

LaRutaDelClima



UNTIL THE LAST DROP:

**The Environmental and Social
Consequences of Luxury Residential-Style
Tourism in Guanacaste and the Southern
Nicoya Peninsula**

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Introduction

Costa Rica has long been regarded as a global environmental leader and a beaming example of social democracy in Latin America.

In many respects, Costa Rica has earned its reputation. On the environmental side, over 98 percent of electricity comes from renewable energy,¹ more than 25 percent of the land is protected by parks and reserves,² and the country has an ambitious plan to decarbonize its economy by 2050. Costa Rica's forests cover nearly 60 percent of the nation's landscape.³ And its Payment for Environmental Services (PES) system helped reverse sky-high deforestation rates in the 1970s and 1980s.⁴

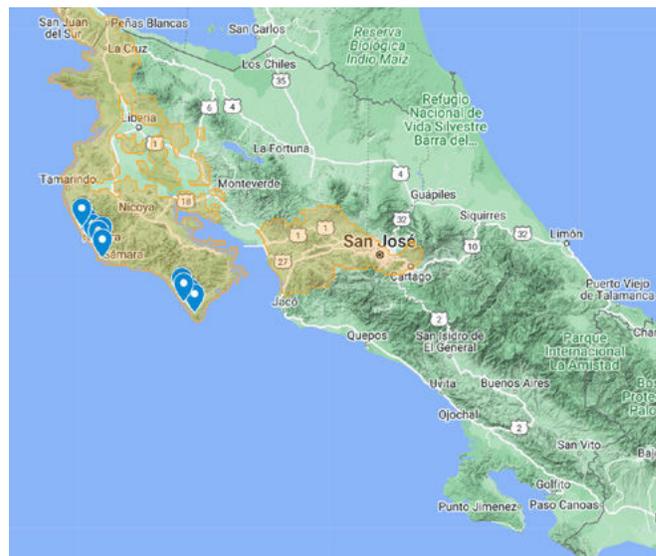
The small nation has also been well-respected for its robust democracy, social welfare state, and public health care system.

A deeper dive paints a much different picture. Inequality is rampant in Costa Rica. It is particularly noticeable in the province of Guanacaste, where those in extreme poverty live alongside the ultra-rich.

What's more, Costa Rica has made it very easy for foreigners to purchase real estate, with this influx of foreign capital helping drive massive development projects. Much of the growth has occurred in the coastal areas, where property value has skyrocketed in recent decades. Land ownership has changed dramatically, passing from the hands of Costa Ricans to foreign investors, who are often looking to develop luxury residential properties.

This boom in residential tourism has had profound social, economic, and environmental consequences, particularly along the northwest coast. Development has transformed the landscape, diverted scarce water resources away from communities, and

priced out local populations. Many of these problems figure to be further compounded by climate change in the coming years since much of the region is located in the heart of the dry corridor.



Map 1: In yellow, the area of the Central American Dry Corridor in Costa Rica. In blue, the location of the study sites. Map available at: <https://bit.ly/3we9yNH>

Rapid development along the northern Pacific coast has set Costa Rica on course for environmental and social catastrophe.

The pandemic has greatly exacerbated these problems. Since 2020, the number of rich foreigners looking to invest in the country's real estate market has increased while inequality continues to rise. At the same time, the government is doing far too little to curb development and is looking to incentivize the wealthy to relocate to Costa Rica.

This research presents a synthesis of this. First, an exhaustive review of literature and newspaper articles was carried out. The data were triangulated with interviews and a field visit.

¹ Johnny Castro, "Generación Eléctrica Renovable Alcanzaría El 98% En Costa Rica Durante Este Año," Periódico La República (La República, March 19, 2022), <https://www.larepublica.net/noticia/generacion-electrica-renovable-alcanzaria-el-98-en-costa-rica-durante-este-ano>.

² Sterling Evans, *The Green Republic: A Conservation History of Costa Rica* (University of Texas Press, 1999), 186.

³ Carol Konyon, "How Costa Rica Reversed Deforestation and Became an Environmental Model," Earth.Org, October 28, 2021, <https://earth.org/how-costa-rica-reversed-deforestation/>.

⁴ Alexander Pfaff, Juan Andres Robalino, and G. Arturo Sanchez-Azofeifa, "Payments for Environmental Services: Empirical Analysis for Costa Rica Alexander," Terry Sanford Institute of Public Policy, 2008, pp. 404-424.

Northern Costa Rica

Hot and Dry Cattle Country

The province of Guanacaste, named after the country's national tree, is dominated by a dry tropical climate. The region is home to highly diverse tropical forests,⁵ which cover 59 percent of the land area.⁶

The Central American Dry Corridor, which extends from Guatemala to northern Costa Rica, including much of Guanacaste, is a region especially prone to drought and climate variability. Food insecurity and poverty are prevalent among the nearly 11 million people who call the corridor home⁷ and are helping drive migration, particularly from El Salvador, Guatemala, and Honduras to the United States.

Guanacaste's economy and cultural identity have evolved steadily over time, with a 20th century cattle boom defining much of the province's legacy. The area has also been important to U.S. investors looking to export agricultural products, such as sugarcane and rice.⁸

Before the first Spaniards arrived in the 1500s, the area was inhabited by indigenous Chorotega and Nicarao populations, who relied on subsistence farming practices and inter-regional trade. Cattle ranching in Nicoya began as early as the 16th century.

By the 1800s, colonizers had established an extensive hacienda system, which helped pave the way for today's land ownership. From the colonial period until the 1950s, cattle ranching had a traditional base in the region. Haciendas typically combined livestock raising with small-scale agricultural practices, limiting ranching's overall environmental impact.⁹

In the latter half of the 20th century, however, livestock became one of the driving forces behind the change in the landscape, fueled by the development of the fast food industry in the United States and policies of the U.S. Department of Agriculture.¹⁰ By the 1970s, Guanacaste accounted for up to 40 percent of all cattle production in Costa Rica.¹¹ Livestock production declined considerably in the 1980s, as international market forces caused the price of meat to collapse, and Costa Rica faced pressure from outside about its sky-high deforestation rates.¹²

The clearing of land for cattle grazing had a devastating effect on the landscape, driving up deforestation rates.¹³ After the livestock boom subsided, Costa Rica's government worked to change course, becoming the only Latin American nation to effectively reverse deforestation rates.¹⁴

⁵ Kayla Stan et al., "Climate Change Scenarios and Projected Impacts for Forest Productivity in Guanacaste Province (Costa Rica): Lessons for Tropical Forest Regions," *Regional Environmental Change* 20, no. 1 (July 2020), <https://doi.org/10.1007/s10113-020-01602-z>.

⁶ "Guanacaste, Costa Rica Deforestation Rates & Statistics: GFW," Global Forest Watch, accessed May 30, 2022, <https://www.globalforestwatch.org/>.

⁷ Yosef Gotlieb et al., "The Central American Dry Corridor: a Consensus Statement and Its Background," *YuAm Revista Mesoamericana De Biodiversidad y Cambio Climático* 3, no. 5 (2019), 42.

⁸ Ernest Cañada, "Conflictos Por EL Agua En Guanacaste, Costa Rica: Respuestas Al Desarrollo Turístico," *Anuario De Estudios Centroamericanos* 45 (August 2019): pp. 323-344, <https://doi.org/10.15517/aecav45i0.37666>.

⁹ Anthony Goebel and Andrea Montero, "Environmental History of Commodities in Central America," *Oxford Research Encyclopedia of Latin American History*, 26 Apr. 2021, 9; <https://oxfordre.com/latinamericanhistory/view/10.1093/acrefore/9780199366439.001.0001/acrefore-9780199366439-e-918>; J. Calvo-Alvarado et al., "Deforestation and Forest Restoration in Guanacaste, Costa Rica: Putting Conservation Policies in Context," *Forest Ecology and Management* 258, no. 6 (2009): pp. 931-940, <https://doi.org/10.1016/j.foreco.2008.10.035>, 933; Marc Edelman, "Extensive Land Use and the Logic of the Latifundio: A Case Study in Guanacaste Province, Costa Rica," *Human Ecology* 13, no. 2 (1985): pp. 153-185, <https://doi.org/10.1007/bf01531094>.

¹⁰ Goebel and Montero, 12; Shawn Van Ausdal and Robert W. Wilcox, "Hoofprints: Cattle Ranching and Landscape Transformation," in *A Living Past: Environmental Histories of Modern Latin America*, ed. John Soluri, Claudia Leal, and José Augusto Pádua (New York: Berghahn, 2018), 184.

¹¹ J. Calvo-Alvarado et al., 934.

¹² Ernesto Cañada, 2019.

¹³ Sebastián Rodríguez, "How Costa Rica Reversed Deforestation and Raised Millions for Conservation," *Dialogo Chino*, January 7, 2022, <https://dialogochino.net/en/climate-energy/how-costa-rica-deforestation-millions-for-conservation/#:~:text=As%20a%20result%2C%20Costa%20Rica,low%20as%2040%25%20in%201986>.

¹⁴ Diego Arguedas Ortiz, "Mientras América Latina Deforestaba, Costa Rica Ganó Bosque. ¿Por Qué?," *Ojo al Clima*, July 21, 2016, <https://ojoalclima.com/mientras-america-latina-deforesta-costa-rica-gana-bosque-por-que/>.



