

LEGAL STUDY OF INCREASING THE STATUS OF LAND RIGHTS THROUGH A LEASE AGREEMENT INTO LAND OWNERSHIP RIGHTS

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Abstract: State land is divided into two types: free state land and non-free state land. By definition, free state land is land whose control is directly owned by the state and whose ownership status is not attached to control by other parties. Meanwhile, non-exempt state land is land on which ownership or control rights have been attached based on legal legality by other parties, be it the community, private legal entities, or central and/or regional government agencies. In the context of this research, it is examining non-free state land whose ownership is controlled by the Cirebon City Development Regional Company, which then in the nature of its management based on Article 4 and Article 5 of the Minister of Agrarian Regulation Number 9 of 1965 is to be managed as a right of use and management rights in the form of a lease agreement. Currently, in its development, the status of the lease agreement in terms of non-exempt state land owned by the Cirebon City Development Regional Company can be upgraded to lease status to property rights. This research intends to examine the legal basis, procedures, and how the legality of the position of increasing the status of leasing in the case of non-exempt state land owned by the Cirebon City Development Regional Company into property rights using a normative juridical approach by analysing data and library materials in order to find coherence in accordance with applicable legal regulations.

Keywords: *Leasehold, Improvement of Land Rights, Property Rights*

I. INTRODUCTION

Many tenants who use land or buildings owned by the Cirebon City Development Company, have not increased their lease rights to property rights so that the leaseholders do not have legal certainty and protection. If the tenant still controls the rental object, the owner has the right to ask the tenant to immediately leave the rental object. To create a legal and strong ownership status, the tenant must increase its status to property rights.

By improving the status of property rights, we get the validity of an object and get certainty of legal protection. Then the tenant must make an application for transfer of rights to the first party through submission or release of rights, after which the Regional Development Company will issue a document of release of rights as a deed of sale and purchase (AJB) which will be the basis for applying for property rights to the District / City Office of the National Land Agency (BPN) which later BPN will issue a product in the form of a certificate. With this certificate, it becomes proof of legal ownership and permanent legal force as well as legal certainty and protection.

Penelitian ini dilakukan untuk mengetahui bagaimana proses peningkatan status hak atas tanah melalui perjanjian sewa menyewa menjadi hak milik atas tanah serta hambatan proses peningkatan status hak atas tanah melalui perjanjian sewa menyewa menjadi hak milik atas tanah

II. RESEACH METHOD

The research method used is normative juridical legal research which is carried out to find the truth of coherence, namely whether the rule of law is in accordance with legal norms and whether there are norms in the form of orders or prohibitions that are in accordance with legal principles, and whether a person's actions are in accordance with legal norms or legal principles (Marzuki, 2005).

III. RESULT AND DISCUSSION

From the results of the questionnaire that we have received from the Cirebon City BPN, according to the Regulation of the Minister of Agrarian and Spatial Planning / Head of the National Land Agency Number 18 of 2021 concerning Procedures for Determining Management Rights and Land Rights, explaining that lease agreements are not evidence of land rights. Based on Article 3 paragraphs (1) and (2) Jo Article 4 of the Regulation of the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency Number 18 of 2021 concerning Procedures for Determining Management Rights and Land Rights, states:

- Before submitting an application for Management Rights or Land Rights, the Applicant must acquire and control the land being requested in accordance with the provisions of the legislation as evidenced by Physical Data and Juridical Data of the land parcel.
- Acquisition of land in the context of an application for a Management Right or Land Rights as referred to in paragraph (1) may come from:
 - a. State land;
 - b. Titled Land; and/or
 - c. State forest area.
- State Land as referred to in Article 3 paragraph (2) letter a may come from:
 - a. Land designated by law or government decree;
 - b. Reclaimed land;
 - c. Land arising;
 - d. Land derived from the release or surrender of rights;
 - e. Land derived from the release of forest area;

- f. Abandoned land;
- g. Land rights whose term has expired and no extension and/or renewal has been requested;
- h. Land rights whose term expires and due to central government policy
- i. Cannot be extended and/or renewed; and
- j. Land that originally had the status of state land.

