

ASSESSMENT

Sint Maarten Rapid Housing Sector Assessment (2020)



Overview

The Rapid Housing Sector Assessment (RHA) analyzes Sint Maarten’s housing sector in the wake of Hurricanes Irma and Maria and amid ongoing affordability and resilience pressures. It maps how the market functions (supply, demand, finance, land, construction industry, regulation), diagnoses why quality housing is so scarce and costly for low- and middle-income households, and proposes a practical, sequenced policy and investment agenda to expand access to affordable, resilient housing. The report provides an evidence base for the Government of Sint Maarten and partners (notably the National Recovery Program Bureau and the Sint Maarten Housing Development Foundation) to prioritize reforms and investments that can feasibly accelerate delivery of safe, affordable homes while strengthening sector institutions and data systems

Objectives and Audiences

- Provide a rapid but comprehensive assessment of the housing sector post-disaster.
- Quantify orders of magnitude, such as stock size, rental dominance, affordability thresholds.
- Explain the root causes of housing unaffordability and vulnerability to hazards.
- Recommend actionable policy, regulatory, institutional, and investment measures, prioritized for short-, medium-, and long-term implementation.
- Inform the design of Trust Fund–financed operations and government programs (e.g., emergency repairs, building code improvements) and shape a pipeline of housing reforms and investments.

Target audiences comprised government policy makers and technical staff, especially VROMI and the Ministry of Public Health, Social Development, and Labor; NRPB to translate recommendations into project design and implementation; Sint Maarten Housing Development Foundation to strengthen governance, portfolio management, and delivery of resilient social/affordable rental; private sector developers, lenders, insurers, and builders engaged in the affordable segment; and development partners to align financing and technical assistance with a coherent sector roadmap.

Root Causes for Unaffordable Housing

The RHA identifies cross-cutting barriers along the housing value chain that jointly produce a costly, undersupplied, and risk-prone market for most residents:

- **Land market frictions.** Limited developable land given topography; large tracts tied up in complex private succession; insufficient serviced land supply; and weak land information and management practices delay projects and add cost.
- **High construction costs.** Imported materials, concrete-intensive building for hilly terrain and hurricane exposure, and small-market dynamics keep per-unit costs high, discouraging production for the affordable segment.
- **Finance and insurance gaps.** First-time homeowners face limited access to mortgage finance; high wind risk drives up premiums, lowers insurance penetration, and slows/deters resilient reconstruction and new resilient builds.
- **Regulatory and implementation bottlenecks.** Permitting and oversight capacity are stretched; resilient building standards need updating and consistent enforcement; and data are not systematically collected to inform timely policy decisions.
- **Rental market weaknesses.** The small-unit, informally expanding rental stock is largely unregulated, with inadequate incentives to upgrade quality or invest in resilience, and with few instruments to stabilize or improve the lower-end rental segment.

Key Findings

- **Stock and tenure.** Approximately 19,400 units; rentals are the dominant tenure (≈61 percent), concentrated in 1–2 bedroom units. Informality is increasing via backyard/subdivision dwellings, often without adherence to planning/building regulations and more exposed to hazards.
- **Affordability threshold.** Formal market housing is out of reach for the 60th income percentile and below; limited options even above that threshold. Deep market risk/cost structures steer developers to high-end segments, widening supply–demand mismatches for locals.
- **Vulnerability and resilience.** Informal and older, lower-quality stock is highly vulnerable to hurricanes; low insurance penetration and scarce savings slow reconstruction, perpetuate substandard conditions, and reinforce social vulnerability.
- **Institutional capacity.** VROMI’s broad mandate and limited staffing constrain policy, planning, land management, and permitting functions; absence of a comprehensive housing policy reduces coherence and predictability for market actors.
- **Evidence gaps.** Critical housing data (stock condition, prices/rents, vacancy, pipeline, land availability) are fragmented, hampering evidence based decisions and monitoring.