Photo 1: Pasture in Marbella, Guanacaste during the rainy season.

A Tourism Hotspot

Guanacaste's scenic beaches, volcanoes, and hot climate have helped make it one of Costa Rica's most popular tourist destinations. The opening of the Daniel Oduber Quirós International Airport in the provincial capital of Liberia in 2012 has helped further drive growth.

Over the last several decades, Costa Rica has transformed from an agriculture-based economy to a diversified one that relies heavily on international tourism, mainly from the United States, Canada, and Europe. This transformation was encouraged by government policies, the Chamber of Tourism (CANATUR), the Costa Rican Institute of Tourism (ICT), and more recently, platforms such as Airbnb. The number of international tourists grew from 260,840

in 1986 to 2,099,829 by 2010.¹⁵ In 2019, Costa Rica attracted more than 3.1 million visitors,¹⁶ and about 150,000 were directly employed in tourism, accounting for around 6.6 percent of the nation's workforce.¹⁷

Tourism is now the lifeblood of Guanacaste's economy.¹⁸ The decline in livestock and agricultural production helped transition Guanacaste's economy "from a resource periphery into a pleasure periphery," as Femke van Norloos wrote in *Whose Place Under the Sun*.²⁰

Guanacaste is home to several large all-inclusive resorts, which are uncommon in other parts of the country. As Van Noorloos points out, Guanacaste is quite popular with tourists seeking sun-and-beach style tourism as opposed to other areas of the country geared more toward ecotourism.



Photo 2: Surfing is one of the most attractive activities for tourists and property buyers.

¹⁵ Aurora Hernández and Juan Carlos Picón. "En la frontera del conflicto socio-ambiental: el modo de vida rural y el desarrollo del turismo de sol y playa en Guanacaste, Costa Rica." *Revista de Ciencias Ambientales* 42, no. 1 (2011): 31-44.

¹⁶ "Costa Rica Registers Increase in Tourist Visits in 2019," *The Tico Times*, February 6, 2020, <https://ticotimes.net/2020/02/06/costa-rica-registers-increase-in-tourist-visits-in-2019>.

¹⁷ OECD, *OECD Tourism Trends and Policies 2020* (OECD Publishing, 2020), 325.

¹⁸ "Is Guanacaste Economy Finally Bouncing Back?," *The Tico Times*, June 8, 2012, <https://ticotimes.net/2012/06/07/is-guanacaste-economy-finally-bouncing-back>.

¹⁹ Femke van Noorloos, *Whose Place in the Sun?: Residential Tourism and Its Implications for Equitable and Sustainable Development in Guanacaste*, Costa Rica (Delft, Netherlands: Eburon Academic Publishers, 2012), 31.

²⁰ Cañada, 2019.

Tourism has grown so extensively that there are concerns about the threat of “overtourism”²⁰ and its effect on the environment. Guanacaste’s dependency on tourism has created a “resource paradox.”²¹ This growth threatens to undermine the ecological integrity of a region to accommodate tourists drawn to its natural beauty.

“Tourism in the Central and Northern Pacific regions of the country has expanded without adequate government control. As a result, Costa Rica’s standing as a world leader in ecological tourism is fragile,” wrote Clara Irazábal.²²

According to Juan Carlos Picón and Esteban Barboza, tourism along the Costa Rican Pacific coast grew under confusing processes that lacked planning and transparency. Tourism was often developed to the exclusion of the local population and for the benefit of foreign-owned tourist complexes.²³

This model of tourism perpetuates land and resource grabbing. There are clear parallels between this model and the mid-century cattle ranching boom. In both cases, local inhabitants ended up being displaced and relocated to less coveted sites, reinforcing a colonial matrix of power.²⁴



Photo 3: Oceanfront guard gated community development in San Juanillo.

Changing Demographics

As Guanacaste became a hotspot for tourism, the province underwent a massive demographic shift. Between 1950 and 2011, Guanacaste’s population increased five-fold and grew from 264,238 to 326,953 between 2000 and 2011.²⁵

In addition to immigrants from rich nations, there has also been an influx of Nicaraguans as the Guanacaste economy continues to grow and economic opportunities emerge. Wages in Nicaragua are much lower than across the border in Costa Rica, allowing developers to exploit these migrants.²⁶ Based on field visits, the working conditions at the building sites are poor, and overcrowded temporary shelters are created without adequate water management.

²¹ Peter W. Williams and Ian F. Ponsford, “Confronting Tourism’s Environmental Paradox: Transitioning for Sustainable Tourism,” *Futures* 41, no. 6 (2009): pp. 396–404. <https://doi.org/10.1016/j.futures.2008.11.019>, 396.

²² Clara Irazábal, “Coastal Urban Planning in the ‘Green Republic’: Tourism Development and the Nature-Infrastructure Paradox in Costa Rica,” *International Journal of Urban and Regional Research* 42, no. 5 (2018): pp. 882–913. <https://doi.org/10.1111/1468-2427.12654>.

²³ Esteban Barboza and Juan Carlos Picón Cruz, *Acción Sustentable, Gestión e Innovación. Estudios Sobre Turismo y Gastronomía*, accessed August 23, 2022. https://www.researchgate.net/profile/Juan-Cruz-11/publication/334644044_Discurso_colonial_y_desarrollo_turistico_EL_caso_de_Costa_Rica/links/5d37b46b299bf1995b453374/Discurso-colonial-y-desarrollo-turistico-El-caso-de-Costa-Rica.pdf, 291.

²⁴ Esteban Barboza, “Ciudades amuralladas del siglo XXI: producción del espacio y colonialidad en el turismo de playa intramuros en Guanacaste, Costa Rica,” *Rev. Latino-Am. Turismología / RLAT, Juiz de Fora*, v.2, n.1, Jan./Jun. 2016, pp. 73–79.

²⁵ Programa Estado de la Nación, “Indicadores Cantonales Censos Nacionales De Población y Vivienda 2000 y 2011,” 2013, 126.

²⁶ Cañada 2019.

The boom in tourism has also had important implications for gender roles in Guanacaste. Women comprise nearly 60 percent of the tourism workforce in Costa Rica.²⁷

The Land of Inequality

Costa Rica has been plagued by massive income inequality that is high even by Latin American standards, the world's most unequal region, where the richest 10 percent of the population control 54 percent of the national income.²⁸

"I think there are several Costa Ricans," Román Macaya, who served as President of the Costa Rican Social Security Fund and Ambassador to the United States, told *The Tico Times*.²⁹

"I think there is a developed Costa Rica, with segments of society in which people have very good jobs, high incomes, big houses, two cars, and all the amenities that you would expect in the upper class of developed countries. Then there's a poor Costa Rica, which is suffering quite a bit. You go into a poor residential area and you find every single problem there is ... I wouldn't even say those areas are developing. They have stagnated in a general despair."

Inequality in Costa Rica has only worsened as a result of the pandemic,³⁰ which has wreaked havoc on Costa Rica's economy. The Chorotega region in

Guanacaste experienced the largest growth in poverty in the entire country during the first year of the pandemic.³¹

At the same time, the value of the colon has fallen considerably against the U.S. dollar. In April 2020, the exchange rate hovered around 550 colones to the dollar. By June 2022, the exchange rate had reached 691 colones to the dollar. This is particularly problematic for a country where most housing prices are listed in dollars, while the vast majority of locals get paid in the local currency. Costa Rica's crippling debt, around \$40 billion,³² must be paid off in dollars.

The increased cost of living in recent years has had profound consequences for many Costa Ricans already living on the edge. The Association of Economic Sciences of Costa Rica has estimated that 138,000 Costa Rican families will not have the income necessary to purchase food, and an additional 33,000 households are likely to fall into extreme poverty.³³

²⁷ Stroma Cole and Lucy Ferguson, "Towards a Gendered Political Economy of Water and Tourism," *Tourism Geographies* 17, no. 4 (2015): pp. 511-528, <https://doi.org/10.1080/14616688.2015.1065509>, 515.

²⁸ Gonzalo Assusa, "The Most Unequal Region on the Planet? A Sociological Analysis of the Ideas, Evaluations and Attitudes toward Inequality in Latin America and the Caribbean," *Persistence and Emergencies of Inequalities in Latin America*, 2022, pp. 185-202, https://doi.org/10.1007/978-3-030-90495-1_11.185; Amir Lebdioui, "Forever Unequal? Mould-Breaking Strategies to Reduce Inequality in Latin America: LSE Latin America and Caribbean," *Latin America and Caribbean Centre*, April 29, 2021, <https://blogs.lse.ac.uk/latamcaribbean/2021/04/29/forever-unequal-mould-breaking-strategies-to-reduce-inequality-in-latin-america/#:~:text=In%20Latin%20America%2C%20the%20richest,to%20sustainably%20reduce%20income%20inequality>.

²⁹ "Is Costa Rica a Developed Country?," *The Tico Times*, February 19, 2010, <https://ticotimes.net/2010/02/19/is-costa-rica-a-developed-country>; Ivonne Acevedo et al., "Open Configuration Options Higher Inequality in Latin America: A Collateral Effect of the Pandemic," 2022, <https://doi.org/10.18235/0003967>, 5.

³¹ Alejandro Zúñiga, "More than a Quarter of Costa Rican Households Living in Poverty: Details," *The Tico Times*, October 16, 2020, <https://ticotimes.net/2020/10/16/more-than-a-quarter-of-costa-rican-households-living-in-poverty-details>.

