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## SECOND HOMES AND THE NEED FOR POLICY PLANNING

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*For years second home tourism has been an issue of discussion between tourist experts, real estate agents and politicians in both Mediterranean countries and Alpine destinations, however it has not raised much concern in academic circles. The aim of this paper is to analyze the second home phenomenon in order to acquire a better understanding of the overall situation and give an insight into the aspects and needs for policy planning. For this purpose South Tyrol has been taken as a case study, and a comprehensive overview of the situation has been determined through both quantitative and qualitative investigation on opinions and attitudes of second home owners, local residents, politicians, real estate agents. The outcome of this paper is a holistic picture of the phenomenon, which examines the positive and negative impacts and shows the need for public regulation through land use planning.*

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**Keywords:** *second homes; policy planning; economic impacts; tourism development*

JEL Classification: *L83, M1, O1*

### INTRODUCTION

Second home tourism covers all relationships, behaviours, and actions that result from travelling to, and staying at, the second home. It is a flow of singular permanence and strength as compared with other forms of tourism: once a second home owner has acquired a second home, he may visit it regularly and year after year, spending his holiday and money within the second home region, without a single word of encouragement or promotion from any tourist board. These second home owners also



fulfil a very important word-to-mouth function, especially if they belong to key customer groups.

On the other hand, this phenomenon causes a series of problems and difficulties mainly connected to a lack of sustainable development of a destination. A large territory is needed for just a few overnight stays of the owner. Often second homes are not rented out and are only used by the owners.

The size of the second home market is substantial. For example, in Finland it is estimated that in 2003 there were 465.000 second homes meaning that every sixth family owned a second home, while every second family had access to a second home through friends or extended family relations (Hall and Page, 2006). While some countries actively seek transnational investment by second home purchasers, for example Malaysia and Dubai, other countries, notably Australia, impose barriers to second home ownership by non-citizens.

The question as to whether second homes are a curse or blessing to the receiving communities is still rather difficult to answer. It depends on both structural and perceptual issues. To maximize the positive effects and to minimize the negative effects local authorities should include second home development in their country development plans. A better understanding of the second home development is essential and questions need to be asked about the role of second home owners, land use policies, property taxation and service provision. Furthermore, second home planning issues need to be continuously adjusted, because changes in population distribution, population composition, family structures and tourism preferences all affect the future second home tourism.

While many people own second homes as rental properties and financial investments, here we focus on second homes that function as recreational or vacation properties. The aim of this research is to analyse and determine local residents' attitudes towards the second home phenomenon, to understand the changes that the growth of second home bring to their life by analysing concerns and the issues that they face as a result of second home development. Furthermore, this research provides an insight into second home owners, who they are, why they bought a second home and the use they make of their second home. The final objective of this research is to provide a holistic picture of the historical context of second homes and to understand future developments. The field of research is South-Tyrol, an autonomous province in northern Italy of 7,400 km<sup>2</sup> (of which 64% over 1,500 meters above sea level) counting 10,526 second homes.

## **IMPACTS OF SECOND HOMES**

Second home owners are tourists and as such they exert similar impacts on the hosting community. However, the typical characteristics of second home tourism, such as the long duration of visits and the return to the same place year after year, make some impacts stronger than in other forms of tourism. Second home tourism requires also the purchase of property in the destination and thus implies the development of different social and economic relationships than other forms of tourism.

The main impacts are of economic, social or environmental character; whether the outcome of second home tourism is regarded as positive or negative by communities can depend heavily upon local circumstances.

At the local level, second homes provide a flow of money into the importing region, through the initial purchase price of the property, spending on renovation and improvements, increased tax incomes and spending on food, leisure and other services. Once an owner has acquired a second home, he will visit the same area year after year without the need for any words of encouragement from a tourist office. Second home tourism can also contribute to the growth of other types of tourism for example by attracting friends and relatives to the area, instigating regional development, highlighting benefits tourists can bring to the area and creating facilities for other tourist types.

Clearly the economic impact of second homes needs to be seen in the local context and is heavily dependant on the types of dwellings converted into second home use. Where there is direct market competition and the exclusion of locals, any economic contribution is negated by the loss of locally-derived revenue and adverse social impact. However where there is clear separation between the markets, the economic contribution may be locally significant. Furthermore, there is an increase in costs for the provision of additional infrastructure and services for the tourists, like garbage collection and water supply. For the local residents second home tourism can cause, in addition to the increase in property prices, also an increase in the cost of local goods because of the higher demand.

