

Appeal No. VA08/2/008

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

ABC Childcare Douglas Ltd.

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Property No. 2189616, Day Care Centre at Lot No. 1A, Fort Hill, Moneygurney, Douglas, Cork Lower, County Cork

B E F O R E

Maurice Ahern - Valuer

Deputy Chairperson

Mairéad Hughes - Hotelier

Member

Michael F. Lyng - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 26TH DAY OF SEPTEMBER, 2008

By Notice of Appeal received on the 8th day of May, 2008, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €200 on the above described relevant property.

The grounds of Appeal are "on the basis that the RV as assessed is excessive, inequitable and not in keeping with the value of comparable property already in the list. That the assessment is also excessive in view of the actual location and relative worth of the property."

The appeal proceeded by way of an oral hearing which took place in the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7 on the 31st July, 2008. Mr. Eamonn Halpin, BSc (Surveying) ASCS, MRICS, MIAVI, represented the appellant and Mr. Terry Dineen, B. Agr. Sc., a District Valuer with the Valuation Office, represented the respondent. At the oral hearing, both parties, having taken the oath, adopted their précis as their evidence-in-chief.

Description and Location

The subject property is a modern, purpose-built, single-storey childcare centre, which is used as a crèche and Montessori school. It is located at Moneygurney in a new housing estate about 2 miles from the centre of Douglas village, on the outskirts of Cork city.

The accommodation comprises 5 children's rooms, office, kitchen, canteen, wc's, 4 sleep rooms, boiler house and store.

The agreed gross internal floor area of the property is 526 sq. metres.

Valuation History

The property was revised in 2007 and the Valuation Certificate was issued on the 11th September, 2007 with a rateable valuation of €200. An appeal to the Commissioner was lodged on the 12th October, 2007 and issued unchanged on the 11th April, 2008. The appellant appealed the Commissioner's decision to the Valuation Tribunal on the 6th May, 2008 on the issue of quantum.

Appellant's Case

Mr. Eamonn Halpin stated that the NAV adopted by the Commissioner of Valuation was too high because:

1. The NAV is excessive in view of type, nature and location of premises.
2. The building should be compared with other childcare/educational facilities in Cork.

3. The property is large and a quantum allowance should apply.
4. The location is not high profile and numbers are restricted by regulation despite the size of the premises.

Mr. Halpin contended for a rateable valuation as set out below:

Measured on a gross external basis:

Crèche and Montessori School 585.00 sq. metres @ €34.17 per sq. metre = €19,989

Store and Boiler house 15.00 sq. metres @ €13.67 per sq. metre = €205

NAV = €20,194

RV @ 0.5% = €100.97

Say €100

Measured on a gross internal basis

Crèche and Montessori School 511 sq. metres. @ €41.00 per sq. metre = €20,851*

Store and Boiler House 15 sq.metres @ €13.67 per sq. metre = €205

NAV = €21,056*

RV @ 0.5% = €105

[*as submitted]

Mr. Halpin stated that a number of key issues relate to the valuation of the subject property:

1. Whether properties of this category are measured net or gross.
2. The location of the subject property in a small housing estate which has no commercial activity.
3. The fact that the number of children is restricted to 90 regardless of the floor area of the building.
4. The allowance of approximately 10% on the levels applied to the Valuation Office comparisons to reflect the subject property's location was totally inadequate.

Mr. Halpin said the property is located about two miles from the centre of Douglas village. It has no large scale housing near it beyond the housing development where it is located. This has a constraining effect on the intake of pupils to the crèche as people tend to bring their children to crèches located in the city area.

Mr. Halpin contended that the lack of visibility from the main road is a disadvantage in attracting any other business with the exception of a school or some other educational project to the area. He stated that the subject is more than a crèche. It is also a Montessori school for children in the 4 – 5-year-old age group. He stated that, although the property is very large, i.e. about 600 sq. metres, the space available for children excluding sleep rooms, wc, etc., only amounts to 260 sq. metres. The rental value of the premises is constrained by its location and size.

Even though the appellant describes the location as very good in their brochure, Mr. Halpin's opinion is that it is a poor location. He compared it with the common comparison, Kangakare Crèche, Mount Oval with an RV of €128 located in the Mount Oval development of 900 houses as well as other commercial buildings including a block of retail units and he stated that there was no comparison between the two locations. The Kangakare Crèche could also be used for retail with very little adjustment. In his opinion the subject unit had more in common with traditional schools in the Cork area and throughout the country, all of which are valued on a gross external basis. Mr Halpin referred to the Ratoath Child Care Centre in County Meath, which, he said, is almost identical to the subject. This was appealed to the Commissioner and valued on a gross external basis.