³² Sandra Cuffe, "Costa Rica's 'Explosive' Debt Crisis: All You Need to Know," *Al Jazeera*, January 16, 2021, <https://www.aljazeera.com/news/2021/1/16/costa-rica-explosive-debt-crisis-all-you-need-to-know>.

³³ Ileana Fernandez, "In Costa Rica, Rising Cost of Living Impacts Thousands of Families," *The Tico Times*, June 7, 2022, <https://ticotimes.net/2022/06/07/in-costa-rica-rising-cost-of-living-impacts-thousands-of-families>.



Photos 4 and 5: The community of San Juanillo, Guanacaste, derives income from artisanal fishing.

Climate and the Dry Corridor

Guanacaste's dry forest ecosystems are highly vulnerable to threats posed by climate change.³⁴ While certain climate forecasts predict an increase in precipitation in parts of Guanacaste, other areas could see up to 20 percent less rainfall.³⁵ Guanacaste is prone to recurrent droughts, and the area has historically experienced a period of prolonged drought every 10 years.³⁶

The El Niño phenomenon and strong trade winds help drive drought. The surface temperature of the sea can also be a major factor. Due to El Niño events, the province of Guanacaste accounts for 77 percent of the 435 droughts registered in the country between 1970 and 2003.³⁷

"Of all the regions of Costa Rica, Guanacaste is the one that is most exposed to the consequences of climate change, to the heat and aridity," said former UNFCCC Secretary Cristiana Figueres in an interview with *La Voz de Guanacaste*.³⁸

Figueres offered a gloomy forecast for the future of Guanacaste if the world does not act on climate to reach global decarbonization goals:

"It would be a disaster. Guanacaste, for example, would be a desert. If they don't do what needs to be done right now... the erosion of Guanacaste will accelerate. It is already in a desertification process, but that would accelerate very quickly and it would become an arid desert that would be very difficult to cultivate, very inhospitable for people."

To help adapt to this changing environment, Costa Rica's government launched the PAACUME Climate Adaptation Project. This is a massive infrastructure project, set to be financed through a \$425 million loan agreement with the Central American Bank for Economic Integration.³⁹

When completed, the project will create a dam and 55-kilometer canal to transfer water from the Tempisque River to the cantons of Carrillo, Santa Cruz, and Nicoya. If all goes according to plan, it will supply 20m³/s for electricity generation, 16.5m³/s for agricultural irrigation, 1.5m³/s for irrigation in tourist areas, and 2m³/s as a reserve for drinking water.⁴⁰

³⁴ Stan et al., 2020.

³⁵ Luis Fernando Alvarado Gamboa, "Proyecciones De Cambio Climático Regionalizadas Para Costa Rica," *Proyecciones de Cambio Climático Regionalizadas para Costa Rica* (2021), <http://cglobal.imn.ac.cr/documentos/publicaciones/ProyeccionesEscenariosClimaticos/offline/ProyeccionesEscenariosClimaticos.pdf>, 53.

³⁶ Patricia Blanco Picado, "Guanacaste En La Encrucijada Frente Al Clima," Universidad de Costa Rica, July 10, 2019, <https://www.ucr.ac.cr/noticias/2019/07/10/guanacaste-en-la-encrucijada-frente-al-clima.html>

³⁷ Bonilla, 2008, cited in Aurora Hernández and Juan Carlos Picón, "Huella hídrica en tierras secas: el caso del turismo de sol y playa en Guanacaste (Costa Rica)," *Revista De Ciencias Ambientales*, 45(1), 2013, <https://doi.org/10.15359/rca.45-1.4>, 47.

³⁸ Yamlek Mojica, "Christiana Figueres: If the World Doesn't Control Emissions, Guanacaste Will Be Inhospitable," *Voz de Guanacaste*, April 29, 2020, <https://vozdeguanacaste.com/en/christiana-figueres-if-the-world-doesnt-control-emissions-guanacaste-will-be-inhospitable/>.

³⁹ "Paacume Es El Principal Proyecto De Adaptación Climática Del País Que Asegurará El Futuro De Guanacaste," Presidencia de la República de Costa Rica, May 3, 2022, <https://www.presidencia.go.cr/comunicados/2022/05/paacume-es-el-principal-proyecto-de-adaptacion-climatica-del-pais-que-asegurara-el-futuro-de-guanacaste/>.

⁴⁰ Senara, "Paacume," Senara, accessed June 1, 2022, <http://www.senara.or.cr/proyectos/paacume/Paacume.aspx>.

"This is the main climate adaptation project that will ensure the future of Guanacaste and that I have no doubt will be an example for the region and the world," said former President Carlos Alvarado.⁴¹

While the project should help alleviate some of the most pressing issues in the long term, it is far from a comprehensive solution to Guanacaste's environmental challenges. Real estate developers admit the Pacuume Project will not solve the challenge of meeting the needs for massive residential and touristic startups in the region in the short term.⁴²

According to the Office of the Comptroller General of the Republic, the costs of dealing with hydrometeorological and extreme weather events would account for up to 1.05 percent of Costa Rica's GDP by 2025 in a conservative scenario. In a higher risk one, it could amount to 2.5 percent of its GDP. This last percentage would imply spending 1.47 times the maximum percentage of GDP incurred to date.⁴³

Research by the Geophysical Research Center of the University of Costa Rica showed that the northern Pacific coast will be more arid in the future. A rise in temperature is projected as a result of climate change, which will increase the demand for water, although there will be no significant changes in the amount of rainfall in the coming decades.⁴⁴

⁴¹ Presidente Alvarado - Firma De Ley PAACUME (Casa Presidencial Costa Rica, 2022), https://www.youtube.com/watch?v=XctdzbDv_8s&t=2s.

⁴² Nicole Pérez, "Proyecto Paacume No Aliviaria Escasez De Agua En Guanacaste Para El Desarrollo Turistico E Inmobiliario," El Financiero (El Financiero, April 23, 2022), https://www.elfinancierocr.com/economia-y-politica/proyecto-paacume-no-aliviaria-escasez-de-agua-en/OP6BKCD6FFDZDGHWRWNM7GLNPR4/story/?utm_term=Autofeed&utm_medium=echobox&utm_source=Twitter#Echobox=1650720813.

⁴³ CGR, Presión sobre la Hacienda Pública en un contexto de variabilidad y cambio climático: desafíos para mejorar las condiciones presentes y reducir los impactos futuros. San José: Contraloría General de la Republica. 2018, https://cgrfiles.cgr.go.cr/publico/docs_cgr/2017/SIGYD_D_2017015617.pdf, 5-6.

⁴⁴ Manrique Vindas, "Guanacaste se volverá más árida y habrá menos disponibilidad de agua en el futuro", Vicerrectoría de Investigación, September 30, 2020, <https://vinv.ucracr.es/noticias/guanacaste-se-volvera-mas-arida-y-habra-menos-disponibilidad-de-agua-en-el-futuro>

Real Estate Development

Skyrocketing Rates

Over the last few decades, Guanacaste has been a target for speculation by international real estate companies. These companies often end up converting the land into high-priced residential properties for wealthy foreigners and Ticos from the Central Valley.

This form of speculation and development has made coastal properties prohibitively expensive for locals. Real estate along the Pacific has become even more expensive during the start of the pandemic.

The real estate market was robust around the turn of the century. Land set aside for human settlements grew from 8 percent to 17 percent in the province, while land for pasture decreased from 38 percent to 21 percent.⁴⁵ This boom was driven in part by a massive influx of foreign direct investment, particularly between 2002 and 2007.⁴⁶ Around this time, Costa Rica's growth in real estate volume and prices was among the highest in the world.⁴⁷

The global financial crisis of 2007-2008 significantly affected the tourism and real estate markets in Guanacaste, with construction in the area essentially being halted between 2008 and 2012.⁴⁸ As developers pulled out, the landscape became dotted with unfinished buildings and unemployed increased.⁴⁹

While the real estate market has remained stagnant in much of Costa Rica during the pandemic, demand along the Pacific coast has been booming.

Prices in the Southern Zone of Costa Rica increased by about 20 percent in the second half of 2021 and another 20 percent in the first quarter of this year.⁵⁰ Much of Guanacaste has also seen a significant increase in housing values over the last two years.



Photo 6: Real Estate offices photos from field trip

What is Residential Tourism?

A driving force behind the real estate explosion is a boom in residential tourism. Residential tourism is an ambiguous term and is defined by Van Noorloos as "a mix of permanent and temporary mobilities, forming a bridge between tourism and migration and between nomadism and sedentarism."⁵¹

Various factors have contributed to the boom in residential tourism. Many of those purchasing property abroad are lifestyle migrants, seeking a standard of living that would not be possible in their home country.⁵²

In recent decades, the real estate and tourism markets have become more interconnected.

45 Van Noorloos 2012, 63, 206.

46 Maria Paula Barrantes-Reynolds, "The Expansion of 'Real Estate Tourism' in Coastal Areas: Its Behaviour and Implications," *Recreation and Society in Africa, Asia and Latin America*, 2, no. 1 (September 2011), 57.

47 Cañada, 2019.

48 Cañada, 2019.

49 Maria Paula Barrantes-Reynolds, "Costa Rica-No Artificial Ingredients: The Green State's Challenge in the Management of the Residential Tourism Sector in the Coastal Area," University of Oxford, 2010.