Concerns about the impact of second homes often have been expressed in terms of conflicting interests of locals and outsiders. One of the biggest concerns is that as a result of growing numbers of second homes land prices and rates increase and are often pushed beyond the means of permanent residents. Local families are being squeezed out of their hometown, because they can not afford to purchase a property or they cannot pay the increased property taxes. However, some people, as

home owners, do not have this displacement pressure. They might tend to welcome the investment that second home buyers inject into this market because it will increase the potential value of their own properties (Gallent, et al., 2005).

The social and cultural impacts of the out-migration of locals can cause complete villages to be transformed in seasonal resorts that are uninhabited for most of the year. These villages lose their authentic character, cultural identity and ancient traditions disappear and in the end the villages lose also their attractiveness for tourists. Additionally “ghost towns” encourage the growth of the crime rate. On the other side rural employment opportunities in agriculture, forestry, fishery and manufacturing industry are disappearing. Therefore the out-migration of locals may not necessarily be a product of any housing shortage brought about by planning constraints or second home pressures: it may result from an aspiration amongst younger people, to seek better opportunities elsewhere – either education or work related. The second home owners often only fill the gaps caused by these migrants.

Second home owners are visibly different from year-round residents in terms of status, values, behaviour and attitudes. Müller (2002) has characterised cottage owners as “leisure gentrifiers” pointing out their perception of the countryside as a recreational resource ready for consumption and their characteristic seasonal circulation. Therefore agriculture activities may not be welcome by second home owners, because of the noise or the smell they provoke.

Nevertheless, although in some cases second home owners appreciate the same landscape and heritage aspects as local people do, they tend to be more conservative and less positive toward changes. According to Müller (2002) they have an ideal image in their mind when purchasing a second home and this museum-strategy aiming at preserving the countryside in an imagined state without leaving trances can entail conflicts with the local population. For the inhabitants on the other side local development could be important

Therefore the living together of second home owners and locals is a big challenge because of different backgrounds, different opinions, and different expectations; the second home development will have to balance these competing demands on resources. It is important that also the second home owners have the possibility to contribute to the development of an area and represent their interests. The integration depends also on the social ambitions and strategies of the second home owners themselves and is facilitated if they have relatives in the second home destination.

Integration difficulties are also caused by language and tradition diversity. When second home owners come from overseas countries, contact with the local population is limited. Hence contact with other second home owners, often of the same nationality, may substitute for the desired life among the locals, and may even be the goal of some second home owners – such as the British in the Costa del Sol (Lew et al., 2004).

In environmental terms, second homes may be seen as inherently unsustainable: they add to housing pressure in the countryside, contribute to land-take, and serve no particular accommodation need. According to Breuer (2005) the environmental impacts in the host community are mainly caused by the increasing population during the peak season, what has several effects on the water supply, the sewage system, the road infrastructure pollution and the refuse collection and can result in a big trouble, especially if there is a lack of adequate planning. The construction of purpose build vacation homes means that the landscape becomes heavily built up. However second home owners do care about the environment and sometimes take an active part in the preservation of the area. On the opposite side the conversion of vacant dwellings into second homes may offer positive environmental benefits as restoration and change of use can lead to the preservation of derelict properties on the verge of being demolished. On the other hand the purpose-build second homes have often a poor design and do not fit into the townscape.

## **PLANNING AND MANAGEMENT ISSUES**

As stated in the earlier paragraphs, second homes are now an integral component of both rural and urban areas and as such exert impacts (for certain aspects positive impacts, for others negative ones) on the local community and environment. Second homes should therefore be incorporated into the strategic planning process that local and regional councils should undertake if they are to ensure sustainable regional development.

According to Gallent et al. (2005), “many of the more general studies end by examining the need for a policy response towards the expansion of second home ownership; these responses often involve the encouragement of growth (to maximize possible benefits), the curbing of growth (to minimize associated costs) or a compromise solution which involves the regulation of supply and demand and the channelling of development.” Increasingly it is recognised that growth in the number of second homes is not an isolated phenomenon but connects to various other elements of

social change and to the macro economy; for this reason, any policy response should be grounded in a full understanding of wider concerns.

Planning depends on how the impact of second home tourism is interpreted and what are the aims of the area. As mentioned by Gallent and Tewdwr-Jones (2000), planning has two main objectives: to minimize the potentially negative impact and to optimize possible benefits. In order to achieve these objectives, the potential costs and benefits of the development need to be considered before policy responses are formulated (Gallent and Tewdwr-Jones, 2000)

Planning for housing and land use, and therefore also second home planning, generally lies within the realm of local government. Local authorities should identify the scale and nature of the second home phenomenon as existing across the whole of their administrative areas. This involves an assessment of the use of existing stock, future stock and the dwelling types involved. It can be an advantage for local government to assume responsibility for establishing regulations and for undertaking the planning and policy of second home development because the phenomenon is different in every location. While this means that local authorities are in a strong position to guide development, it can also result in a lack of consistency in planning guidelines throughout the region or state (Hall and Müller, 2004).

