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P R E C *i* S

A summary series of recent research from Communities Scotland

No 70

The impact of second and holiday homes on rural communities in Scotland

Second and holiday homes can have significant implications for the maintenance of sustainable rural communities. Until recently, policy instruments to address the impact of second and holiday homes have been minimal. However, across the UK, policy has increasingly turned towards direct intervention in this aspect of rural housing markets. Communities Scotland identified the need for an evidence base to provide a clear framework for the definition and assessment of the potential positive or negative impacts of second and holiday home ownership upon local housing markets, rural economies and communities.

The key findings of the study were:

Second and holiday homes were highly localised in rural areas of Scotland – there were broad swathes of rural Scotland where the number of second and holiday homes was small relative to the housing stock as a whole.

The more remote rural areas had the greatest concentrations of second homes. Indeed, a key divide in Scotland was between very remote rural areas and all other areas. Approaching one half of all Scottish second homes (47 per cent) were within these very remote areas.

Census figures from 2001 revealed that social rented accommodation tended to be more limited in those areas of rural Scotland where there were high proportions of second and holiday homes. This pattern has implications for the housing opportunities of people who live, or want to move to these areas.

Council tax records should become the most promising source of information for examining the number of second homes at local authority level in the future, as local authorities change the way that they identify these properties. However, this source needs to be supplemented by a consideration of the extent of holiday lets that qualify for business rates within rural areas as well.

Although second and holiday homes contributed to an uplift in property prices in the case study areas, it is important not to view their impact in isolation from other factors contributing to changes within rural communities and especially pressures on local housing markets from other groups such as commuters, retirees, or people wanting a lifestyle change. The most significant issue for nearly all respondents across the five case studies was the lack of affordable housing to provide a viable alternative for people on lower to medium incomes.

The impacts, both positive and negative, of second and holiday homes touch on a diverse range of factors that affect the sustainability of rural communities. These factors, such as housing, services and facilities, local economies and social and cultural vitality cut across a variety of policy areas, requiring effective partnership working between agencies and rural communities.

The number and distribution of second and holiday homes in rural Scotland

An analysis of the 2001 Census showed that there were 29,299 second and holiday homes in Scotland, comprising 1.3 per cent of the housing stock. Between 1981 and 2001 the number of second and holiday homes grew from 19,756 to the figure of 29,299, with the majority of this increase occurring between 1991 and 2001. Nevertheless, census analysis showed that the greatest growth in second and holiday homes was in urban areas, especially Edinburgh and Aberdeen.

Second and holiday homes were highly localised in rural areas of Scotland – there were broad swathes of rural Scotland where the number of second and holiday homes was small relative to the housing stock as a whole. A key divide in Scotland was between very remote rural areas and all other areas. The more remote rural areas had the greatest concentrations of second homes, with one eighth of all household spaces in the 'very remote' rural areas being of this type. Approaching one half of all Scottish second homes (47 per cent) were within these very remote areas. Figure 1 shows the distribution of second and holiday homes in rural Scotland as the proportion of second and holiday homes in rural wards.

Percentage of second and holiday homes by rural ward, 2001

Local authorities with the largest number of second and holiday homes in 2001 included Argyll and Bute (5,158), and Highland (6,215). Other local authorities with over one thousand second and holiday homes included Aberdeenshire, Dumfries and Galloway, Edinburgh, Fife, North Ayrshire and Scottish Borders. In contrast, those authorities with the smallest number (under 50) included Clackmannanshire, East Dunbartonshire, East Renfrewshire and Midlothian.

There were very limited alternatives for people to meet their housing needs from within the social rented sector in rural areas where there are high concentrations of second homes. As table 1 shows, the proportion of social rented accommodation decreased in a gradient as the proportion of second/holiday homes increased, whereas the extent of private renting increased as the proportion of second/holiday homes increased. It must be stressed that there was no direct causal link between second homes and the availability of social rented accommodation, but the pattern highlighted here has implications for the housing opportunities of people who live, or want to move to these areas.

