation

A major obstacle arises in reclaiming idle land held by mining or plantation companies under cultivation rights and returning it to the State. This poses a complex issue due to the lack of transparency surrounding data on designated cultivation land. Furthermore, The Ministry of Agrarian and Spatial Planning and the National Land Agency (referred to as 'ATR/BPN') are hesitant to exercise their authority to reclaim and redistribute idle land held by corporations. This issue has led to numerous ongoing land conflicts, with a significant number involving State and private companies' cultivation rights, as the Agrarian Reform Consortium reported. Some of these conflicts persist as the Government prioritizes lands with administratively free from encumbrances rather than addressing the root causes.

Regarding agrarian reform, the redistribution of idle cultivation land returned to the State has not substantially improved the situation for communities or landless farmers. The proposed establishment of a land bank aims to expedite the redistribution of this 'land as objects of agrarian reform,' ensuring that the State does not retain ownership for extended periods. Despite being able to redistribute the land promptly, the ATR/BPN and the Ministry of Environment and Forestry have yet to do so. Additionally, there is apprehension that the land bank might prioritize leasing unused land to prominent investors for infrastructure and development projects rather than allocating it to communities and farmers. Such a strategy could exacerbate the Government's social forestry goals.

Regarding authority, the Land Bank institution in Indonesia has been newly established by the Government to manage land bank functions. Previously, these responsibilities fell within the purview of the Ministry of ATR/BPN. Structurally, the Land Bank operates under the auspices of the Ministry of ATR/BPN, established based on Law 11 of 2020 concerning Job Creation. However, despite the Land Bank's role, there remains overlapping authority with related agencies regarding land management, such as the Ministry of ATR/BPN and BPN in the regions.

There are overlapping regulations, such as those in the current Agrarian Reform program, that can create challenges for implementing the land bank in Indonesia.³⁰ The presence of a new institution like the Land Bank Agency has been associated with creating more inequalities and potentially aggravating land administration practices in Indonesia.

The functions, objectives, and operationalization of the land bank system in Indonesia are seen to need improvement, and there are discussions about the need to strengthen existing institutions and implement agrarian reform agendas instead of establishing a new institution. While conceptually, land banks may address various land issues and attract investments to enhance the economy, establishing land banks creates new problems in justice inequality.³¹ The rationale behind forming land banks, which tends towards investment, runs counter to the agrarian reform agenda: redistributing and consolidating land for social justice. Consequently, the presence of land banks worsens land-related challenges.

There are concerns that land banks might exacerbate economic disparities and unfairness, particularly in underserved communities, instead of acting as catalysts for regional economic advancement and promoting social equity and balanced development. In summary, the challenges in applying the Land Bank system in Indonesia revolve around governance, land tenure, potential inequality, and the need to improve existing systems. These concerns must be carefully addressed to ensure the effective implementation of a land bank in the Indonesian context.

4. Comparison of Land Bank Policies and Regulations

a. Indonesia

Government Regulation 64/2021 defines land banks in Indonesia in line with the Land Bank Institution and the Job Creation Law. The Land Bank is a unique institution, established as a legal entity by the Central Government, empowered to oversee land management. The Land Bank guarantees land availability aligning with public interest, fair economics, social welfare, developmental needs, economic parity, land organization, and agrarian reform. In executing this mandate, the institution undertakes responsibilities in strategizing, acquiring, managing, utilizing, and allocating land resources. In developing nations, land banks predominantly focus on securing land for public use, regulating land markets, and steering away from speculative land activities.³²

The Land Bank reports directly to the President and is tasked with guaranteeing land accessibility to uphold economic equity, public welfare, social interests, national development priorities, economic parity, land consolidation, and agrarian reform. The functions and goals of the Land Bank in Indonesia are delineated as follows:

³⁰ Prianggoro.

³¹ Prianggoro.

³² Harrison, "International Land Banking Practices: Considerations for Gauteng Province."