Second homes provide local councils with planning problems similar to those of first homes, particularly infrastructure development. However there are also distinct tourism-related considerations associated with issues of seasonal utilisation, host community conflicts, user group conflicts, and contribution to regional economic development. So the local governments may also have a significant role in relation to social impacts, as they can regulate development so as not to incur conflicts between second home owners and various groups. Examples of social conflicts include disagreement between locals and second home residents regarding levels of development, conflicts due to perceived social inequality, and competition for the use of land.

Unfortunately the lack of understanding of and research on second homes often makes effective planning and policy setting extremely difficult. One problem is probably that there is no legal distinction between second and primary homes. How can appropriate levels of services be determined? If second homes are eventually overtaken by residential tourism and suburbia, when should services be upgraded and who will pay for them? An important aspect of statistics is to show seasonal highs such as summer school holidays and to consider also visits to the second homes of friends or relatives. A problem is the seasonality

in resident populations induced by second home tourism. Managing seasonality is a challenge for the whole tourism sector. Especially the over- and underutilisation of services during certain periods, the huge traffic congestion and water consumption during the peak season and exclusively temporary employment are problems that need to be managed. Additionally, the vacant second homes are at risk of burglary. In second home tourism there is also the problem that the considerable increase in the population during certain periods is usually neglected in official population statistics.

Another management issue is the response of second home owners to development, and how they can be included in planning decisions. For national governments it is a challenge to manage the situation that nowadays many people have multiple homes, and want to participate not only in the development of their first residence. By establishing a local association that enables the second home owner to act as a partner of the local authorities in planning issues, the local government can comply with this trend of multiple homes.

## **POLICY RESPONSES**

As stated by Gallent et al. (2005), policies should attempt to absorb the demand for second homes while at the same time directing that demand away from those communities which are at risk from the intrusions. This would be achieved by identifying sites suitable for purpose-built second home developments and using development control to discourage developments in unsuitable areas. Planning authorities direct second homes into certain settlements where their impact is beneficial rather than damaging. For example they can be used to assist the preservation of historic or other properties which would otherwise fall derelict or be neglected. Another policy option might be to promote second home ownership in such a way as to maximise economic benefits, whilst diverting demand away from existing housing stock.

Promoting economic and social development at the local and national level is seen as the best long-term mechanism for bringing the housing and employment chances of rural households into parity with their urban counterparts. Because some locals fall into the “low income – low wealth” consumption class, they may not be able to successfully compete for market housing against more prosperous incomers; it follows that one solution is to provide non-market alternatives. However this is often difficult to realize because of insufficient funding and a lack of commitment to a comprehensive rural housing programme. The

alternative option is to reduce external demand for rural housing by increasing the price and maintenance costs for second homes or adopting a property licensing scheme.

In terms of new development, occupancy may be controlled by specific local need policies written into the local development plans.

Local councils can do this through the control of the share of dwellings designated for local people in a certain area. There can also be areas where a 100% of first homes are prescribed and non-local buyers are completely excluded. This leads to two distinctive housing markets and to affordable prices for the local population. In areas with no demand for first homes this regulation will not be successful, because there will be a stop of the building sector. An alternative way to limit the construction of second homes is to dictate a minimum amount of the living space of dwellings. The thought behind this is that first family homes are more spacious than second tourism homes. However this is not true any more, because of increasing single households and the increasing demand for bigger second homes.

Some governments try to regulate the second home market by giving advantages to the constructors of first homes and reduce the building site if second homes are built. To preserve the landscape this regulations are not very useful, because planning should include the different characteristics of the area and not depend just on who is using the dwellings.

According to Weber et al. (2007) a further option to control the construction of second homes is keeping the demand high and satisfying it step by step. Every year according to the demand and the availability of land, local authorities provide a certain amount of ground for the construction of second homes. This allows a goal-directed planning on a long term basis. However because of the reduction of supply, the ground prices might increase and get unaffordable for locals.

Instead of rules and prohibitions, financial measures can be used to control the second home development. These measures are designed to increase the overall cost of second home ownership and include restrictions on improvement grant availability, the levying of differential council taxes, tax penalties for second home owners, a general levy on the purchase price of second homes and restrictions on mortgage advances for second home purchase. Gallent and Tewdwr-Jones (2000) argue that these options could not differentiate between different types of second homes and would therefore undermine the contribution that some second home owners make. Instead, the additional revenue raised by local authorities

could than be used to subsidise new affordable housing projects and to reduce the financial burden of a destination.