On 06 November 2023 the Research Team has conducted research at the Cirebon City Development Regional Company office located on Siliwangi Street Number 13 Sukapuran Village, Kejaksan District, Cirebon City, with the intention of carrying out research as the title of this research is a Legal Study of Increasing the Status of Land Rights Through Lease Agreements into Property Rights.

From the interview, it was explained about the Standard Operating Procedures (SOP) carried out in this company to be able to increase the status of land rights from the status of lease rights so that ownership can later be registered with the Regency / City National Land Agency (BPN) Office so that there will be legal certainty arising from the land registration. Given that the object of land owned by the Cirebon City Development Regional Company is a Management Right on State land but has been separated from the City Government.

The interview explained that the assets owned by the Cirebon City Development Regional Company are assets separated from the Cirebon City Government in accordance with the Decree of the Minister of Home Affairs Number 153 of 2004 concerning Guidelines for the Management of Separated Regional Goods, so this company has its own authority in managing its assets. However, this provision contradicts Government Regulation Number 24 of 1997 concerning Land Registration Article 9 concerning Land Registration Objects, in this article the only objects of land registration are property rights, business use rights, building use rights, and use rights while rental rights are not included. Therefore, the right to lease must be improved first through the release of land rights.

Then he also explained that the basis for this Company to improve the status of land from lease rights through land release is from the Establishment Regional Regulation Number 3 of 1982 concerning Regional Company "Development" Municipality of Level II Cirebon point b "Acquire and / or release the rights of immovable goods" which in releasing the rights based on the decision of the Board of Directors which requires prior written approval from the Mayor / Regional Head as outlined in the Company's Budget Work Meeting (RKAP) and the existence of Law Number 23 of 2014 juncto Law Number 09 of 2015 amending Law Number 23 of 2014 concerning Regional Government, that the regions are authorised to regulate their own regional interests.

The community's need for a land object is increasing day by day. Currently, many of them do not have land to live on. Actually, the government and other private companies have provided quite a lot of solutions in the form of subsidised housing programmes for those who do not have a place to live. However, in reality there are still many of them who are hindered by economic conditions classified as middle to lower class.

The Regional Development Company of Cirebon City participated in providing solutions related to the community's need for a land object for residential land. The company utilises the wealth of its land inventory for use by the people of Cirebon City through the implementation of a land lease programme. The existence of this programme is in accordance with the Standard Operating Procedures (SOP) applicable to the Company and in line with the main business scope of this Company, whose provisions are regulated in Article 4 of Regional Regulation Number 07/Perda/1973 concerning the Establishment of the Regional Land and Building Company of the Municipality of Cirebon which explains that the business field objectives of the Cirebon City Development Regional Company include:

- a. Provision of land for housing development, and other purposes;
- b. Managing or organising the acquisition, maturation and measurement of land;
- c. Providing lands and houses owned by Regional Companies;
- d. Buying and selling land in accordance with the Government's programme;
- e. Issuing, managing, and controlling lands whose status is unclear;
- f. Regulate, manage, and organise housing development and for other purposes; and
- g. Other businesses that benefit the Regional Company.

Article 4 of Local Regulation No. 7 of 1973 clearly explains that this company is engaged in the property sector, one of which is providing land and organising housing development. This is one of the solutions for people who do not have land for housing. To be able to rent land on land managed by the Cirebon City Development Regional Company, the community needs to submit a lease application which then the lease holder can enjoy and utilise the lease object as evidenced by the issuance of a Land Use Agreement Letter (SPPT) issued by the Cirebon City Development Regional Company.