Figure 1 Percentage of second and holiday homes by rural ward, 2001

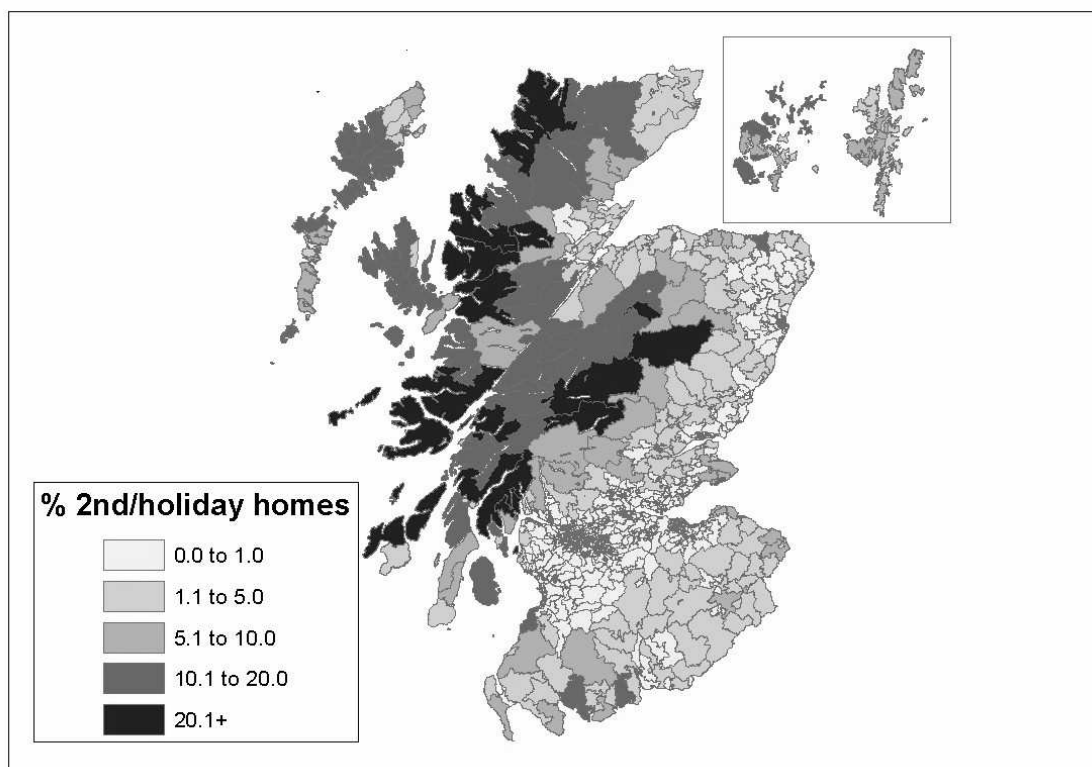


Table 1: Availability of social rented accommodation by varying concentrations of 2nd/holiday homes

Proportion of second/holiday homes in rural ward	Proportion of social rented %
Less than 1%	26.5
1% to less than 5%	19.2
5% to less than 10%	17.4
10% or more	16.7
All rural areas	23.7

Source: 2001 Census

Impacts on rural communities: evidence from the case study areas

Local housing markets and second and holiday homes

Five case studies were carried out in Arrochar, Luss and Ardconnell and East Lochfyne; Islay North, Jura and Colonsay; Elie, St Monans and Pittenweem; Gairloch; and Strathspey. A number of differences were apparent between the case study areas. In the Fife case study area, the villages of Elie and Pittenweem were the focus of intense pressure from second and holiday homes, which ran counter to general trends in the remainder of most of the rest of this authority. A considerable proportion of demand for housing in the remote, fragile islands of Islay, Jura and Colonsay were also attributable to demand for second and holiday homes. In the other case study areas, demand for second and holiday homes was more variable. Some villages and hinterlands were the focus of intense pressure from this type of accommodation, whereas in other parts of these case study areas other forms of demand were significant, such as in-migration from commuters, downshifters, or people retiring to these areas.

The view of the majority of respondents was that demand for second and holiday homes had contributed to an uplift in house prices. In localised areas, demand for second homes was a key driver in local housing markets. Even if second and holiday home owners were not competing directly in all parts of a housing market, such as accommodation attractive to first time buyers, the general impact had been to drag prices upwards. Nevertheless, if demand for second and holiday homes were removed from the equation, it is still doubtful that many households employed locally would be able to afford to buy a home. Similar difficulties in affordability were also apparent in areas where second and holiday homes were far less prevalent. Considerable pressure for housing was also

evident from other groups such as commuters, people moving to retire, or people moving for a change of lifestyle or because they could work from home. The key issue for nearly all respondents across the five case studies was the lack of affordable housing to provide a viable alternative for people on lower to medium incomes.

Demand for housing was not the only factor affecting house prices. The supply of properties coming on to the market was crucial, particularly in the island areas. One reason for the severe shortage of properties available to buy in areas such as Jura and Islay was the importance of inheritance and a desire to retain the family home, which helped to contribute to the number of second and holiday homes in these islands.

