

Appeal No. VA05/2/026

AN BINSE LUACHÁLA
VALUATION TRIBUNAL
AN tACHT LUACHÁLA, 2001
VALUATION ACT, 2001

Millstreet Credit Union

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Office(s) at Lot No. 31, Main Street, Liscahane, Drishane, Millstreet, County Cork.

B E F O R E

Michael P.M. Connellan - Solicitor

Deputy Chairperson

Michael F. Lyng - Valuer

Member

Brian Larkin - Barrister

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 9TH DAY OF NOVEMBER, 2005

By Notice of Appeal dated the 16th May, 2005, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €138.00 on the above described relevant property.

The Grounds of Appeal as set out in the Notice of Appeal are:

"Valuation comparables bank not comparable, different type of business."

The appeal proceeded by way of an oral hearing which took place on the 1st September, 2005 at the offices of the Valuation Tribunal, Ormond House, Ormond Quay Upper, Dublin 7. The appellant was represented by Mr. Brian Wilson, M.A., A.C.I.A.R.B, M.I.A.V.I, Wilson & Co. Ltd., Cork. The respondent was represented by Mr. Terry Fahey, a Valuer in the Valuation Office. Mr. Dermot Kiely, Treasurer of Millstreet Credit Union, gave evidence.

Valuation History

A Valuation Certificate in the amount of RV €138 was issued on the 6th December 2004. The Commissioner of Valuation received an appeal against the valuation on the 11th January 2005. Following consideration of the appeal the valuation was issued unchanged on the 28th April 2005.

The Property Concerned

The property is a new, two-storey, purpose designed credit union building located on Main Street, Millstreet. The building is end terraced with street frontage on both Main Street and Church Street and its main structure consists of concrete block walls, concrete floors, double glazing and slate roof. It has the benefit of air-conditioning and a lift. The ground floor consists of an entrance lobby, open plan banking hall/counter area, two interview rooms, the manager's office, the strong room and file store. The first floor consists of a boardroom, three separate offices, a staff room/canteen, toilet facilities and an archive room. There is separate street access to the first floor.

The area of the property measured on a net internal area basis is set out below:

Ground Floor: 155.92 sq. metres (as corrected by the respondent)

First Floor: 139.26 sq. metres

Appellant's Evidence

Mr. Brian Wilson contended for a rateable valuation of €80. He called Mr. Dermot Kiely who, having taken the oath, told the Tribunal that he was the Treasurer of Millstreet Credit Union for 25 years and that he was involved with it since 1968 as a voluntary worker.

He stated that Millstreet had a population of about 2,000, that the Credit Union had a staff of three part-time employees and that he himself worked four days each week voluntarily. He stated that the cost of staff was €30,000 in 2004. He said that the only income they had was the interest on loans to their members and that this interest rate had dropped from 6% a few years ago to about 2% at present. He stated that the Millstreet Credit Union had assets in 2004 of €8 million and about 2,500 members and that they were giving a service to the people that the banks would not. They paid a dividend of 1.5% to their investors in 2004. The site with an existing building was purchased in 1993 for £85,000. The building was later replaced by the present building at a cost of €34,000.

He stated that the new building was much better than the old one but he saw the rating of credit unions as a tax on voluntary labour, because a lot of the work they do is a social service for which they cannot charge. Mr Kiely stated that the credit union in Kanturk had five times the assets of Millstreet and yet they paid only €5,800 in rates in 2004 while Millstreet's rates bill was €9,018. He felt that it would be difficult to find a client for the Millstreet Credit Union property if it were put on the rental market because, over the years, a number of businesses in Millstreet had closed down and the town was not very attractive for any business.

Respondent's case

Mr. Fahey stated that the Millstreet Credit Union building was the best building in the town and its location was ideal for banking. It had street frontage on both Main Street and Church Street and was located in a pivotal position in the town. It was a new, purpose designed building with double-glazing, air conditioning and a lift. The ground floor consisted of a lobby, a banking hall, two interview rooms, a manager's office, strong room and file store. The first floor consisted of a boardroom, three separate offices, staff room/canteen, toilet facilities and archive room and there was a separate street access to that floor. He said his two primary comparisons were the two

local banks (see Appendix 1 to this judgment). They were both valued in 2001 and neither of the valuations was appealed.

Mr. Fahey contended for a rateable valuation of €138.

He stated that when carrying out his valuation he applied the same level per square metre as is on the Bank of Ireland and Allied Irish Bank even though the credit union premises was of much higher quality and had a prime location. He felt that the best approach when valuing credit unions was to look at the valuation of the banks even though he felt it was important to have an open mind about this approach because location and quality of building were also very important factors. He said that, generally, credit unions had accepted the valuation levels applied to banks in the same area. In reply to Mr. Wilson, Mr. Fahey would not agree that 50% of the properties in Millstreet were unoccupied and he stated that it was a vibrant town. In reply to the Tribunal, Mr. Fahey agreed that if the Credit Union was on the market it might be difficult to find a purchaser because there was a limited demand for these types of buildings but he could not take this into account when carrying out his valuation. He also stated that it was not unusual for credit unions to build bigger units than they required. However, as this property had a separate entrance to the first floor he felt that this portion of the building could be sublet if necessary.

Determination:

The Tribunal has carefully considered all the evidence and argument adduced by the parties and makes the following findings:

1. The subject property to all intents and purposes is a bank and is constructed and finished to a very high standard with air conditioning and lift. In the circumstances, the Tribunal is of the view that the most relevant comparisons are those of the bank premises in Millstreet introduced by Mr. Fahey.
2. The subject property has the benefit of a separate entrance to the first floor.
3. It has a central location in the Main Street with return to Church Street.
4. Its location is superior to that of the local banks.

Having regard to the foregoing the Tribunal finds the rateable valuation of €138 determined by the respondent to be fair and reasonable and therefore affirms that valuation.

And the Tribunal so determines.