

Government Control vs Market Mechanism in the Land Use Market in Human  
Settlement Development

(A Study on the Effectiveness of Land Use Control on Private Land Development  
in Sleman Regency 2006-2008, Indonesia)

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Structure plans have been used in Indonesia since the 1960s and applied throughout the regency or municipality and the province as one form of land use control, particularly for private land development, to sustain water conservation. Sleman Regency issued Regulation No. 23 of 1994, an instrument designed to control massive private land development for housing projects. Furthermore, to control land development because of the expansion of the city, the local government established the Office of Land Control Areas (DPPD). This study aims to investigate the state's capacity to control land conversion for development through licensing mechanisms, particularly land conversion from wetland /paddy fields to non-paddy fields. Trend analysis and gap analysis using geographic information system (GIS) data are used to evaluate differences between developmental plans and actual land conversion. The results of this study on the conversion of village land for private housing projects from years 2006-2008 found that 550.05 ha of land has been converted, but only 236 ha of land was converted through the permit process.

**Keywords:** spatial plan, land control, effectiveness, land use, land market.

## 1. Introduction

Studies on the urban land market have become classical studies not only in economics but also in urban planning and management. Dowall (1993) characterised the land market as performing four important functions: (1) it brings buyers and sellers together to facilitate transactions; (2) it sets land prices; (3) it allocates land by setting prices so that the land market "clears", that is, the quantity of land offered for sale equals the quantity of land demanded; and (4) plays an important role in ensuring that land is