50 Lisa Prevost, "House Hunting in Costa Rica: Pools, Ponds and a Glassy Heart Near San José," *The New York Times*, March 30, 2022, <https://www.nytimes.com/2022/03/30/realestate/costa-rica-house-hunting.html>.

51 Femke van Noorloos, "Residential Tourism and Multiple Mobilities: Local Citizenship and Community Fragmentation in Costa Rica," *Sustainability* 5, no. 2 (April 2013): pp. 570-589. <https://doi.org/10.3390/su5020570>, 571.

52 Jordi Gascón and Claudio Milano, "Tourism, Real Estate Development and Depeasantisation in Latin America," *European Review of Latin American and Caribbean Studies | Revista Europea De Estudios Latinoamericanos y Del Caribe* 0, no. 105 (2018): p. 21. <https://doi.org/10.18352/erlacs.10313>, 22.

Residential tourism has long been known in popular tourist destinations such as Spain, Mexico, and the Caribbean. More recently, residential tourism has boomed in Central and South America, and elsewhere in the Global South.⁵³

With its proximity to the international airport in Liberia, warm climate, accessibility to modern facilities, and gated communities, Guanacaste has been a focal point for luxury-style residential tourism in Costa Rica. Paralleling the U.S. real estate market, residential tourism grew at a rapid pace in the early 2000s. In 2008, the Central Bank of Costa Rica claimed it was one of the countries best suited in Latin America for residential tourism.⁵⁴

Costa Rica's residential tourism is heavily tied to North American economies and is highly susceptible to the market volatility in rich nations.⁵⁵ The market collapsed following the 2007 global recession, only to make a mild recovery in 2013.⁵⁶ In recent years, the real estate market on the Pacific coast has picked up dramatically, mirroring the housing boom and surging economy in the U.S.⁵⁷

Pricing Out the Locals

When it comes to titled property, Costa Rican citizens and nonresidents have the same rights to land. Property laws, relative political stability, and the country's natural beauty have made the area a major target for foreign investors.

"Costa Rica is rolling out the red carpet for Americans, and Americans are moving there," said Craig Studnicky, the CEO of ISG World, speaking to the *New York Times*.⁵⁸ *"I've seen prices with real estate down there that I haven't seen in Miami for maybe 15 years."*

Foreign direct investment (FDI) does play a role in stabilizing the Costa Rican economy. Historically, it has been an important source of financing for Costa Rica's account deficit, with real estate tourism being the most important source of FDI.⁵⁹

The influx of migrants from rich nations with expendable income has had significant consequences for local populations.⁶⁰ Although "low population numbers, low agricultural use of land, fragmentation, and spatial characteristics of the investment" have slowed displacement, the real estate boom has driven up housing, food, and other basic living expenses.⁶¹

53 van Noorloos 2013, 571.

54 Barrantes-Reynolds, 57; "Inversión Extranjera Directa En Costa Rica 2007 – 2008: Preliminar Grupo Interinstitucional De Inversión Extranjera Directa" (Banco Central de Costa Rica, February 2008), https://www.bccrfi.cr/publicaciones/DocPoliticaCambiariaSectorExterno/Inversion_Extranjera_Directa_CR_2007-2008.pdf.

55 van Noorloos 2012, 309.

56 Cañada, 2019.

57 Hall, 2022.

58 Roxana Popescu, "House Hunting in Costa Rica: Pools, Ponds and a Glassy Heart Near San José," *New York Times*, March 30, 2022, <https://www.nytimes.com/2022/03/30/realestate/costa-rica-house-hunting.html>.

59 Barrantes-Reynolds 2011, 54.

60 Femke van Noorloos and Griet Steel, "Lifestyle Migration and Socio-Spatial Segregation in the Urban(lizing) Landscapes of Cuenca (Ecuador) and Guanacaste (Costa Rica)," *Habitat International* (Pergamon, September 28, 2015), <https://www.sciencedirect.com/science/article/pii/S019739751500171X>.



Photo 7: Property for sale signs are widespread in this area.

The Battle for Water

Access to water remains the most critical environmental issue in this drought-prone province. Tourism and residential properties have driven up demand for water, compromising the needs of the local population.

Water governance in Guanacaste has become increasingly decentralized and fragmented. Costa Rica's Institute of Aqueducts and Sewers (AyA) provides oversight for the government.⁶² However, much of the rural management is left in the hands of community-controlled Administrating Associations of Sewers and Aqueducts (ASADAS), which function as non-profit organizations under Costa Rican law.

Due to the decentralized nature of water governance in Guanacaste, developers and foreign residents have at times taken over ASADAS or, in some cases, even formed their own.⁶³ As reported in the national press, in the coastal village of Marbella, AyA intervened and assumed control of two local ASADAS in 2018 after accusations were levied against a U.S. developer in the region.⁶⁴ The government

can also assume control over the water supply to provide access to tourism projects, as was the case in communities such as Potrero and Sardinal.⁶⁵

Luxury development and tourism establishments use a disproportionate amount of water, and the diversion of water toward them has been a source of conflict in the region over the last several decades. This diversion has had profound environmental and socioeconomic consequences.⁶⁶ Between 2000 and 2010, the Costa Rican government identified 134 protests over water resources.⁶⁷ More recent cases, in areas such as Sardinal, Potrero, and Marbella, have shown the fight over water will continue as developers divert water from local populations.

Water permitting has been used as a tool to curb unabated development.⁶⁸ Building permits are only supposed to be granted with an authorized water permit, which in some cases can take up to several years to issue.⁶⁹

A Changing Landscape

Residential-style tourism developments can be incredibly destructive. To cite a few examples, it is common to clear forest for an ocean view or cut mangroves for seafront houses.

61 Van Noorloos and Steel, 2015.

62 Kuzdas et al. 2014.

63 Van Noorloos 2012, 229.

64 Wilberth Villalobos, "Aya Interviene Asadas De Marbella En Santa Cruz y Definirá Su Futuro En Enero," Voz de Guanacaste, November 17, 2018, <https://vozdeguanacaste.com/aya-interviene-asadas-de-marbella-en-santa-cruz-y-definira-su-futuro-en-enero/>.

65 Cañada, 2019.

66 Cole and Ferguson 2015, 512.

67 Katzy O'neal Coto, "Costa Rica Enfrentó 134 Conflictos Por El Agua En Una Década," Universidad de Costa Rica, March 27, 2019, <https://www.ucr.ac.cr/noticias/2019/03/27/costa-rica-enfrento-134-conflictos-por-el-agua-en-una-decada.html>.

68 Cañada 2019.

69 Hall 2022.

As Maria Paula Barrantes-Reynolds wrote on the expansion of residential tourism in the northern Pacific:

"Residential tourism itself does not coexist well with forms of tourism that require pristine nature, or at least less invasive approaches to a given natural and socio-cultural context. The conflict lies in the fact that residential tourism dramatically alters the natural landscape, changing the touristic product from a natural one to an artificial one."⁷⁰

Between 2001 and 2021, Guanacaste's forest cover decreased by 5.7 percent, a loss of over 34.9kha, according to Global Forest Watch.⁷¹



Photos 8 and 9: Construction in progress near Playa Manzanillo, Puntarenas / Abandoned real estate project in Playa Azul, Guanacaste.

⁷⁰ Barrantes-Reynolds 2011, 57.

⁷¹ Global Forest Watch 2022.

⁷² Asamblea Legislativa República de Costa Rica, "Ley sobre la Zona Marítimo Terrestre N° 6043," 1977.

⁷³ Kavlon C Ross and Megan Epler Wood, "The Development of Guanacaste Costa Rica: Policy Recommendation," Environmental Management 12 (2010), 8.

⁷⁴ Van Noorloos 2012, 194.

⁷⁵ Van Noorloos 2012, 69; Programa Estado de la Nación, "Informe Estado de la Nación en desarrollo humano sostenible 16" (San José, Costa Rica: Programa Estado de la Nación, 2010), 208.

Protected Coastal Zones

Costa Rica's coastal zone protections have been an asset in fighting unmitigated development.

In 1977, Costa Rica passed a law that established its Maritime Zone (ZMT), which provides protection for 200 meters of coastline from high tide for the entire country.⁷² The law strictly prohibits any development within the first 50 meters and highly restricts development for the remaining 150 meters, but leaves the door open for concessions from municipalities.

Land use management within the ZMT has been highly decentralized, making it vulnerable to political influence.⁷³ There is a lack of land use plans in the ZMT, which are required before any concessions can legally take place, another cause for concern.⁷⁴ Of the plans that do exist, the vast majority have been initiated by the private sector.⁷⁵

This law has often been a point of contention between developers and community activists. Beachfront homes and businesses have often been demolished up and down the Pacific coast for violating the ZMT law.⁷⁶

Case Studies

Marbella

The quiet coastal town of Marbella has become an important area in the fight between developers and locals over the right to water.