Table 3. Land Bank in Indonesia

Land Bank Functions	Objectives
a. Planning	Secure land availability to foster an equitable economy, serving public, social, and developmental needs, promoting economic parity, facilitating land consolidation, and advancing agrarian reform.
b. Land acquisition	
c. Land procurement	
d. Land management	
e. Land utilization	
f. Land distribution	

The Land Bank is expected to provide land for the community and to regulate, supervise, and manage while addressing existing land issues. The presence of the land bank institution holds the potential for advancing Indonesia's agrarian reform objectives, striving towards the ideals of land fairness and societal equality. In Indonesia, land banks tend to function as land managers, complementing the land administration functions currently under the authority of the Ministry of ATR/BPN. The Land Bank in Indonesia was established based on Government Regulation 64/2021. The land bank institution in Indonesia is a public entity with designated tasks and functions, as outlined in Table 3. Nevertheless, there is a need for clarification regarding its organizational structure. Current government regulations concerning land banks lack specificity regarding the allocation of authority vis-à-vis other governmental bodies, potentially leading to overlapping responsibilities concerning land policy implementation, particularly with the ATR/BPN. The establishment of the land bank may introduce a duality in the management of land-related affairs.³³

Table 4. Functions and Duties of the Land Bank

Planning	Undertake strategic planning for long-term, medium-term, and annual activities.
Land Acquisition	Acquire land from government designation and other parties.
Land Procurement	Acquire land for public interest development or through direct land acquisition.
Land Management	Manage land through activities related to development, upkeep, safeguarding, and land management.
Land Utilization	Utilize land by collaborating with other entities.
Land Distribution	Carry out land allocation through the implementation of land provision and distribution initiatives.

(Source: The data was processed by the author based on Article 3 of Government Regulation 6/2021 regarding the Land Bank Institution)

b. United States

Land banks in the United States are public-nonprofit institutions that acquire, manage, and repurpose vacant, abandoned, and tax-delinquent properties.³⁴ These land bank institutions are vital in revitalizing marginalized environments, promoting economic development, and stabilizing property values.

Table 5. Land Bank in the United States

Purpose	Land banks are established to address vacancy, blight, and abandonment issues in urban and rural areas. They aim to facilitate the return of vacant properties to productive use, whether through rehabilitation, demolition, or redevelopment.
Legal Structure	Land banks operate under different legal frameworks depending on state and local laws. Some are established as government entities, while others are non-profit organizations or operate as part of government agencies.
Land Acquisition	Land banks acquire properties through various means, including tax auctions, donations, purchases, and transfers from other government entities. Tax auctions are a common method whereby properties with delinquent taxes are transferred to the land bank for resolution.
Property Management	Once properties are acquired, land banks manage them, intending to return them to productive use. This may involve securing the properties, maintaining them to prevent further deterioration, and exploring potential development or reuse options.
Disposition	Land banks can sell or transfer properties to qualified buyers, developers, or community organizations for redevelopment or reuse. Disposition is often guided by the policies and priorities of the land bank, which may prioritize affordable housing, economic development, or community revitalization goals.

³³ Prianggoro, "Does Indonesia Need a Land Bank Agency? Examining the Role of a Land Bank Agency in Indonesia's Spatial Planning Practice."

³⁴ Carr and Smith, "Public Land Banking and the Price of Land."

Funding	Land banks rely on a combination of funding sources, including government grants, private donations, revenue from property sales, and service fees. Some land banks generate income through property management or leveraging financing tools such as tax credits or loans.
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Land banks in the United States significantly impact community life by reducing blight, stabilizing property values, promoting economic development, and creating opportunities for affordable housing and green open spaces. However, their effectiveness depends on adequate funding, strong leadership, and supportive policies. Land banks play a crucial role in addressing vacant and abandoned properties in the United States and are recognized as valuable tools for revitalizing marginalized communities and promoting sustainable development.

Land banks in the US are not directly operated by the federal government but by non-profit entities established under the laws of each state.³⁵ The authority of land banks in the US is typically vested in non-profit organizational bodies registered under the state's land bank legislation where they operate. For example, the Ohio Land Bank in the state of Ohio was established based on the Ohio Land Banking Legislation of 2008, as are other land banks in New York, Michigan, and other states. This authority has the power to acquire and manage vacant properties, collaborate with relevant local institutions, obtain funding through federal programs or state grants, and benefit from simplified legal processes for operations.

