

Appeal No. VA01/2/041

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

Michael & Geraldine Foy

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Licensed house, guesthouse at Map Reference 1 (including lot 7B Church St.) Quay Street,
Townland: Cahernamart, Ward: Westport Urban, UD: Westport UD, County Mayo

B E F O R E

Frank Malone - Solicitor

Deputy Chairman

John Kerr - MIAVI

Member

Michael McWey - Valuer

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 19TH DAY OF DECEMBER, 2001

By Notice of Appeal dated the 10th August 2001 the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £145 on the above described hereditament.

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

" The rateable valuation is excessive having regard to the nature and location of the property, the level of turnover and the tone of the list".

The appeal proceeded by way of an oral hearing that took place on the 30th day of November 2001 in the Tribunal offices in Dublin. The appellant was represented by Mr Connor O’Cleirigh MIAVI. MRICS., ASCS, of Conor O’Cleirigh, Chartered Valuation Surveyors. Mrs. Geraldine Foy operator of the guesthouse, gave evidence on behalf of the appellant. The respondent was represented by Mr. Frank O’Connor ASCS. MIAVI. a district valuer in the Valuation Office. Having taken the oath both valuers adopted their said respective précis as being and as constituting their evidence in chief.

Description of Property

The property consists of a public house with owner’s apartment overhead and a guesthouse. It is located on the northern side of Quay Hill Road. The original public house was purchased by the current owner in January 1995 and the adjoining site purchased in March 1995. Extensions and renovations were carried out to the bar and overhead accommodation in 1998 / 1999 and a new guesthouse was erected adjoining.

Accommodation

Bar & bar/pool room on ground floor

Owners apartment overhead with living room, kitchen, dining room, 4 bedrooms /bathroom etc.

Guest house extending over 4 levels from lower ground floor to attic with 9 ensuite bedrooms

Gross external area 449m².

Valuation History

The Property was valued in November 2000 at £145. No change was made at first appeal. It is against this decision of the Commissioner of Valuation at first appeal that this appeal lies to the Tribunal.

Evidence for the Appellant

Conor O’Cleirigh on behalf of the appellant gave his opinion of net annual value as set out in his précis of evidence as follows:

Residence RV £20 Agreed

Licensed Portion

Net annual Value £12,000 pa

X .5%

RV £60

Guesthouse

Net annual value £5000pa

x.5%

RV £25

Mr O’Cleirigh said that the subject was the only registered guesthouse in Westport and the only one therefore paying rates. He said that in assessing the rateable valuation, the premises in its entirety must be considered as the hereditament and that a hypothetical tenant would look at the turnover of the guesthouse in formulating a rental bid. He said that his estimation of the net annual value of the guesthouse was based on 25% of turnover. He then adjusted his estimate by 50% to give the net annual value at 1988. He said that he had used turnover as the basis for his valuation as there was no tone of the list in Westport for registered guesthouses.

Mrs Foy gave evidence as operator of the guesthouse. She said the trade was highly seasonal and that the guesthouse was only full in July and August. She said the rooms were bigger than normal due to the rounded structure arising from the location on a sloping hill.

Evidence for the Respondent

Mr O’Connor gave his opinion of the rateable valuation on the premises as set out in his précis of evidence as follows:

| | | | |
|------------------|---|---|---------|
| Bar | Turnover £180,000 @ £9% for rent | = | £16,200 |
| Guesthouse | 449m ² @ £20.00/m ² | = | £9,000 |
| Owners apartment | Agreed | = | £4,000 |
| Total | NAV £29,000 @ 5% | = | RV £145 |

Mr O'Connor cited three comparisons in support of his valuation, which are set out at appendix 1 to this judgment. Mr O'Connor said that the premises was located adjacent to the Octagon, the best known landmark in Westport. He further stated that it was within the commercial area of Westport and more visible than many of the comparisons. He accepted that there was space wasted in the layout due to the location on the slope but submitted that the rate per square foot applied was lower to account of these difficulties. He accepted that his comparisons were not ideal in that there were not registered guesthouses.

Findings

1. Noting that the Appellant and Respondent had reached an agreement on the rateable valuation on the licensed premises prior to the commencement of the hearing at £68.00, the Guest House was now the only hereditament subject to appeal.
2. Both the Respondent and Appellant generally agreed that the RV on the Guest House should be calculated on a rate per square metre basis.
3. Both parties Valuers acknowledged, the inefficiency of the floor plan of the subject Guest House, given its corner side location and triangulated footprint on a steeply sloping street. The Appellant's Agent contended that the comparisons provided by the Commissioner of Valuation, were generally not appropriate or suitable as the occupiers are not subject to the payment of rates. The Respondent accepted this contention.

4. Both parties accepted the principle of applying a 50% reduction factor on current rental rates to reflect rental values indexed to 1988.
5. The Tribunal holds the view that though agreement was reached prior to the hearing on the other hereditaments, namely the Licensed Premises and Owner's Apartment, the Rateable Valuation calculated on the net annual value of the Guest House must reflect what a hypothetical tenant would pay to rent same not as distinct from, but integral with the other two hereditaments. In essence, the Guest House must not be considered for the purpose herein as stand-alone premises.
6. The Tribunal is mindful of the apparent continuing disparity in the manner in which both registered and unregistered Guest Houses are assessed for rates but only the former are liable for the payment of same. This anomaly undoubtedly results in difficulties not only for the occupiers but also for Valuers in calculating appropriate net annual values for such hereditaments.
7. The Tribunal shares the view that the subject may be typical of many other Guest Houses along the western seaboard inasmuch as a substantial portion of their commercial activity is based on seasonal influences and a hypothetical tenant would factor it into his assessment of economic rental values.
8. The Tribunal was asked to consider the potential income, which each valuer believed might be achievable in the Guest House expressed on a weekly room rate basis. The Respondent's valuer estimated a potential weekly rate of £55 to £60 per week and the Appellant's valuer a sum of between £30 to £35 per week.

9. The comparisons No's 1, 2 and 3 provided by the Commissioner of Valuation, though offered as suitable for the purpose intended, were not considered relevant as it was confirmed to the Members of the Tribunal that none of those three establishments were actually liable for the payment of rates.
10. The Tribunal, in reaching its determination below, took heed of the concerns expressed by both parties to the Hearing, on the difficulties in assessing an appropriate NAV on a mixed hereditament incorporated as in this case with a Guest House. It was acknowledged by both valuers that the Turnover approach employed to establish NAV is considered both unreliable and somewhat outdated since the early 1990's resulting in a more recent reliance on and use of a Rental Value approach calculated by practitioners on a per square meter basis.

Determination

Having regard to all of the evidence adduced and arguments proffered and again noting agreement prior to hearing setting the RV on the residential portion at £20 and the Licensed Premises at £68, the Tribunal determines the Rateable Valuation of the Guest House calculated as follows: -

| | | |
|--|--|-----------------|
| Net Annual Value as at 1988 | 449 m ² @ £11 per sq. meter = | £4,939.00 |
| Rateable Valuation at 0.5% = | | £ 24.70 |
| Say | | £ 25.00 |
| Rateable Valuation of agreed items: | | £ 88.00 |
| Rateable Valuation of entire hereditament: | | <u>£ 113.00</u> |