Located between the popular beach hubs of Nosara and Tamarindo in the district of Santa Cruz, this town of about 300 people has seen property values climb as developers have moved in to buy large chunks of land. At the end of the 1990s, land was typically sold for \$1 to \$5 a square meter. Marbella attracted the interest of developers in the mid 2000s as the real estate market in Guanacaste exploded, causing the value of land to increase from \$70 to \$100 a square meter.⁷⁷

Marbella is a classic case study of alleged land grabbing by developers to promote luxury residential-style tourism.⁷⁸ Criminal complaints have been filed against key developers over the alleged misallocation of water resources to fuel their developments.⁷⁹

One of the developers, who presided over two different ASADAS in the area from 2007 to 2015, and 2009 to 2019 respectively, has been accused of using his position to grant water permits to his developments.⁸⁰ Criminal complaints levied several charges against him, including illicit enrichment, influence peddling, use of false documents, and concealment of assets against the Treasury.⁸¹

What's more, other urban development projects in Marbella, owned by a rival developer, were fed by an illegal well that was ordered to be closed by the Environment and Energy Ministry.⁸²

The misallocation of water resources is common in Santa Cruz. In April 2017 alone, AyA identified 150 illegal wells in the Santa Cruz coastal zone.⁸³

While the developers may have lost direct control over the ASADAS, many in the community are pessimistic about the community's future.

"We may get the worst of both worlds. The worst of Tamarindo with regards to the beachfront development. And the worst in regards to Nosara with the water problems," said one Marbella resident.



Photo 10: Announcements of sales of luxury properties in the town of Marbella, Guanacaste.

Nosara, Guiones, and Ostional

About 25 kilometers south of Marbella is the tourism hotspot of Nosara. Located in the canton of Nicoya, Nosara is known for its surfing, wellness, yoga culture, and lush beaches.

Nosara appeared on the tourist radar in the 1960s, long before the real estate and tourism boom in

76 "Beach Demolitions Continue in Nicoya," The Tico Times, November 4, 2005, <https://ticotimes.net/2005/11/04/beach-demolitions-continue-in-nicoya>.

77 Arturo Silva Lucas, "Marbella (Costa Rica): Chronicle of a Coastal Conflict," Albasud, September 2, 2020, <https://www.albasud.org/blog/en/1251/marbella-costa-rica-chronicle-of-a-coastal-conflict>.

78 Silva Lucas, 2020.

79 Manuel Sancho, "Dirigente Sobre Desarrollador En Marbella: 'Vienen a Llevarse El Dinero y Echar a Perder El Agua,'" CRHoy.com, October 14, 2018, <https://www.crhoy.com/ambiente/dirigente-sobre-desarrollador-en-marbella-vienen-a-llevarse-el-dinero-y-echar-a-perder-el-agua/>.

80 Silva Lucas, 2020.

81 Silva Lucas, 2020.

82 Wilberth Villalobos and María Fernanda Cruz, "Illegal Well Feeds Two Real Estate Developments in Marbella," Voz de Guanacaste, April 23, 2018, <https://vozdeguanacaste.com/en/illegal-well-feeds-two-real-estate-developments-in-marbella/>

83 Villalobos and Cruz, 2018.

the early 2000s, when a small group of U.S. citizens settled there.⁸⁴ The area became even more popular during the pandemic, when real estate prices reached new levels.

"We had been seeking to purchase a plot in Nosara on the coast in the beginning of the pandemic that cost \$420,000. Now it's selling for \$930,000," said one San Jose resident speaking with the *Financial Times*.⁸⁵ *"When the borders shut during the pandemic, many young adults and families with children moved from San José to the beach. Once the borders reopened, they were joined by a huge amount of foreigners who have bought beach land and built homes for short lets."*

"There are two Nosaras completely divided in everything: education, geography, problems," said one local activist, referring to the developed area and the original town of Nosara. *"There are no meeting points. It's a bubble."*

The town of Nosara has suffered strong, successive episodes of flooding, the most intense in 2017 and 2018.⁸⁶ As a result of tropical storm Nate, the National Commission for Risk Prevention and Emergency Attention (CNE) estimated, for the canton of Nicoya alone, losses of approximately ₡3.98 billion (approx. \$6 million).⁸⁷ Hence, more than ₡1.16 billion (approx. \$1.77 million) was invested in 2020 for the rehabilitation of a dam in Nosara.⁸⁸



Photo 11: Flooding in Nosara, 2018. Credit: Saúl Cárdenas.

About 20 minutes north of Nosara is the Ostional Wildlife National Refuge, an important nesting site for the olive ridley sea turtle (*Lepidochelys olivacea*). The land surrounding the refuge has been a key area for developers in the region.

In recent years, Ostional has been at the center of ongoing conflicts between community activists and developers, who have set their sights on building on the land around the refuge that has commanded premium prices.

Serious attacks against local leaders defending human rights and the environment have occurred in Ostional.⁸⁹

The conflicts escalated again in 2021 when developers pushed back on a new statute that provides environmental protections for construction within the five-kilometer buffer zone surrounding the refuge.⁹⁰ The

84 Arturo Silva Lucas, "Costa Rica: Nosara, A Particular Destination," Albasud, February 14, 2018, <https://www.albasud.org/blog/en/1183/costa-rica-nosara-un-destino-tur-stico-particular>.

85 Zoe Dare Hall, "Trouble in Costa Rica's Eco-Paradise as Homebuyers Heat up Market," Financial Times, March 9, 2022, <https://www.ft.com/content/fc58e8ee-0f87-4285-91bc-2d46e1052d61>.

86 Andrea Rodríguez and Noelia Esquivel. "Vecina de Nosara: 'Esto fue mucho más grande que la tormenta Nate'" La Voz de Guanacaste, October 5, 2018, <https://vozdeguanacaste.com/vecina-de-nosara-esto-fue-mucho-mas-grande-que-la-tormenta-nate>.

87 Comisión Nacional de Prevención de Riesgos y Atención de Emergencias, Plan general de la emergencia ante la situación provocada por la tormenta tropical Nate. Decreto de emergencia N° 40677. Comisión Nacional de Prevención de Riesgos y Atención de Emergencias, 2018, <https://www.cne.go.cr/recuperacion/declaratoria/planes/Plan%20General%20de%20la%20Emergencia%2040677.pdf>, 11.

88 CNE. "CNE y SENARA inician rehabilitación en Dique de Nosara". Comisión Nacional de Prevención de Riesgos y Atención de Emergencias, February 27, 2020, <https://www.cne.go.cr/noticias/2020/CNE%20y%20SENARA%20inician%20rehabilitacion%20en%20Dique%20de%20Nosara.aspx>

89 Julio Peña, "Detienen a sospechosos de quemar casa a líder comunal en Santa Cruz," La Nación, January 26, 2010, <https://www.nacion.com/sucesos/detienen-a-sospechosos-de-quemar-casa-a-lider-comunal-en-santa-cruz/Vl23FNPIPVCNPHRCMOXCHO5LD4/story/>

90 "Reglamento Para El Otorgamiento De Permisos De Construcción En La Zona De Amortiguamiento Del Refugio Nacional De Vida Silvestre Ostional," 285 Reglamento para el otorgamiento de permisos de construcción en la zona de amortiguamiento del Refugio Nacional de Vida Silvestre Ostional § (2019). <https://www.nosaracivicasociation.com/wp-content/uploads/Reglamento-para-las-construcciones.pdf>.

statute limits the height of buildings and only allows construction to take place on 50 percent of the lots.

JBR Capital Ventures, which represents some of the most prominent businessmen in the area, worked to strike down the statute in court, claiming it was full of irregularities.⁹¹ The Nosara Civic Association (NCA), a mix of Costa Ricans and foreigners that has been a stalwart in the community since the 1970s, and the Costa Rican Federation for the Conservation of the Environment (FECON) are among the organizations that have fought to protect Ostional and uphold the statute.

Rapid development without adequate wastewater treatment systems has had serious health consequences in the area. A study conducted by the Wildlife Conservation Association from February 2020 to March 2021 showed high amounts of fecal bacteria in the Nosara River.⁹²

Out-of-control tourism, low-paying jobs, weak infrastructure, a lack of bridges, and inadequate health and security services, have left the community of Ostional in a vulnerable state. In the face of the costliest disaster in Costa Rica's history, Hurricane Nate (2017), residents of Ostional report being cut off for a week due to the lack of bridges and landslides. But in the words of a local ecotourism guide, "People are losing their love for conservation because the possibilities of earning a decent income are becoming more and more difficult."⁹³



Photo 12: Beach at Ostional Wildlife National Refuge.

Southern Nicoya Peninsula

The southern Nicoya Peninsula offers popular destinations for dining and surfing, as well as a landscape where it does not seem necessary to choose between beach and mountain. Popular destinations include Santa Teresa, Malpaís, and Montezuma in the province of Puntarenas.

While real estate has been going up in this zone for years, prices soared to new levels during the pandemic. The town is now a playground for the ultra-rich and housing costs have reached levels many locals can simply not afford.

"These areas are becoming a bubble, like New York and LA, and it's not sustainable at all for nationals or locals," said one San Jose resident, speaking to the Financial Times.⁹⁴

The massive influx of foreign investors is fundamentally transforming the landscape and undermining the zone's ecological integrity.