The explanation above is in accordance with the theory of justice, that people in the city of Cirebon have the same right to be able to apply for a lease on land managed by the Cirebon City Development Regional Company. In this case, the Cirebon City Development Company also directly applies the theory of justice, which is the absence of certain arbitrariness committed only to one of the people applying for land lease. The theory of justice is also applied in the lease agreement issued by the Cirebon City Development Company, which in the contents of the agreement contains matters agreed upon by both parties so that no party feels disadvantaged and creates a sense of justice.

This right of lease is temporary, when the lease period expires, the leaseholder must extend or renew the lease period. Leasehold rights provide limited provisions to leaseholders, resulting in a lack of legal certainty and legal protection from the government. The use of the Right of Lease will certainly be detrimental to the people who use the land of the Cirebon City Development Company as a place to live, because the right of lease has a certain period of time and when the period has expired must be extended continuously and requires a lot of money. Leaseholders who do not extend or renew the lease term, must be able to accept the consequences if the first party can easily take back the object of the lease and the lease agreement will end automatically. This is certainly very detrimental to people who build residential buildings on the land of the Cirebon City Development Company with the status of Lease Rights.

Cirebon City Development Regional Company provides direction to leaseholders to improve the status of land rights through the Land Rights Release programme for leaseholders who have been leasing for years, so that leaseholders can permanently control the land object. The basis for the application of the provisions of improving the status of land rights from lease rights to the release of rights is not explained in standard regulations or written regulations, only that the enactment of this provision is based on the policy of the Board of Directors of the Cirebon City Development Regional Company. The Board of Directors applies the policy for no other reason than to increase the revenue of this Company. In addition, the running of the policy on improving the status of land rights is influenced by the request from the applicant to the Cirebon City Development Area Company to be able to carry out an increase in the status of land rights so that the land ownership status will be obtained intact and permanent and if the Cirebon City Development Area Company wants to own or take over the land object again, it cannot be done arbitrarily because the rights to this land have been transferred to the applicant for the release of rights.

Increasing the Status of Land Rights from the holder of the Seiwa Right, when the lease time has expired, the holder of the lease right then submits an application to increase the land rights with the status of Property Rights. Cirebon City Regional Development Company

controls land that is state land that has been separated into regionally owned land through an inventory process. Then, this Regional Development Company as a Corporation is basically looking for profit or profit as much as possible. Indeed, basically the company's main business is engaged in land and building rental services, but the income derived from rental services is relatively small (currently around 25% to 35%) of cooperation income.

The Cirebon City Regional Company expanded its business scope by selling land sourced from its land inventory to increase company profits in accordance with Article 4 point d of the Establishment Regional Regulation Number 7 of 1973 and Article 13 paragraph (1) of Government Regulation Number 18 of 2021 concerning Management Rights, Land Rights, Flat Housing Units, and Land Registration explaining that "Land Rights on Management Rights that are cooperated with other parties can be encumbered with mortgage rights, transferred, or released".

The provision of Article 4 point d of the Establishment Regulation No. 7 of 1973 is the basis for the release of land rights and makes it clear that the land managed by the Regional Development Company as a management right can be transferred or released to other parties. This provision is also supported by the issuance of a copy of the Decree of the Governor of West Java Province Number: 276/A-I/2/Des/SK/1974 dated 7 January 1974 concerning Approval and Ratification of the Transfer of the Right to Use Titisara Land and Bengkok Example: Villages within the Municipality of Cirebon and Sukabumi to the Government of the Municipality of Cirebon and Sukabumi. The existence of this Decree of the Governor of West Java Province is the basic provision for the transfer of titisara and bengkok lands. Example: villages to the Cirebon City Development Regional Company and authorise the Cirebon City Development Regional Company to manage and utilise the land independently.