Several states in the United States have been notably successful in adopting and implementing land bank systems to address their land-related challenges. A few states that are often cited as having successful land bank systems:³⁶

Table 6. Leading States in Implementing Land Bank

Michigan	Often considered a pioneer in establishing and operating land banks. The Genesee County Land Bank Authority in Flint, Michigan, is one of the country's oldest and most successful land banks. Michigan's enabling legislation for land banks provides significant powers and flexibility for these entities to acquire, manage, and dispose of tax-foreclosed properties.
Ohio	known for its robust land bank system. The Cuyahoga Land Bank in Cleveland and the Lucas County Land Bank in Toledo are among the most prominent examples. Ohio's land bank laws provide mechanisms for expedited foreclosure and transfer of tax-delinquent properties to land banks, enabling more efficient revitalization efforts.
Pennsylvania	Pennsylvania has also seen success with its land bank initiatives, particularly in cities like Philadelphia and Pittsburgh. The Philadelphia Land Bank, established in 2013, consolidates vacant and tax-delinquent properties to streamline returning them to productive use. The State's Land Bank Act provides a framework for creating and operating land banks.
New York	New York has several active land banks, with Erie County's land bank being one of the most notable. The New York Land Bank Act, passed in 2011, provides a legal framework for establishing and operating land banks across the State. Land banks in New York have played a significant role in addressing vacant and abandoned properties, particularly in urban areas.
Georgia	success with its land bank initiatives, with organizations like the Fulton County/City of Atlanta Land Bank Authority making significant strides in returning blighted properties to productive use. Georgia's Land Bank Act, passed in 2012, provides a framework for local governments to establish land banks and address property blight and abandonment.

These states have demonstrated effective strategies for utilizing land banks for community revitalization, economic development, and blight elimination. However, success can vary depending on local circumstances, resources, and the commitment of stakeholders. Collaboration between government agencies, community organizations, and residents is often critical to the success of land bank initiatives.

³⁵ Rahayu Subekti et al., "The Urgency of the Legal Strategy of Abandoned-Land Use through the Formation of Land Bank in Indonesia," *Cogent Social Sciences* 9, no. 1 (2023), <https://doi.org/10.1080/23311886.2023.2239050>.

³⁶ Department of Housing and/or Community Development, "Land Banks - Local Housing Solutions," n.d.

The similarity among land banks in the states mentioned (Table 6) lies in their shared objective of addressing land-related challenges through acquiring, managing, and redeveloping distressed properties. Here are some common features and objectives shared by these land banks:

Table 7. Land Banks Policy Across Several States in the US³⁷³⁸³⁹

Acquisition of Distressed Properties	Land banks in these states acquire vacant, abandoned, or tax-delinquent properties, often through tax foreclosure processes, donations, or purchases. Land banks aim to prevent further deterioration and blight in communities by taking ownership of these distressed properties.
Property Management	Once acquired, land banks manage these properties, which may involve securing, maintaining, and stabilizing them to prevent further deterioration. Property management efforts may vary depending on the condition and intended use of the properties.
Disposition and Redevelopment	Land banks work to return distressed properties to productive use through various disposition strategies. This may include selling properties to private developers, non-profit organizations, or community groups for rehabilitation or redevelopment projects to improve neighborhoods and stimulate economic development.
Public Participation	Successful land banks prioritize community engagement and collaboration to ensure their initiatives align with local needs and priorities. They often involve residents, community organizations, and stakeholders in decision-making processes related to property acquisition, redevelopment plans, and neighborhood revitalization efforts.
Legal Framework	While specific laws and regulations governing land banks may vary by State, each State has established legal frameworks that enable the creation and operation of land banks. These frameworks typically give land banks the authority and tools to carry out their missions effectively.
Government Support	Land banks often receive support from local and State governments, including funding, legal authority, and administrative assistance. Government support is crucial for the success of land banks in implementing their initiatives and addressing land-related challenges.

While there may be differences in the structure, operations, and scale of land banks across states, their fundamental purpose remains consistent: revitalizing communities, promoting economic development, and addressing blight and vacancy through strategically managing distressed properties. The presence of implementing authorities of land banks with non-profit legal entities in each state enables the efficient operation of land banks. It positively impacts the revitalization of distressed areas in their respective regions in the United States.⁴⁰

The National Land Bank Network Act of 2020 exemplifies federal legislation on land banks, mandating the Neighborhood Reinvestment Corporation to establish and oversee a nationwide land bank network. However, the specific regulations for land banks are primarily determined at the state level.⁴¹

³⁷ Theodore Thayer, “The Land-Bank System in the American Colonies,” *The Journal of Economic History* 13, no. 2 (1953): 145–59.