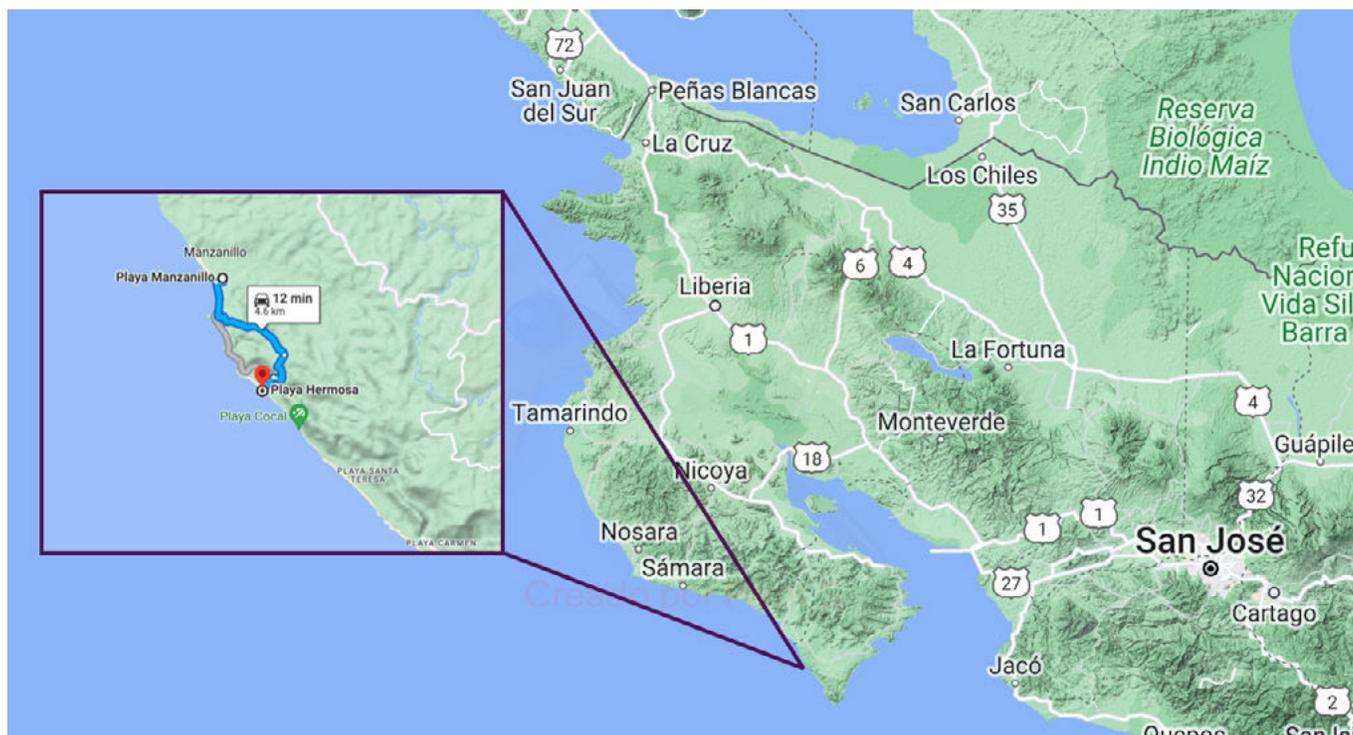
⁹¹ "Ostional Refuge at Risk!," Nosara Civic Association, May 28, 2021, <https://www.nosaracivicasociation.com/ostional-refuge-at-risk/>.

⁹² Yamlek Mojica, "Fecal Bacteria Detected at Guiones Beach and Nosara River," Voz de Guanacaste, October 11, 2021, <https://vozdeguanacaste.com/en/fecal-bacteria-detected-at-guiones-beach-and-nosara-river/>.

⁹³ María Lourdes Correa, Eleazar Morales, Ana Lorena Sáenz. Estudio cualitativo de las vulnerabilidades y capacidades psicosociales ante desastres: el caso de la comunidad de Ostional. Tesis (licenciatura en psicología). Universidad de Costa Rica. 2018, pp. 79-87. <https://www.kerwa.ucr.ac.cr/handle/10669/77264>; OCHA. "309 mil millones de colones para la reconstrucción convierten a Nate en el mayor desastre de origen natural de la historia en Costa Rica", Reliefweb, 14 January 2018, <https://reliefweb.int/report/costa-rica/309-mil-millones-de-colones-para-la-reconstrucci-n-convierten-nate-en-e/l-mayor>.

⁹⁴ Hall, 2022.

"The trees are being cut down for an ocean view," said Carolina Chavarria of the Nicoya Peninsula Waterkeeper. *"They're not getting it."*



Map 2: During the field visit, on the route between Hermosa beach and Manzanillo beach, in Puntarenas, 16 houses under construction and 26 newly built houses were counted along a 5 kilometer route. Together, they add up to 42 new buildings visible along the road, versus the 13 older-looking houses visible along the road.

Until recently, Santa Teresa did not even have reliable drinking water.⁹⁵ The construction of Ario Aqueduct, completed in 2018, has helped meet the community's needs.⁹⁶ Rapid development without adequate wastewater treatment systems has had serious consequences for the town. In recent years, the area has struggled to keep up with the waste produced from over 10,000 residents and tens of thousands of tourists.⁹⁷

A study by the Nicoya Peninsula Waterkeeper and AyA found high levels of contamination in 17 rivers and five beaches in and around Santa Teresa.⁹⁸ The results showed Santa Teresa beach to have "severe contamination," while the beaches of Manzanillo, Malpaís, and Carmen were classified as "highly" polluted.⁹⁹

⁹⁵ "Santa Teresa: A Few Wrong Turns on the Road to Paradise," The Tico Times, August 22, 2015, <https://ticotimes.net/travel/santa-teresa-a-few-wrong-turns-on-the-road-to-paradise>.

⁹⁶ "Información Sobre El Acueducto Ario - Mal País," Nicoya Peninsula Waterkeeper, December 21, 2017, <https://www.nicoyawaterkeeper.org/blog/2017/12/21/informacion-sobre-el-acueducto-ario-mal-pais/>.

⁹⁷ Mary E. Little, "Innovative Recycling Solutions to Waste Management Challenges in Costa Rican Tourism Communities," *Journal of Environmental and Tourism Analyses* 5, no. 1 (2017): pp. 33-52; "Instituto Nacional De Estadística Y Censos," *Censos 2011 | Instituto Nacional De Estadística Y Censos*, accessed May 31, 2022, <https://www.inec.cr/censos/censos-2011>.

⁹⁸ "¿Qué Tan Contaminadas Están Las Playas Del Sur De La Península De Nicoya?," Nicoya Peninsula Waterkeeper, November 4, 2021, <https://www.nicoyawaterkeeper.org/blog/2021/10/11/que-tan-contaminadas-estan-las-playas-del-sur-de-la-peninsula-de-nicoya/>.

⁹⁹ Alejandro Zúñiga, "Popular Nicoya Peninsula Beaches Heavily Contaminated, Study Finds," The Tico Times, November 4, 2021, <https://ticotimes.net/2021/11/04/popular-nicoya-peninsula-beaches-heavily-contaminated-study-finds>.

*"It frightens me that there won't be the structure or long-term planning that could support the expansion of the town while at the same time respecting the natural resources available," Chavarria told *The Tico Times*.¹⁰⁰ "The economic development, advancement of public services and environmental protection need to go hand-in-hand. If not, how much growth can we take?"*

One of the most serious impacts on the ecosystems of the southern Nicoya Peninsula is the loss of connectivity: forest areas have become fragmented and isolated from each other as a result of development. Without trees to move in their usual habitat, wildlife, especially howler monkeys (*Alouatta palliata*), have no choice but to use the power lines¹⁰¹.

Local organizations such as "Somos Congos" have allied with the Costa Rican Electricity Institute (ICE) to protect electrical transformers in the canton of Cóbano and reduce electrocutions, which are on the rise.¹⁰² Even with these efforts, there are new electrocution points as construction progresses and habitat is destroyed.

The clearing of native trees, increased amounts of ocean sediment, wildlife diseases due to contaminated water supply, and the introduction of pets and exotic plant species have disrupted local ecosystems and affected nearby protected areas.¹⁰³ Excessive noise and the blocking of roads due to landslides are also diminishing the quality of life for local people.

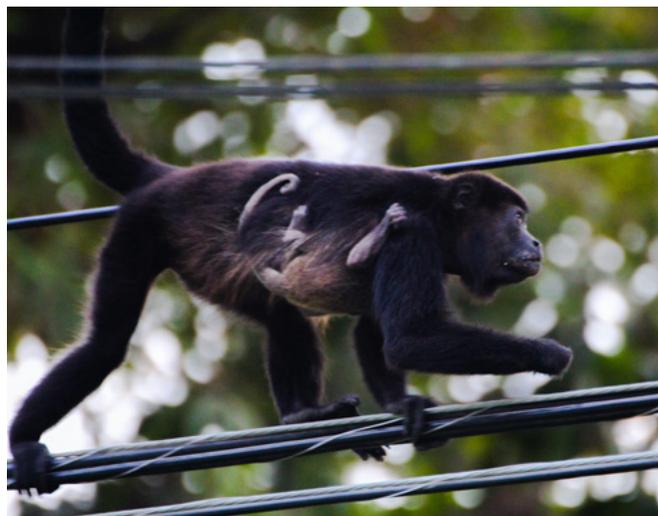


Photo 13: Female howler monkey with her young, with an amputated hand as a result of electrocution. Credit: Daniel Gutiérrez.