Lessons Learned

A value chain approach is indispensable: affordability gaps stem from cumulative frictions across land, finance and insurance, construction costs, and regulation, and isolated interventions like subsidies are

ineffective without enabling land and permitting reforms. Public land strategy and pipeline matter, as affordable housing requires predictable access to hazard-appropriate, serviced land, while screening and standardized feasibility processes accelerate delivery and reduce costs. In a rental-dominant market, rental cannot be an afterthought; quality, resilience, and affordability at scale depend on functioning rental markets, clear standards, incentives for upgrades, and expanded social and affordable rental stock with transparent eligibility. Building institutions alongside houses—while treating resilience as a first-order affordability issue and data as a public good—is foundational to sustained delivery, lower lifecycle and disaster costs, and effective targeting, accountability, and maintenance of resilient assets.

Recommendations

1. Promote development of affordable housing

- Define income-based affordability targets; adopt a pipeline approach with transparent site selection and feasibility.
- Deploy a mix of instruments: serviced land release, targeted subsidies, concessional finance, and performance-based support to social/affordable housing providers (e.g., SMHDF), tied to stronger governance and asset management.
- Update and enforce resilient building standards to lower lifecycle costs and climate risk.

2. Improve land supply

- Unlock publicly controlled, hazard appropriate land for affordable projects; streamline site screening to avoid resettlement and highrisk areas.
- Resolve succession/estate constraints on private land and incentivize subdivision/servicing where it supports compact, resilient growth.

3. Improve land management

- Modernize land administration and planning tools; digitize records; clarify zoning and density rules; strengthen development control and permitting to improve predictability and reduce time/costs.

4. Make the rental market more robust

- Encourage formalization and upgrading through clear minimum quality/resilience standards, light touch compliance, and incentives (e.g., tax, grants/loans for upgrades).
- Support delivery of quality, affordable rental at scale (including social rental) with transparent eligibility and allocation, and regular re-certification to target those in need.

5. Provide targeted assistance to low income and vulnerable households

- Expand and target repair and resilience programs; consider rental support tied to quality standards; explore guarantee/insurance products to reduce risk premia.
- Ensure gender and vulnerability sensitive design and monitoring (e.g., prioritization of women-headed households).

6. Strengthen technical and financial capacity of government institutions

- Equip VROMI and related entities with staffing, systems, and budget to plan, permit, and regulate effectively; define a coherent housing policy and implementation plan.
- Professionalize SMHDF to manage assets sustainably and deliver new, resilient social/affordable stock.

7. Improve data collection

- Establish a routine housing sector data system (stock, pipelines, prices, rents, compliance, land availability); integrate with social registry and hazard data for planning and targeting.

The report’s recommendations connect to ongoing and planned initiatives:

- **Emergency Recovery Project I:** It supports private/social housing repairs, roof repairs, and technical assistance for housing policy and resilience standards—early steps consistent with the RHA’s focus on resilience and targeted assistance.
- **Proposed Social and Affordable Housing Project:** It aims to increase resilient social rental supply and strengthen SMHDF and sector capacity—directly reflecting RHA’s “promote affordable housing” and “build institutions” pillars.
- **NRRP alignment:** It provides a roadmap for the NRRP’s multi-pronged housing strategy—repairs, support for social/affordable housing, building code improvements, and addressing informality.

Methodology

Mixed methods combined (i) desk review of administrative and market data (e.g., inferring stock size from utility connections, GEBE water hookups used to estimate) and secondary sources on finance, insurance, and construction markets; (ii) structured stakeholder interviews/consultations with public agencies (e.g., VROMI, NRPB), social housing provider(s), private developers/builders, financial institutions, insurers, and community representatives to ground constraints and test recommendations; (iii) rapid affordability analysis to map price and income thresholds and identify affordability gaps by income deciles and percentiles; and (iv) regulatory and institutional diagnostics covering land administration, permitting, codes, and sector governance, complemented by hazard/resilience screening informed by the NRRP and post-disaster assessments.

This summary was produced with the assistance of an AI language model based on the original report. The full report is available at sintmaartenrecovery.org/analytical-studies