

Appeal No. VA00/3/052

**AN BINSE LUACHÁLA**  
**VALUATION TRIBUNAL**  
**AN tACHT LUACHÁLA, 1988**  
**VALUATION ACT, 1988**

**Harcourt Inn Ltd**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Hostel at Map Reference: 27 Harcourt Street, Ward: St Kevins Dublin

**B E F O R E**

**Fred Devlin - FSCS.FRICS**

**Deputy Chairman**

**Frank Malone - Solicitor**

**Deputy Chairman**

**Michael F. Lyng - Valuer**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 19TH DAY OF APRIL, 2002**

By notice of appeal dated 10th day October, 2000 the appellants appealed against the determination of the Commissioner of Valuation in fixing rateable valuation of £245 (€311.08) on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that " The valuation is excessive, inequitable and bad in law."

1. This appeal proceeded by way of an oral hearing held in the offices of the Tribunal at Ormond House, Ormond Quay Upper, Dublin 7, on the 31<sup>st</sup> of October 2001.
2. At the hearing the appellant was represented by Mr. Eamonn Halpin ASCS, MRICS, MIAVI of Eamonn Halpin and Company and the respondent was represented by Mr. Terry Dineen a District Valuer in the Valuation Office.
3. Prior to the oral hearing the valuers exchanged written submissions and valuations, copies of which were forwarded to the Tribunal, and subsequently accepted into evidence under oath at the oral hearing.
4. The subject property comprises a typical four storey over basement Georgian Terrace House together with a two-storey coach house at the rear. There is also a three storey return block to the main section of the house. Evidence was given at the hearing that the property was purchased in 1996 for approximately £424,000 and following planning permission for a change of use from offices to hostel, the building was refurbished internally and opened for business in 1998.

The property is situated on the west side of Harcourt Street in that section between Camden Place and Montague Street, close to St Stephens Green. The properties in the vicinity are mainly Georgian in style and used for a range of activities including offices, hotels, guest houses and residential.

The area of the property measured on a gross external area basis is as follows:

Main Building	733.3sq.m.
Rear Coach House	75.5sq.m. (Mr. Halpin's Area)
	85.7sq.m. (Mr. Dineen's Area)
One Car Parking Space	Valued by Mr. Dineen

It is agreed that the accommodation provided consists of 15 en-suite bedrooms together with the usual ancillary kitchen and lounge accommodation.

5. The subject hereditment was valued at the 1999/4 revision and assessed at a rateable valuation of £285.00 which figure was reduced at first appeal stage to £245.00. It is against this decision that the appeal to this Tribunal now lies.
6. Mr. Halpin having taken the oath adopted his submission and valuation, previously received by the Tribunal, as being his evidence in chief, given under oath.

In his evidence Mr. Halpin contended that the property was used as a hostel and provided accommodation for people seeking asylum. In the circumstances and in accordance with section 5.2 of the Valuation Act 1986, it was proper that the Net Annual Value should be determined by comparison with other hostels in Dublin City Centre. In his opinion the respondent had erred in his valuation approach and sought to value the subject property by comparison with other Georgian Buildings in Harcourt Street and other parts of the city, which were being used as offices or guest houses.

7. Mr. Halpin, in his submission contended for a rateable valuation of £155 calculated as set out below.

Main Building	733.3sq.m.	@	£30.19 p.sq.m.	= £22,138
Rear Coach House				
Ground Floor Storey	28.7 sq.m.	@	£21.52 p.sq.m.	= £618
1 <sup>st</sup> Floor Offices	46.8 sq.m.	@	£37.67 p.sq.m.	= £1,764
Net Annual Value				= £24,520
Rateable Valuation		@	.63%	= £155

In support of his opinion of Net Annual Value, Mr Halpin put forward details of six other hostel type premises in Dublin City Centre as set out in Appendix 1 attached to this judgement.

8. Under cross-examination Mr. Halpin would not accept the proposition put to him by Mr. Dineen that it was the building that had to be valued and not necessarily the user. Whilst he agreed that the accommodation included 15

en-suite bedrooms, he did not agree that the property was more like a guest house than a hostel in the accepted sense of the word. Mr. Halpin said that the building had planning permission for hostel use and could not be used for any other purpose without first obtaining a change in the planning status. As far as he was concerned it was a hostel and should be valued as such and the valuation determined by comparison with other hostels of a similar function elsewhere in Dublin City Centre.

When asked if the subject property occupied a better location than the comparisons relied upon by him, Mr. Halpin said that Harcourt Street from a hostel point of view was no better or no worse than any other location.

9. Mr. Dineen having taken the oath adopted his submission and valuation, which had previously been received by the Tribunal as being his evidence in chief given under oath.

In his evidence Mr. Dineen contended for a rateable valuation of £245 calculated as set out below.