The acquisition of land rights originating from State land based on management rights, prior to Law No. 23 of 2014 in conjunction with Law No. 09 of 2015 amending Law No. 23 of 2014 on Regional Government, was carried out through a principle permit. To release land rights is based on the issuance of the Mayor's principle permit. The release of land rights is carried out through a long process that begins with a request submitted by the right holder to the Cirebon City Development Regional Company, then from the names of the applicants who submit this application will be submitted to the Mayor, then the Governor, REGIONAL REPRESENTATIVE COUNCIL, and at the final point the decision to approve the release of land rights is in the hands of the Minister which will be recorded in the Ministerial Decree. In contrast to the present, the release of land rights is not based on the Mayor's principle permit approved by the Minister because of Law No. 23 of 2014 in conjunction with Law No. 09 of 2015 amending Law No. 23 of 2014 on Regional Government, that the regions are authorised to regulate their own regional interests. The relinquishment is sufficient with the issuance of a document of Letter of Relinquishment of Rights or Minutes of Relinquishment of Rights in accordance with the Board of Directors' policy contained in the Company's Budget Work Plan (RKAP) approved by the Mayor or Regional Head and the provisions based on the Establishment Regional Regulation Number 7 of 1973.

Based on Article 65 paragraph 2 of Law Number 23 of 2014 in conjunction with Law Number 09 of 2015 amending Law Number 23 of 2014 concerning Regional Government regarding the Authority of the Regional Head as follows (BPK RI, 2023):

- a. Submitting draft regional regulations;
- b. Enact local regulations that have received joint approval from the DPR;
- c. Determining cases and decisions of regional heads;
- d. Take certain actions in urgent circumstances that are urgently needed by the Region and/or the community; and
- e. Carry out other authorities in accordance with the provisions of laws and regulations.

The correlation arising from the authority of the regional head on the management of BUMD is in Article 65 paragraph 2 letters a and c that the regional head as the representative of the regional government has the authority to submit draft regional regulations and enact regional regulations. As in Article 331 paragraph (1) of Law Number 23 Year 2014 concerning Regional Government which states that the establishment of BUMDs is stipulated in Regional Regulations. This provision is the reason for the Cirebon City Development Regional Company, which in the implementation of the Release of Land Rights can be carried out based on the provisions of the Regional Regulation, because of the contribution of the authority of the Regional Head or Mayor in drafting and stipulating regional regulations with the approval of the Regional Representative Council.

Relinquishment of Land Rights can be requested by leaseholders who have previously entered into a land use agreement as outlined in the Land Use Agreement Letter (SPPT) with the Cirebon City Development Regional Company. This company can release land rights because the land assets it owns are not assets but inventories. Assets are fixed assets that cannot be changed and cannot be bought and sold, can only be leased, in contrast to inventory, as wealth that can be changed by buying and selling, grants, or waqf. That way, the Cirebon City Regional Company can expand the scope of its business not only leasing but buying and selling land through the Land Rights Status Improvement programme from Lease Rights to Release of Land Rights carried out through the Seiwa-Meinyeiwa Agreement (SPPT).

The land owned by the Peiruisahaan Daeirah Peimbanguinan Kota Cirebon is partially owned or used by the people of Kota Cirebon for the purposes of residence or business which is initiated by the payment in a soul-meinyeiwa agreement on the Suirat Peirjanjian Peimakaian Tanah (SPPT) or seiwa. With the implementation of the seiwa-meinyeiwa agreement over the past years, the Peiruisahaan Daeirah Peimbanguinan Kota Cirebon has issued a policy in accordance with the Standard Operating Procedure (SOP) for the acquisition of lands that have long been used by the uimuim community as a community by balancing the interests of the peiruisahaan, the interests of the uimuim/community, and any risks, and upon the recommendation of the Indonesian Financial Audit Board (BPK RI Representative of West Java Province) and recognised experts.