³⁸ Sadler and Pruett, “Mitigating Blight and Building Community Pride in a Legacy City: Lessons Learned from a Land Bank’s Clean and Green Programme.”

³⁹ Subekti et al., “The Urgency of the Legal Strategy of Abandoned-Land Use through the Formation of Land Bank in Indonesia.”

⁴⁰ Subekti et al.

⁴¹ Aaron McKean, “Local Government Legislation: Community Benefits, Land Banks, and Politically Engaged Community Economic Development,” *Journal of Affordable Housing and Community Development* 24, no. 1 (2015): 133–63.

From the above exposition, a comparison can be made regarding the two land banks in each country, namely Indonesia and the United States. A comparative analysis of land bank policies and implementation in the two nations is presented in the subsequent table:

Indicators	Indonesia	United States
Regulation	Regulated at the government regulatory level	State Jurisdiction: The US's Land bank regulations fall under each state government's jurisdiction. Each State applies the land bank concept differently, adapting it to the unique structures of the State. ⁴²
Financing-related policies	Not yet regulated	Funding Mechanisms: The US has unique funding mechanisms for land banks, such as recapturing a portion of taxes on properties returned to the tax rolls and imposing special fees on delinquent taxpayers for funding. ⁴³
Legal Powers	Regulated by Government Regulation 64/2021. The land bank is empowered to oversee and regulate land assets with the aim of fostering a fair and equitable economy and reaffirming the state's authority over land control principles. ⁴⁴	Land banks in the US have specific legal powers, including the capacity to obtain properties at minimal or no expense via the tax foreclosure procedure, possess property with tax exemptions, and streamline the transparent title process. (Creation of Land Banks for The Conversion of Vacant or Tax-Delinquent Properties into Productive Use-Act of Oct. 24, 2012, PL 1239).
Public Transparency and Awareness	Not yet regulated	Demonstrate high levels of transparency through public disclosure norms, open governance practices, and community outreach (subject to transparency laws). a. Records of land bank-owned properties, prices paid/received, etc., are publicly accessible. b. When land banks sell foreclosed properties, public notice, and bidding/auction processes are typically required. This allows for transparency and prevents favoritism. c. Most land banks publicly publish annual reports disclosing financial statements, properties handled, and goals/metrics to ensure accountability. Websites maintain updated inventories of properties available for purchase, reuse, or redevelopment plans and provide a source of community engagement. Allow public access to land bank records on request to ensure activities are open to public scrutiny.
Land Bank Authority	It was still limited as land sector regulations were not fully aligned with its establishment and role. a. Operates under the supervision and regulation of ATR/BPN b. Works with local ATR/BPN offices but does not have direct authority over land registration,	Generally, the authority structure of land banks in the United States is tailored to each State's legal and administrative conditions, whether in standalone entities or local government programs. What matters is that

⁴² Anak Agung Gede Duwira Hadi Santosa et al., "The Concept of Land Bank Agency: Between Public or Business Functions?," *Varia Justicia* 18, no. 2 (2022): 156–72, <https://doi.org/10.31603/variajusticia.v18i2.6619>.

⁴³ Frank S. Alexander, "Land Bank Authorities: A Guide for the Creation and Operation of Local Land Banks," 2005.

⁴⁴ Suyanto and Umi Khulsum, "The Principle of the State's Right to Control Land on the Establishment of a Land Bank in Indonesia's Perspective of Agrarian Reform," *Jurnal Dinamika Hukum* 22, no. 3 (2022): 514, <https://doi.org/10.20884/1.jdh.2022.22.3.3108>.

	certification, or dispute settlement - those functions remain with BPN.	they are granted a certain degree of autonomy in managing properties. ⁴⁵
Stakeholder engagement	Public-private partnerships are formed with corporate sectors and investors for bank's land development projects via long-term leases and commercial arrangements.	<p>a. It was formed based on intergovernmental agreements among local governments, involving various levels of Government as stakeholders.</p> <p>b. The governing body of a land bank typically consists of representatives from various local government agencies, ensuring coordination and support among institutions.</p> <p>c. May receive funding support from housing programs or environmental development at the city/state government level.</p> <p>d. Rely on government support regarding tax policies, property management, and land ownership management.</p>
Policy Approach	Adopts an intermediary, market-linked role within Indonesia's blended land policy approach.	Transparency and Policy-Driven Approach. There is an emphasis on the public and transparent nature of land banks in the US, focusing on being policy-driven and transparent in their policies and transactions to build public confidence.