Since many owners use their second home only occasionally, the possibilities should exist for an extended use of the properties. If the properties were to be used just an extra two weeks per year, the local population would benefit greatly from the additional money spent during these weeks. One type of extended use is renting. However it must be ascertained if there is any interest in renting out the house by the owner (Hall and Müller, 2004). The majority of second home owners do not rent out their property. The potential disadvantages or disutility from renting out may outweigh the economic benefits or utility. Factors discouraging second home owners from letting their properties are economic, social or psychological (Bieger et al., 2006; Claveria & Datzira, 2009). Economic factors include high transaction costs, lack of an accurate rate of return through high taxes on returns from rent or no economic interest due to owners' existing wealth. Social factors are the fear of losing prestige and reluctance to host people with different habits including smokers, families, house-pets different religions and countries of origin. Psychological reasons for not renting second homes are the loss of the potential freedom to use the second home any time on any basis, the feeling of losing control and intimacy or the loss of an important identification element. Thus, as a rational argument, financial opportunities are only likely to appeal to a part of second home owners (Bieger et al., 2006; Kayat, 2010). Hence, persuading non-renters to rent becomes a more challenging task, because it must overcome also psychological and social barriers. Consequently many second homes remain vacant for most of the year. However irrespective of whether second homes are used regularly or not at all, destinations still have to provide peak oriented communal infrastructure, which is not used in the other months of the year. From a destination point of view, the willingness to rent out can be supported by changing the economic framework (for example second home taxation), addressing some of the inconvenience of renting out such as troubles and damages and reduce the psychological costs of renting out by model contracts, efficient distribution, administrative support, communication platforms, support by professional renting agencies, cleaning and maintenance services and so on.

It is clear that promoting the tourist industry, provides a significant part of a long term strategy which is necessary to raise local income levels. The local government should indicate clear support for tourism in

local plans, provide tourist infrastructure and have a direct hand in second home development and the promotion of the area as a tourist destination.

Hotels are important to a tourist destination; because of the continuous flow of guests they stimulate the area, create employment, improve the efficiency of the existing infrastructure and increase the consumption of local goods. In areas with a large number of second homes there is the risk that hotels are replaced by second homes.

## **METHODOLOGY**

The data used in this study were obtained from a survey in which 176 semi-structured interviews were conducted. These include 28 interviews with experts of different fields affected or involved in the second home phenomenon including mayors of the municipalities most affected by second home tourism, directors of large real estate agencies, directors of destinations' tourism boards, representatives of the provincial tourism department and the development department; 80 interviews with local residents and 68 interviews with second home owners. The survey was conducted in February 2009 and the selection of the interviewees was made completely randomly. People from the four municipalities with the highest share of second homes were interviewed while waiting for the bus, relaxing on a bench next to a ski resort, or just while walking around in the centre of the towns. The questionnaires for second home owners included open questions as well as closed questions to increase the possibility of comparison between the groups. Before answering the questionnaires, the research topic was introduced to the interviewees and the reasons for and the aims of the research were explained. The language used was Italian or German, according to the language of the interviewed people. The representativeness of the second home owner sample is given by the fact that the demographic profile corresponds to the percentages given by a quantitative research conducted on second home owners by the provincial office for statistics (ASTAT) in 2006.

The general objectives for interviewing local residents were to acquire their attitudes towards the second home phenomenon, to get information about the changes that the growth of second homes brings to their life, and to know their concerns and the issues that they face as a result of second homes development. The general objectives of interviewing second home owners were to get first hand information on why they bought a second home and why they appreciate it, how they use their second home and the future use of their second home. Finally general information about the second home owner, including age, origin,

sex and profession has been collected. Finally, the objectives of interviewing government officials, real estate agents and other people affected by the second home phenomenon were to better understand the historical context of second homes in South Tyrol, to get first hand information about the status of second homes in South Tyrol, to supplement available secondary material, to observe their perspectives and concerns regarding the second home phenomenon in South Tyrol and to get access to insider documents and local studies.

The collected data have some limitations. First of all, second home tourism has become more and more an electoral battle, what may have influenced the answers of the interviewed mayors and directors of public organisations. A second limitation is the number of the sample. It is not an easy task to collect the data, in particular for second home owners, because most of them cannot be identified or are not available for interviews. The small number implies that the answers given by the second home owners as well as by the local residents should not be over interpreted. All the cases should be regarded more as examples of the purchasing behaviour of second home owners, how they actually use the estate and what impacts the second home phenomenon may have for local residents. The survey is also limited to the second home owners visiting the area during the month of February, the winter high season of the province. If the survey had been undertaken at another time of the year, as for example August, the results might be different. We have to remember that there are two seasonal peaks of tourism in South Tyrol, one in December-February and the other in July-August.