Impacts on local economies

The views of respondents varied as to perceived impacts on the economies of the case study areas. Some respondents were sceptical of the amount of money that people using second and holiday homes really contributed to the case study areas. However, other respondents acknowledged that second and holiday homes not only brought benefits in relation to a direct spend within the case study areas, but also had brought other benefits through the generation of employment. Further, other research has drawn attention to the economic impact of permanent in-migrants into rural areas such as commuters (Stockdale et al, 2004)¹, and any assessment of economic impacts on rural communities needs to reflect the effects of these different groups.

Many respondents in this research were careful to draw a distinction between second homes on one hand, and commercial holiday lets on the other, in terms of impacts on rural communities. Both second homes and properties let out commercially for holidays have an impact on the supply of accommodation in a local housing system – the balance between effective and ineffective housing stock. The fact that respondents generally viewed holiday lets much more positively than second homes was mainly in relation to economic impacts. Holiday lets were seen as an important direct source of income for local people, as well as the additional general spend that tourists might bring to an area.

Whilst second homes were generally viewed as less beneficial, a further consideration was the extent to which second and holiday homes were occupied throughout the year.

¹Stockdale, A., Findlay, A. and Short, D. (2000) *The repopulation of rural Scotland: opportunity and threat*, Journal of Rural Studies, 16.

One option to consider would be the development of purpose built second and holiday homes, since it might be expected that this approach might enable the economic benefits that second and holiday homes would bring to an area, whilst limiting the impact on local housing markets. However, in areas where there are severe constraints on the capacity of infrastructure to cope with new development, then such construction might be at the expense of residential new build for permanent occupation. Further, there was very limited appeal amongst second home owners in this study for properties specifically designed as second homes or holiday accommodation.

Social impacts

There were very mixed perceptions as to social impacts of second and holiday homes. Views ranged from anger at the treatment of some communities as little more than private playgrounds to a sense of the positive and valued contribution that second and holiday home owners added to the social and cultural vibrancy of rural areas. Many second home owners have very strong family links with the communities where their second home were located, particularly on the islands. Other second home owners had developed strong links with communities over the years they have occupied their second homes. One view put forward by some respondents in the case studies was that negative social and cultural impacts were more associated with permanent in-migrants in rural communities - the impacts of second home owners in this regard were mitigated by the fact that they were just not present to the same extent. Another factor was that broad, deep seated changes were taking place within society as a whole, and these changes were having a significant effect on the traditions and culture in rural areas of Scotland, over and above any impacts that might be laid at the door of second homes. However, where second and holiday homes were seen as having a more detrimental impact on communities was in relation to school rolls and the viability of services and facilities.

The way forward

Specific policies to control second homes would not address the broader pressures on rural communities from other groups in society such as people commuting, retiring, or moving because they can work from home, or want a change of lifestyle. Nor is it likely that specific policies on second homes would tackle the continuing limited supply of affordable housing in some rural areas. The overwhelming message from many respondents in the five case study areas in

response to pressures faced by the number of second and holiday homes in their areas was for the development of affordable housing. A crucial aspect of this accommodation should be that it remains affordable and accessible for households on low incomes in perpetuity. A further issue to emerge from a couple of the case study areas, particularly the islands, was the need for accommodation to meet the needs of public sector workers.

The impacts, both positive and negative, of second and holiday homes touch on a diverse range of factors that affect the sustainability of rural communities. These factors, such as housing, services and facilities, local economies and social and cultural vitality cut across a variety of policy areas, requiring effective partnership working between agencies.

However, it is important not to see the impact of second and holiday homes in isolation from other factors contributing to changes within rural communities and especially other pressures on local housing markets. Thus, whilst strategies and policy responses need to take account of the impacts that second and holiday homes have, they need to situate these impacts within a much broader context in relation to the diverse range of factors and processes affecting the sustainability of rural communities.

About the study

This research was conducted by Mark Bevan and David Rhodes, from the Centre for Housing Policy, University of York. The research had four main stages. The first was a review of the literature on second and holiday homes in the United Kingdom. Secondly, an assessment was undertaken of the various sources of data that can be used to examine second and holiday homes in Scotland. An analysis of the number and distribution of second and holiday homes across rural areas of Scotland was undertaken principally using the 2001 Census. Third, the impact of second and holiday homes was explored in five case study areas drawing upon interviews with stakeholders in each area. Finally, interviews were conducted with second home owners to examine their views and experiences of owning a second home in rural Scotland.

Further information

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