The land release procedure is as follows:

1. Conditions for Relinquishment

Land that has been held under lease for many years can be released directly if it fulfils the following requirements:

- 1) The land has been occupied by the general public on a communal basis for more than 15 (fifteen) years;
- 2) Acquisition of land for other business purposes risks financial loss and may cause social problems;
- 3) Other than paddy fields, land that has been rented and utilised by the public for residences and or business premises for more than 15 (fifteen) years;
- 4) Land that is relatively small in size and less efficient to be cooperated and or developed into a place of business;
- 5) Has been identified or recorded by the Land Release Team (TPT) in relation to SPPT over the years;
- 6) Business considerations, especially income from the disposal for business development and business continuity; and

- 7) Has been discussed with the Supervisory Board/planned in the RKAP.
2. Relinquishment of Land That Has Been Leased/Accupied
- Release of land on land that has been rented and occupied or built a residence/business place for more than 15 (fifteen) years the procedures include:
- a. The tenant submits an application to the Regional Development Company to obtain ownership rights to the land that has been rented and/or occupied by attaching the predetermined conditions, namely the Land Release Application Letter accompanied by KTP and KK;
 - b. In the right of applicants who have never entered into a lease agreement with the Cirebon City Development Regional Company (do not have SPPT documents) and have never paid rent or there is no proof of rent payment, they are required to sign SPPT documents that are valid backward at least 2 (two) years as well as pay off the rent payment, the amount of which is based on the calculation of TPT approved by the Board of Directors. Then the proof of payment is attached to the title release application;
 - c. The application letter and completeness shall be brought directly to the Cirebon City Development Regional Company Office by the applicant or his/her heirs listed in the family card or a certificate from the Village Head in the event that the applicant's name is not listed in the family card and submitted to the Board of Directors/TPT;
 - d. The application for relinquishment of rights may also be made by a Party authorised as long as it is accompanied by a stamped power of attorney;
 - e. In the event that the number of those applying for the release of rights is many who authorise the coordinator, a power of attorney shall be made per family card or collective legalised by the village/kelurahan government;
 - f. The TPT verifies the requirements submitted by the applicant/tenant and provides conclusions/records on the completeness of the requirements submitted, whether they are complete or not;
 - g. In the event that the requirements are still incomplete, the TPT notifies the applicant to immediately complete them within 7 (seven) working days;
 - h. The TPT then distributes the applicant's file to the Board of Directors through the Head of Administration and the Head of Land and Law;
 - i. The TPT, based on the data/information obtained either from the Land Information Management Officer or from other competent sources including field checks, calculates the fair price of the land;
 - j. The TPT informs the applicant of the amount of the release price in accordance with the TPT's calculation/formulation based on, among others, the NJOP and the results of discussions with the community/ community representatives, after which the price formulation made by the TPT is discussed by the Board of Directors with the Supervisory Board;
 - k. In the event that the applicant does not fully agree with the release price set by the TPT, the TPT may negotiate the price and prepare Minutes of Negotiation of Land Release Price;
 - l. In the event of an agreement on the release price, the applicant is required to pay at least 25% of the total release price;

- m. TPT shall make a report on the process that has been carried out including price calculation/price negotiation and submit it to the Board of Directors;
- n. For applicants who have paid in full for the agreed price, the Board of Directors shall make a Letter of Agreement on Relinquishment of Rights;
- o. TPT shall then prepare the Minutes of Handover of the object of disposal to be signed by the Board of Directors as the transferor and the applicant for disposal as the recipient with proof of down payment and repayment attached;
- p. Next is the completion of payment documents by the applicant as evidenced by a stamped receipt in the case of cash payments to the Finance Section and or proof of transfer to the Cirebon City Development Regional Company Bank account; and
- q. The Finance Section checks the payment to the bank as the basis for the execution of the release of rights.

Based on data from the Administration Section of the Land and Legal Section at the Cirebon City Development Regional Company, it states that "Based on administrative data from 2019 to 2023, there are approximately 20 applicants in the Gelampok Block of the Pelandakan area, Harjamukti Subdistrict, Harjamukti District who have requested an increase in the status of land rights from lease rights to the release of land rights" (Wawancara, 2023).