Mr Halpin stated that his Comparison No. 1, the crèche in Calderwood Road, Douglas, is part of a small block of apartments in a very densely populated area and caters for 70 children in 4 rooms. This has an RV of €88.88. His Comparison No. 2, St. Luke's National School, which is approximately 1,200 sq. metres with 205 pupils, has an RV of €120.63. His Comparison No. 4, Mary Cleary, Carrigaline, a crèche with an area of 632 sq. metres measured gross external has a capacity for 110 children and is located in a very large commercial/retail and housing estate. It has an RV of €160. Mr. Halpin's comparisons are at Appendix 1 hereto.

Cross-examination

Under cross-examination Mr. Halpin said that the location as stated in the brochure was exaggerated. He stated that the size of the play area was no more than adequate. He said the car parking facility was adequate under normal circumstances. In reply to Mr. Dineen, who stated that all day care centres/schools in Cork were measured on a gross internal basis, Mr. Halpin stated that he did not know this. Mr. Dineen stated that he has valued 98% of the crèches, pre-schools, day care centres and Montessori schools in Cork lower since 1974 and not one of them was measured gross external. Mr. Halpin would not agree with Mr. Dineen that the annual rental value of the subject property should be proportionate to the capital value. He felt that since the introduction of capital allowances for similar properties their rental market is distorted. He agreed with Mr. Dineen that the subject property cost €2.7m.

Respondent's Case

Mr. Terry Dineen said he agreed with most of what the appellant had said in direct evidence relating to location, size and condition of the subject property.

He assessed the rateable valuation of the subject property as follows:

Offices*: 526.00 sq. metres @ €75.17 per sq. metre

RV @ 0.5% = €200

[*as submitted]

Mr. Dineen in his evidence stated that the subject property is valued in line with comparable properties in the same rating area. In fact, he said, it is valued at less than any of his three comparisons. This is due to the fact that he made an allowance of 50 cents per sq. foot for location. Mr. Dineen felt that location for childcare centres was not a very important factor because most parents are aware of the services in their area. He felt that the subject property had many advantages, it is detached with no service charges, services are not shared with other users and there are no problems with neighbours. He also felt that Douglas was possibly the best location in Cork. All things considered he felt that the subject property should be valued in line

with his comparisons, i.e. at €82 per sq. metre whereas he had valued it at €75.17 per sq. metre. Mr. Dineen's comparisons are at Appendix 2 hereto.

Cross examined by Appellant

In reply to Mr. Halpin regarding Pathways Childcare (Mr. Dineen's Comparison No. 2), Mr. Dineen stated that a 2008 Revision Application was rejected by the Commissioner on the basis that no material change of circumstances had taken place. Mr. Dineen would not agree that the reason he valued Kangakare Child Care Centre on a gross internal area basis was because it was located in a commercial area where the office section was being valued in this way. In reply to Mr. Halpin as to why he had valued Calderwood Childcare Centre on a net basis, Mr. Dineen stated that he could not remember but he felt it might be related to the fact that the car spaces were valued there.

Summary

In summary Mr. Halpin stated that he had no problem with commercial type units being valued on either a net or gross internal basis. But he felt that the subject property was not such a building and therefore should not be valued on a net or gross internal basis. He felt that the property was struggling to find clientele because of its location. In summary Mr Dineen stated that the subject property was a state of the art building purchased in 2007 for €2.7m which, he said, reflects the location and quality of the property.

Determination

The Tribunal having carefully considered all the evidence and arguments adduced by the parties makes the following findings:

1. The subject is a modern, purpose-built, childcare centre.
2. The most suitable comparisons are other crèches and pre-school centres in the same rating area.
3. The Tribunal accepts Mr. Dineen's evidence that the vast majority of properties in this rating area in the same category as the subject have been assessed on a gross internal area basis.
4. Of the 7 comparisons offered by the parties the Tribunal prefers those in the same catchment area as the subject, i.e. Kangakare, Pathways and Calderwood.
5. These comparisons are in a somewhat better location than the subject.

6. The Tribunal notes that an allowance was made for the location of the subject resulting in a level of €75.17 per sq. metre compared to a level of €82 per sq. metre on the 3 comparisons cited at 4 above.
7. The Tribunal finds that the foregoing allowance adequately reflects the locational disadvantage of the subject.

Having regard to the above findings, the Tribunal determines that that the valuation of the respondent is fair and reasonable. The Tribunal therefore affirms the valuation of €200.

And the Tribunal so determines.