THE COMPLETE GUIDE TO BUILDING YOUR HOME IN COSTA RICA

Part one

Avoid the pitfalls of building a home away from home

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Welcome.

I prepared this guide after seeing so many people struggle with understanding the process for building your home in Costa Rica. Building a residence abroad can seem like a complex and frightening roadblock for those who haven’t been through it before.

You may be wondering: Will my project get approved? What preparation do I need to take in order to not end up as some of the horror stories around? How much time will the house take? What do I need to do to make sure my project gets approved in the shortest amount of time possible? And most importantly: what are they key, critical steps I need to take to ensure that my entire project is a success?

In the following pages, you will discover the answers to these questions – and more.

I have divided this Guide into two parts, for easier reading. Part One will give you insight on the things you need to take into account about owning property in Costa Rica and about hiring the right architect for your home. Part Two will tell you about putting together a design brief, the Design Process, tips for selecting your builder, and about the permits process.

I hope you enjoy this guide and look forward to your feedback on the contents.

Sincerely yours,

Roderick Anderson, Intl. Assoc. AIA
Firm Principal
SARCO Architects Costa Rica
General Information

In this first section I will touch on some basic subjects that you should be aware of when thinking of buying property to build your home in Costa Rica.

PROPERTY OWNERSHIP

We will assume that if you are reading this document it is because you have an interest in building a home, therefore I will skip any explanations about buying an apartment or other types of “horizontal property law” properties. Basically, in Costa Rica you will find two types of property types: Titled Land and Concession Land. The premise between them is quite simple: typically beachfront property will tend to be concession land and inland property will be titled land.
Concession Land

Costa Rica’s coastlines by law are defined as Public Land. All beaches are public property. Anyway, there are 3 main “sections” of land that are related to beachfront locations:

- The first 50 meters measured from the high-tide land are public land
- From the 50 to the 150-meter line is known as “concession land”
- From the 150-meter line inland is titled property

Concessions are given by the local governing Municipality or in special cases by the ICT (National Tourism Institute) on certain specific areas of land that has been declared as “Projects of National Interest” such as the area known as the “Polo Turístico Golfo de Papagayo”.

You should find what are called “Mojones” or official public land markers, which have been set by the National Geographical Institute, and which mark the official 50-meter line along the coastlines in Costa Rica. These are simple concrete posts, about 60cm high, that have geo-referencing and are properly documented. You should never touch or move a “Mojon” in any way.

It is important to know that concessions need to be renewed by the issuing body. The system does provide a “safety blanket” for owners, since if the issuing body does not want to renew a concession then they will have to pay back the value of the improvements done on that concession, meaning if you build a home and the Municipality wants not to renew your concession, they basically need to pay you back the value of your home.

Since no single Municipality has the funds available to select a property they do not want to renew a specific concession to, it is pretty unthinkable that they will not renew a concession after you have built something on that piece of land.

An attorney should be able to advise you in the legal conditions needed in order to acquire concession land.
Titled Land

Any properly registered property in the inland areas of the country will be Titled Land. I reference to “properly registered” since there will be rare cases (mostly farms, etc.) where you may encounter cases of farmlands that were owned by the government and then given to or assigned to a particular person, and may be in a process of legal conversion, etc.

An attorney should be able to check all of the legal status of a property and make sure that it is ok for you to buy this property.

What taxes do I need to know about?

Municipal Taxes (Impuestos Municipales) are typically every quarter by your local governing Municipality. These taxes are for services such as garbage collection, roadside cleaning, etc. These taxes are charged to every property in the Municipality’s area or domain, independently if these services are provided to the property in question or not.

Your local governing Municipality typically charges property Ownership Taxes every quarter. These taxes are estimated as a proportion of the value of a property, including any improvements or construction on such property. Owners are required to update the value of their property every two years.

You should make sure that both the Municipal Taxes and the Property Taxes are up-to-date before proceeding with any property purchase, and once purchased you need to make sure that your taxes are always up to date in order to avoid rejection of any paperwork needed during the project’s process.

“One common mistake I see foreigners do is to let their taxes go unpaid, expecting a notice from the Municipality when they are due.
In Costa Rica, the taxpayer is the one who must make sure their taxes are up to date.
This is a common cause for project delays since then the Municipality will not accept any paperwork unless taxes are up to date.”

- R. Anderson

Requirements for property ownership by foreigners

Foreign citizens are not allowed to own property in Costa Rica under their personal name. The method for owning property is via the creation of a local Corporation (Sociedad Anónima), which can be fully owned by foreign citizens, and then the corporation is the entity that can have property ownership.