¹⁰⁰ Alejandro Zúñiga, "Santa Teresa Deep Dive: Keeping an Eye on Wastewater," *The Tico Times*, December 7, 2018, <https://ticotimes.net/2018/12/07/santa-teresa-deep-dive-keeping-an-eye-on-wastewater>.

¹⁰¹ Sofía Sánchez, "Monos congos son los primates más electrocutados, según Conteo de UCR y ONG". *Semanario Universidad*, November 10, 2021, <https://semanariouniversidad.com/universitarias/monos-congos-son-los-primates-mas-electrocutados-segun-conteo-de-ucr-y-ong/>

¹⁰² "Proyectos Que Se Realizan En Somos Congos," *Somos Congos*, accessed August 23, 2022, <https://somoscongos.com/projects>.

¹⁰³ SINAC. Plan General de Manejo del Área Marina de Manejo Cabo Blanco. Área de Conservación Tempisque. Sistema Nacional de Áreas de Conservación. 2017, 36-37.

Other relevant cases

Sardinal

The district of Sardinal, located in the canton of Carrillo, was the site of one of the most intense and high profile water conflicts. Residential development projects have been underway for decades, with projects such as the Villas Sol resort in Playa Hermosa dating back to 1980.¹⁰⁴

The conflict took off in 2007 over the construction of a pipeline that would divert groundwater from the Sardinal community to beach tourism developments in Playas del Coco and Ocotol.¹⁰⁵ The project was met with fierce resistance (demonstrations, public road closures, and lawsuits) by the local community, who were only informed of the pipeline after construction was well underway.¹⁰⁶

In 2009, the Constitutional Court decided the community was not properly consulted about the pipeline's construction, developers were non-compliant with existing legal procedures and permits, and there were no technical studies to prove that there was sufficient water supply.¹⁰⁷

Despite this temporary win, AyA reinitiated the pipeline in 2016, sparking a new round of confrontations that led to arrests, injuries, and the tear gassing of protesters by the police.¹⁰⁸ To help address the protesters' concerns, the Costa Rican government established a Commission of Integrated Management of Aquifers.¹⁰⁹

The pipeline was ultimately completed and inaugurated in early 2019.¹¹⁰ The Executive President of AyA, tried to alleviate fears by assuring that the aqueduct would service up to 34,000 Guanacastecans and not just rich developers and hotel owners on the coast.¹¹¹

Potrero

The beach community of Potrero lies between the bustling beach hubs of Tamarindo and Playas del Coco. This town in the canton of Santa Cruz is an eclectic mix of foreigners and Costa Ricans.

In the mid-2000s, AyA began pressuring the local ASADA to expand its service to meet the demands of hoteliers and real estate investors.¹¹² The community resisted on several occasions over concerns of overexploitation.¹¹³

Tensions escalated in June 2013 when a Potrero resident filed a lawsuit with the Constitutional Court claiming the Potrero ASADA was not able to fulfill its mandate.¹¹⁴ The court allowed AyA to take control over the community's water supply, stripping the ASADA's power. Police forcefully entered the ASADA on February 7, 2014 to uphold the decision of the Constitutional Court after the ASADA had been dubiously accused of the crime of disobedience.¹¹⁵

¹⁰⁴ Van Noorloos 2012, 92.

¹⁰⁵ Christopher Kuzdas, "Unpacking Water Conflict in Guanacaste, Costa Rica," Global Water Forum, October 2012, https://www.researchgate.net/profile/Christopher-Kuzdas/publication/264235660_Unpacking_water_conflict_in_Guanacaste_Costa_Rica_Why_some_conflicts_escalate_why_some_remain_intractable_and_why_we_can_be_optimistic_about_the_future/links/53d3b9280cf2a7fbb2e9ea2e/Unpacking-water-conflict-in-Guanacaste-Costa-Rica-Why-some-conflicts-escalate-why-some-remain-intractable-and-why-we-can-be-optimistic-about-the-future.pdf.

¹⁰⁶ Kuzdas, 2012; Navas and Cuví, 110.

¹⁰⁷ Rita Valverde, "Gobierno Inauguró Polémico Acueducto En Sardinal • Semanario Universidad," Semanario Universidad, March 1, 2019, <https://semanariouniversidad.com/ultima-hora/gobierno-inauguro-polemico-acueducto-en-sardinal/>.

¹⁰⁸ Rita Valverde, "Manifestación De Vecinos De Sardinal Concluyó En Enfrentamiento Con La Fuerza Pública," Semanario Universidad, December 5, 2017, <https://semanariouniversidad.com/ultima-hora/manifestacion-vecinos-sardinal-concluyo-enfrentamiento-la-fuerza-publica/>.

¹⁰⁹ "Sardinal: Comunidad y Gobierno Crearán Comisión De Manejo Integrado De Acuíferos," Presidencia de la República de Costa Rica, April 27, 2018, <https://www.presidencia.go.cr/comunicados/2018/04/sardinal-comunidad-y-gobierno-crearan-comision-de-manejo-integrado-de-acuiferos/>.

¹¹⁰ Valverde, 2019.

¹¹¹ Valverde, 2019.

¹¹² Grettel Navas, "El Agua Fluye Hacia El Turista," Letras Verdes. Revista Latinoamericana De Estudios Socioambientales, no. 18 (2015):p p. 27-47, <https://doi.org/10.17141/letrasverdes.18.2015.1678>, 39.

¹¹³ Navas, 2015, 39.

¹¹⁴ Navas, 2015, 39-40.

¹¹⁵ Grettel V. Navas, "¿De Quién Es El Agua? Una Conversación Con James Siu," Albasud, March 5, 2014, <https://www.albasud.org/noticia/es/567/de-qui-n-es-el-agua-una-conversacion-con-james-siu>.

Potrero residents resisted, which eventually escalated in the deployment of 70 police officers, who once again entered the ASADA to install a set of padlocks on the well.¹¹⁶ The townspeople pushed back once more, taking off the padlocks and installing their own.

San Juanillo

San Juanillo's stunning white sand beaches have long made it a below-the-radar favorite. Until recently, the beach between Marbella and Nosara has been spared the worst when it comes to development.

This sleepy beach community is currently undergoing a massive transformation with the construction of the Costa Brava gated community. This upscale development has an ocean front of 0.7 miles and will feature a pool, artificial lake, gym, spa, and helipad when completed. The area is in its first stages of pre-sales and much of the 365-acre property has already been cleared.¹¹⁷

Current disruption in the community's environmental, social, and economic dynamics impacts livelihoods, particularly of artisanal fishermen and small farmers.

Rapid developments around the most popular beaches: Pelada, Malpaís

The most popular beaches have grown to the point that they are rapidly affecting other beaches and surrounding towns.

At first glance, it is quite striking to see international restaurants, ice cream shops, and luxury apartments in the middle of the jungle on a dirt road. In an informal talk with one of the few Costa Rican business owners in Playa Pelada, a 15-minute drive north of Guiones, he commented that the new foreign inhabitants of Playa Pelada prefer the road to be rustic and inaccessible, thus reducing the influx of people

and preventing crime from taking place. In addition, the road in poor condition gives an adventurous image of the settlement.

With the increase in confinement in the early stages of the pandemic, Malpaís, traditionally a destination for bird watching and conservation, became a hotspot for "digital nomads" who made it possible for the tourism sector to generate economic income in the midst of the crisis, but pushed for improvements in the provision of internet and teleworking spaces. Over time, some of these people decided to stay or told others with more purchasing power about the destination.

Costa Rican business owners and community activists lamented that they were exhausted and no longer had a low season.

Public services have not kept pace with the population explosion and the development of tourism businesses. The canton of Cóbano, with no urban or coastal regulation plan, has very few police patrols and traffic surveillance is scarce. On unmarked roads, luxury cars compete with motorcycles without license plates at high speeds. Wildlife and human accidents have become common.

¹¹⁶ Navas, 2014.

¹¹⁷ "Costa Brava Luxury Community," Costa Brava, May 16, 2022, <https://www.costabracr.com/>.

What Can be Done

Taxing Luxury Properties

One key benefit for those living abroad who want to purchase property in Guanacaste is that property taxes in Costa Rica are quite low.

Property taxes are an important source of fundraising for local municipal governments. Costa Rica Law No. 7509 requires homeowners to pay a 0.25 percent annual property tax.¹¹⁸ There is also a luxury tax that was approved in 2008. It applies to properties valued at ₡137 million or roughly \$200,000, and 0.25 to 0.55 percent, depending on the property's value.¹¹⁹

Even with the luxury tax, property taxes in Costa Rica are still significantly lower than most places in the United States, where property tax rates can be over two percent of the home's value.¹²⁰ While raising taxes on luxury properties has received political backing in Costa Rica's National Assembly,¹²¹ the country has yet to significantly increase this tax.

Cash-strapped municipalities are failing to reap the full benefits of gated luxury communities owned in part by rich foreigners. Low property taxes are a selling point for real estate companies and are key to fueling residential tourism.



Photo 14: Ongoing construction of luxury home in Playa Pelada, Guanacaste.

Better Planning

A lack of coordination at the local and national government levels has helped fuel the rapid rise in luxury-style residential properties.

As of 2020, only 41 of Costa Rica's 82 cantones had a valid zoning plan in place.¹²² Of the remaining cantons, 20 had plans that were under development and 21 had not yet initiated any action. Within Guanacaste, the cantons of Liberia, Nicoya, Santa Cruz, and Tilarán have active zoning plans.

