

Revaluation 2010

Public Buildings Committee

Practice Note 9

Valuation of Residential Homes

1.0 Introduction

- 1.1 This Practice Note deals with the valuation of care homes and subjects such as nursing homes, homes for older people, children's homes, homes for people with learning disability, hostels for homeless people etc. These subjects vary considerably in size, ranging from large purpose built residential homes to small houses and flats which, in terms of the Council Tax (Dwellings and Part Residential Subjects) (Scotland) Regulations 1992, fall to be entered in the Valuation Roll.

2.0 Basis of Valuation

- 2.1 Subjects covered by this practice note are valued on the Contractor's Basis.

3.0 Survey and Measurement

- 3.1 Building areas should be calculated on a gross external basis for each main floor. Attic floor accommodation should be calculated on a gross internal basis excluding any area under 1.5 metres in height.
- 3.2 Where a subject is of older construction e.g. stone, and has thicker than normal walls, the area should be adjusted on a floor by floor basis in accordance with SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land) to adjust the floor area to the modern equivalent.
- 3.3 The total site area and areas of car parks, roadways etc should also be determined.

4.0 Building Costs

- 4.1 The available cost evidence was analysed in terms of SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).

5.0 Valuation

- 5.1 Buildings should be valued in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations). A recommended unit cost rate, excluding professional fees and external works, is noted in Section 6.1.1 below.

- 5.2 External works should be valued in accordance with SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).
- 5.3 Adjustments in respect of contract size and additions for professional fees should be made in accordance with the recommendations contained in SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations).
- 5.4 The estimated replacement cost and the adjusted replacement cost are derived as indicated in Sections 6.0 and 7.0 below.

6.0 Estimated Replacement Cost

6.1 Unit Cost Rate

- 6.1.1 For modern purpose built or converted stone built homes or hostels having bedrooms with en suite facilities, well appointed common areas and central heating throughout, a unit cost rate of **£1,100** should be applied to gross external areas. This rate should also be applied to flatted developments and sheltered housing if such subjects fall to be entered in the Valuation Roll.

6.2 Outbuildings

- 6.2.1 Small entrance canopies, small external stores etc may be judged to be *de minimis*. Covered walkways, depending on extent, construction, finish etc may be added at an appropriate rate.
- 6.2.2 Garages and other substantial outbuildings may also be added at appropriate rates.

6.3 Site Finishes

- 6.3.1 Site finishes should be valued in accordance with SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

6.4 Fees and Contract Size

- 6.4.1 Additions for fees and adjustments for contract size should be made to the total estimated replacement cost derived from steps 6.1 to 6.3 in accordance with SAA Basic Principles Committee Practice Note 2 (Contractor's Basis Valuations) and SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

7.0 Adjusted Replacement Cost

7.1 Age and Obsolescence

- 7.1.1 Age and obsolescence allowances should be applied to the estimated replacement cost derived above in accordance with the table in SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis

Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

7.2 Multi Storey Buildings

7.2.1 In the case of multi storey buildings, the following general allowances should be made to the whole of the individual building.

2 storeys	-2.5%
3 storeys	-5%
4 storeys	-10%
5 storeys	-15%

Each principal building should be considered separately. These allowances are intended to reflect the difficulties of operating a residential home in a multi storey building. Where the lower floors of a building are larger than the upper floors, a judgement will need to be made as to the extent to which the extended parts of the lower floors should also benefit from the multi storey allowance.

7.3 Buildings without Lifts

7.3.1 Buildings without lifts should be granted an additional allowance to reflect functional obsolescence as indicated below.

2 storeys	-5%
3 storeys	-10%
4 storeys	-15%
5 storeys	-20%

7.4 Functional Obsolescence

7.4.1 While disabilities which are inherent in the design of older homes are covered by the scheme of age and obsolescence allowances, individual homes may suffer from particular disabilities and where this is the case further allowances may be granted. It should be noted that, as attic floors are measured internally, there is effectively an in-built allowance for such accommodation.

7.4.2 For homes of a lower standard than that specified in Section 6.1.1, an allowance of up to -20% may be made where there are no en suite facilities and poorly appointed common areas.

The allowances referred to in 7.1 to 7.4 should not be aggregated but applied in sequence to provide the Adjusted Replacement Cost of a particular item.

8.0 Land

- 8.1 Land value should be determined by reference to local evidence and SAA Public Buildings Committee Practice Note 4 (Valuation of Contractor's Basis Subjects, Areas Adjustment, External Works' Costs, Allowances and Land).

9.0 Decapitalisation Rate

- 9.1 The appropriate statutory decapitalisation rate should be applied.

10.0 End Allowance

- 10.1 This Practice Note assumes that the property is conveniently situated in relation to the normal amenities of town or village life such as shops, churches, places of entertainment, social services and public transport. Where this is not the case, and where the actual location is not seen to be advantageous, an end allowance may be made in extreme cases.