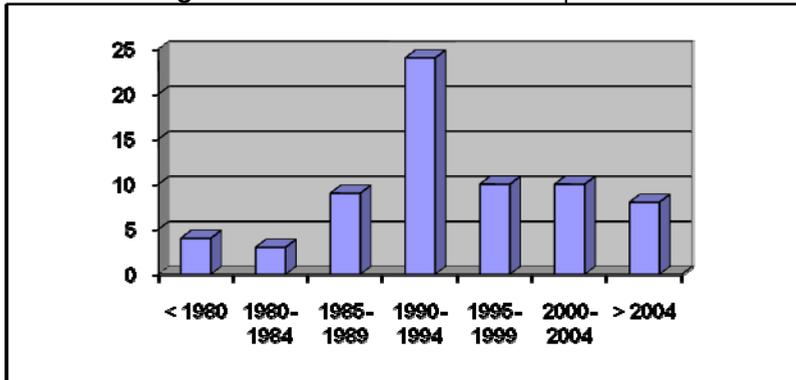
The results presented in the following section, where necessary, are integrated and compared with data from a previous quantitative study on second homes conducted in 2006 by the provincial office for statistics (ASTAT) and the data are suitably referenced.

## **RESULTS**

There have been different periods of increased demand for South Tyrol as a second home destination.

Figure 1 shows that the second home phenomenon in South Tyrol started to be relevant in the late 1980s and that there has been a second home boom at the beginning of the 1990s. According to the data collected by the authors of this paper, the interest in second homes continues, as some of the interviewees said they had purchased their apartment during the last four years.

**Figure 1** Year of second home acquisition



### **Characteristics of the properties and the method of acquisition**

Only 6% of the interviewed second home owners acquired their second home through inheritance, while all the others bought it. This can be explained by the fact that most of the apartments were acquired during the nineties, and consequently most of the second home purchasers are still alive and well and using their second home. According to the real estate agents the most important factor for second home buyers when deciding to buy is the location of the property and the beauty of the landscape. They are looking for tranquillity, nature, the mountains and the tourist infrastructures. Another important issue is the closeness to infrastructures like hospital, pharmacy and police that gives a feeling of security. There are actually two kinds of potential buyers. The first group is looking for a second home somewhere in the country and in small villages. The second group is keen to buy a second home in the historical centre of the town. They are even willing to accept that there is no balcony or garage, because they love the charm of the old town. However the quality and the architectural style are also an important feature to them. Their dream is to own a solitary house on a hill, possibly with a low price. But they are willing to lower their expectations if this is impossible. They look for property with a traditional style. Of course also accessibility influences the decision. The price only plays a secondary role. There are a few who buy more than one apartment for investment. Often these apartments are rented out to local residents. Usually they purchase only one second home for the personal use. According to our

sample, real estate agencies play an important role in the purchase of the second home; however 34% of the second home owners purchased their properties privately. Just a few bought their second home directly from a housing developer or through auctions. Most second home owners (79%) considered it quite easy to find a suitable estate for the purchase, while 21% declared to have experienced some difficulties.

All of the interviewed second home owners stated that they had known the area before purchasing their second home and 95,6% affirmed that they knew the area from previous holidays. The remaining 4,4% of those interviewed knew the area from their working experiences.

According to the real estate agents differences can be noted between first homes and second homes. The prospective second home buyers look for smaller apartments, to keep the price down and possibly create less work for maintenance. Most of the second homes sold are two rooms properties. This is confirmed by the data acquired by (ASTAT, 2006) by which the average size of a second home amounts to 64.42 m<sup>2</sup>. The potential second home owners also appreciate houses which are listed for preservation and know how to make use of the tax advantages offered. They are also especially interested in ecological houses. On the other hand locals, who want to buy a first home, are generally more conditioned by the price and are looking for cheaper and often also for used properties. According to Astat (2006), 90,5% of the second homes are owned by a proprietor, while 7,5% are time sharing properties and 2,1% are attributed to use in usufruct. These various types of ownership differ also as to the size of the property. While second homes owned by a proprietor have an average size of 65,32 m<sup>2</sup>, apartments with time sharing are usually smaller with an average size of 48,84 m<sup>2</sup> and apartments attributed to usufruct are bigger with an average size of 81,48 m<sup>2</sup> (Astat, 2006). The totality of the second home owners interviewed by the authors of this paper does not regret the second home purchase: 61 out of 68 interviewees are still satisfied while 7 stated to be quite satisfied with their property.

### **Origin of the second owners and attraction of the region**

The study conducted by ASTAT (2006) analysed the origin of the second home owners and determined the attraction of the region. The majority of second home owners are from Italy (78,1%) and Germany (19,0%); whereas one third of the Italian owners are from South Tyrol. The share of second home owners from the other two neighbouring countries Austria and Switzerland is small (1,7% and 0,4% respectively).

A remaining 0,7 percent of the second homes belong to owners of other countries. The index of attraction is calculated as the proportion between second homes that belong to the inhabitants of a certain country and the population of the country. This index shows how attractive South Tyrol is as second home destination to a certain country independently of its total population and therefore allows a direct comparison of the data. If we compare Italy, Germany, Austria and Switzerland, the country with the highest index of attraction is Italy (1,29 second homes for every 10.000 inhabitants and 0,87 second homes without the inhabitants of South Tyrol). This shows us that South Tyrol is particularly attractive to Italians as a second home destination. The interest of Austrian and German inhabitants is almost the same (index of attraction of 0,20 and 0,21 respectively). The high share of Italian second home owners can partly be attributed to the residents of South Tyrol who count for almost one third (32,7%) of the Italian owners. A further big part of Italian owners come from Lombardia (17,7%), Veneto (17,0%) and Emilia Romagna (11,9%).

If we observe the attraction of South Tyrol as a second home destination for Italian tourists, it can be pointed out that South Tyrol is with an attraction index of 51,00 especially attractive to citizens of South Tyrol. After a big gap follows Veneto with an attraction index of 2,70, Trentino with 2,25 and Emilia Romagna with 2,15. Also for citizens from Friuli Venezia Giulia and for citizens of the Lombardia South Tyrol has an attraction index of more than 1.

### **Demographic characteristics of second owners**

According to our sample the mean age of the second home owners is between 51 and 60. This represents the age segment of people who are well established on the labour market and the housing market and can permit themselves a second home. This matches the observation of the interviewed real estate agents who stated that second home buyers are normally between 40 and 50 and already own a first home. The survey showed a surprisingly high percentage of women owning a second home. 67,6% of the second homes of the sample belonged to women. However this may be for fiscal reasons. The real estate agents identified that the second home buyers normally have jobs with high salaries. The dominating professions among interviewed second home owners were freelancer professionals, businessmen and professors.

## **Reasons for the acquisition of second homes**

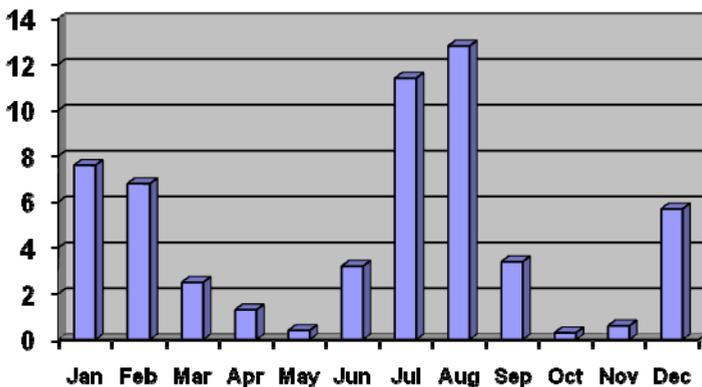
The physical environment is the key factor in the attractiveness of South Tyrol for all second home owners in the survey. According to the interviews, the three most appreciated aspects of second homes are to enjoy nature (67,6%) the peacefulness of the area (50%) and the cleanliness and health of the area. A further important aspect, especially to families, is closeness to ski resorts. Second home owners declare to feel more comfortable and relaxed at their house than in a hospitality structure because they are staying in their own home, where they have all their sports equipment ready for use and don't have to bring it with them. In addition they can sleep in their own bed, have their own furniture and have more space available then in a hotel room. Another advantage stated by the interviewees is that everything takes part within the family and that gives them more quality time as a family. They also stated that it is more restful and relaxing to stay in their own second home than to stay in a hotel where there are always strangers around.

## **Usage of the second homes**

The average use of the second home amounts to 56 days a year. Almost all the interviewees declare coming by private car to their second home. The motivation is that car gives easy accessibility to the second home and allows the transportation of the necessities and belongings, groceries and tools. In average, there are 3,1 people staying in the second home and 43 out of 68 second home owners affirmed that the utilization of the second home is limited to personal use while the remaining 25 lend it to relatives and friends. None of the interviewees declared that they rent it out to third persons. Figure 2 shows how many days the second home households spend in their holiday home during each month.

Second homes are mainly used in the summertime during July and August and in the winter during December, January and February. These are generally the peak seasons for tourism in South Tyrol. Finally, only two out of 68 declare doing remote work from their second home, confirming that second homes are used mostly for relaxation and distance themselves from their working life.

