

# The Self-builder's & Renovator's Guide to: HOLIDAY HOMES

Could a self-build or renovation project yield the perfect home away from home? **Claire Lloyd** looks at successful examples of the art and explains why it's crucial to decide from the outset whether you're undertaking this project to create a family holiday home or a business

It's often assumed that taking on a sizeable project such as a self-build or renovation is the best route to creating a home suited entirely around your lifestyle. But a project of this nature can also be the ideal means of achieving exactly what you want from a bolthole in the countryside, a retreat by the coast, or perhaps a second house near to family and friends. After all, taking this route could enable you to create a property which makes the most of its surroundings and includes both luxuries and necessities which make life that bit easier, not to mention is low on maintenance, low on utility bills and effectively provides a 'lock up and leave' solution — what more could you want from a holiday home?

However, there is an important question to answer prior to taking on a project like this: do you want to create a holiday home which will be primarily for your own use, perhaps with family and friends visiting and even the occasional let to others, or will the property created be a business first and a place to holiday every so often, second. (We'll be referring to the latter as a 'furnished holiday let' (FHL) throughout.)

But why make this decision so early on in the proceedings? Well, the distinction between the two carries a host of implications along the line, so it's a good idea to have a clear understanding of your own intentions from the outset. "In my experience, it's either one or other; your holiday home or a holiday let," says Nigel Rigden, who set out to self-build a holiday home for himself and partner Elaine Mead on the

Isle of Skye, but unable to claim the VAT back on the build, decided to run the property as the latter (read more on page 124). Indeed, for some, this intention may evolve as a project progresses or perhaps once the house is complete — changing financial or personal circumstances may see a holiday home become a FHL used to generate income, or vice versa.

Returning to the subject of VAT, if you're self-building a holiday/second home for yourself, then you can reclaim VAT on many of the building materials you've purchased at the end of the project (in the same way as you would when self-building a principal home). If, however, you're building a FHL with the specific intention of letting it out most of the year, then this venture is likely to be considered a business, and that 20 per cent spent on qualifying materials may not be reclaimed. It can be a tricky area to navigate, and can subsequently hit the unsuspecting self-builder hard if the new build is deemed to be a business.

You can register the FHL you're creating for VAT and recover some of the VAT paid out by this means. But bear in mind that this will subsequently mean that you'll have to charge VAT on future letting, so it's best to do your sums and establish whether the VAT savings here are really worthwhile.

*Items such as heating systems, lighting, fitted bathrooms... can be claimed as capital allowances*

## CLAIMING BACK BUILD COSTS

There are, however, benefits to creating a FHL. One of the most notable relates to the items which can be written off against your taxable income. In addition to expenses such as holiday letting agency fees, utility bills, cleaning expenses, interest on the mortgage etc., capital allowances can be claimed. "Items such as heating systems, lighting, fitted bathrooms and kitchens and furniture can be claimed as capital allowances in this instance," explains Tony Briscoe of DHC Accounting ([dhcaccounting.co.uk](http://dhcaccounting.co.uk)), who offer a specialist service for FHL owners. "Consulting an accountant, particularly in the first year of running a holiday let, is advisable as it can be easy to go wrong with capital allowances. For example, you can not only claim for underfloor heating, but the specific screed needed on top. So, you can see how capital allowances can be a bit of a grey area."

Establishing what items of your project may qualify as capital allowances and ensuring that they are invoiced for separately is a wise idea according to Tony Briscoe (making the task of collating capital allowances more straightforward later on).

In order to claim for capital allowances, then a FHL subsequently needs to be a 'qualifying' business,

## Family Affair

TOP RIGHT: When Glyn and Jane Martin's 1930s holiday chalet — which they'd used for 20 years with their three children — was nearing the end of its useful life, a replacement self-build would provide the ideal solution for enabling the Martins to continue visiting the stunning site on the Devon coast. The couple's daughter, architect Annie Martin, designed this sustainable, contemporary house which, nestled into the hillside and complete with a flat roof, has minimal visual impact on the surrounding National Trust land. The entire family were involved in the build, and luxuries such as a home cinema feature in the finished house ([lets: seacombe-devon.co.uk](http://lets.seacombe-devon.co.uk))



IMAGES: NIGEL RIGDEN



## Investing in the Future

LEFT: With their future retirement in mind, Rory and Jennie Campbell-Gibson decided to self-build a property on their farmland, which would provide them with a low-maintenance, energy-efficient home (LEFT) to downsize to when the time came to move on from their family farmhouse. In the interim, the couple have let the high-spec property in the Highlands for holidays ([lets: argyllholiday cottage.co.uk](http://lets: argyllholiday cottage.co.uk))

with a number of criteria met. In the main, this relates to occupancy rates. The property needs to be let for 105 days of the year and available for let for 210 days (this has been raised in recent years; it used to be 70 and 140 days respectively). There are ways of 'deferring' if the property doesn't let for 105 days, but again it's advisable to take financial advice here. Another factor is that the property cannot be let out for long-term occupation (31 continuous days or more) for more than 155 days in a tax year (so longer winter lets are actually permissible).

