

Appeal No. VA09/3/022

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

James Coady

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 1207361, Hotel at Lot No. 66 "The White House", Main Street, Borris, Carlow, County Carlow.

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Leonie Reynolds - Barrister

Member

Fiona Gallagher - BL

Member

JUDGMENT OF THE VALUATION TRIBUNAL

ISSUED ON THE 14TH DAY OF JANUARY, 2010

By Notice of Appeal dated the 23rd day of July, 2009, the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €432.00 on the above-described relevant property.

The Grounds of Appeal are set out in the Notice of Appeal, a copy which is attached at Appendix 1 to this Judgment.

1. The appeal proceeded by the way of an oral hearing held in offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 3rd day of November 2009. At the hearing Mr. James Coady the proprietor of the property concerned appeared on his own behalf. Ms. Orla Lambe, (BSc Surveying), a Valuer in the Valuation Office appeared on behalf of the respondent, the Commissioner of Valuation.
2. The property concerned in this appeal is the Step House Hotel which is located on the main street of Borris Co. Carlow. Borris is a heritage town on the River Barrow about 20 kilometres from Carlow.
3. The Step House Hotel originally consisted of two adjoining properties - a public house with residential accommodation overhead and a two-storey over-garden level building used as a bed and breakfast premises with 8 or 9 bedrooms. Approximately 2 years ago the properties were amalgamated, refurbished and extended to their present state and now provide accommodation and usual hotel facilities to a very high standard.
4. The accommodation provided within the hotel comprises an entrance, bar, restaurant kitchens, function room, 19 en-suite bedrooms and a penthouse suite.
5. The area of the property – based on drawings prepared by John Stewart Architects – measured on the gross external area basis is 2,282 sq. metres of which approximately 1,100 sq. metres consists of the refurbished and renovated buildings, the remainder being a new extension.
6. Following a request for revision received from the Carlow County Council the rateable valuation of the property concerned was assessed at €505 and a Certificate to this effect was issued by the Valuation Office on 2nd December 2008. Following an appeal to the Commissioner of Valuation the rateable valuation was reduced to €432. The appellant being dissatisfied with the Commissioner’s decision lodged an appeal to this Tribunal under the provision of section 34 of the Valuation Act, 2001.

The Appellant’s Evidence

7. Mr. Coady having taken the oath said that the total cost of refurbishing and extending the original premises was in the order of €4 - €5 million.

8. Borris is a heritage town and both the original buildings are protected structures.
9. Accordingly, Mr. Coady obtained an architect well known for renovating Georgian buildings, to refurbish and renovate the existing buildings and to extend the property to its present state, the underlying intention being to obtain a four star classification.
10. Mr. Coady said the Step House Hotel was a family run establishment and trading to date was very disappointing and loss-making. The occupancy rate, he said, was 20% or less and the level of activities in the function room was below expectations. At the request of his bank, he had recently obtained a valuation of the property which reported an open market value of €1.6million which was considerably less than what was spent in bringing the property up to its present state.
11. Under cross-examination by Ms. Lambe, Mr. Coady said that he had no understanding of section 49 of the Valuation Act nor had he introduced any comparisons to support a reduction in the rateable valuation of the property concerned as determined by the Valuation Office.
12. When asked about the hotels Ms. Lambe had introduced as comparisons, Mr. Coady said that he would not consider any of them to be comparable to the Step House Hotel which, he said, was located in a small town with limited local custom. The Lord Bagenal Inn, he said, was a much larger, well known and long-established premises with gardens and parking facilities. The Mount Wolseley Hotel was also much larger and formed part of a golf course and hotel complex. The Dolmen Hotel, he said, is located in Carlow town and therefore was not comparable insofar as the Step House Hotel was situated in a small village.
13. When asked about the function room in the Step House Hotel, Mr. Coady said the layout was inhibited by a number of pillars. The capacity for normal functions, he said, was in the order of 120 to 150, and on a seating basis only 180.

