

Appeal No. VA97/5/018

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

Hayfield Manor Hotel

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed Hotel, House and Grounds at Lot No. 55b; College Road, Ward: Mardyke
Gillabbey B, County Borough of Cork
Quantum - Restrictions on use of leisure facilities

B E F O R E

Liam McKechnie - Senior Counsel

Chairman

Barry Smyth - FRICS.FSCS

Member

George McDonnell - F.C.A.

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 9TH DAY OF MARCH, 1998

By Notice of Appeal dated the 12th day of August 1997 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £1,800 (buildings) on the above described hereditament.

The ground of appeal as set set out in the Notice of Appeal was that "the valuation is excessive".

1. The appeal proceeded by way of an oral hearing which took place in City Hall, Cork on 29th January 1998. Mr. Edward Hanafin Bsc (Surv), ARICS ASCS, MIAVI, from Lisney Chartered Surveyors appeared on behalf of Mr. Joseph Scally who was himself in attendance. Mr. Liam Cahill, an Appeal Valuer in the Valuation Office appeared on behalf of the Commissioner of Valuation. In accordance with practice and as required by the rules of this Tribunal the parties had prior to commencement of the hearing exchanged précis of evidence and submitted same to us. Having taken the oath each valuer adopted as his evidence in chief his précis. From the evidence so tendered the following facts either agreed or so found have emerged.

The property is located approximately one mile south-west of Cork city centre adjacent to University College Cork. The property comprises a 53 bedroom luxury hotel with leisure centre and conference facilities in a purpose built three storey detached building together with the original Hayfield House, a detached two storey house utilised as staff residence. The entire stands on a site of approximately 0.8 hectares (2 acres) laid out in formal gardens with car parking areas to the front and side.

The agreed accommodation and floor areas are as follows;-

		Sq.ft.	Sq.m.
<u>Basement</u>			
<i>Stores/Loading</i>		2,039	636.9
<u>Ground Floor</u>			
<i>Hotel</i>	Entrance hall, lounge bar, dining room, boardroom, library, resident's lounge, administration office, kitchen staff canteen, laundry and ancillary stores and service accommodation, two bedrooms, ladies and gents cloak-rooms.	14,648	1,360.9
		Sq.ft.	Sq.m.
<i>Leisure Centre</i>	Reception area, swimming pool, gymnasium, plant room, and ladies and gent's cloakrooms	4,922	457.3
<u>First Floor</u>			

<i>Hotel</i>	Upper foyer, nineteen bedrooms, three suites, linen store	14,126	1,312.4
<i>Conference Centre</i>	Foyer, two intercommunicating conference halls, three meeting rooms, stores and ladies and gents cloakrooms	5,615	521.6
<u>Second Floor</u>			
<i>Hotel</i>	Upper foyer, twenty-nine bedrooms, linen store	<u>15,600</u>	<u>1,449.4</u>
	Total Floor Area	56,485	5,248.1

* *All bedrooms en-suite*

Hayfield House Staff Accommodation - Valuation not in dispute.

- Following completion the property was listed for valuation and on the 1996/4 revision a rateable valuation of £1,800 was placed thereon. This was issued on the 8th November 1996. This was appealed and the result issued on the 11th July 1997 showing no change. Hence the present appeal to the Tribunal is against the R.V. £1,800.
- Mr. Hanafin on behalf of the occupier and appellant proposed three methods of valuation namely the comparative basis, the cost basis and the turnover basis each of which produced a different N.A.V. and thus R.V. and he proposed a median figure from these of £1,044 R.V.
On the comparative basis Mr. Hanafin proposed £0.50 p.s.f. on the basement stores, £3.50 p.s.f. on the hotel accommodation, £3.00 p.s.f. on the leisure centre and the conference centre leading to an N.A.V. of £187,707 and applied a fraction of 0.63% giving a rateable valuation of £1,182. To this he added the agreed R.V. on Hayfield House at £38 giving a total rateable valuation of £1,220.
On the costs basis he provided total site and construction costs of £2,039,660 which he decapitalised at 7% for N.A.V. giving rise to an N.A.V. of £142,776 and this applying the 0.63% yielded a rateable valuation of £899 to which was added again Hayfield House at £38 giving a total rateable valuation of £937.
On the turnover basis he provided an estimated turnover for the year ended the 1st April 1998 of £2 million which he reduced by 25.5% i.e. the consumer price index to

bring the figure back to 1988 and applying a rate of 10% to that gave an N.A.V. of £149,000 and thus an R.V. of £938 plus the £38 for Hayfield House giving rise to a total rateable valuation of £976.