Furthermore, the applicant for land rights registers the land object with the Head of the National Land Agency (BPN) Kabupaten / City. This provision is in accordance with Government Regulation Number 24 of 1997 concerning Land Registration (*rechts kadaster*) in conjunction with Government Regulation Number 18 of 2021 concerning Management Rights, Land Rights, Flat Housing Units and Land Registration and in conjunction with Minister of Agrarian Affairs and Land Administration Regulation Number 18 of 2021 concerning Procedures for Determining Management Rights and Land Rights which aims to provide legal certainty and legal protection to holders of land rights. Land registration is a series of continuous and regular activities carried out annually in the context of orderly administration including collection, processing, bookkeeping, and presentation and maintenance of juridical data, in the form of maps and lists regarding land parcels including the provision of certificates as proof of rights (Tehupeiory, 2012).

The terms and conditions for registering a Hak Milik certificate with the Regency / City Office of the National Land Agency (BPN) are as follows (Wawancara, 2023):

1. The existence of a Letter of Release of Land Rights from the Cirebon City Development Regional Company accompanied by proof of valid payment and has been paid in full;
2. Included a cover letter or statement letter from the Cirebon City Development Company, that the land object has been sold to the individual listed in the Letter of Release of Land Rights;
3. Proof of payment of active SPPT-PBB;
4. The existence of block map and field map of the land object; and
5. And the applicant fills out the registration form for the certificate of ownership from the district/city BPN Office.

He also explained that in the process of registering property rights certificates through a letter of release of land rights between individuals and the Cirebon City Development Regional Company can make direct submissions to the District / City National Land Agency (BPN) Office without going through the Notary or PPAT Office because the process requires a lot of money. It is different if the release of land rights occurs between the Business Entity and the Cirebon City Development Regional Company, whose mechanism must go through the Notary Office or PPAT by submitting a land rights release agreement document which will later issue a Sale and Purchase Deed (AJB).

The Relinquishment of Land Rights document is used as the basis for submitting an application for the Granting of State Land Rights, the acquisition of this land is sourced from land controlled by the State. Before submitting the application to the District/City Office of the National Land Agency (BPN), the applicant must take care of the land object at the local village government to make several certificates as supporting documents, such as:

1. Certificate that the land object is not in dispute;
2. The existence of a physical statement letter;
3. Land history letter; and
4. Creation of a sporadic letter.

After the above supporting documents have been completed, the applicant can visit the registration counter at the National Land Agency (BPN) Office in the Regency / City. In order for a certificate of ownership to be issued, the applicant must go through several steps that are standard operating procedures (SOP) of the district/city BPN office. The flow of registration for a certificate is as follows:

➤ Step 1

Applicants are required to fill in the application form for measurement and registration of certificates available at the registration counter of the Cirebon City National Land Agency (BPN) Office and include the following documents:

- 1) Applicant's ID card and family card;
- 2) ID card of the proxy (if authorised);
- 3) SPPT-PBB for the current year;
- 4) Letter of Release of Land Rights from Cirebon City Development Regional Company;
- 5) Cover letter for making certificates from the Regional Development Company of Cirebon City;
- 6) Receipt of payment for the release of land rights;
- 7) A statement stating that the owner has installed boundaries;
- 8) The title deed to the land object (if requested); and
- 9) Supporting documents from the local village government.

➤ Step 2

At this stage, the BPN validates the applicant's documents. After the documents are complete and fulfil the requirements, the BPN registers for the issuance of Non-Tax State Revenue (PNBP) or Deposit Order (SPS), after which the applicant must make payment for the PNBP or SPS. After the payment is made, it is followed by a measurement by the measuring section of the BPN. This measurement is carried out in accordance with the area of the applicant, then the results of the measurement will be printed and mapped.

