

Appeal No. VA93/1/069

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

Donegal Hotels Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel and Land at Map Reference: 7C, Townland: Ballyraine (pt of), R.D.: Letterkenny,
E.D.: Letterkenny Urban, Co. Donegal
Quantum

B E F O R E

Mary Devins

Solicitor (Acting Chairman)

Brian O'Farrell

Valuer

Paddy Farry

Solicitor

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 2ND DAY OF MARCH, 1994

By Notice of Appeal dated the 3rd day of March, 1993 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £875 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that:-

1. The Valuation is excessive and inequitable;
2. The Valuation is bad in law;
3. No account is taken of the Nett Annual Value as on the 30th November, 1988 in arriving at the Rateable Valuation assessment of this hereditament;
4. The Valuation is bad in law as the fraction of 0.63 being applied to the Nett Annual Value is excessive and does not comply with the requirements of Section 5 of the Valuation Act, 1986;"

The Property:

The property comprises The Mount Errigal Hotel on the outskirts of Letterkenny. It was built in 1968 and since last revised in 1989 it has undergone substantial refurbishment, including extending 28 of the existing bedrooms and the addition of 26 new bedrooms, the addition of a leisure centre and a function room.

Accommodation:

The accommodation comprises the Glengesh Restaurant which seats approximately 120 people.

There is a lobby and reception area which leads directly into the main lounge/bar known as the Bluestack Bar which seats approximately 120.

The hotel has function facilities known as the Glenveagh Suite, comprising the Glencar Room (seats 250), the Derryveagh Room (seats 200) and the Glendown Room (seats 400). The hotel has additional function rooms providing accommodation for around 250 in total.

There are various stores, kitchens, laundry rooms etc..

The hotel also has a night club known as the Scorpio Nightclub which can cater for around 800 patrons.

In addition the hotel has a new leisure centre with sunbed, massage room, ladies and gents changing rooms - a sauna in each, gymnasium, swimming pool, jacuzzi, plunge pool, steam room and another sauna.

There are 82 ensuite double/twin bedrooms of which 26 were added since the property was last revised in 1989.

There is car parking for approximately 300 cars. There are no staff quarters.

The gross external area of the premises is 75,800 square feet.

Valuation History:

The property was first valued in 1969. Prior to the current appeal the property was last revised in 1989 and the valuation fixed at £600.

In 1991 the hereditament was the subject of an annual revision. The revision request was to value leisure centre and extensions to hotel. The valuation was fixed at £1,250. This valuation was appealed to the Commissioner of Valuation and at First Appeal the valuation was reduced from £1,250 to £875. An appeal was lodged to the Valuation Tribunal against this figure.

Written Submissions:

A written submission was received from on the 23rd February, 1994 from Mr. Patrick McCarroll, M.I.A.V.I. A.R.I.C.S., a Chartered Surveyor, Auctioneer and Rating Consultant, on behalf of the appellant.

In his written submission Mr. McCarroll described the property and said that it was located on a confined site between residential development to the west of the hotel and the Ballyraine Hotel situated to the north.

He said that, in his opinion, the valuation on the subject premises should be £648 which he derived using the rate per bedroom as a guide.

Mr. McCarroll set out details of the comparisons between the Mount Errigal and the Sligo Park as follows:-

	<u><i>Mount Errigal</i></u>	<u><i>Sligo Park</i></u>
Grade	A	A
Number of Bedrooms	82	89
Conference Centre	Yes	Yes
Leisure Centre	Yes	Yes
Turnover '90	£1.160m	£1.819m
Turnover '91	£1.260m	£2.21m
Turnover '92	£1.488m	-
Rateable Valuation	£875	£960

£960.00 was assessed on the Sligo Park in 1991 when the turnover was £2.21 million. The turnover of the Mount Errigal in 1991 was £1.260 million. The turnover of the Sligo Park was 75% greater than the turnover of the Mount Errigal Hotel Limited.

Using this as the basis of assessment would give a rateable valuation for the Mount Errigal of £548.00.

A written submission was received on the 18th February, 1994 from Mr. Paschal Conboy, a Valuer with 13 years experience in the Valuation Office, on behalf of the respondent.

