



Position Paper Housing on Saba

Saba, 30th October 2024

Dear Members of the Committee for Housing and Spatial Planning,

Thank you for your invitation to the Roundtable discussion on Housing in the Caribbean Netherlands. I appreciate the opportunity to discuss the unique housing challenges on Saba with the Members of the Committee for Housing and Spatial Planning of the House of Representatives.

Saba is known for its natural beauty, sense of community and characteristic buildings with mostly white walls, red roofs and green shutters. There is a tradition of families building their own home, but home ownership is getting out of reach for new generations. With an ageing and changing population, more Sabans struggle to find suitable housing that they can afford. This paper discusses several financial barriers that impact the supply of housing as well as housing costs in the Saban housing market.

High upfront costs

Housing construction on Saba begins with excavation works as most parcels are located on hillsides. Rock hammering will most likely be required to remove some large rocks, sometimes several meters in diameter. Construction starts with building a cistern to store rainwater, a cesspit or septic tank, and a solid foundation. Saba has no collective water supply or sewage system and due to the challenging terrain, this is unlikely to be feasible in the future. Rainwater is collected and stored in cisterns and used as a fresh water source in the house. Cesspits are used to dispose of sewage, where septic tanks provide some basic sewage treatment. A strong foundation is needed because of the earthquake-prone region and the risk of erosion.

These elements bring additional costs for drinking water, sewage and construction-preparation (*bouwrijp maken*) services that are normally provided by municipalities in the European Netherlands. These costs range between 50.000 and 100.000 USD per home, or more on complex sites. They are extensive and cannot be included as part of a mortgage, resulting in high upfront costs for construction.

Construction in a challenging environment

Saba's environmental conditions require particular attention in construction. Being in the hurricane belt, homes need to be able to resist hurricanes through a strong structure and provision of hurricane shutters. In addition, the salty sea air, high humidity and high exposure to sunlight

cause rapid deterioration of materials and during heavy rainfall, stormwater and landslides can impact the structural integrity of a building. This puts requirements on materials and building techniques that have a financial impact. Built costs (in addition to upfront costs) are in the range of 200,000 to 300,000 USD for a simple home with few constraints.

Maintenance needs for storm damage, corroded materials and erosion control also result in extra costs. This affects the affordability for homeowners as well as renters as these costs are reflected in the rental prices on the island.

Structural funding and investment

Public Entity Saba heavily relies on project grants to finance housing projects and wider housing and spatial planning policy work. Whilst changes to legislation are on its way to allow the Public Entity to borrow money and for the local housing foundation to become a registered institution, structural funding is needed to help the Public Entity and its partners on the island to increase the supply of housing and keep them affordable.

A program to build more affordable homes for owner-occupation is in development on Saba. Developing several homes together can reduce built costs. This relies on finding external parties willing to invest in the housing market of Saba. We are keen to explore opportunities to partner with investors in the European Netherlands that want to invest in housing for middle-income families.

Mortgages

Mortgage conditions are strict with significant deposits needed, relatively short mortgage repayment periods and high interest rates. There are very limited banks offering mortgages and they do not include any institutions from the European Netherlands. Interest is also not tax deductible (*hypotheekrenteaftrek*). Monthly mortgage costs are therefore significantly higher compared to similar value loans in the European Netherlands. Many Sabans are priced out of ever applying for a mortgage and owning their own home.

The Public Entity is looking for ways to support Sabans with the high upfront costs for building their home. More structural changes are, however, needed to make it easier to apply for a mortgage and with better conditions to keep monthly payments affordable. We need to find new and creative ways to allow Sabas to finance their homes in a reliable and affordable way.

I look forward to discussing the above and other issues in relation to housing on Saba and the wider Caribbean Netherlands during the Roundtable discussion.

Best wishes,

Eviton Heyliger
Commissioner for Housing, Public Entity Saba