The concept of sustainability, even though has insufficiently defined, arises as one of the present challenges in either urban or rural development worldwide. Nowadays diverse specialists have been conducting many works to make clear the definition of sustainable development. The objective of this study is to introduce the ways of traditional urban neighborhood of Yogyakarta, Indonesia promotes the sustainable community in urban area that can be used as a model of development for middle low-income neighborhood.

Yogyakarta, Indonesia as those cities in developing country is up against the housing problem since there are many supply problems in the formal housing sector. However, the shortfall has been effectively compensated by the self-help settlement, which is known as a kampung (urban village) settlement. Even though tends to be seen as irregular, unplanned, and was faced to the infrastructure problems, however the kampung settlement system would play an important role in the future of city. It still continuously growing provides an affordable living space for the majority of urban inhabitant in various levels of income.

Living tradition of Kampung Kauman and Kampung Sosrowijayan could describe the ways of traditional urban village settlement promote the sustainable community through: (1) provides affordable housing availability: the way of inhabitant builds the house in many stages offering the opportunity for them to conduct a continuously spatial adjustment. It provides house type availability according to financial ability of inhabitant while offer the possibility for them to meet the contemporary requirements; (2) offers spatial usage adaptability: spatial arrangement and spatial usage of house could be easily adapted to accommodate the number of family composition changes, house utilization expansion, and other new demand; (3) offers community regeneration: introduce re-use of existing house practice for young couples while create livable community where the elderly, young people, and children could making interrelationship

Keywords: sustainable city, urban village settlement, sustainable community