**Gross Areas**

Accommodation	733.3 sq.m.	@	£48.83 =	£35,513
Balance (mews store & Office)	85.7 sq. m.	@	£32.29 =	£2,767
One Car Space				£600
Total NAV				£38,880
Rateable Valuation				£245.00

**Or As Offices**

Net Areas				
Ground Floor	Front	67.7	@	107.63 = 7,286
	Return	26.7	@	86.1 = 2,299
First Floor	Front	80.3	@	86.1 = 6,912
	Return	29.3	@	64.6 = 1,892

In support of his valuation, Mr Dineen put forward details of seven comparisons, which are set out in Appendix 2 attached to this judgement.

**10.** In his evidence Mr. Dineen argued that the subject property by virtue of its central location close to St Stephens Green and its physical attributes was suitable for a variety of uses including offices and guest house. The premises in the immediate vicinity were of similar type and used for a variety of purposes and in his opinion these uses were in the same mode or category and their Net Annual Values should therefore be assessed on a similar basis. Mr Dineen said there was no significant difference between a hostel and a guest house, other than perhaps a higher number of occupants per room. A hypothetical tenant in the market would look at the subject property, its state of repair and all other relative matters before arriving at an opinion of rental value but would make no significant allowance for its use as a hostel, guest house, office or indeed any other potential commercial use.

Mr. Dineen, under cross-examination agreed, when valuing a property it was good valuation practice to compare like with like and he always did his best to adhere to this principle. However in his opinion there was no fundamental difference in this instance between hostel use and guest house use. He had looked at the quality of the building and its location and arrived at his opinion of value by comparison with similar buildings in similar locations and which were used in a similar fashion.

## **11. Findings**

- 1.** This Tribunal must determine the Net Annual Value of the subject property in accordance with the statutory provisions, that is Section 11 of the 1852 Act as amended by Section 5 of the Act of 1986. Under the rule of *rebus sic stantibus* “the rent is to be estimated for a particular hereditment as it stands with all its privileges, opportunities and disabilities, created or imposed by its natural position, all the limitations and restrictions imposed upon the tenants by law and as it is

used and occupied when the assessment is made” (Robson Brothers (Brewers) Ltd., -v- Durham County AC (1938) AC321).

2. In this appeal the subject hereditment has a planning permission for hostel use, but this is not to say that planning could not be obtained for an alternative use. Hostel use in the normal sense of the word is a business use. It is common case that the building is laid out with 15 en-suite bedrooms together with all the usual ancillary services and this would seem to indicate that it could not readily be used as offices without alteration, whatever about the necessary planning permission. In the circumstances therefore it would appear that it must be valued as an establishment which provides guest accommodation.
3. There appears to be no strict definition of what is a hostel but the commonly held view perhaps would seem to indicate that it is directed at the short stay budget market and affords functional accommodation at somewhat basic levels that in most cases are self-catering. From the evidence in this appeal, it would appear that whilst the subject is a hostel in name and insofar as planning is concerned, it is not dissimilar to a guest house and in the circumstances so should its rateable valuation.
4. The comparisons put forward by Mr. Halpin appear to be hostels in the accepted sense of the word. Avalon House for example is considered to be a well appointed hostel, provides over 150 bed spaces in a building with a gross external area of 14,445 sq.ft. as against 15 en-suite rooms in the subject property which has a gross area of somewhat less than 8,000 sq.ft.. In the circumstances the Tribunal attaches little weight to Mr. Halpins comparisons.
5. The Tribunal has carefully considered Mr. Dineens proposition that the hereditment must be valued as a building available to an incoming tenant for any one of a range of users. Whilst there is some merit in this argument it cannot stand up to scrutiny insofar as buildings such as the subject may only be used in the manner for which there is planning permission. In this case the building has planning for hostel use and whilst it may be open for an incoming occupier to seek another use the

only viable alternative available without the need for substantial alteration works appears to be that as a guest house.

6. Mr. Dineen put forward seven comparisons, three of which are in office use and as far as these comparisons are concerned they are of no assistance to the Tribunal. The other four are in relation to guest houses and are of assistance in that they indicate the level at which guest houses in somewhat similar locations are valued. Comparison No. 5, that is Harrington Hall, is disregarded by virtue of the fact that the rateable valuation of this property is currently under appeal to this Tribunal.
7. Having regard to all the evidence the Tribunal holds that the valuation of the subject on a comparative basis should be valued at a level above that applied to the hostels cited as being comparable by Mr. Halpin but nonetheless at a level below that applied to the guest houses included in Mr. Dineen's schedule of comparisons.

## 12. Determination

The Tribunal, having carefully considered all the evidence and arguments adduced by the parties and having regard to all the comparisons proffered, determines that the rateable valuation of the subject hereditment is €282 calculated as set out below:

Main Building	733.3sq.m.	@ £45.00 p.sq.m.	= £32,998
Coach House (Including One Car Park Space)	75.5 sq.m.	@ £30.00 p.sq.m.	= £2,265
Net Annual Value			= £35,263
Rateable Valuation		@ .63%	= £222
		<b>Say</b>	<b>€282</b>