

REAL ESTATE - SWITZERLAND

Swiss inventories of second homes published

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On March 31 2017 the Federal Office for Spatial Development for the first time published the inventories of second homes. The inventories are part of the implementation of new rules on second homes.

Background

In 2012 the Swiss people adopted an initiative regarding second homes. As a consequence, on January 1 2016 the Federal Act on Second Homes(1) and the Federal Ordinance on Second Homes(2) entered into force

Municipalities collect relevant data and prepare inventories of all homes in their territory. The Federal Office for Spatial Development publishes these inventories on an annual basis. The first publication was issued in 2017.

Legal framework for second homes

The initiative adopted in 2012 led to a constitutional amendment limiting the total number of second homes in any municipality to 20% of the total number of residential units existing in the concerned municipality.

While the constitutional amendment also provides for a 20% limit measured by the gross residential floor area available in the concerned municipality, the law does not contain this second limit.

The law defines a 'secondary home' as a home that neither qualifies as a primary home nor equates to a primary home. For the purposes of the law, a 'primary home' is a home which is used by at least one person as his or her permanent place of residence in the municipality. The law further defines certain homes that equate to 'primary homes'. Among others, the following equate to primary homes:

- homes permanently used for employment and educational purposes;
- homes used by companies for short-term staff accommodation; and
- homes used as service accommodation for persons working in the hospitality industry, hospitals and institutions.

The law prohibits issuing building permits for new second homes in municipalities with a share of second homes that is higher than 20%. Also, if the share of second homes is below 20% and would exceed 20% on granting an additional building permit, such a permit may not be granted. The law provides further exceptions, in particular for:

- tourist accommodation and annex flats that are permanently and exclusively offered for short-term use by guests based on customary conditions;
- cross-subsidisation of certain structured accommodation businesses by building and

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- operating or selling second homes; and
- new second homes in certain protected buildings.(3)

Inventory of homes

Detailed statistical information is required to apply these rules. The law therefore obliges each municipality to keep an inventory of all homes and to update it by the end of each calendar year. The inventories contain information on the use of each residential unit and allow for determining the number of second homes in each individual municipality.

Should a municipality not prepare the required inventory, it is assumed that its share of second homes exceeds 20%.

Based on these inventories, until March 31 of each year, the Federal Office for Spatial Development publishes the relevant number of second homes for each municipality and whether a municipality is subject to the restrictions of the law.

The concerned cantons and municipalities may comment on the determination made by the federal authority within 30 days. If the federal authority retains its opinion that a municipality is subject to the law, it issues a formal order. Such orders enter into legal effect immediately and without suspensive effect. The concerned municipality may challenge the order at the Federal Administrative Court.

In May of each year, the federal authority amends the scope of the law's application by updating the list of municipalities with a share of second homes above 20%.(4)

2017 inventory

The inventories published for 2017 show the following key figures:

- 422 municipalities have a share of second homes above 20%, so that 18.7% of all 2,255 Swiss municipalities are subject to the restrictions of the law;
- the percentage of second homes ranges from 1.87% (the municipality of Auboranges, Canton of Vaud) up to 88.69% (the municipality of Campo Vallemaggia, Canton of Ticino);
- in seven cantons no municipality is subject to the restrictions of the law,(5) while in the other 19 cantons,(6) one or several municipalities have a share of second homes above 20% and are therefore subject to the restrictions of the law; and
- compared to January 1 2016, an additional 66 municipalities exceeded the 20% threshold and 21 municipalities dropped below that limit.

Comment

The data published by the Federal Office for Spatial Development is of interest not only to the concerned municipalities, but also to house and land owners, as well as potential investors.

The development opportunities in municipalities that are subject to the restrictions of the law are considerably limited. This affects economic growth, especially of tourist areas that strongly depend on appropriate accommodation. From this perspective, it seems that the relevant threshold should be higher than 20%.

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Endnotes

- (1) Federal Act on Second Homes, SR 702.
- (2) Federal Ordinance on Second Homes, SR 702.1.

- (3) For further details please see "Parliament adopts new federal rules on second homes".
- (4) Annex to the Federal Ordinance on Second Homes, SR 702.1.
- (5) Cantons of Aargau, Appenzell Innerrhoden, Basel-Stadt, Schaffhausen, Thurgau, Zug, Zurich.
- (6) Cantons of Appenzell Ausserrhoden, Basel-Landschaft, Berne, Fribourg, Geneva, Glarus, Grisons, Jura, Lucerne, Neuchatel, Nidwalden, Obwalden, Schwyz, Solothurn, St Gallen, Ticino, Uri, Valais, Vaud.

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