The creation of the local corporation will also allow you to contract certain local services such as phone lines, purchase of a vehicle, etc.
Proper Due Diligence

It should go without saying that before you decide to purchase any property in Costa Rica you need to do your due diligence. I always advise to first enter a promise to buy agreement, subject to satisfactory results of the legal and technical elements of research to make sure the property qualifies for the use that you intend, to build your home in Costa Rica.

This is not complicated stuff, but some key elements are quite important to fully understand and to “go by the book”. One key piece of advice I can provide is to always ignore the locals (and by locals I mean both locals from the area, and the foreigners who have previously purchased property nearby), tell you “this is how things are done around here”, meaning requirements can be skipped and that regulations or requirements can be avoided. If you choose this path, you are simply opening the door for problems sometime down the road.

As a general statement, I can say that Costa Rica used to be a much more informal place not too long ago. It is natural for a foreign person to seek out others who have gone through the process before, but do keep in mind that regulations have changed in the last few years, and there are changes that will all help to make the process a more secure and formal one, and therefore you should always keep an ear out for those who say that you can skip steps!!
General Requirements

Zoning

Not all of the Municipalities in Costa Rica have proper zoning in place, although by law they all should. Zoning is determined by what is locally determined as a “Plan Regulador”, which determines each area’s allowed property usage, and the general building restrictions by which a specific property is mandated.

You should always check that the property you intend to purchase has approved zoning for the type of use and general limitations that will be acceptable for your intended project. This check can be done by requesting a “Certificado de Uso de Suelo” (Zoning Certificate) to the local Municipality. This document varies in format from one Municipality to another, but they should all contain the same basic data such as minimum property size, setbacks, maximum building height, maximum building footprint, etc.

Water Availability

One of the main and more important items that you need is potable water availability to the property you intend to purchase. You will not be able to obtain a construction permit without one of the legally accepted types of potable water availability.

One of the legally accepted forms of potable water availability will be required to obtain both your environmental permit and your construction permit, so this issue is not to be overlooked.

The legally accepted forms of water availability are:

- Water availability letter or certificate by the local water institution, operator of a public aqueduct.
- Water availability letter or certificate issued by your local water management association (ASADA), which provides service from a nearby properly registered well.
- Having a properly registered well on the property.

Do not let anybody tell you otherwise, no matter if they are local or foreign. These are the only 3 ways to prove potable water availability. If you do not have one of these 3, you will not be able to legally build your home.

“Even if your property is in a very remote location, do not let anybody tell you that things are done a certain way in this area. Without proper water availability you will not be able to build.”

- R. Anderson
Another key element is to ensure that the property has electrical power hookup availability. This is usually pretty simple to figure out, since if your neighbouring property has a power meter, then you will be able to request a power meter as well. Also, the power lines along the road should be a pretty simple tell-tale about having power available. In case you may be looking into a larger property or maybe one in a more remote location, where power lines are not reaching your property, you may have to consider the cost of having the power lines brought to your property. As long as the property is reachable through a public road, then you may need to hire an approved electrical contractor to lay the new power lines along the road to reach your property.

Hire a Surveyor

We always recommend to hire a surveyor during your due diligence period, so that you can get a confirmation from an independent party (a technical one) that the property that you are intending to purchase actually matches the size (on paper) that is being sold to you. This is normally called a “Verificación de Area y Linderos”, meaning checking the boundaries and land size.

It is not uncommon, especially when purchasing land away from a planned community, or simply buying farmland, that the fences have been moved somehow (on purpose or without), and it is appropriate to check and make sure that the real size of the land matches with what you are supposed to be buying.

It should go without saying that this is even more important if your negotiation to purchase is based on a price per area unit. I have seen cases where this small investment in hiring a surveyor ends up saving the purchaser thousands of dollars since they were told they were being sold a larger piece of land.

You should also consider getting the surveyor to execute in the same visit a detailed topographical contour and features map. Considering a large chunk of a surveyor’s charge is the cost of their travel and transportation of equipment, etc., to the location, it usually makes sense (if you have decided on the purchase of the property) to get this done in a single visit. I will talk in the next section about how to make sure you get a good topographical map over a crappy one.

“I’ve had to ask clients to do a new survey. They may have already spent on a survey, but when we get it it’s lacking in information and then we need a new one.”

