



## Valuation of Self Catering Units

### 1.0 Introduction

1.1 This practice note applies to the valuation of self catering units excluded from the definition of dwellings by Schedule 2, paragraph 2 of the Council Tax (Dwellings) and Part-Residential Subjects (Scotland) Regulations 1992. Self Catering Accommodation is defined as:

*“2. Any lands and heritages –*

- a) *which are not the sole or main residence of any person; and*
- b) *which either –*
  - i) *are made available by a relevant person for letting, on a commercial basis and with a view to the realisation of profit, as self-catering accommodation for short periods amounting in the aggregate to 140 days or more in the financial year beginning 1<sup>st</sup> April; or*
  - ii) *if they have not been made so available for letting in that year, are intended by a relevant person to be made so available for letting in that year and the interest of the relevant person in the lands and heritages is such as to enable him to let them for such periods.”*

1.2 This practice note does not apply to Serviced Apartments which have additional facilities, for example, 24 hour staff provision, daily cleaning and a concierge (or similar) service. Such subjects should be valued in line with guidance given in the SAA Commercial Properties Committee Practice Note 20 The Valuation of Hotels and Accommodation Subjects.

### 2.0 Basis of Valuation

2.1 Self catering units should be valued using rates per bed space derived from an analysis of both rents and receipts and expenditure from properties throughout Lothian. The results of this analysis have been translated into a table of rates per bed space with the rate selected for a property dependent on its property type, quality and location.

### 3.0 Property Classes

3.1 The following property classes should be applied:

<b>L1</b>	<b>Luxury</b>	An exceptional property built or modernised to a very high standard, e.g. historic buildings, castles or excellent quality modern properties.
<b>H1</b>	<b>Very Good House</b>	A modern property built to a very good standard or an older property modernised/ refurbished to a very good standard. Additional bathrooms expected. Examples include properties built in executive style developments or older stone built subjects such as those commonly found in the New Town.
<b>H2</b>	<b>Good House</b>	A property built to a lower standard than H1 or modernised/ refurbished to a good standard. Examples include typical housing erected in non-executive housing estates or plainer older housing.
<b>H3</b>	<b>Fair House</b>	A property with limited adaption which has not been improved or an unimproved property with an inferior construction. Examples include former local authority housing or poorly constructed Dorran housing.
<b>C1</b>	<b>Very Good Chalet</b>	Modern chalet with pitched concrete tiled roof (or similar) to a very good standard. Includes older chalets which have been modernised/ refurbished to a very good standard. Additional bathrooms expected.
<b>C2</b>	<b>Good Chalet</b>	Older chalet dating from the 1980's with felt or felt tiled roof (or similar). Older chalets will have been modernised/ refurbished to a good standard.
<b>C3</b>	<b>Fair Chalet</b>	Older chalet built in or prior to the 1970's. Minimal modernisation/ refurbishment works carried out.
<b>F1</b>	<b>Very Good Flat</b>	A flat built to a very good standard or an older property modernised/ refurbished to a very good standard. Additional bathrooms expected. Examples include a former townhouse converted into SCU unit(s) to a high standard, modern high quality flat with lift facilities, en-suites and balconies may be present, refurbished tenement blocks to a high standard including the provision of extra bathrooms or a former commercial building converted to a high standard.
<b>F2</b>	<b>Good Flat</b>	A flat built to a lower standard than F1 or modernised/ refurbished to a good standard. Examples include a tenement which may have had minor alterations to its layout, modern flats or converted properties which are dated.
<b>F3</b>	<b>Fair Flat</b>	A flat with limited adaption with which has had minimal modernisation/ refurbishment works carried out. Examples include former local authority housing.

## 4.0 Locations

4.1 The following location classifications should be applied:

<b>E</b>	Edinburgh Prime
<b>ES</b>	Edinburgh Secondary
<b>ET</b>	Edinburgh Tertiary
<b>G+</b>	East Lothian
<b>G</b>	Other locations in Lothian

## 5.0 Calculation of Bed Spaces

5.1 Bed Count

- Double/ twin room counts as 2 bed spaces.
- Family room counts as 2 bed spaces.
- Bunk beds count as 1 bed space unless the room can clearly accommodate 2 single beds.
- Bed settees, or similar, should be discounted unless they provide the only sleeping accommodation. In such a scenario, count as 2 bed spaces.

It may be necessary to vary the above count in situations where there are very large family rooms, small double/ twin rooms or an excess of public rooms (2 bed spaces for each additional public room). The count is subject to the provisions of 5.2.

5.2 Quantum Reduction Factors

No reductions should be made where there are sufficient bathrooms/ shower rooms and additional public rooms within the property for the number of spaces.

The norm is to be taken as one bathroom/shower room and one public room for up to 6 bed spaces. The quantum reduction factors below **only apply** if there are more than 6 bed spaces and no additional bathrooms/shower rooms and/ or no additional public rooms.

7th and 8th bed spaces	Take at 0.50 each
9th and 10th bed spaces	Take at 0.25 each
Larger units	Valuer's discretion

## 6. Valuation Rates per Bed Space

6.1 In the absence of available local rental evidence, the following rates are recommended for 2017.

			EDINBURGH PRIME	EDINBURGH SECONDARY	EDINBURGH TERTIARY	EAST LOTHIAN	OTHER COUNTY LOCATIONS
			E	ES	ET	G+	G
STRUCTURE CLASS							
	Luxury	L1	4000	3500	2000	1200	800
Very Good	House	H1	3750	3000	1500	600	550
Good	House	H2	2500	2000	1000	500	450
Fair	House	H3	2000	1000	800	450	400
Very Good	Chalet	C1				500	450
Good	Chalet	C2				450	400
Fair	Chalet	C3				375	350
Very Good	Flat	F1	3750	3000	1500	600	550
Good	Flat	F2	2500	2000	1000	500	450
Fair	Flat	F3	2000	1000	800	450	400

\*Rates may be enhanced (see paragraph 8.1).

## 7.0 Additions to Value

- 7.1 Additions to value can be made for specific on-site facilities e.g. games rooms, swimming pools, tennis courts or boating facilities etc. These should be reflected by way of a percentage addition to value. It is anticipated that the general range for additions will be 5% to 10% with a maximum of 25%.

No addition should be made for laundry rooms or for reception offices.

Additional facilities which are *unum quid* with the property being valued such as car parking, shops and public houses etc., should be valued in accordance with the appropriate Scottish Assessor's Association Practice Note as a pertinent.

## 8.0 Percentage alterations to Value

- 8.1 In certain circumstances an alteration to value will be appropriate where specific advantages, for example, quality or location advantages are not reflected in the valuation rate. Disadvantages include site specific issues, for example, poor access or disamenity. It is recommended that the percentage will not exceed + or - 25%.

## 9.0 Valuation checks

- 9.1 Comparison with houses

Analysis of available rental evidence indicates that the hypothetical tenant would expect to pay a level of rent which is comparable to similar houses with rents passing on short assured tenancies. Rents from domestic properties held on short assured tenancies should be adjusted to reflect the landlord's repair and insurance liabilities in line with the Rating hypothesis and, if appropriate, to reflect furnishings. This approach was upheld in relation to Timeshare subjects in the case of *Trustees for Coylumbridge Highland Lodges Club v Assessor for Highland and Western Isles Valuation Joint Board LT 2009*.

- 9.2 Percentage of hypothetical achievable gross income

Analysis of available rental evidence and gross hypothetical achievable income indicates that a level of rent in the range of 30-50% of hypothetical achievable gross income is expected. The highest percentages should be applied to those properties in the best locations and of the highest quality.