A holiday let is more favourable than a 'standard' furnished buy-to-let property in this way, where only 10 per cent of income can offset for 'wear and tear'. This is typically the case for family holiday homes occasionally let out, too. But, as Tony Briscoe explains: "In such situations, it's perhaps unlikely that you'd be seeing enough profit in the first instance to be charged Income Tax."

Capital Gains Tax (CGT) is another area where the differential between building or renovating a property as your own holiday home, or as a FHL, comes to the fore. Selling on a second home will attract CGT, typically at 18 per cent. Although there are currently ways in which you can reduce this sum, by



they have at home. Stepping out of a shower on to a floor warmed by underfloor heating, for example, can be a luxury,” says Stephen Chidgey, who has run a successful holiday let for 26 years (read more on his renovation project on page 128).

A careful balance should, however, be struck between installing gadgets and kit which are impressive, practical additions, but are also easy to use. (In other words, holiday makers shouldn't have to leaf through a heavy user manual to find out how to turn up the thermostat.)

On this note, heating the property is another area which should be given considerable thought, and just as importantly, the fabric of the build should be carefully detailed to ensure the heat demand is low in the first instance.

“Insulate, insulate, insulate,” advises Stephen Chidgey, who renovated his holiday let in order to futureproof it against rising oil bills.

Finally, smart technology comes into its own in holiday homes and lets. Smart controls which will enable you to remotely turn the heating on or off from a smart phone, tablet or laptop, for example, or perhaps check in with security cameras, are excellent ideas for those with properties some distance away.

### MARKETING A HOLIDAY LET

It's entirely possible to create a website, market and advertise a holiday let and manage bookings yourself — and on first inspection this looks like a much cheaper option. However, many of those featured over these pages opted for an agency, and for good reason. Such companies already have an established market, so can help you hit the ground running, (hopefully) ensuring bookings from the start. There are some companies like Unique Home Stays who are dedicated to properties of an individual nature (which self-builds, conversions and renovations typically are) — be it a secluded self-build, a property with eco credentials or a clever conversion. ▶

### COUNCIL TAX

*Second/holiday home owners were once given a discount on their Council Tax bills in England (it was set at 50 per cent of the standard rate at one time), but this has been eradicated and rates are set by the local authority, who may or may not provide a discount. Wales may be following suit soon.*

*For a 'qualifying' FHL, then you'll likely be charged business rates (rather than Council Tax). These are calculated on a number of factors and may be more favourable than Council Tax.*

choosing to elect your holiday home as your principal residence. “But this is subject to certain conditions and it has recently been announced by HMRC that they intend to take this option away and private residence for Capital Gains Tax purposes will in future, be determined by actual occupation (as your home),” adds Tony Briscoe. (Again, an accountant should be engaged for advice.)

For those selling a furnished holiday let which has been run as a ‘qualifying’ business, then CGT could be set at an Entrepreneurs’ Relief rate, which is currently 10 per cent. Or, you may be able to defer CGT if you go on to purchase another holiday let or business within a set period.

### DESIGN IMPLICATIONS

If the new house you're creating will primarily function as your own holiday home then your personal tastes, style, paraphernalia, etc. should quite rightly be both the starting point and backbone of the design and layout. This should after all be a place to unwind and undertake hobbies and activities you do not ordinarily get time for at home — whether that's creating a cinema room or designing in a balcony to sit out on with a drink and soak up the views.

But, if you're planning on creating a FHL, then it's crucial to think about your target market too if it's

### Sustainable Business

Marine Dennis built a striking timber frame holiday let on crofting land which had been within her family for generations; the property plays a key part in the diversification of the land and the family's future in crofting. As the property sits on a secluded plot within Cairngorms National Park, permission was granted for the sustainable build following an extensive planning application ([inchdryne.com/loodge.html](http://inchdryne.com/loodge.html))

to be a success commercially. By way of example, if you're building or renovating in an area popular with walkers or outdoor pursuits, then planning in a boot room (which may also provide an ideal place to store sandy buckets and spades and other beach gear, if you're close to the coast) is a wise decision. In terms of finishes, you may want to consider a hard-wearing, easy-to-clean and/or dark-coloured flooring like slate, which does not show up muddy boot or paw prints so readily.

The layout is important too. Will the house be designed to cater primarily for couples, or perhaps three generations of a family? The layout of bedrooms should be planned accordingly, and the ratio of large sociable spaces like open plan kitchen/dining/living areas, to smaller, snug-like rooms, given thought.

