

**NON-DOMESTIC REVALUATION 2003**

**CLASS 321**

**HOSTELS**

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## **1.0 DESCRIPTION**

Three basic property types can be identified in this class:

1. Purpose built hostels and youth hostels. Good quality with comprehensive facilities.
2. Houses or other properties which have been structurally adapted for use as a hostel for students, homeless, persons in need etc. Or purpose-built hostels or youth hostels of lesser quality and more basic facilities.
3. Houses (generally terraced properties) used as hostels. Minimal conversion work has been carried out eg basic house layout with shared bathroom facilities etc. Similar uses as at 2. Above.

## **2.0 DISTRICT RESPONSIBILITIES**

District Valuers are responsible for the inspection, survey and valuation of all such properties in their Districts.

## **3.0 4<sup>TH</sup> REVAL BASIS OF VALUATION**

There was little or no rental evidence for this class of property, effectively ruling out the comparative method of valuation in respect of Types 1 & 2. The Profits Method was also discounted, as there is no identifiable profit element in hostels.

In view of this it was proposed that the Contractor's Method of Valuation be the standard basis used to establish values for Types 1 & 2 at paragraph 1.0 above. Type 3 hostel properties, those with minimal adaptation from the original dwelling house, were compared with properties having the same physical characteristics eg small guesthouses.

Over time as new hostels are built/converted the valuations can be derived by comparison with other hostels. But it can also be possible and appropriate to value by comparison with old people's homes, nursing homes, offices etc, depending on the nature and location of the hostel.

#### **4.0 5<sup>TH</sup> REVAL BASIS OF VALUATION**

The same methodology and procedures as for the 4<sup>th</sup> Reval basis (see section 3.0 above) continue, with levels and pricings obviously updated as appropriate.

#### **5.0 VALUATION APPROACH**

Referencing requirements should be in accordance with the recommended Inspection Sheet appended to this scheme, summarized as follows:

Areas of hostels should be calculated on a gross external area basis (GEA).

Note should be made of the area of the site, age and repair of hostel, amenities (shared bathrooms/en suite), layout (poor layouts can occur if hostel is developed over time so affecting value) and number of rooms - single or shared. Also in some hostels staff/warden's quarters need to be valued as domestic therefore the area of this should be noted.

##### **Types 1 & 2**

Hostels of this type should be valued in accordance with the Contractors based scheme in respect of Class 811/RCARE (Residential Care Establishments other than Hospitals). Valuers are referred to the full details of the procedures and other references given in that scheme.

However, what follows is an attempt to condense and simplify application of the full procedures and guidance of that scheme, for the purposes of this scheme, in respect of Types 1 & 2 hostels.

Individual Districts should find that they can simplify this formula further as the scheme valuations progress, to derive a standard pricing matrix for direct application to each condition category shown in the table below, assuming site sizes relative to the building footprint and land values to be applied are reasonably consistent:

## **Estimated Replacement Cost**

***N.B. The range of pricings given below refers to “Site Coverage Ratio” (SCR), which represents the building footprint area as a % of the overall site area.***

**Type 1      £533/sq m (@ 100% SCR) - £607/sq m (@ 25% SCR or less)**

**Type 2      £428/sq m (@ 100% SCR) - £488/sq m (@25% SCR or less)**

The pricing range should be interpolated pro rata within the range according to the actual SCR – however, an approximate estimate of this factor should normally suffice.

These pricings include external works (via the SCR) and prof fees @ 12.5%.

No contract size adjustment is considered necessary, unless the unadjusted buildings replacement cost would exceed £3.0M. Valuers may wish to refer to the relevant tables in that eventuality.

## **Valuation of Outbuildings**

Significant or modern outbuildings should be valued at £184/sq m to £215/sq m, depending on the quality and permanence of the structure, with allowances for age, condition and obsolescence as recommended below. Old and/or redundant/excessive outbuildings should normally be valued at a nominal rate.

## **Age, Condition, Obsolescence and other Allowances**

The shortened table below suggests the allowance deductible from the first stage pricings in respect of age and condition obsolescence, and shows the approximate normal correlation with the age of the property. However, it should be noted that these allowances, and consideration of property age alone, are not prescriptive. The overall condition and modernity of the property concerned should be the prime governing factors, and Valuers should exercise their judgement in this regard. For example, older properties fully adapted and modernised for use as a hostel might receive allowances reflecting only those disabilities inherent in its structure, and have a value close to that of a modern hostel. Also, older properties, which have not been modernized, but have new extensions, would need to be assessed on an overall notional equivalent age/condition.

<b>Condition</b>	<b>Typical Age</b>	<b>Range of Allowance</b>	<b>Suggested Allowance</b>
Poor	Pre 1950	Up to 50%	50%
Poor/average	1950 - 1970	25 – 45%	35%
Average/good	1971 – 1985	10 – 25%	20%
Good	1986 – 1995	2.5 – 10%	7.5%
Excellent	1996 on	0.5 – 2.5%	0%

#### Multi storey allowance

Where applicable, allow a further 5% if there are three storeys, 10% if there are four storeys and 15% if there are five or more storeys.

#### Capital Value of Site

Assess in accordance with the Land values matrix for Contractors based assessments in Appendix 1.

#### Decapitalisation Rate

As prescribed.

#### Overall Review of the Valuation

Once a valuation is reached, an adjustment to reflect the actual characteristics of the hereditament not already taken into account, may be made.

#### Staff/Warden's Quarters

Where there is residential accommodation for the warden of a hostel this should be valued on a domestic basis. Ensure that the area is noted out separately and deducted from that of the hostel. Valuation for this part will be carried out using the normal domestic comparative procedures.

#### Type 3

As indicated above, these hostels should be valued by reference to similar generic styles of property, such as guesthouses, under the same procedures applicable to that class. It is expected that all should be valued by reference to the scheme in respect of Guesthouse and B&B accommodation.

#### Finally

In view of the differing approaches, Districts should take an overview of all valuations under this scheme on completion to ensure a reasonable relativity of assessment. In particular, Type 3 assessments would not be expected to be higher than Type 1 or 2 assessments on an overall price/sq m basis.

## **6.0 FORMS OF RETURN**

Not applicable in view of the valuation methods.

## **7.0 CONTACTS**

In the first instance enquiries should be directed to the District Valuer of the relevant VLA office.

5<sup>th</sup> REVALUATION

LAND VALUES FOR CONTRACTORS BASED ASSESSMENTS

The table below sets out the land values to be adopted by Valuers in most situations when dealing with contractors based assessments.

It is recommended that Valuers apply one of the levels stated below as considered appropriate to the circumstances. Interpolation between the stated figures is not recommended. Where a scheme of valuation distinguishes between developed and undeveloped/surplus land the latter should be valued at the figure of £15,000 per acre.

TYPE OF SITE	DESCRIPTION	VALUE TO BE APPLIED PER ACRE
RURAL REMOTE	Land in remote locations with minimal adaptation from agricultural land.	£5,000 to £7,500
RURAL	Site essentially rural in nature.  Land use limited to subject use and/or agricultural or amenity.	£15,000
STANDARD	Standard or average site within most provincial towns. Poor areas within Greater Belfast.	£100,000
GOOD	Sites within superior areas of provincial towns.  Good sites within Greater Belfast.	£200,000
PRIME	Prime sites within the Greater Belfast area.	£300,000