

Compact cities trigger high use of second homes in the Nordic Region

POLICY BRIEF 2020:2



Nordregio



The phenomenon of spending time in a second home—a *sommerhus*, *sumarhús*, *mökki*, *hytta* or *fritidshus*—is an expression of the high quality of life in the Nordic countries. Estimations suggest that around half of the Nordic population have access to a second home via ownership, family or friends, and these 'rural' second homes are increasingly used all year round. The dominant understanding of the Nordic region is ongoing urbanisation, where people move from rural areas to urban centres.

The analyses in this study nuance this understanding as there is also mobility from urban permanent homes to rural second homes ongoing throughout the year. This policy brief presents possibilities for how spatial planning can include second home users and seasonal tourists more directly as a factor for local development, in statistics and through proactive spatial planning.



Seasonal variability of populations, because of second home use or tourism, is still largely ignored in policy and planning in the Nordic countries. However, seasonal tourism and the use of second homes are significant within spatial planning, for estimates and projections of the demand for local services. Despite this, the provision of public services such as infrastructure, waste management and social services are often based on census data that record people as living in one place only, namely their permanent home.

In the project **"Urban-rural flows of seasonal tourists – local planning challenges and strategies"**, five Nordic municipalities with some of the highest amounts of second homes were chosen for in-depth analysis: *Odsherred*, Denmark; *Pargas*, Finland; *Grímsnes og Graftsningshreppur*, Iceland; *Nore og Uvdal*, Norway; and *Härjedalen*, Sweden.

We also used a Community Impact (CI) indicator to get a more accurate estimation of the total number of people who make use of local services throughout a year. For an illustration of this flow of people due to use of second homes, please see the map on page 4.

In all five case studies, the interviewees stated that the second homes are an asset for the municipalities overall in terms of job creation, cultural activities and services. At the same time, it is proving challenging to adapt the welfare system and services to large flows of voluntary temporary inhabitants. Identifying these challenges can help municipalities cope with them. In turn, examining the challenges in a multi-actor context with the aim of finding context-adapted strategies and actions can increase the positive effects.

We can conclude that second home mobility and the flows of seasonal tourists are not either urban or rural. Instead, the phenomenon involves both urban and rural elements at the same time. To uphold the dichotomy between urban and rural undermines the understanding of the current relation between rural and urban areas and does not allow a more complex understanding of the relation between municipalities and the mobile population.

The statistical analyses made by Nordregio depict that in 2017 there were 65 second homes per 1000 inhabitants in the Nordic countries. The main areas for

second homes, both in number and in relation to permanent inhabitants, are as follows. In Finland, the mid-eastern lake areas (Etelä-Savo/Södra Savolax) and the south-west archipelago including Åland; in Sweden, the southern mountain area (Dalarna and Jämtland Härjedalen), Stockholm archipelago and Öland; in Norway, the southern mountain area (Oppland and Buskerud); in Denmark, northern Sjælland and the west coast of Jylland; and in Iceland, the municipalities in the close vicinity of Reykjavík in the south.

During 2010–2017, the number of second homes increased by 4.2 per cent within the Nordic countries. Vestfold in Norway was the region with the strongest growth, with approximately 3000 more second homes in 2017 compared with 2010.

INCREASE POSITIVE IMPACTS BY PROACTIVE SPATIAL PLANNING

Second homes are primarily considered assets for the five case municipalities, as the voluntary temporary population presents opportunities for positive development in terms of job creation, cultural activities and services.

At the same time, it is proving challenging to adapt to the welfare system

and services to large flows of voluntary temporary inhabitants.

The negative impacts of large numbers of second homes and seasonal tourists identified in the case municipalities are:

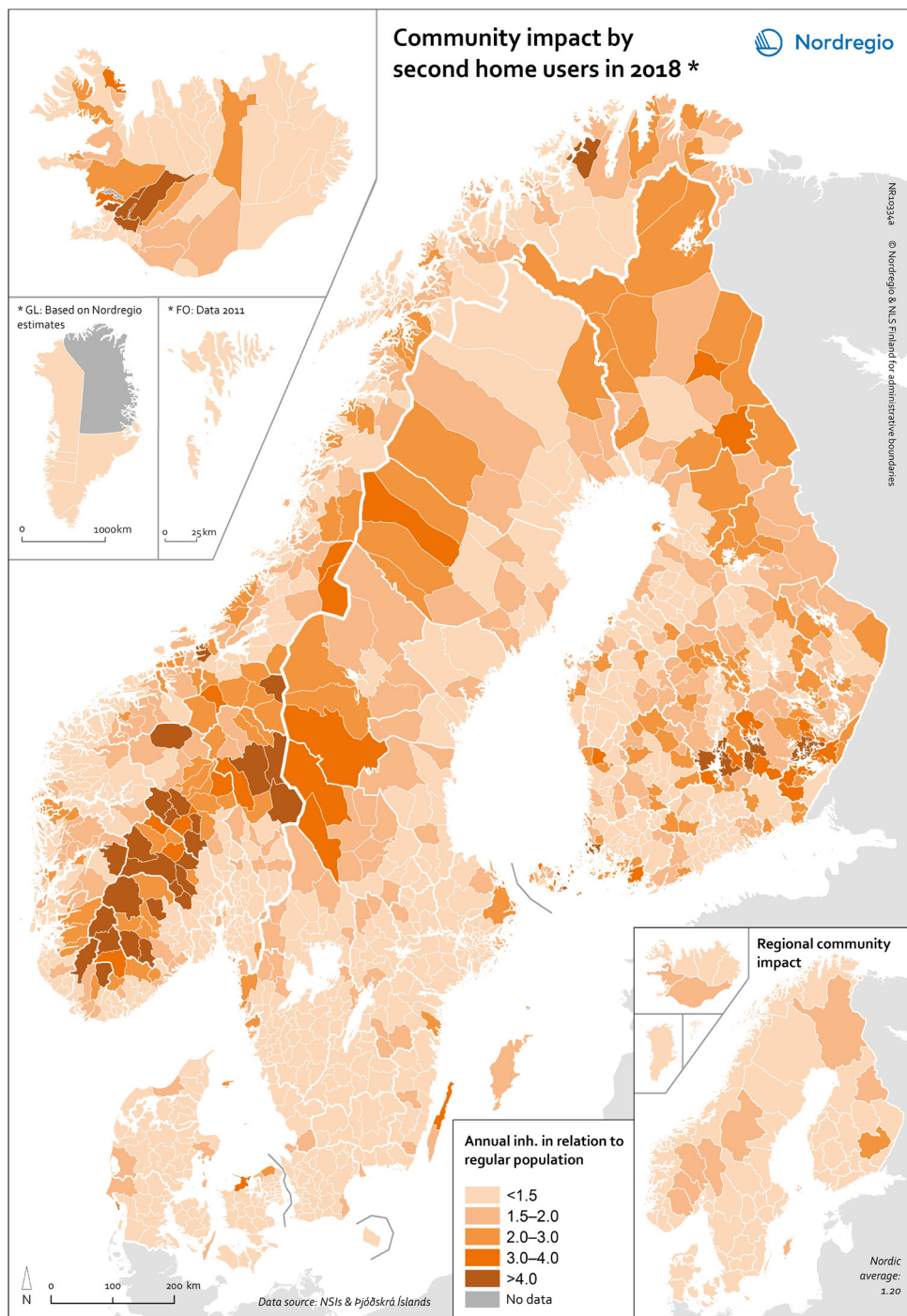
- infrastructure and welfare system not adapted to a mobile population
- rules and regulations not adapted to a mobile population
- rules and regulations are not followed by the voluntary temporary population
- competition in the housing market and the market for guest nights
- degradation of natural resources and landscapes makes it hard to develop and implement sustainable tourism.

The positive impacts of large numbers of second homes and seasonal tourists are that the people who temporarily come to the municipalities and regions:

- help maintain social fabric and cultural life
- maintain a demand for local services (both private and public)
- encourage economic activities
- support local employment.

WHY IS THE USE OF SECOND HOMES INCREASING?

The urban population in the Nordic countries use second homes more and more frequently during weekends and holidays. In this study, the theory of compensation was used to explain this increased mobility. Nordic planning ideals of compact cities spur the urge for further use of second homes. People tend to compensate for living in dense urban areas by using a second home in sparse rural areas, for recreational tourism and access to private gardens.





Map of the Community Impact of second home users in 2018: Southern Savonia in Finland was the region with the highest regional community impact. In the other Nordic countries, the regions of Oppland in Norway, Suðurland in Iceland, and Jämtland Härjedalen in Sweden also stood out with higher ratios. On a municipal level, the highest community impact can be found from Skorradalshreppur (30.0) in Iceland. Moreover, Grímsnes- og Grafningshreppur (19.0) (IS) and Kustavi (11.2) (FI) were the municipalities where the community impact also exceeded the ratio of 10.

INCLUDE THE SECOND HOME USERS IN STATISTICS FOR SPATIAL PLANNING

When second home users are included a new picture of where the Nordic population spend their time appears. The map shows the municipalities where there is a significant increase in population due to the voluntary temporary population. More precisely the map shows the CI of second home users in 2018. A high CI indicates that the voluntary temporary population's use of second homes is high compared with the number of people who live permanently in the municipality.

Without the temporary population, these regions would have a weaker demand for services, and they would have fewer people to maintain the social fabric and encourage economic activities.

Information and dialogue are important to involve the temporary inhabitants in the creation of the local society. This involvement can help to make best use of and increase the positive impacts of second homers and tourists. In three of the case municipalities studied here – Odsherred, Nore og Uvdal, and Pargas – dialogue forums or committees for dialogue between the local public authority and the second homers are used for this purpose.

In Nore og Uvdal the dialogue has been formalised since 2018, when a second home association was formed. Other communication channels are a Facebook group, a monthly newsletter

about coming events, and the magazine 'Ferie&Fritid' is published and distributed to permanent inhabitants and second home owners. The participation of the second home owners in the municipality have increased through initiatives such as a flexible-offer in kindergartens, so that families can travel to the second home e.g. on Thursdays and send their children to kindergartens on Fridays.

"The reality in Norway is that people move from the cities to the rural areas on weekends and for vacations. But they are moving public service away from the rural areas, and this is a challenge."

Employee in Nore og Uvdal business centre, January 2019.

A local association initiative called 'Miljøringen' has been established by land owners in Upper Uvdal. The aim of the association is developing tourism infrastructure in the area. For each land plot that is sold in the area, 10 per cent of the sale goes to the association, which is used to construct and develop infrastructure to support experiences in nature e.g. hiking paths, cross-country skiing tracks and alpine skiing slopes. The association is supported by the municipality through the spatial planning configuration of the area plan.



POLICY RECOMMENDATIONS



HARD GOVERNMENT TOOLS

■ **Strict rules in land-use planning** -

Can steer the development of housing, balance use and preservation of natural resources, and provide a basis for discussion.

■ **Taxes and environmental legislation**

At the national level in all Nordic countries, property taxes (a fee in Sweden) are in place for second homes, and environmental legislation is available to secure the sustainability of the development. It has been reported that second homes are used only as investments. In Iceland and Finland, this risk is regulated as it is not possible to profit fully from capital gains on the sales of holiday homes.

SOFT GOVERNANCE TOOLS

■ **Discussions and dialogue with second homeowners** - This study indicates that dialogue and communication is important to include the temporary population in planning —also for informing the temporary inhabitants about the local rules and their responsibilities.

■ **Increasing awareness of the positive impacts for local businesses and citizens** Creating awareness of the significance of tourism, especially in relation to place attractiveness and businesses is crucial for regional and local development.

NATIONAL LEVEL ACTORS COULD:

■ give increased notice of the extra pressure on municipality services caused by the seasonal population and the flow of people from urban to rural areas during weekends and vacations.

■ investigate how different tax systems are structured and distributed between state, regions, and municipalities to include the high flows of seasonal tourists and domestic seasonal workers.

■ develop mobility datasets on temporary flows of the population (permanent, seasonal, visitors) that can be used for harmonised spatial planning on national, regional and municipal levels.

■ further study which groups that have access and that do not have access to second homes.

REGIONAL AND LOCAL LEVEL ACTORS COULD:

■ further develop dialogues with second homeowners on planning and strategic work, including measures for the second homes to climate change and environmental standards.

■ facilitate network meetings for informing the industry on the importance of tourism and second homes for regional and local development.

■ further strengthen physical and digital infrastructure, so it is solid enough to cope with peak population flows.

■ develop flexible (public) venues that can be used for different purposes during different parts of the year.

This policy brief summarises a project funded by the Nordic Council of Ministers' Nordic Thematic Group on Sustainable Cities and Urban Development.

The policy brief is developed based on the report: Elin Slätmo, Louise Ormstrup Vestergård, Johannes Lidmo, Eeva Turunen (2019). Urban-rural flows from seasonal tourism and second homes: Planning challenges and strategies in the Nordics. Nordregio Report 2019:13.

If you didn't have a chance to join our webinar on the impact of seasonal tourism in Nordic municipalities; both the presentation and webinar (video) are available at <https://www.nordregio.org/research/urban-rural-flows-of-seasonal-tourists-local-planning-challenges-and-strategies/>

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Todd Diemer and Guille Pozzi /Unsplash

ISSN 2001-3876
URL: <http://doi.org/10.6027/PB2020:2.2001-3876>
www.nordregio.org