➤ Step 3

After the measurement is completed, the BPN proceeds to validate the results of the measurements that have been printed and mapped. After validation, the BPN issues an announcement on the registration of the land object within approximately 3 (three) months, this is intended to avoid aggrieved parties. If during this period no party reports being aggrieved, the BPN will issue a Decree on the Granting of Land Rights (SKPH). This is the authority of the Government Stipulation through the Regency / City Office of the National Land Agency (BPN), which is to issue a Decree on the Granting of Land Rights (SKPH).

In order to proceed to the final process of issuing a certificate of ownership, the applicant must first pay the Tax on Acquisition of Rights on Land and/or Buildings (BPHTB) and then validate it at the Regional Revenue Agency (BaPenDa). Once the BPHTB payment has been made and the SKPH is in place, a certificate will be issued as proof of ownership and recorded administratively at the District/City Office of the National Land Agency (BPN).

The increase in the status of land rights through lease agreements into land ownership rights is in line with the 4 (four) factors of legal certainty put forward by Gustav Radbruch, that the first factor is the existence of positive legislation in the form of rules outlined in Government Regulation No. 24 of 1997 concerning land registration which obliges land rights owners to register their land with the District/City Office of the National Land Agency (BPN) so as to create administrative order, although in Government Regulation No. 24 of 1997 lease rights are not the object of land registration, and the objects of land registration are property rights, business use rights, building use rights.

However, Regional Regulation No. 7 of 1973 is a product of the Regional Government with the Regional Representative Council that regulates the right to rent, buy and sell, and curbs land that has unclear status. Through this regional regulation became the basis for the Cirebon City Development Company to manage its own wealth before regional autonomy. The second factor, that the existence of legal certainty is based on the facts, in field research it is true that there is a lease that can be upgraded to property rights through the release of land. The third factor, an event needs to be explained and described correctly so as not to cause errors when understood and carried out, that it has been explained above that lease rights can be upgraded to property rights through the release of rights first based on standard operating procedures that apply to the Regional Development Company and after the release of rights, the right holder can register ownership of the land to the Office of the National Land Agency (BPN) District/City so that the issuance of land rights certificates which are proof of legal ownership.

It is a natural process if there are obstacles in its implementation. The existence of an obstacle implies that in a reintegration programme it is not going well. Adapuin obstacles that arise in the implementation of the increase in statue through the agreement of the right of *seiwa meinj* into property rights are caused by several factors, such as:

1. Economic Factor

The economic development that is taking place in the country of Indonesia is classified as an unestablished economic level. As a developing country, Indonesia's economy still lags behind many other ASEAN countries. The Indonesian economy was once one of the High Performing Asian Economy Countries, but in 1997 it was hit by an economic crisis, so that the glory disappeared and became a prolonged crisis that occurred until now.

This economic situation has led to a variety of complex social problems such as the growth of high unemployment, increasing poverty, low productivity and quality of labour and the destruction of small and medium enterprises that are the people's foundation.

According to M. Manulang, what is meant by economics is a science that studies society in its efforts to achieve prosperity (Sari, 2007). Prosperity is a situation where humans can fulfil their needs, both goods and services. The birth of economic law is due to the rapid growth and development of the national and international economy.

The relationship between law and the economy is a relationship that occurs reciprocally and influences each other. The provisions of economic legal activities are located in Article 33 of the 1945 Constitution, an economic activity if not accompanied by the law will result in chaos.

In general, the law contributes to the development of Indonesia's national economic development as follows:

1. Law as a tool of social engineering;

2. Law as a tool of social control;
3. Law as a tool of development control; and
4. Law as a means of enforcing justice.

This economic factor has a great influence in human activities, as well as in the problem of improving the status of land rights, one of the inhibiting factors is the economy. In this case, leaseholders directly feel the impact of the economy, leaseholders who apply for land in the Cirebon City Development Regional Company have a middle to lower income so that they feel constrained by the cost of improving the status of land rights, and some of them have done many lease programmes for years which of course have spent a lot of money.