Mr. Conboy said that the subject premises is an attractive and well appointed premises which has undergone substantial modernisation.

Mr. Conboy said that the rateable valuation was assessed at .5% of net annual value in line with the basis adopted for the determination of recently revised properties in the locality. He said that no useful comparative rental information was available to him in relation to the subject premises.

Mr. Conboy said that in relation to the appellant's grounds of appeal there was no evidence to show that the valuation was bad in law. In his opinion, he said, that it was assessed in accordance with the Valuation Acts. The net annual value was calculated having regard to the hereditament at the date of issue, namely; November 1991 and adjusted to the 1st November, 1988. He said that the building valuation of £875 was assessed by taking an estimate of N.A.V. and reducing it to rateable value by applying a fraction of .5%.

Mr. Conboy said that his calculation of net annual value was derived by using a number of valuation methods which he set out in detail in his written submission. These calculation are attached to this judgment as Appendix A. He said that these methods all supported his application of a rateable valuation of £875 on the subject premises which, in his opinion, was fair and reasonable taking all factors into account.

Oral Hearing:

At the oral hearing, which took place in Letterkenny on the 2nd March, 1994, Mr. Patrick McCarroll appeared on behalf of the appellant. The respondent was represented by Mr. Paschal Conboy of the Valuation Office.

Mr. McCarroll referred to his written submission and stated that in assessing the rateable valuation of the subject property on a bedroom basis and by comparison with the Sligo Park Hotel, he arrived at a rateable valuation for the subject premises of £648.

Mr. McCarroll stressed that the turnover figures for the subject premises were considerably less than those of the Sligo Park Hotel resulting in a considerably reduced market value and resultant N.A.V. and R.V..

Mr. McCarroll seemed to rely heavily on the Sligo Park Hotel as a comparison and submitted that while the turnover of the subject property has only increased by 28% between 1990 and 1992, the valuation has been increased by 46%. He pointed out that the addition of the leisure centre and the operation of the disco in the hotel did not result in any great increase in income.

Mr. McCarroll further pointed out that although the renovations and additions to the hotel had been completed in 1990, the turnover figures for 1991 did not reflect any great increase in profits arising therefrom.

Mr. Conboy outlined several methods of assessing rateable valuation and appeared to discount as largely unreliable the bedroom basis, the overall square foot basis and the contractor's method. He referred in particular to assessment on the basis of turnover and submitted that before one could rely fully on turnover figures, one should have a precise breakdown of turnover into its various constituents, not just for the subject property but also for comparisons.

Mr. Conboy submitted that in view of the £2 million valuation placed on the subject premises by an independent valuer in 1989 before the various alterations and additions had been carried out to the subject, his estimate of market value at November 1988 in the sum of £1,750,000 was extremely reasonable.

Mr. Conboy referred further to the fact that in 1990, as a result of the 1989 First Appeal, Messrs. Lisney & Company, agents for the appellant, had agreed that a rateable valuation of £600 was, at that stage fair.

Mr. Conboy pointed out that since that stage the gross external area of the subject had been extended by approximately 50%, that the bedrooms had been increased from 56 to 82, that a leisure centre had been added and that there had been considerable expenditure on additions and improvements.

Findings:

The Tribunal notes that the reduction on First Appeal in R.V. from £1,250 to £875 was due largely to the application of the .5% fraction instead of the .63% fraction.

Nonetheless, the Tribunal finds it difficult to ignore the fact that in 1989/1990 when the premises were considerably smaller and had fewer facilities than now, one independent firm of valuers assessed its market value in the region of £2 million, while another independent firm of valuers agreed that a fair R.V. for the subject was £600.

The Tribunal notes Mr. McCarroll's submissions in relation to the disappointing figures for turnover in the subject premises. It is fact however, that the premises now are considerably enhanced and improved and these factors cannot be ignored in assessing market value.

Both parties seemed to agreed that N.A.V. would best be arrived at by calculating 10% of estimated market value.

In the circumstances, and taking into account all of the evidence adduced by both parties, the Tribunal is of the opinion that the correct R.V. of the subject property is £875 and affirms the decision of the Commissioner herein.