



Valuation of Self Catering Units

1.0 Introduction

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 as amended by The Council Tax (Dwellings and Part Residential Subjects) (Scotland) Amendment Regulations 2021. 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 –*
 - i. *are intended by a relevant person to be made available for letting, on a commercial basis and with a view to the making of profit, as self-catering accommodation for short periods amounting in the aggregate to 140 days or more in the financial year, where the interest of the relevant person in the lands and heritages enables them to be let for such periods, and*
 - ii. *have in practice been so let in the financial year for a total of 70 days or more of the period of 140 days described in head (i).”*

This practice note does not apply to a block of Serviced Apartments or similar type subjects exclusively occupied for that purpose, which have additional facilities and services, for example, 24 hour staff provision, daily cleaning, provision of breakfast 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

Self-catering units should be valued using rates per bed space derived from an analysis of both rents and receipts 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

The following property classes should be applied:

Category 1	An exceptional property built or modernised to a very high standard, eg historic buildings, castles or excellent quality modern properties of varying types.
Category 2 Flat	A flat built to a very good standard or an older property modernised/refurbished to a very good standard. Additional bathrooms typical. 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.
Category 2 House	A modern property built to a very good standard or an older property modernised/refurbished to a very good standard. Additional bathrooms typical. Examples include properties built in executive style developments or older stone built subjects such as those commonly found in the New Town.
Category 2 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 typical.
Category 3 Flat	A flat with limited modernisation/refurbishment works carried out. Examples include a tenement which may have had minor alterations to its layout, modern flats or converted properties which are dated.
Category 3 House	A property with limited modernisation/refurbishment works carried out. Examples include typical housing erected in non-executive housing estates or plainer older housing.
Category 3 Chalet	Older chalet built prior to 2000 with limited modernisation/ refurbishment works carried out.

4.0 Locations

The following location classifications should be applied:

Edinburgh Zone 1 (see appendix A)
Edinburgh Zone 2 (see appendix A)
East Lothian
Other county 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

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, consideration should be given as to the nature and use of the property and advice sought from a Divisional Valuer.

6.0 City of Edinburgh Valuation Rates per bed space

The following rates within the two zones within Edinburgh City should be applied:

EDINBURGH CITY – ZONE 1			
Bed spaces	Category 1 All Types	Category 2 House/Chalet/Flat	Category 3 House/Chalet/Flat
1	£4,800	£4,500	£4,000
2	£4,800	£4,500	£4,000
3	£4,000	£3,700	£3,300
4	£3,400	£3,000	£2,750
5	£3,300	£2,900	£2,600
6	£3,200	£2,850	£2,450
7	£3,125	£2,750	£2,350
8	£2,875	£2,500	£2,250
9	£2,750	£2,300	£2,100
10 and over	£2,625	£2,150	£1,950

EDINBURGH CITY – ZONE 2			
Bed Spaces	Category 1 All types	Category 2 House/Chalet/Flat	Category 3 House/Chalet/Flat
1	£3,900	£2,925	£2,500
2	£3,900	£2,925	£2,500
3	£3,325	£2,500	£2,125
4	£3,325	£2,500	£2,125
5	£2,925	£2,200	£1,850
6	£2,500	£2,000	£1,600
7	£2,375	£1,800	£1,500
8	£2,250	£1,650	£1,400
9	£2,125	£1,500	£1,300
10 and over	£2,025	£1,400	£1,200

* Rates may be enhanced (see paragraph 9.0)

7.0 County location Valuation Rates per bed space

The following rates within the East Lothian Council area should be applied:

EAST LOTHIAN			
Bed Spaces	Category 1 All types	Category 2 House/Chalet/Flat	Category 3 House/Chalet/Flat
1	£2,500	£1,700	£1,400
2	£2,500	£1,700	£1,400
3	£2,100	£1,425	£1,200
4	£2,100	£1,425	£1,200
5	£1,900	£1,250	£1,050
6	£1,700	£1,150	£950
7	£1,600	£1,050	£875
8	£1,500	£975	£825
9	£1,450	£900	£775
10 and over	£1,400	£850	£725

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

The following rates within West Lothian and Midlothian Council areas should be applied:

OTHER COUNTY LOCATIONS			
Bed spaces	Category 1	Category 2 House/Chalet/Flat	Category 3 House/Chalet/Flat
1	£2,250	£1,550	£1,250
2	£2,250	£1,550	£1,250
3	£1,925	£1,325	£1,075
4	£1,925	£1,325	£1,075
5	£1,700	£1,150	£950
6	£1,500	£1,000	£850
7	£1,350	£900	£775
8	£1,300	£850	£725
9	£1,200	£800	£675
10 and over	£1,150	£750	£625

* Rates may be enhanced (see paragraph 9.0)

8.0 Additions to Value

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

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 Percentage of hypothetical achievable gross income

An analysis of available rental evidence and gross hypothetical achievable income indicates that a level of rent in the range of 25-30% 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.

10.2 Comparison with Domestic Subjects

An 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 as the hypothetical landlords interest will also have to be reconciled in any such transaction.

Notwithstanding that, 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 statutory rating hypothesis and, if appropriate, to reflect any furnishings and chattels. 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.

Appendix A. Edinburgh Zone 1 and Edinburgh Zone 2

Edinburgh Zone 1- more central locations which see clusters of Self-Catering Units
Edinburgh Zone 2- all other City of Edinburgh locations

