



Revaluation 2017
Commercial Properties Committee

Practice Note 17
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; 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 e.g. 24 hour staff provision, daily cleaning and a concierge (or similar) service. Such subjects should be valued in line with guidance given in Commercial Properties Committee Practice Note 20 The Valuation of Hotels and Accommodation Subjects

2.0 Basis of Valuation

2.1 In the absence of local rental evidence, self catering units should be valued using rates per bed space derived from an analysis of receipts and expenditure from properties throughout Scotland. The results of this analysis have been translated into a table of rates per bed space with the rate selected for a property being dependent on its property type, quality and location.

3.0 Property Classes

3.1 The following categorisation of structure classes is recommended for use throughout Scotland.

L1	Luxury	Exceptional property built/modernised to a very high standard, e.g. 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.
H2	Good House	Modern house built to a lower standard than H1 or an older property modernised / refurbished to a good standard
H3	Fair House	A property with limited adaptation which has not been improved or an unimproved property with an inferior construction (e.g. Dorran)
C1	Very Good Chalet	Modern chalet with pitched concrete tiled roof (or similar) built 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.
F2	Good Flat	A flat built to a lower standard than F1 or modernised/ refurbished to a good standard.
F3	Fair Flat	A flat with limited adaption with which has had minimal modernisation/ refurbishment works carried out.

4.0 Locations

4.1 The following location factors are recommended for use throughout Scotland.

A	Principal city locations, excluding Edinburgh
B	Superior holiday location, for example, St Andrews, East Lothian and certain locations in National Parks.
C	Popular holiday locations which may be on the periphery of cities/ major towns or in other locations such as the East Neuk of Fife, Dumfries and Galloway, Perthshire, the Scottish Borders and certain Scottish Islands including Arran and Skye together with other locations in the Highlands. Likely to be in proximity to places of interest, beaches, golf courses, other outdoor pursuits or attractions etc
D	Good locations which may also be close to places of interest etc. Examples include properties in proximity to market towns.
E	Other locations which are not covered by the above categories and do not benefit from proximity to places of interest etc. and includes less popular tourist areas such as industrial towns. Properties may not be readily accessible by public or private transport.

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 take 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 but no additional bathrooms/shower rooms and no additional public rooms.

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

6.0 Valuation Rates per Bed Space

6.1 In the absence of available local evidence, the following rates per guest place are recommended for Revaluation 2017.

			PRINCIPAL CITY LOCATIONS	SUPERIOR HOLIDAY LOCATION	POPULAR HOLIDAY LOCATION	GOOD LOCATION	AVERAGE LOCATION
			A	B	C	D	E
STRUCTURE CLASS							
EXCELLENT	LUXURY	L1	£2000	£1200	£800	£700	£600
VERY GOOD	HOUSE	H1	£1400	£600	£550	£500	£400
GOOD	HOUSE	H2	£1200	£500	£450	£400	£350
FAIR	HOUSE	H3	£1100	£450	£400	£350	£325
VERY GOOD	CHALET	C1		£500	£450	£400	£330
GOOD	CHALET	C2		£450	£400	£350	£300
FAIR	CHALET	C3		£375	£350	£330	£275
VERY GOOD	FLAT	F1	£1400	£600	£550	£500	£400
GOOD	FLAT	F2	£1200	£500	£450	£400	£350
FAIR	FLAT	F3	£1100	£450	£400	£350	£325

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 should be valued in accordance with the appropriate Scottish Assessors' Association Practice Note, as a pertinent.

8.0 Further Alteration to Value

- 8.1 In certain circumstances an alteration to value will be appropriate, where specific advantages e.g. quality or location advantages are not reflected in the valuation rate. Disadvantages include site specific issues, such as lack of quality, poor access or disamenity. It is recommended that the percentage will not exceed + or - 20%.

9.0 Valuation Check

- 9.1 As a valuation check, valuers may compare resultant valuations with any available rental evidence in their areas. It is anticipated that, in most areas, such evidence may be difficult to find, but where sufficient evidence does exist it can be used as a check that valuations are not out of line with passing rental levels.