

Appeal No. VA02/2/068

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

**Peter & John McHugh**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Hotel at Map Reference Lot No. 98d Kilkilloge, ED: Cliffony North, County Sligo

**B E F O R E**

**Tim Cotter - Valuer**

**Deputy Chairperson**

**John Kerr - FIAVI**

**Member**

**Brian Larkin - Barrister**

**Member**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 4TH DAY OF JUNE, 2004**

By Notice of Appeal dated the 18 April 2002, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €253.95 on the relevant property described above. The Grounds of Appeal as set out in the said Notice of Appeal are that:

(1) The Valuation is excessive and inequitable. (2) The Valuation is bad in law.

The appeal proceeded by way of an oral hearing which was held on 11<sup>th</sup> December 2002 in the offices of Galway Corporation, City Hall, Galway. The appellant was represented by Mr Owen Hickey, BL, instructed by John Walsh & Co., Solicitors. The respondent was represented by Ms Sean Quinn BL. Ms Sheelagh O Buachalla, Director, GVA Donal O Buachalla, gave evidence on behalf of the appellant. Mr Damien Curran, District Valuer, gave evidence on behalf of the respondent. In accordance with the Rules of the Tribunal the parties had, prior to the commencement of the hearing, exchanged their précis of evidence and, having taken the oath, adopted them as their evidence-in-chief.

### **The Property**

The property comprises a 16 bedroom, 2 star hotel in the coastal village of Mullaghmore. The subject premises is a piecemeal development and the original hotel building is approximately 50 years old with various extensions added thereafter.

### **Location of Property**

The subject premises is located at the village of Mullaghmore approximately 25 kilometres from Sligo town. It is a holiday resort location with a permanent population of approximately 60.

### **Accommodation**

There are two bars, one of which is a residents' bar only and is located in the original hotel building. There is a function room with a capacity for 200 people but is only used between 6 and 12 times a year as there is little demand for it. In addition there is a restaurant with 40 covers at first floor level. The 16 bedrooms are located in two blocks, as there is no lift in the hotel they may only be accessed by stairs. Some of the bedrooms are located to the rear of the restaurant and can only be accessed through the dining room.

### **Tenure**

The property is held freehold.

### **Valuation History**

The subject premises was revised in November 2001 and the valuation was increased from RV €2.53 to €53.95. At first appeal stage, submissions were made to the Commissioner following which the valuation issued unchanged.

### **The Appellant's Case**

Ms. Sheelagh O'Buachalla acted on behalf of the appellant. She said the subject property is located in a resort village and is dependent on seasonal business and is only open from Easter to the end of October. The only portion of the property that remains open all year round is the new bar. The first floor restaurant is closed when the hotel is not in operation. The bar in the original part of the hotel is only used as a resident's bar and so it is only open during the tourist season. The layout of the hotel is poor due to the piecemeal development of the premises. There are a number of structural walls dividing various parts of the hotel which make for very inefficient use of space. Due to the layout of the property the bedrooms are different sizes and access is quite poor via long corridors and a number of flights of stairs. In addition there are bedrooms to the rear of the restaurant which can only be accessed through the dining room and via other stairs. The profitability of this hotel is limited because there are only 16 bedrooms.

In response to Mr. Hickey, Ms. O Buachalla stated that she wished to amend her Comparison No. 1 and instead of a reported RV of €2.53, she said that she wished to make a correction to €3.48. Also after some discussion with Mr. Curran, she said that she wished to withdraw her Comparison No. 2 because there was some doubt about its facts and figures. Ms. O Buachalla was cross-examined by Ms. Quinn, enquiring firstly if she was aware of an issue relating to the water quality at the subject premises and secondly if she knew that there was an allowance made on the original valuation and she replied in the negative. She also questioned her on the practice of valuing different sections of hotels at different rates and Ms. O Buachalla responded that it was normal practice that the older section would be valued at one rate and newer sections at a higher rate because of the fact that it was a newer building. She also replied to Ms. Quinn in cross-examination that she was not aware that the subject property had been originally valued as a guesthouse. Ms. Quinn also questioned her on her method of valuation, particularly on her use

of the Turnover Method and Ms. Quinn put it to her that it was normal practice that this valuation method was used more in relation to licensed premises rather than hotels.

Mr. Curran said the hotel was a seaside hotel located in rural Sligo. Previously, in 1991 it was valued as a guesthouse but in approximately 2000 it was extended as a hotel. He said the property was an attractive hotel and that generally he would value properties by either adopting the tone of the list or on overall square metre basis. Mr. Curran commented on Ms. O Buachalla's Comparison No. 3 Ocean View Hotel, Strand Hill. He said this was actually closer to Sligo town than the subject property. He also stated that generally the turnover method was used for licensed premises but because there were so many variables associated with hotels, such method may not be an accurate method of assessment to determine NAV/ RV.

Mr. Curran was cross-examined by Mr. Hickey. Mr. Hickey questioned Mr. Curran on the fact that he had stated the subject property was a guesthouse in 1991 and questioned the difference this might make. Mr. Curran outlined that it would have been valued at a lower rate, as it would have less facilities than a hotel. Mr. Hickey also questioned Mr. Curran on his method of valuation and he referred to a case of where Mr. Curran himself used the turnover method but Mr. Curran in response said that the turnover method is just used as a check method not as an exclusive method for the reasons he had already outlined. Mr. Hickey also referred to a case in which Mr. Curran was involved, i.e. VA01/1/026 Cabra Castle Hotel. Mr. Curran in response to Mr. Hickey stated that different valuers will use different methods and he said that in the case of hotels, the rate per square metre is, in his view, the best method to adopt. Mr. Hickey went on to question Mr. Curran in relation to the Revising Valuer, Mr. Moloney, and what discussions were held with Ms. O'Buachalla. The Chairman however felt that, as Mr. Moloney was not present, such discussions would not be admissible at the Hearing.

### **Findings and Determination**

The findings and determination which follow are the unanimous findings and determination of the division of the Tribunal which heard the appeal and fully reflect the views of the late Mr Tim Cotter, Chairperson of the division, whose death occurred before the issue of this judgment.

The Tribunal has carefully considered all the evidence and argument adduced by the parties and makes the following findings.

1. This property was developed in piecemeal fashion and as such the layout of the hotel is poor and operationally inefficient.
2. The demand for the function room is very low and consequently not of any great additional value to the overall turnover of the hotel.
3. The lack of a lift service in the hotel and the difficult access arrangements to some of the bedrooms renders it less attractive to potential guests.
4. The fact that the permanent population in Mullaghmore is only approximately 60 persons and that the resort area is seasonal, together combine as a commercial disadvantage for this particular property.
5. The Comparisons presented by the Valuation Office No's 1 & 2 are of no great assistance because they appear to differ greatly from the subject property and in the view of the Tribunal, are in a better location/s.
6. Comparison No. 3 which was common to both parties, i.e. Ocean View Hotel, best assisted the Valuation Tribunal in coming to a decision.

Accordingly therefore the Tribunal now establishes the Net Annual Value of the subject property as follows:

Total area	1,621.46sq.m.	@	€8psm	=	€15,400.88
RV		@	0.5%	=	€27
Say					€25

And the Tribunal so determines.