**Figure 2** Average use of the second homes.



### **Integration, socialization and conflicts**

The second home owners were asked if they socialize with other second home owners of the area. 84% of the interviewees stated that they are in regular contact with various second home owners of the area. Especially Italian second home owners emphasized the fact that they appreciate meeting their friends who spend their holidays in the area. These findings capture the blend of the routine that characterises second home life and suggest that users not only escape from home life, but enrich lives by cultivating existing friends and gaining new friendships in the second home destination. The integration with the local people was generally seen as quite difficult. Many second home owners claimed that they don't feel integrated at all and the main contacts they have are with other second home owners or tourists. This finding suggests an image of second home owners existing as a distinctive group within the local community. Also the local residents were asked about the integration of the second home owners and where possible conflicts might arise. While some residents affirmed that it is difficult to really know which are the second home owners or to even become friends with them, 35% of the residents know one or more second home owners whom they consider friends. Second home owners usually don't take part in local activities and, on the other hand, there are many events organized for tourists and second home owners where normally not a lot of local residents take part. Therefore, we can't really speak of a social integration between residents and second home owners. Almost all of the residents (92,25%) noticed

that there are conflicts between second home owners and residents. The reasons named are that the second home owners demand too much influence in the development of the towns. Residents are often annoyed that the second home owners want to impose their ideas and interests even if they are living in the municipality for only a short period of the year. Other reasons for conflicts mentioned by second home owners are jealousy because second home owners are generally wealthier than the local people. On the other side, local people feel that the second home owners are taking away their apartments and some of them feel uncomfortable, because second home owners like to show off their wealth.

## **Impacts**

In the short term there are some positive economic impacts of second homes, especially for the local construction industry, craftsmen, real estate agents and economic advisors. In addition second home owners pay taxes and rates, use the local infrastructure and can be a social enrichment for the town. However in the long term, the negative effects prevail over the positive effects. According to the literature analysed in the first section of this paper, among the negative impacts we can list the following: increased property and rental prices because of housing speculation; high land consumption; overloading of the infrastructure during the peak season; former hotel guests are lost because they buy a second home; second home owners don't take part in club activities and the social life of the town. These negative impacts arise when a certain share of second homes within a town is exceeded. If the share of second homes is not too big this also contributes to economic opportunities, and can increase the popularity of a destination. If we focalize on the economic impacts, it is clear that second homes don't create much additional income for the municipalities. One of the incomes is the municipal property tax (ICI), which in the most municipalities for second homes accounts for 0.7%. This is the highest possible percentage rate that can be set by the municipalities. The ICI tax is paid according to the amount of rooms of an apartment. As second homes have usually few rooms the income is not very high. For example, in 2008 the incomes through the ICI tax second homes in S. Candidio/Innichen amounted to 109.041 Euros and in S. Christina to 188.976 Euros (Municipality of Santa Cristina, 2008). Second homes pay a higher Construction Fee, which amounts up to 15% of the construction costs. In addition second home owners have to pay the tourist tax of which 95% goes to the tourist

associations and 5% stays within in municipalities. For the municipality of S.Candido/Innichen this tourist tax last year created an income of 31.015 euro. Originally every tourist had to pay this tax but now only second home owners pay it. This regulation should prevent the development of the second home phenomenon from becoming too extensive. Table 1 shows the amount of the stay contribution in the municipality of S.Candido/Innichen. To the basic fee there is added a fee according to the size of the apartment.

The high property prices in South Tyrol are almost unaffordable for local residents. Second homes are certainly not the only reason for the high property prices since the factors which affect the property prices of a certain area are numerous and complex. When we asked local residents what they think about the property prices in their hometown 65% of the residents said that the prices are either high or very high. Only 8,25% affirmed that the prices are low.

**Table 1** Tourist tax in S. Candido/Innichen,  
Municipality of Santa Cristina, 2008

Category	basic fee (euro)	0 - 80 m <sup>2</sup> euro/m <sup>2</sup>	0 - 150 m <sup>2</sup> euro/m <sup>2</sup>	0 - > 150 m <sup>2</sup> euro/m <sup>2</sup>
I	135,57	0,484	0,68	0,97
II	77,47	0,387	0,58	0,77
III	38,73	0,291	0,484	0,68
IV	29,05	0,242	0,387	0,58

To find out more about the social impact of the second home phenomenon in South Tyrol, 80 local residents were interviewed. The interviews were conducted in the 4 most affected municipalities of South Tyrol. 74 out of 80 local residents affirmed that they are aware that in their municipalities there is a high percentage of second home owners. There was only a small percentage of people (5%) who were not aware of this phenomenon. Most of the people who didn't notice that the phenomenon is quite widespread in their municipality come from a municipality where most of the second home owners are from South Tyrol and therefore are not perceived as outsiders. In a further question

local residents were asked to give an assessment of the second home phenomenon in their town. This revealed that more than 50% of the local residents think that the second home phenomenon as a whole has neither positive effects nor negative effects. When local residents were asked how the second home owners influence their daily life and what advantages or disadvantages the phenomenon brings with it, the economic advantages were especially mentioned. Several of the interviewees have contacts with the second owners while working. Residents whose work is in some way connected with second homes especially admit to benefit from the second home owners. However many residents observed that second home owners take most of the groceries and other things they consume with them from their hometown.