These zoning plans cover only 35.5 kilometers of the 94.5 kilometers of coast within the canton of Santa Cruz are covered by a zoning plan.¹²³ The lack of zoning plans along the coast have made it difficult to control growth.

118 "Ley De Impuesto Sobre Bienes Inmuebles LEYES N° 7509," Ley de Impuesto sobre Bienes Inmuebles LEYES N° 7509 § (1995), http://www.pgrweb.go.cr/scij/Busqueda/Normativa/Normas/nrm_texto_completo.aspx?param1=NRTC&nValor1=1&nValor2=26598&nValor3=89982.

119 Josué Alfaro, "¿Quiénes Pagarian El Reformado Impuesto a Casas De Lujo En Costa Rica, Cómo Lo Harían y En Cuánto Subiría Su Tarifa?" *El Financiero* (El Financiero, November 25, 2021), <https://www.elfinanciero.cr/economia-y-politica/quienes-pagarian-el-reformado-impuesto-a-casas-de-ZAALLY5YRC57GCRNS3HCFVFVE/story/>.

120 Samuel Stebbins and Michael B. Sauter, "How Much Are Property Taxes across the US? Differences Can Be in the Thousands of Dollars," *USA Today* (Gannett Satellite Information Network, March 3, 2020), <https://www.usatoday.com/story/money/2020/03/03/states-with-the-highest-and-lowest-property-taxes/11375916/>.

121 Alfaro, 2021.

122 "Liberia, Nicoya, Santa Cruz y Tilarán Forman Parte De Los 41 Cantones Del País Con Un Plan Regulador Vigente," *Periodico Mensaje*, March 11, 2020, <https://www.periodicomensaje.com/guanacaste/4691-liberia-nicoya-santa-cruz-y-tilaran-forman-parte-de-los-41-cantones-del-pais-con-un-plan-regulador-vigente>.

123 Andrea Rodríguez Valverde, *La Voz De Guanacaste*, January 7, 2020, <https://vozdeguanacaste.com/verdadero-santa-cruz-solo-tiene-355-km-de-costa-con-planes-reguladores/>.

"In my criteria, a municipality without a zoning plan doesn't have the tools for adequate operation," said Luis Fernando Maykall of the Institute for Municipal Development in a 2007 interview with *The Tico Times*. *"Zoning plans are an essential tool for the use of physical space... It has to be compatible with the environment and sustainable over time."*¹²⁴

With no slowdown in sight, it is imperative that coastal cantons in Guanacaste publish comprehensive zoning plans to better understand, control, and mitigate the effects of coastal development while adhering to climate change projections, and ensuring timely measures for adaptation.

Enforcing the Law

Many of Costa Rica's environmental and social problems come from the failure to enforce existing laws. Municipalities overseeing once quiet beach communities often lack the infrastructure to keep up with the pace of this massive onslaught of development.

A 2021 study showed four in 10 houses in Costa Rica were constructed without building permits, with the lowest percentage of proper houses taking place in Guanacaste.¹²⁵

"The reality is very different from the theory because they don't enforce these laws. These environmental laws remain on paper," said one Marbella resident.

Costa Rica's municipalities must have the staff and resources to enforce the law, especially in areas where development is growing rapidly, with special attention to the Regulatory Plans, and long-term adaptation strategies.

Ecological And Community-Based Tourism

While Guanacaste's reliance on luxury-style residential tourism and high-end all-inclusive resorts has provided jobs and raised property values, it has often been downright harmful to local communities.¹²⁶

Other forms of tourism, such as ecological and rural community-based tourism, have been suggested as welcome alternatives.¹²⁷ Companies and tourists can consider patronizing businesses that have received Certification for Sustainable Tourism (CST) from The Costa Rican Tourism Institute.

Educating Homebuyers

Many people looking to purchase property in Costa Rica are often drawn to the country for its natural beauty and peaceful nature. Since many people come here in search of an eco-conscious lifestyle, developers are often quick to brand their luxury properties and gated communities using environmentally friendly language.

One development in Marbella advertises itself as a "philosophy of respect, preservation, and support of this native culture, arts and way of life."¹²⁸ A rocky relationship between locals and developers in Marbella suggests a less than harmonious balance.

With a clear lack of oversight in the real estate market, there must be better literature in place to educate potential homebuyers. Resources must be made available to provide a better understanding about the extent to which current development is exacerbating the effects of the climate and ecological crises.

¹²⁴ "Plan Regulador 101: Zoning Basics," *The Tico Times*, March 30, 2007, <https://ticotimes.net/2007/03/30/plan-regulador-101-zoning-basics>.

¹²⁵ "4 De Cada 10 Construcciones Sin Permiso En El Pais," *Repretel*, April 7, 2021, <https://www.repretel.com/noticia/4-de-cada-10-construcciones-sin-permiso-en-el-pais/>.

¹²⁶ Barrantes-Reynolds 2011, 65.

¹²⁷ Alexander Ramirez, "Así Piensa Realmente Villalta: 'Megaturismo Ha Favorecido Poco El Desarrollo De Pueblos,'" *CRHoy.com*, January 27, 2022, <https://www.crhoy.com/nacionales/asi-piensa-realmente-villalta-megaturismo-ha-favorecido-poco-el-desarrollo-de-pueblos/>.

¹²⁸ "Discover the Magic of Marbella," *Costa Dorada Marbella*, accessed August 23, 2022, <https://costadoradamarbella.com/>.



Photo 15: Group of foreign tourists enjoy a cloudy day at San Juanillo beach.

Effective Protection For Human Rights And Environmental Defenders

Most of the activists with whom we spoke during the fieldwork for this research asked that we not publish their names. This was especially true for Costa Ricans, many of whom depend on tourism for income.

“Unfortunately, those who give us jobs here are foreigners. I am very active but, at the end of the day, I have a job in reception that pays me less than \$600 a month,” said one local activist.

“I want to take up the fight again, but at the same time the fight does not exist, because it is like biting the hand that feeds you. It is part of why there are no construction regulations. It also reduces our job opportunities, so I have been wanting to leave here.”

Some people have even received direct threats and attacks for their participation in local organizations

and opposition to uncontrolled tourism development. Those who have the means to afford private security continue to get involved, while those who do not have their own businesses prefer to participate only when the movement is widespread.

As long as these individuals and organizations are left unprotected, any other measure taken will have a limited effect.

Implementing Ecological Restoration Plans

It is estimated that more than 70 percent of the Nicoya Peninsula should be covered by forest due to its physiographic conditions. There are forest recovery initiatives, such as the Peninsular Biological Corridor in the Protected Zone of the Southern Nicoya Peninsula.¹²⁹

In addition to improving the capacities of biological corridors, ecological restoration plans are needed. These should incorporate human settlements, hotels, gardens, and public areas. Costa Rica’s National Landscape Rehabilitation Strategy aims to achieve 60.4% national forest cover by 2030, particularly in productive areas, as well as a diagnosis and strategy on the state of health of coastal marine ecosystems.¹³⁰

This is especially important for the “lowland dry deciduous forests”, part of the Central American dry forest ecoregion, one of the most heavily transformed in Central America. Restoration in this type of ecosystem is considered complex, so it is a priority to conserve the remnants of forest that still exist and integrate them into a productive landscape matrix to meet the needs of a growing population that will require the associated ecosystem services.¹³¹

¹²⁹ SINAC. Recuperación del bosque en la Zona Protectora del Sur de la Península de Nicoya y el Corredor Biológico Peninsular. Área de Conservación Tempisque. San José, Costa Rica, 2022, 5, 8. <https://www.sinac.go.cr/ES/publicaciones/Gestion%20del%20Conocimiento/12%20ACT%20Corredor%20Biol%3%B3gico%20Peninsular.pdf>

¹³⁰ MINAE, SINAC and MAG. Estrategia nacional de restauración de paisajes de Costa Rica (EN5-CR) 2021 – 2050. Ministerio de Ambiente y Energía, Sistema Nacional de Áreas de Conservación, Ministerio de Agricultura de Costa Rica, 2021, 22, 44. https://www.sinac.go.cr/ES/noticias/Documents/Estrategia%20Nacional%20de%20Restauraci%3%B3n%20de%20Paisajes%20de%20Costa%20Rica_digital_vf.pdf

¹³¹ MINAE, SINAC, CONAGEBIO, and FONAFIFO. Resumen del Sexto Informe Nacional de Costa Rica ante el Convenio de Diversidad Biológica. Programa de Naciones Unidas para el Desarrollo - Apoyo técnico para que las Partes Elegibles desarrollen el Sexto Informe Nacional para el CDB (6NR-LAC) Costa Rica, 2018, 17. https://www.chmcostarica.go.cr/sites/default/files/content/Estado%20de%20la%20Biodiversidad_lectura%20digital.pdf

The effects of climate change on biodiversity are particularly severe in ecosystems that are already significantly altered by human activities. In this case, the remnants of smaller ecosystems are severely affected by fragmentation and can only sustain small populations, which tend to become more vulnerable to extinction as the size of the remaining forests decreases. Meanwhile, biodiversity can be a tool for adaptation to increasingly costly droughts, floods, and other climatic impacts.¹³²

¹³² MINAE, SINAC, CONAGEBIO, and FONAFIFO, 13.