2. Social Factor

Humans are social creatures who always interact through communication and socialisation with other humans. The existence of interaction gives rise to social relations. In social life, humans must pay attention to and implement the rule of law, in order to create an orderly and peaceful life, if in the future there is a violation of the law, the law can be enforced. The social reality that occurs in society sometimes does not match what is expected, either because the norms cannot be applied because they are not relevant to the reality that lives in society or because of the behaviour of the community that makes the law not obeyed.

Law and society both seem to be an inseparable pair, because law is part of the social processes that occur in society. One of the functions of law is as a social control, namely that the law functions to maintain and keep a situation in a society in order to remain in a pattern of behaviour that is accepted by society. Control of the function of law as social control is closely related to the process of socialisation, because socialisation is a process to make people aware of the existence of legal rules so that it will create people who can adjust their behaviour to the provisions or rules that apply. Through socialisation gives humans an awareness of what rules must be obeyed and what sanctions will be obtained if the rules are not obeyed.

Socialisation does not always go well, which makes leaseholders less aware of an important issue, namely the legal personality arising from property rights. The legal rights arising from property rights must begin with an increase in the status of land rights.

The factor that inhibits this socialisation is the existence of social stratification that stems from the element of power in the community. Sociologically, it shows that power is no longer evenly distributed in society, power is gathered in a certain group of people. It is this kind of situation that gives rise to social stratification in society. The emergence of social layers of society is formed depending on the economic system of a society.

3. Bureaucratic Interests.

The development of bureaucracy in the life of Indonesian society cannot be separated from historical factors. Bureaucracy is an institution that has a great ability to move organisations. Bureaucracy is a means and tool in carrying out government activities in the era of an increasingly modern and complex society, but the problem faced by this society is how to obtain and implement supervision so that the bureaucracy can work for the benefit of many people.

The highest power holder in the organisation (the State) formally has the right to exercise supreme power, if necessary by force. Government services are generally reflected by the performance of the Government bureaucracy. If there is still a high cost economy and all forms of inefficiency in the Government sector (red tape), this at least stems from the performance of the bureaucracy that is still not good and satisfying to the public. Not a few of the outside parties who claim land owned by the Cirebon City Development Regional

Company for the benefit of the bureaucracy. The existence of such encroachment has occurred from the predecessor who considers that the land does belong to the interested party which is an ancestral heritage. Therefore, many leaseholders whose land ownership comes from the Cirebon City Development Company feel aggrieved. They feel aggrieved by the existence of other parties who equally claim land ownership of the object of land they rent so that many of these leaseholders are hesitant to continue the process to improve the status of land rights.

4. According to the National Land Agency

Obstacles that are often found in the process of applying for land rights submitted by applicants originating from the land of the Cirebon City Development Regional Company, as follows:

- a. Incomplete requirements;
- b. If the land being applied for falls within the road boundary. Then it cannot be processed; and
- c. The applicant must acquire and control the land applied for in accordance with the laws and regulations as evidenced by the physical and juridical data of the land parcel.

IV. CONCLUSIONS

Based on the legal analysis related to improving the status of land rights through lease agreements into property rights at the Cirebon City Development Company, it is concluded that this process has significant legal and social implications. This research shows that the legal foundation for land title upgrading is available within the existing regulatory framework. However, there are challenges related to the alignment between company policies and applicable legal regulations, as well as the need for increased transparency, clarity and fairness in the process. Furthermore, improving the status of land rights has far-reaching impacts, not only on ownership but also on the social and economic stability of the communities concerned. To realise a more inclusive and equitable legal environment, companies need to consider policy revisions that are more appropriate and aligned with applicable laws. Providing comprehensive information to the parties involved, as well as legal education to communities, are crucial steps to ensure a better understanding of the rights, obligations and implications of improved land rights status. Thus, collaboration between companies, local governments and communities is key in creating a legal environment that is fair, transparent and provides protection for all parties involved in this process.

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