### **Planning and management issues**

Almost all of the interviewed residents claimed that it is important for the second home phenomenon to be in some way regulated. Local authorities must take decisions in housing development issues, so that they can regulate the supply and the demand and can influence it according to the current local situation. Twenty years ago the acquisition of second homes was only slightly controlled and this led to the uncontrolled development of second homes with resulting negative consequences. Some people claim that in this case the political reaction was too slow. A representative of a popular political party in the province stated that the real estate lobby has a big influence when political decisions are taken and the political commitment to get the second home phenomenon under control appears to be lacking. Maria Rossi Dordi, the president of the administration court of Bolzano/Bozen criticises that the provincial town planning law has a lot of modifications. According to Maria Rossi Dordi the modifications are necessary, however they should be done in a clear way and by supporting an explicit direction. She claims that in some cases the modifications seem to follow the interest of small groups or even individuals. The first steps in South Tyrolean land use planning were taken between the 1960s and the beginning of the 1970s. The second home phenomenon and the potential second home owners were investigated. Until then the process had been carried completely unplanned. In the early 70s the provincial government has introduced a bill that dictates the drawing up of a development plan for local real estate by every municipality. In fact by 1974 every municipally, with the exception of three enacted, had elaborated a local development plan. To reduce second home development, laws were passed referring to

conventional housing. A conventional dwelling can be used only as principal residence by the local population. Employees are equated with local residents for the duration of their employment relationship. If they are rented out, the monthly rent must not be higher than the official provincial rent for a period of 20 years. However you can pay 15% of the building costs to set yourself free of limited rent amount. Nowadays the time limit on conventional housing no longer exists. The conversion of hotels into second homes has been prohibited by a law of 1992. Also agricultural dwellings cannot be converted into second homes any more. With this system two distinctive types of market have been created for conventional dwellings and apartments sold on the free market and there can consequently also be found different categories of prices.

### **Future development**

Second home owners had clear ideas about what they want to do with their property in the future. Most of them want their children and grandchildren to take the property over when they will be no longer able or willing to use it. None of the interviewees stated that they are planning to sell their second home, also because property is one of the few consumer durables that appreciate in value. Real estate agents have also observed that if someone decides to buy a second home, this is normally a long term purchase. Second home owners rarely sell their properties, and if they do it is generally because they want to buy a bigger one. Regarding the frequency of use, more than half of the second home owners think that they will use the apartment with the same frequency, while 37% plans to use it more frequently. However 20% of the interviewees declared the intention of offering the house to friends and relatives. Only one of the interviewees declared that he is thinking to use his second home as his primary residence in the future. The real estate agents declared that in the future the construction of new second homes will decline because municipalities are planning more social and subsidized housing. For them, the increased international mobility is affecting the real estate market. The second home market in South Tyrol is becoming increasingly attractive to English, Russian, Polish and even American buyers. But at the moment the property market is experiencing a calm period. People are not spending their money even on first homes and buyers from other provinces taking longer in deciding before buying a property.

## **CONCLUSIONS**

The data collected by the authors and the data by ASTAT (2006) show that the second home phenomenon in South Tyrol is characterised by a high share of second home owners from Italy, who especially appreciate the nature and peacefulness of the area. In comparison to other parts of Italy, South Tyrol has a quite low share of second homes. However it is important to monitor and regulate the development of the phenomenon, particularly because only 8% of the territory of South Tyrol is suitable for human settlement, and this can lead to a shortage of land for the residents.

Second homes are distributed unevenly within the municipalities of South Tyrol and are concentrated in the Dolomites area and in the border municipalities. In these communities the negative impact of the second home phenomenon clearly exceeds the positive impact. Particularly in structurally weak areas the second home phenomenon also contributes to economic opportunities, and can increase the popularity of the destination. However opinions about an acceptable proportion of second homes differ.

For the local economy, second homes are less relevant than their number might suggest. This results from the fact that they are only used for short periods of the year.

The Town and Country Planning Laws give the municipalities the possibility to regulate the construction of new second homes, whereas only 16% of the new building areas can be sold on the free market. However the old buildings, which can be mainly used as second homes, constitute a big problem because local governments have very few ways to interfere. This shows that not only legal regulations can solve the problem. They have to be augmented by a common system of values and strategic planning. It has to be seen how the referendum on this topic - which will take place this year- turns out.

At the moment the property market, including the second home market, is experiencing a quiet period because of the current economic slowdown. Anyway the aim should be the regulation and limitation of second homes.

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