- R. Anderson
Get to know the property documents

It is always good to have even a bare minimum knowledge of the official property-related documents that are involved in the process of a purchase or ownership of property in Costa Rica. This is not intended to be a legal advisory document, but it is good for you to know some details about the following:

What is a “Plano Catastrado”?

The Plano Catastrado is the name for the official Property Map of any property in Costa Rica. This is a simple drawing prepared by a registered surveyor which shows the shape of the boundary of the property, and the coordinates for the polygon of said boundary, and the resulting total area. The Plano Catastrado does not show elevation contours, simply the shape and size.

It is important to know that unless a Plano Catastrado is duly registered by the surveyor with the National Registry, it is simply a drawing with no real legal value. In the annexes section I supply an example of a real and officialized property map, so that you are able to know the difference.

Official documentation you need to know about

The National Registry also issues many other official documents, which we do not need to fully describe here, but you should know about is that the National Registry issues Certifications to show the current legal status of any property or corporation. You need to supply some basic known information, such as the Plano Catastrado number (in case of a property certificate) or the Corporation number (in case of a corporation certificate). With this information you can get a document that for all purposes is considered up to date and legal.
Example of an official and registered Plano Catastrado
Example of a “Personería Jurídica”

This is a legal certification of a corporation by the National Registry.
Example of an “Informe Registral”
This is a legal certification of a corporation by the National Registry
Example of a “Certificado de Uso de Suelo”

These are legal certifications of the zoning restrictions for a particular property. The local Municipality issues these, and they vary in format, but should always convey the important information about restrictions and guidelines for design on that property.
Hire the right Architect

Your architect will probably be the single most important person that will be able to make your dream home a reality. There are certain parameters that will make your life a lot easier and your project a pleasure to handle from another country.
Qualities to look for

These are probably some ideas that you may have already thought of, but if not, then these will probably be helpful:

- Communication is everything. Eliminate language barriers. First and foremost, select an architect that is completely fluent in english.

- Make sure your architect works with the technological tools to make communication effective. Forget emails, you deserve something better.

- Make sure your architect is able to speak your same language and ideas. He should be knowledgeable not only on the local elements but also on your expectations for your dream home.

- Ideally your architect should be knowledgeable enough in construction to be able to design within your budget. Designers with no construction experience can produce designs that are not able to meet your goals.

Things to avoid

- Don’t skimp on the design. You get what you pay for. The money you think you will save by going with a lower set of fees will result in a lesser detailed drawing set. These “savings” will probably be spent several times over due to an insufficient design or drawing set.

- A very general set of drawings will lead to a big set of loopholes that will produce an incomplete bid or budget. Then the contractor will start charging everything else as extras.

3-D modeling: Don’t build your home without it

Architects understand how elevations and floor plans translate into actual buildings; their clients necessarily don’t. In the US, there was this well-established firm that was fired from a project because the homeowner, who approved the plans, thought the roof looked like a fast food restaurant even though the contractor had built per plan. So, what happened? There wasn’t a 3-D model of the project. A 3-D model is the best way to see how your new home will look when built.

Software today allows design reviewing from multiple angles and room walkthroughs. Being able to work in 3-D helps clients get better involved in the design process and they enjoy the viewing experience and “walking” through the space before it is built. Don’t hesitate to ask for a 3-D model before the commencement of your project.

Also, learn the differences between a simple 3D model that many people do using a software called Sketchup and a real virtual model using BIM Software. There are huge differences between them. One is a simple 3D representation of your home, with a complete disconnect between it and the plans. The latter is a real, fully detailed model and the plans are produced as views of that model.
The next step

Congratulations! You now have the key information that will help you lay a successful foundation for building your home in Costa Rica.

Unfortunately, I can’t include every important piece of information about building your home successfully in this guide. Actually, that would be impossible because each project is unique and the requirements differ based on a multitude of factors.

To help you wade through the necessary requirements and make sure you aren’t overlooking a crucial factor that could doom your project to failure, I offer a custom Needs, Options & Site Review where I will identify the specific requirements pertaining to your project and your available options.

Typically, the Needs, Options & Site Review saves my clients thousands of dollars and weeks of lost time, not to mention the stress and headache of getting something wrong.

To read more about the Needs, Options & Site Review, as well as the price for this service and why it is critically important to your project’s success [click this link] to visit my website. If you are ready to talk now, give me a call at +506.2283.4107.

Best wishes for the success of your project,

Firm Principal
SARCO Architects Costa Rica

P.S. If you believe that the information that I have provided is valuable and you would like to continue with PART TWO of The Complete Guide to Building Your Home in Costa Rica, click this link below: