

Appeal No. VA08/3/018

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

The Glasshouse Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2192074, Hotel, Carpark at Lot No. 1d/1 (incl. 6-8 Bridgefoot Street), Fish Quay, Rathedmond, Sligo North, Sligo Borough, County Sligo

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Patrick Riney - FSCS FRICS FIAVI

Member

Fiona Gallagher - BL

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 11TH DAY OF NOVEMBER, 2008

By Notice of Appeal dated the 22nd day of July, 2008, the appellant appealed against the determination of the Commissioner of Valuation in fixing a valuation of €2,085.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:

"On the basis that the RV as assessed is excessive and inequitable taking into account the established tone of the list. That the NAV applied to the car-park is also excessive as this is primarily for the use of hotel guests and the comparisons also have car-parking available which has not been added for."

1. This appeal proceeded by way of an oral hearing held in the offices of the Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 16th day of October, 2008.
2. At the oral hearing the appellant was represented by Mr. Eamonn Halpin, BSc (Surveying), MRICS, MIAVI, of Eamonn Halpin and Company Ltd. Mr. David Molony, BSc, MRICS, a District Valuer in the Valuation Office, appeared on behalf of the respondent, the Commissioner of Valuation.

The Property Concerned

3. The property concerned is the Glasshouse Hotel which occupies a prominent town centre location adjoining Hyde Bridge in Sligo.
4. The Glasshouse Hotel is part of a newly built mixed use development which also includes 80 apartments and underground car-parking. The hotel possesses a 4 star classification, is of striking modern design and has been built and fitted out to a high specification.
5. The agreed accommodation and areas measured on a gross external area basis are as follows:
 - Ground floor: reception area, bar, restaurant, function room (capacity of 120 persons), kitchen and stores.
 - First Floor: residents lounge, conference suites, gymnasium, jacuzzi, sauna, offices, bedrooms and stores.
 - Second, third, fourth, fifth and sixth floors: bedrooms.
 - Adjacent to the hotel is a new purpose built, multi-storey car-park.
 - The hotel has an area of 7,379 sq. metres (including stores of 218 sq. metres) measured on a gross external area basis.

Rating History

6. On the 27th November, 2007 the Valuation Office issued the valuation certificate pursuant to the provisions of section 28 of the Valuation Act, 2001 to the effect that the property concerned had been valued at a valuation of €2,100. Following an appeal to the Commissioner of Valuation under section 30 of the Act the valuation was reduced to

€2,085. The appellant being dissatisfied with the decision of the Commissioner of Valuation lodged a further appeal to the Valuation Tribunal under section 34 of the Act.

The Appellant's Evidence

7. Mr. Halpin having taken the oath adopted his précis and valuation which had previously been received by the Valuation Tribunal and the respondent as being his evidence-in-chief.

8. In his evidence Mr. Halpin contended for a rateable valuation of €1,490 calculated as set out below:

| | | | |
|---------------------------|------------------|------------------------|-----------------|
| Hotel | 7,161 sq. metres | @ €41 per sq. metre | = €293,601 |
| Stores | 218 sq. metres | @ €20.50 per sq. metre | = <u>€4,469</u> |
| Total NAV | | | = €298,070 |
| Rateable valuation @ 0.5% | | | = €1,490 |

9. In support of his opinion of net annual value Mr. Halpin introduced 4 comparisons, details of which are set out in Appendix 1 attached to this judgment.

10. In evidence Mr. Halpin argued that the appellant's valuation of the property concerned was excessive and not supported by the assessments of other hotels in Sligo. In particular he was of the view that the respondent did not adequately take into account the following material factors:

- That the hotel occupies a confined town central location.
- That the hotel does not have a leisure centre or swimming pool which places it at a distinct business disadvantage to other hotels in Sligo which have a similar 4 star classification.
- That the restricted number of car-parking spaces means that it cannot cater for larger functions.

11. Furthermore Mr. Halpin argued that the respondent erred in attributing a separate valuation to the 100 car-parking spaces. The established practice was to reflect the car-parking in the overall valuation of the hotel. The respondent's claim that the car-park operated as a commercial entity was incorrect and did not stand up to scrutiny. The facts

were that all customers of the hotel, whether they be resident or non resident, had the use of the car-park free of charge. Whilst the general public could use the car-park the hourly rate was pitched at a level substantially in excess of normal car-park charges in order to discourage this practice. At the oral hearing Mr. Halpin submitted in evidence a letter from the hotel's financial controller to the effect that gross income from the car-park for the year ending 30th November, 2007 was €14,429 – equivalent to about €120 per space per annum.

12. Mr. Halpin also contended that the hotel's stores should be valued at a lower rate per sq. metre than the hotel proper.
13. Under examination Mr. Halpin said that he did not have sight of the financial statements of the hotel, nor did he know the price paid for it by the owners who are property developers. Mr. Halpin said he did not feel such information was relevant as he had valued the property concerned, as indeed had the respondent, by reference to the valuation of other hotels in the town, which were valued on a sq. metre basis. When questioned about his comparisons Mr. Halpin withdrew his comparison number 4, as he had no information as to how its assessment had been determined. In relation to his other comparisons Mr. Halpin said he was relying upon information provided to him by other rating consultants. These comparisons, he said, represented the "tone" for hotels in Sligo and each comparison was equally relevant in arriving at the appropriate valuation of the property concerned.

The Respondent's Evidence

14. Mr. Molony having taken the oath adopted his précis and valuation which had previously been received by the Tribunal and the appellant as being his evidence-in-chief.

15. In his evidence Mr. Molony contended for a rateable valuation of €2,085 calculated as set out below:

| | | | |
|------------------------|------------------|-----------------------|--------------------|
| Hotels | 7,379 sq. metres | @ €1.23 per sq. metre | = €378,026.17 |
| 120 car parking spaces | | @ €17.43 per space | = <u>€8,091.60</u> |
| Total NAV | | | = €416,117.77 |
| Valuation @ 0.5% | | | = €2,085 |

16. In support of his opinion of net annual value Mr. Molony introduced three comparisons two of which are in respect of hotels and one in respect of a car-park in Sligo, attached at Appendix 2 to this Judgment.
17. In his evidence Mr. Molony said the Glasshouse Hotel property occupied a prime town centre location and by virtue of its location and high quality specification and design could charge higher room rates than other hotels in Sligo. Contrary to Mr. Halpin's opinion the current trend in the hotel business was away from leisure centres which were expensive to maintain.
18. Under examination Mr. Molony agreed that there was direct access from the car-park to the hotel reception area. He fully agreed that the information provided by the hotel's financial controller indicated that the "non hotel" use of the car park was minimal and pointed out that this information was not available to him until just before the commencement of the oral hearing.
19. In regard to his comparisons Mr. Molony said the property concerned was superior in terms of location, design and specification and that these were factors that should be reflected in his valuation. When asked if the car-park had been solely dedicated to the hotel patrons would he still have valued it separately, Mr. Molony said he would not and indeed would have valued the hotel at the same rate per sq. metre, that is €1.23.

Findings

The Tribunal has carefully considered all the evidence and arguments adduced at the oral hearing including that in relation to the comparisons and makes the following findings:

1. Section 49(1) sets down the basis for valuing properties on foot of a revision carried out under section 28 of the Valuation Act, 2001. Section 49(1) provides that the valuation of the property concerned shall be determined "*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*".
2. Under rating law the onus of proving that the valuation of the property concerned appearing in the valuation list is incorrect lies with the appellant.
3. Under the Valuation Act the appeal to the Tribunal is the third stage in the appeal process. Accordingly where the appellant is professionally represented it is to be expected that not

only have meaningful discussions taken place, but that all relevant information and material would have been provided and analysed before the oral hearing. In this appeal Mr. Halpin introduced information regarding the use and income derived from the car-park not before seen by Mr. Molony, which, if made available to him at an earlier stage in the proceedings, may have caused him to reconsider his valuation. It would be better to all concerned in the rating valuation process if this type of situation did not arise.

4. From the evidence tendered by the parties there are three material issues to be addressed:
 - a. Should a separate valuation be attributed to the car-park or should it be reflected in the valuation of the hotel?
 - b. Is the valuation of the hotel supported by the assessment of other hotels in Sligo?
 - c. Should the store be valued at a lower rate per sq. metre than the hotel proper?
5. In relation to the first matter the use of the car-park by non patrons of the hotel is *de minimus* and Mr. Molony to his credit accepted that this indeed was the case. In the circumstances the Tribunal finds that the availability of car-parking should be reflected in the valuation of the hotel and not separately assessed. This position was tacitly accepted by Mr. Molony at the hearing in light of the additional information provided by the financial controller of the hotel.
6. The Sligo Park and the Clarion are common comparisons and in arriving at its determination, the Tribunal considers both assessments to be of assistance. The Tribunal attaches little weight to the Sligo Southern Hotel by virtue of its size, classification, age and specification. There is some confusion regarding the sq. metre rate at which the newer sections of the Sligo Park and the Clarion Hotel were valued, but it would seem that they were both assessed somewhere between €42 and €43 per sq. metre. These figures are considerably less than the €51.23 per sq. metre adopted by Mr. Molony for the property concerned. Having regard to the high specification of the Glasshouse and its facilities including the availability of underground car-parking the Tribunal finds that it should be valued at a level higher than that used in the assessments of either the Sligo Park or the Clarion Hotel.
7. The stores in the property concerned are within the overall structure of the hotel and represent less than 0.3% of its total area. In the circumstances the Tribunal can see no merit in attributing a lower rate per sq. metre to this space.

Determination

Having regard to the foregoing the Tribunal determines the rateable valuation of the property concerned to be €1,770 calculated as set out below:

| | | | |
|----------------------|------------------|---------------------|------------|
| Hotel | 7,379 sq. metres | @ €48 per sq. metre | = €354,192 |
| Net annual value Say | | | €354,000 |
| Rateable valuation | | @ 0.5% | = €1,770 |

And the Tribunal so determines.