



Valuation of Self Catering Units

Updated July 2019

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 1st 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 /...

3.0 Property Classes

3.1 The following property classes should be applied:

| | | |
|-----------|-------------------------|---|
| L1 | Luxury | An exceptional property built or modernised to a very high standard, eg historic buildings, castles or excellent quality modern properties. |
| H1 | Very Good House | 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. |
| H2 | Good House | 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. |
| H3 | Fair House | 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. |
| C1 | Very Good Chalet | 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. |
| C2 | Good Chalet | 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. |
| C3 | Fair Chalet | Older chalet built in or prior to the 1970's. Minimal modernisation/ refurbishment works carried out. |
| F1 | Very Good Flat | 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. |
| F2 | Good Flat | 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. |
| F3 | Fair Flat | A flat with limited adaption with which has had minimal modernisation/refurbishment works carried out. Examples include former local authority housing. |

4.0 /....

4.0 Locations

4.1 The following location classifications should be applied:

| | |
|-----------|----------------------------|
| E | Edinburgh Prime |
| ES | Edinburgh Secondary |
| ET | Edinburgh Tertiary |
| G+ | East Lothian |
| G | 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.

6.0 City of Edinburgh Quantum Reduction Factors

The valuation bed space rates detailed in the tables at Section 6.1 are inclusive of quantum and no further deduction is applicable. If any property has more than 10 bed spaces, close consideration should be given as to the nature and use of the property and advice sought from a Divisional Valuer.

6.1 City of Edinburgh Valuation Rates per bed space

Reference should be made to the SCU Edinburgh Prime and Edinburgh rates maps for clarification of correct location to apply

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| EDINBURGH CITY - PRIME | | | | |
|-------------------------------|----------|--------------------------------|--------------------------------|--------------------------------|
| Bed spaces | L | VG House/Chalet/Flat | GD House/Chalet/Flat | FR House/Chalet/Flat |
| 1 | 4000 | 3750 | 2500 | 2000 |
| 2 | 4000 | 3750 | 2500 | 2000 |
| 3 | 3875 | 3625 | 2500 | 2000 |
| 4 | 3750 | 3500 | 2500 | 2000 |
| 5 | 3625 | 3250 | 2375 | 2000 |
| 6 | 3375 | 3000 | 2250 | 2000 |
| 7 | 3125 | 2750 | 2125 | 1750 |
| 8 | 2875 | 2500 | 2000 | 1500 |
| 9 | 2750 | 2375 | 1875 | 1375 |
| 10 and over | 2625 | 2250 | 1750 | 1250 |

| EDINBURGH CITY - SECONDARY | | | | |
|-----------------------------------|----------|--------------------------------|--------------------------------|--------------------------------|
| Bed spaces | L | VG House/Chalet/Flat | GD House/Chalet/Flat | FR House/Chalet/Flat |
| 1 | 3500 | 3000 | 2000 | 1000 |
| 2 | 3500 | 3000 | 2000 | 1000 |
| 3 | 3375 | 2875 | 2000 | 1000 |
| 4 | 3250 | 2750 | 2000 | 1000 |
| 5 | 3125 | 2625 | 1875 | 1000 |
| 6 | 3000 | 2500 | 1750 | 1000 |
| 7 | 2875 | 2375 | 1625 | 1000 |
| 8 | 2750 | 2250 | 1500 | 875 |
| 9 | 2625 | 2125 | 1375 | 875 |
| 10 and over | 2500 | 2000 | 1250 | 750 |

| EDINBURGH CITY - TERTIARY | | | | |
|----------------------------------|----------|--------------------------------|--------------------------------|--------------------------------|
| Bed spaces | L | VG House/Chalet/Flat | GD House/Chalet/Flat | FR House/Chalet/Flat |
| 1 | 2000 | 1500 | 1000 | 800 |
| 2 | 2000 | 1500 | 1000 | 800 |
| 3 | 2000 | 1500 | 1000 | 800 |
| 4 | 2000 | 1500 | 1000 | 800 |
| 5 | 2000 | 1500 | 1000 | 800 |
| 6 | 2000 | 1500 | 1000 | 800 |
| 7 | 2000 | 1500 | 1000 | 800 |
| 8 | 1750 | 1312 | 875 | 700 |
| 9 | 1750 | 1312 | 875 | 700 |
| 10 and over | 1450 | 1087 | 750 | 600 |

*Rates may be enhanced (see paragraph 9.1)

7.0 East Lothian and other County Reduction Factors

The valuation bed space rates detailed in the tables at Section 7.1 are inclusive of quantum and no further deduction is applicable. If any property has more than 10 bed spaces, close consideration should be given as to the nature and use of the property and advice sought from a Divisional Valuer.

Note: No reductions should be made where there are sufficient bathrooms/shower rooms and additional public rooms within the property for the number of spaces. Where quantum does apply, the CVS system will require to be updated to show the appropriate basic rate manually. The table shown at section 7.1 is simply illustrative of the basic rates with quantum applied. As with the City of Edinburgh, any property with more than 10 bed spaces requires close consideration as to its nature and use and advice sought from a Divisional Valuer, if necessary.

The norm in all County locations is to be taken as one bathroom/shower room and one public room for up to 6 bed spaces. The quantum reduction factors stated 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 |

7.1 County location Valuation Rates per bed space

| EAST LoTHIAN | | | | |
|--------------|------|-------------------------|-------------------------|-------------------------|
| Bed spaces | L | VG House/Chalet/Flat | GD House/Chalet/Flat | FR House/Chalet/Flat |
| 1 | 1200 | 600 | 500 | 450 |
| 2 | 1200 | 600 | 500 | 450 |
| 3 | 1200 | 600 | 500 | 450 |
| 4 | 1200 | 600 | 500 | 450 |
| 5 | 1200 | 600 | 500 | 450 |
| 6 | 1200 | 600 | 500 | 450 |
| 7 | 1200 | 600 | 500 | 450 |
| 8 | 1050 | 525 | 438 | 394 |
| 9 | 1050 | 525 | 438 | 394 |
| 10 and over | 870 | 435 | 363 | 326 |

* **Note** – A 25% addition has been made to properties in North Berwick to reflect the superior location.

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| OTHER COUNTY LOCATIONS | | | | |
|------------------------|-----|-------------------------|-------------------------|-------------------------|
| Bed spaces | L | VG House/Chalet/Flat | GD House/Chalet/Flat | FR House/Chalet/Flat |
| 1 | 800 | 550 | 450 | 400 |
| 2 | 800 | 550 | 450 | 400 |
| 3 | 800 | 550 | 450 | 400 |
| 4 | 800 | 550 | 450 | 400 |
| 5 | 800 | 550 | 450 | 400 |
| 6 | 800 | 550 | 450 | 400 |
| 7 | 800 | 550 | 450 | 400 |
| 8 | 700 | 481 | 393 | 350 |
| 9 | 700 | 481 | 393 | 350 |
| 10 and over | 580 | 398 | 325 | 290 |

*Rates may be enhanced (see paragraph 9.1)

8.0 Additions to Value

8.1 Additions to value can be made for specific on-site facilities eg 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.

9.0 Percentage alterations to Value

9.1 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%.

10.0 Valuation checks

10.1 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/....

10.1/ 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*.

10.2 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.