

Appeal No. VA95/4/029

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

**John Shinnick, Monfield Nursing Home Limited**

**APPELLANT**

**and**

**Commissioner of Valuation**

**RESPONDENT**

RE: Nursing Home at Map Ref: 20C, Townland: Monfieldstown, E.D. Douglas, R.D. Cork Lower, Co. Cork

Quantum - Per patient basis not a reliable valuation method

**B E F O R E**

**Liam McKechnie**

**S.C. Chairman**

**Barry Smyth**

**FRICS.FSCS**

**Joe Carey**

**PC.DDSc.DBAdm.MIAVI**

**JUDGMENT OF THE VALUATION TRIBUNAL**  
**ISSUED ON THE 20TH DAY OF JANUARY, 1997**

By Notice of Appeal dated the 10th day of October, 1995 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £120 on the above described hereditament.

The grounds of appeal were set out in a letter attached to the Notice of Appeal and appended to this judgement.

**Oral Hearing and Written Submissions:**

The appeal proceeded by way of an oral hearing which took place on the 30th day of July 1996 in the District Courthouse in Cork. The appellant was represented by Mr. John A. Elliott MIAVI, Principal of Elliott & Company, Valuers and Property Consultants. The respondent was represented by Mr. Peter Conroy, District Valuer with 25 years experience in the Valuation Office. Having taken the oath both Valuers adopted as their evidence in chief their respective written submissions which had previously been exchanged by them and submitted to the Tribunal.

**Mr. Elliott** stated that only the quantum of the valuation was in dispute. He described the premises as a single storey nursing home of 665m<sup>2</sup> accommodating twelve single rooms, six double rooms and one treble room standing on grounds of approximately 0.4 hectares. He assessed rateable valuation on the subject premises at £105. In his written submission he set out four bases on which he had assessed the rateable valuation and introduced three comparable properties.

Mr. Elliott stated that the more suitable method of comparison was on a per bed basis but provided alternative methods also as follows:-

- (1) One third of the adjusted profit is a fair net annual value and the Valuation Office utilised figures in the range of 337% to 50%. On the profits basis net annual value would be £21,000 giving a rateable valuation of £105.
- (2) The rate per m<sup>2</sup> for the Maryborough Nursing Home was 15.45p and this applied to the subject premises of 665 m<sup>2</sup> by 15.45p, equals £102.75 say rateable valuation £105.
- (3) Per room basis - this was more difficult where there were double and treble rooms as there was likely to be more vacant rooms than in an all single room establishment and he therefore varied his comparative figures appropriately.

12 Single Rooms at £5.00 per room = £60.00

6 Double Rooms at £6.00 per room	=	£36.00	
1 Treble Room at £7.00	=	<u>£ 7.00</u>	
		<u>£103.00</u>	Say RV £105.

- (4) Per bed basis 27 beds at £3.33 per bed (rate utilised in the Maryborough Nursing Home comparison) gives a rateable valuation of £90. Mr. Elliott stated that on the basis of *Section 5 (1) & (2) of the Valuation Act, 1986* the figure of £90 was the appropriate figure.

The Chairman commented that this section of the Act refers to the figure by which net annual value is adjusted to give rateable valuation, that is, 0.5% or 0.63% and not as Mr. Elliott had suggested.

**Mr. Conroy** assessed a rateable valuation of £120. He introduced four comparisons, two of which were the same as those introduced by Mr. Elliott. Mr. Conroy stated that a per patient basis or per bed basis takes no account of the ancillary accommodation e.g. dining rooms, common rooms, etc. nor of the floor area per bedroom and was therefore an unsatisfactory basis of assessment. In this case the accounts are only start up and therefore he was not satisfied that the accounts fully reflected the long term profitability of this nursing home. He commented that the Douglas Nursing Home was one of the best comparisons. Mr. Conroy set out three bases for estimating net annual value and thus rateable valuation.

- (1) Gross floor area 7,154 sq.ft. at £3.50 psf gives an net annual value of £25,000, say £24,000 at 0.5%, rateable valuation £120.
- (2) Total investment £300,000 at 8% equals £24,400. Net annual value say £24,000 at 0.5%, rateable valuation £120.
- (3) Gross area 665 m<sup>2</sup> at 18p per m<sup>2</sup> £119.70 say rateable valuation £120.

Mr. Conroy also stated that the rate of 18p per m<sup>2</sup> was the same as that used on domestic dwellings in this locality.

**Determination:**

In the view of the Tribunal the following factors are relevant to the determination of net annual value and thus rateable valuation in a nursing home, namely: the location, the gross floor area, the number of bedrooms and whether they are singles, doubles, trebles, etc., ancillary accommodation including common rooms, dining rooms and circulation space, the grounds and the profitability. In the subject case the business is too new to put much weight on the profitability in assessing the rateable valuation. However, all the other factors are clear and agreed. It appears that, insofar as it comprises all single bedrooms and is a larger premises accommodating less people than the subject, the Douglas Nursing Home is superior to the subject, for similar reasons the subject is superior to the Maryborough Nursing Home.

Having regard to the foregoing and the evidence adduced by the parties the Tribunal determines the rateable valuation at £110 calculated as follows:-

$$\begin{array}{rcl}
 665 \text{ m}^2 \text{ at } 16.5\text{p per m}^2 & = & \text{£}109.725 \\
 \text{Say} & = & \text{£}110.
 \end{array}$$

Alternatively this could be calculated as follows:-

$$\begin{array}{rcl}
 12 \text{ Single Rooms at } \text{£}5.00 \text{ per room} & = & \text{£ } 60.00 \\
 6 \text{ Double Rooms at } \text{£}7.00 \text{ per room} & = & \text{£ } 42.00 \\
 1 \text{ Treble Room at } \text{£}8.00 \text{ per room} & = & \underline{\text{£ } 8.00} \\
 & & \underline{\text{£}110.00}
 \end{array}$$

The Tribunal do not consider it appropriate to analyse the rateable valuation on a per patient basis as this would take little or no account of whether or not the accommodation comprises single rooms or otherwise.