From the comparison (table 7), it can be concluded that These differences highlight the unique adaptation of the land bank concept in the US to the legal, financial, and governance structures of the individual states, as well as the emphasis on transparency and specific legal powers. Overall, land bank regulations in the US are designed to provide greater flexibility and support in converting properties into assets for their communities. This makes their model more effective compared to several other countries.

In addressing the issue of high land prices, US land banks allow property sale prices to be set based on costs incurred rather than market value, providing room to subsidize property recipients. Regulations also allow land banks to set property sale prices lower than market value, even down to zero, primarily if the property will be used for public purposes such as affordable housing. Additionally, they enable land banks to offer discounted property purchase options, allowing potential recipients to prepare funds for project development. Regulations further encourage simultaneous property transfer models between land banks and recipients, bypassing auctions and thus eliminating unpaid taxes to support affordable housing projects.

To ensure public welfare, land banks in the US prioritize property to use for affordable housing and environmental development; select property recipients based on development plans and social benefits; oversee recipient commitment fulfillment, such as property use obligations for specific purposes; and distribute proceeds from resale to fund housing and environmental development programs.⁴⁶ Thus, price flexibility and prioritization of usage for social purposes are vital factors in how land banks in the US can ensure public welfare through property development.

Some arrangements regarding the authority/executing body of Land Banks in the US, such as in several states like Missouri, the Land Bank's arrangement is based on laws governing the establishment of separate institutions as Land Banks, such as the St. Louis Land Reutilization Authority in Missouri.

In other states like Ohio, Land Banks can be in the form of programs run by city/county governments under their laws, such as the Cleveland Land Reutilization Program. In Kentucky and Georgia, Land Banks are formed based on intergovernmental cooperation agreements (interlocal agreements) and are separate legal entities with their articles of association and board of directors. The board of directors of the Land Bank may consist of representatives from local governments, schools, and independent members, such as in St. Louis and Louisville. Michigan forms a state-level Land Bank authority to coordinate Land Banks at the regional level. Key Regulations that Could be Adopted from the US Land Bank Regulations for Implementation in Indonesia:

⁴⁷

- 1) Land banks should be established not only at the national level but also at the regional/provincial level.
- 2) Enhancing participation in land bank funding, not solely relying on the national budget.
- 3) Refining the scope of land banks to be more focused on meeting regional needs.
- 4) Build cooperation among land banks in various regions to enhance efficiency.

⁴⁵ Frank S Alexander, "Land Bank Strategies for Renewing Urban Land," *Journal of Affordable Housing and Community Development* 14, no. 2 (2005): 140–69.

⁴⁶ Alexander.

⁴⁷ Prianggoro, "Does Indonesia Need a Land Bank Agency? Examining the Role of a Land Bank Agency in Indonesia's Spatial Planning Practice."

- 5) Ensuring that land bank personnel have specialized competence in land-related fields.
Implementing an integrated land information management system to support the functions of land banks.

D. Conclusion

From the outset, establishing Land Banks in Indonesia aimed to address persistent land issues. However, the implementation of land banks still faces several challenges, such as the absence of specific regulations governing the allocation of authority and overlapping roles of each institution (Land Bank with the National Land Agency of Indonesia (ATR/BPN)). It is necessary to establish in detail the roles and authorities of the Ministry of ATR/BPN, land banks, and other relevant agencies to avoid overlap. From the comparison results with Land Banks in the US, Indonesia needs to implement detailed rules regarding land acquisition, storage, management, and distribution mechanisms, as well as provisions regarding the accountability of periodic performance reports, governance, and achievement of land bank targets. Finally, there is a need for strict sanctions against parties that violate the management and operational regulations of the land bank. Refining the above regulations is hoped to enhance the effectiveness of land banks in resolving land issues in Indonesia.

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