The Respondent's Evidence

14. Ms. Lambe, after taking the oath, adopted her written précis of evidence which had previously been received by the Tribunal as being her evidence-in-chief. In her evidence, Ms. Lambe contended for a rateable valuation of €432.00 calculated as set out below:

The Step House Hotel	433.40 sq. metres	@ €38.00 per sq. metre	= €16,469.20
New Hotel area	1831.98 sq. metres	@ €38.00 per sq. metre	= €9,615.24
Garage/ Store	16.70 sq. metres	@ €13.67 per sq. metre	= € <u>228.28</u>
Valuation Office Estimate of NAV			= € 86,313
RV @ 0.5% = RV	€431.56		
Say RV	€432.00		

15. In support of her opinion of rateable valuation, Ms. Lambe introduced three comparisons, details of which are set out in Appendix 2 attached to this judgment.
16. In her evidence Ms. Lambe said she had valued the property concerned by reference to the value of comparable properties in the Carlow rating authority area. Such a method, she said, was in compliance with section 49(1) of the Valuation Act, 2001.
17. Ms. Lambe said that she was the revision officer in the first instance and valued the property concerned at a rateable valuation of €505. The rateable valuation was reduced to €432 on appeal due solely to a revised measurement of the property.
18. Ms. Lambe said that in arriving at her valuation she had singular regard to the value of the Lord Bagenal Inn, particularly since it had been determined by the Valuation Tribunal in October 2008. A copy of the judgment in this appeal formed part of her evidence. The other comparison referred to constituted the tone of the list for hotels similar in many respects to the Step House Hotel.
19. Ms. Lambe said that there were strong similarities between the property concerned and the Lord Bagenal Inn. Both were located in heritage towns and the original premises in each case were renovated and extended to provide four star hotel accommodation.

Findings

The Tribunal has carefully considered all the evidence and arguments adduced at the hearing and finds as set out below:

1. This appeal came before the Tribunal as a result of a request for a revision of valuation pursuant to section 28 of the Valuation Act, 2001.

2. The method for valuing property under section 28(4) is set down under section 49(1) of the Act which states “*If the value of a relevant property (in subsection (2) referred to as the “ first- mentioned property”)* falls to be determined for the purpose of section 28(4), (or of an appeal from decision under that section) that determination shall be made by reference to the values, as appearing on the valuation list relating to the same rating authority area as that property is situate in, of other properties comparable to that property.” In other words, the value of the property concerned is to be determined by reference to the tone of the list.
3. The property concerned in this appeal is Step House Hotel in Borris, which is a heritage town on the River Barrow in Co. Carlow. It is obvious from the evidence tendered by both parties that the original buildings have been restored, renovated and extended in an architecturally sensitive manner, having regard to their nature and location, and now provides hotel accommodation and facilities to warrant a four star classification. Whilst no trading accounts were introduced, it is clear from Mr. Coady’s evidence – which was not challenged – that the hotel is operating at a low level of activity in all sectors. The occupancy rate of less than 20% is substantially below the national average for hotels of a standard similar to the Step House Hotel.
4. Under section 49(1) the valuation of a property whose valuation is subject to revision under section 28 must be determined by reference to the valuation of other properties comparable to that property. Since hotels by their very nature are not homogenous, it is up to the valuer to apply his/her experience and knowledge in arriving at the appropriate valuation of the property concerned when using the comparable method of valuation, in order to fairly reflect and compare the relevant factors which have a bearing on the valuation of the property concerned, and those properties which are considered to be comparable.
5. It is clear from the evidence that there are material differences between the Step House Hotel and the three hotels cited as being comparable by Ms. Lambe. Ms. Lambe in her evidence described the Step House as being “*a boutique hotel completed to a high standard*”. None of Ms. Lambe’s comparisons could be similarly described, so, to that extent, they are not truly comparable. It would appear from the evidence that the Step House is aimed at the upper end of the market – a market which, on the evidence of low occupancy rates and limited demand for use of function room, has not yet manifest itself at this location.

6. Ms. Lambe's primary comparison is almost twice the area of the Step House Hotel with 39 bedrooms, function room and conference facilities and is a long-established and well-renowned hotel in the Carlow area. In several material respects it is different from the Step House Hotel and per force these differences must be reflected in the valuation of the property concerned.

Determination

Having regard to the foregoing the Tribunal has come to the conclusion that the appropriate rateable valuation of the property in accordance with section 49(1) is €75.00, as set out below:

Hotel	2,265.38 sq. metres	@ €33.00 per sq. metre	= €74,757.54
Garage/Store	16.7 sq. metres	@ €13.67 per sq. metre	= € 228.29
Net Annual Value			= <u>€74,985.83</u>
NAV say			= €75,000.00
RV @ 0.5%	=	€75.00	

And the Tribunal so determines.