It's a good idea to think about the luxuries too which will 'make' the holiday experience. “The self-catering market has changed over the past couple of decades; it used to be seen as secondary to staying in hotels, but that's certainly not the case now. People want to stay in a property which perhaps offers them something a little more than what



## Holiday Home 2:

# FROM GARAGE TO RETREAT

INTERIOR DESIGN: THE INTERIOR CO. (THEINTERIORCO.CO.UK)

SHROPSHIRE | 'TURTLEDOVE HIDEAWAY' LET BY: UNIQUEHOMESTAYS.CO.UK

**Who'd have thought a former garage-cum-outbuilding would make a cosy couple's retreat** in the Shropshire countryside? What started out as a plan to convert a little-used, open-sided oak frame garage in the grounds of her home into a sheltered studio and space to display wares for her interiors company, has now become another business venture for designer Kerrie Griffin-Rogers.

"I needed extra space and a sense of separation between work and home," she explains. "So my first idea was to add a roof to the structure to create a dry space beneath which to store items for the business," says Kerrie, who undertook the roofing work on a DIY basis with a friend. "It took us two weekends and we added all the battens and slate roof tiles ourselves. The only problem we encountered was when we got to the other side and realised that the battens were 3mm out, meaning we had to start again."

But as the space swiftly developed, the realisation that this small but perfectly formed building could generate an income as a holiday let, dawned on Kerrie.

Mixing high-spec buys with handcrafted items like the bathroom vanity unit, enabled Kerrie to complete the entire project for £10,000 (she's even written a book on the subject, 'From Shed to Chic'). "There's certain things you can save on when taking on a project like this, and areas where you really need to invest," she advises.

Having not set out to create a holiday let, Kerrie had to apply retrospectively for Building Regulations approval and a 'change of use' from the local planning department. Fortunately she was granted both. "The Building Control officer first asked about the levels of insulation, but luckily I'd taken photographs at each and every stage of the project," she says.

When it came to marketing the property, she approached Unique Home Stays. "You have to do very little (aside from the cleaning and the handover), and I've been booked solidly from December to Easter this year!" she says.

"The little details really count too. If I'm making cakes, I'll often leave some for the holiday makers, and I'm always at the end of the phone." ▶

### Turtledove Hideaway

A mezzanine sleeping area was added beneath the eaves, while a woodburner keeps the open plan living space below warm in the winter months

Holiday Home 3:

# ENERGY-EFFICIENT BARN

NEAR PADSTOW, CORNWALL | RENOVATION PROJECT: 2011-2012  
 'THE STUD' LET BY: UNIQUEHOMESTAYS.COM

Investing in the fabric of a holiday home is one way of ensuring that heating bills do not remain an ongoing concern, particularly if you hope to let it out. This is exactly what Stephen Chidgey did — two decades after originally converting this centuries-old barn into a holiday let, he stripped back the property to create a high-spec, energy-efficient holiday home in Cornwall for the 21st-century guest. Stephen originally purchased the derelict barn, which was for sale with outline planning permission in close proximity to his former home, some 26 years ago. He took on the conversion project himself, and following near-on three decades running it as a successful let, the barn required a little TLC. "The roof was in need of replacement, so I decided to upgrade the entire property to futureproof against rising oil bills," explains Stephen. "The three main priorities were to: introduce more natural light, create attractive spaces, and to make it much more energy efficient."

With the existing oil-fired central heating and oil-fuelled range cooker — installed when the barn was converted in the '80s — nearing the end of their useful life and with oil prices soaring, what followed was considerable research into renewable technology. Stephen consequently opted to mount

two solar thermal panels on the south-facing gable end to cater for the hot water, with an electric immersion providing back-up — it's rarely required though.

A ground-source heat pump, specified from British heat pump manufacturer Kensa, was installed beneath the front garden. The latter runs the underfloor heating throughout; the pipework for which Stephen installed himself. "The low-level, radiant heat means there's no longer cold spots within the barn; the heat is evenly spread," he says.

But more importantly, Stephen took the opportunity to upgrade the fabric of the building, exposing the occasional original stone wall internally and thoroughly insulating all other walls, ceilings and floors.

Opening up the vaulted ceilings, introducing rooflights and a new staircase (crafted in sustainable European oak) with glazed balustrade — allowing light to filter down to the dining space below — means the barn is now filled with natural light. The low-energy LED feature lighting scheme for completes the sustainable picture.

Indeed, the resulting interiors are a considered mix of ergonomics and good design. "I love cooking, so I also invested in a bespoke, handmade kitchen which not only looks good, but is really functional for holiday makers." ■



**Old Meets New**

The original stonework has been exposed in the bathroom, living room and dining room, with the remaining walls thoroughly insulated to not only make this a more comfortable place to inhabit, but to reduce the heat demand. Owner Stephen's research into energy efficiency and renewables (there's solar thermal panels and a ground-source heat pump) was so extensive that he was subsequently offered a place to study a Masters in sustainable design



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