

Appeal No. VA02/4/005

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

Glenveagh Hotel (2000) Ltd.,

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Hotel at Map Reference : 49B Ardnagappary, Maheraclogher, Dunfanaghy County Donegal

B E F O R E

Fred Devlin - FSCS.FRICS

Deputy Chairperson

Frank O'Donnell - B.Agr.Sc. FIAVI.

Member

Joseph Murray - Barrister

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 1ST DAY OF OCTOBER, 2003

By Notice of Appeal dated the 25th October 2002, the appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of €380.92 on the relevant property above described.

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

"(a) No account taken of NAV.

(b) Unfinished state

(c) No account taken of comparable relevant properties in the same rating area.

1. This appeal came before the Tribunal by way of an oral hearing held in the Courthouse, Letterkenny on the 28th February 2003. At the hearing the appellant was represented by Mr. Patrick McCarroll, MRICS, FIAVI, ASCS, IRRV, MCI Arb. the respondent by Mr. Damien Curran, MRICS, ASCS, B.Sc. (Surv.) a District Valuer in the Valuation Office.
2. Prior to the hearing the valuers exchanged written submissions and valuations which were forwarded to the Tribunal and subsequently received into evidence under oath at the oral hearing.
3. The subject property is a recently built three-storey hotel premises with disco at basement level located on a minor county road close to the Derrybeg/Bunbeg Road. It is common case that at the relevant valuation date the second floor accommodation was incomplete and incapable of beneficial occupation. The agreed accommodation (excluding the second floor space) is as set out below:

| | |
|---------------|----------------------|
| Hotel Section | 2050.4m ² |
| Disco Area | 540.2m ² |
| Store | 142.6m ² |
4. The subject property was first valued at the 1995/4 revision when the rateable valuation was assessed at €634.87. No appeal was lodged against this assessment. At the 2000/4 revision the valuation was reassessed at €419.01 which figure was reduced to €380.92 at first appeal stage. It is against this revised assessment that the appeal to this Tribunal now lies.
5. Mr. McCarroll having taken the oath adopted his précis and valuation which had previously been received by the Tribunal as being his evidence-in-chief. In his evidence Mr. McCarroll contended for a rateable valuation of €106 calculated as set out below.

| | | | | | |
|--------------------|---------|---|----------|---|--------------|
| Hotel Section | 2050.4m | @ | €5per m | = | €10,252 |
| Disco Area | 540.2m | @ | €20per m | = | €10,804 |
| Store | 142.60m | @ | €1per m | = | <u>€ 143</u> |
| Net Annual Value | | | | = | €21,199 |
| Rateable Valuation | | @ | 0.5% | = | €106 |

In evidence Mr. McCarroll said that the property first opened in late 1995 without the benefit of any statutory licenses and was closed down when purchased by the present occupier in August 2000 at a consideration of €872,250. During the period from June 2001

and December 2001 the new owners opened the disco section of the premises only but not the remainder as it was incapable of beneficial occupation due to the fact that the kitchen area was not fitted out and the rest of the property was in need of major upgrading and refurbishment. In the circumstances he is of the opinion that with the exception of the disco area the valuation should be determined at a nominal figure only.

6. Mr. Damien Curran having taken the oath adopted his submission and valuation which had previously been received as being his evidence-in-chief. In his evidence Mr. Curran contended for a rateable valuation of €380.92 calculated as set out below:

| | | | | |
|--------------------|----------------------|---|----------|----------------|
| Hotel | 2050.4m ² | @ | €26.38 = | €54,090 |
| Disco | 540.2m ² | @ | €37.58 = | €20,300 |
| Store | 142.60m ² | @ | €12.58 = | <u>€ 1,794</u> |
| Net Annual Value | | | = | €76,184 |
| Rateable Valuation | | @ | 0.5% = | €380.92 |

Mr. Curran said that in arriving at his opinion of net annual value he had attributed no value to the accommodation at second floor level. Mr. Curran said he did not agree with Mr. McCarroll's contention that the ground and first floor accommodation was incapable of beneficial occupation. At the relevant date i.e. November 2001 the disco was fully operational and whilst the hotel section was not trading this did not mean that it should not be valued nor that it was incapable of beneficial occupation. In his opinion the level of disrepair was not as extensive as contended for by Mr. McCarroll and indeed the only works necessary at the time were in the nature of normal kitchen and bar fit out and some decoration.

In support of his opinion of value Mr. Curran introduced details of the assessments of six other hotels in various parts of Donegal. As set out in Appendix 1 attached to this judgement. Mr. Curran indicated in his evidence that the Seaview Hotel, Bunbeg (Comparison No. 1) was the most helpful comparison. This property he said was a two star hotel with a disco located close to the subject property.

Determination

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

1. The relevant valuation date in this instance is November 2001 and it is common case that at this date the disco was in operation whilst the remainder of the premises was closed and not trading.
2. The Tribunal does not accept Mr. McCarroll's contention that the ground floor and first floor accommodation was incapable of beneficial occupation due to the state and circumstance of the property at the relevant date. The Tribunal prefers Mr. Curran's evidence in this regard and accepts that the only works necessary to render this part of the property suitable for occupation as a hotel were in the nature of fit-out in the kitchen, bar and other public areas.
3. A hypothetical tenant as envisaged under the valuation code would take all the above factors into account in formulating an opinion of rental value at the relevant date.
4. The Tribunal considers Mr. McCarroll's valuation to be very much on the low side. Equally the Tribunal is of the opinion that the valuation put forward by Mr. Curran does not adequately reflect the state and circumstance of the ground and first floor accommodation at the relevant date and that some allowance should be made to reflect the fact that substantial money would be necessary to make the premises suitable for occupation as a hotel. Accordingly therefore the Tribunal determines the rateable valuation of the subject property to be €270 calculated as set out below.

| | | | | |
|--------------------------------|--------------|-----|----------|-----------|
| Disco | 540.2sq. m. | @ | €37.58 = | €20,300 |
| Hotel (Ground flr. & 1st flr.) | 2050.4sq. m. | @ | €16 = | €32,806 |
| Store | 142.6sq. m. | say | | €1,500 |
| 2 nd Floor Hotel | Nil | | | |
| Net Annual Value | | | | = €54,606 |

| | |
|---------------------------|---------|
| Say | €54,000 |
| Rateable Valuation @ 0.5% | = €270 |

It should be noted that the subject property has been valued on the basis of “*rebus sic stantibus*” and hence it would be in order for the property to be relisted for revision whenever the property becomes occupied and operating as a hotel.