In cross examination Mr. Hanafin agreed that the most appropriate method was the comparative method.

Mr. Hanafin provided a copy of the relevant planning permission and drew the Tribunal's attention to two points in particular, namely condition No. 5 which provides that no permission is granted for any amplified music activities within the hotel complex and that the proposed conference room should be used solely for conference purposes thus in his opinion prohibiting the use of the hotel for weddings and parties and condition No. 7 which provides that the swimming pool and leisure facilities should be used solely for residents of the hotel. He also argued that the hotel was small by today's standards with only 53 bedrooms and that it is generally accepted that 100 bedrooms are required to achieve economies of scale. He also drew attention to difficulties of access to the property, the restricted size of the site and difficulty with refuse collection. Although on all points he conceded that the proprietor and developer is an experienced hotelier who was aware of these factors when he proceeded with the development.

4. Mr. Hanafin provided four comparisons namely;
 - (i) **The Silver Springs Hotel** - which analyses that £4.00 p.s.f. on the hotel accommodation, £2.80 p.s.f. on Fort William House, £3.25 p.s.f. on the leisure centre and £2.50 p.s.f. on the tennis courts and £4.00 on the conference centre
 - (ii) **Jurys Western Road, Cork** - which analyses at £3.96 p.s.f. and which rateable valuation predates the N.A.V. system
 - (ii) **Blarney Park Hotel, Blarney Co. Cork** - which analyses at £3.50 p.s.f. on the hotel, and £4.00 p.s.f. on the leisure centre and here Mr. Cahill claims that this property was in poor condition and required considerable expenditure
 - (iv) **Castletroy Park Hotel, Limerick** - which analyses £3.48 p.s.f. but it was agreed that this was an interim valuation and therefore should not be utilised in this case.

5. Mr. Cahill stated that in the absence of information concerning the total development cost and the trading performance he had adopted a comparative method in the calculation of net annual value and rateable value. This method has been utilised and agreed in both the Jurys Inn and Morrisons Island, recently constructed three-star

hotels in Cork. Mr. Cahill calculated the rateable valuation as follows;

<i>Hotel</i>	54,911 sq.ft.	@	£5.00 sq.ft.	=	£274,555
<i>Basement/ Loading</i>	2,040 sq.ft.	@	£2.00 sq.ft.	=	<u>£ 4,080</u>
					£278,635
Net annual value	£278,635	@	0.63%	=	£ 1,755
<i>Add for old house (staff quarters)</i>					<u>38</u>
Rateable value					£ 1,793
			Say		£ 1,800 R.V.

Mr. Cahill provided five comparisons;

- (i) **Morrisons Island Hotel, 15.16 Morrisons Quay** - analyses at £5.00 p.s.f. on 27,453 sq.ft. plus £500 each for car parking spaces (21 spaces).
 - (ii) **Jurys Inn, 3-8 Andersons Quay, Cork** - analyses at £5.00 p.s.f. for 55,769 sq.ft. including the car parking spaces.
 - (iii) **Silver Springs Hotel, Conference and Leisure Centre, Tivoli, Cork** - with a similar analysis as in Mr. Hanafin's case above.
 - (iv) **Jurys Hotel, Lancaster Quay, Cork** - valued on the old sq.m. basis.
 - (v) **Blarney Park Hotel, Blarney, Co. Cork** - a similar analysis to Mr. Hanafin's analysis.
6. It was confirmed that the proprietor is seeking a five star rating for the hotel but that it is not graded to date and that a four star grading had been offered but was not accepted.

Determination

It is the view of the Tribunal in this instance, that the only method on which to proceed is the comparative method. The date of valuation is too close to the date of commencement of trading in the hotel for any meaningful accounts to be available. The capital cost basis is really a contractors method and is not appropriate where comparative evidence is available.

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Say

£ 1,470