

Appeal No. VA90/2/004

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

Trustees of Co. Longford Golf Club

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Clubhouse and Land at Lot No. 9A, Glack (pt of) Urban District of Longford, Co. Longford

B E F O R E

Mary Devins

Solicitor (Acting Chairman)

Brian O'Farrell

Valuer

Veronica Gates

Barrister

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF MARCH, 1991

By notice of appeal dated the 4th day of July, 1990, the appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £70 on the above described hereditament.

The grounds of appeal as set out in the notice of appeal are that the location of the building and limited/poor access thereto, design unsuited for any possible commercial use, very low if any letting value as such, the valuation compares badly with figures for other such holdings.

The Property

The property consists of a golf club clubhouse built in 1985. The walls are of concrete block with wet dash external finish and mainly pointed internally. Roof trusses are fabricated in timber. Roof covering is of concrete tiles and some roof lights are fitted. The building is of a dormer type and split level with five variations in floor level. The ground floor accommodation consists of a function room with a feature room, a bar, kitchen, stores and toilets. The remainder of this level is occupied by locker rooms and showers. The first floor consists of the main bar, dining room, toilets, kitchen and viewing terrace and above this is a billiard room. The professionals shop is located below the foyer and reception area and there is car parking space and covered storage space.

Written Submissions

A written submission was received from Mr Patrick J Nerney BE, Chtd. Eng. MIEI. MIAVI, Rateable Valuation Consultant, Valuer and Auctioneer on the 5th March, 1991 on behalf of the appellants. In this Mr Nerney outlined the description of the building and said that the budgeted cost of construction was £102,000 and the final building cost was in the region of £212,000. He said that the valuation was fixed at £70 in 1989 and that no change was made

on first appeal to the Commissioner of Valuation. He attached details of the membership and subscription rates for 1990. Mr Nerney said that the bar has been operating on a franchise basis since May, 1990. He said that the annual payment by the franchise holder is £5,060 which is inclusive of a bungalow on the club's property. He submitted that the franchise payment in this case is indicative of the real value of the relevant portion of the premises in the context of the Valuation Acts. He said that he estimates that the amount contributable to the portion of the premises comprising the 1st and 2nd floors is not more than £2,000. He outlines the net annual value as follows:-

Net annual value 9,000 sq ft @ 65p = £5,850.

He said that using a percentage of 0.5 as a ratio between rateable valuation and net annual value that this would yield a rateable valuation of £30. He said that he took into regard the facts that -

1. The subject premises cannot trade in a similar fashion to a public house and avail of passing trade.
2. Access to the club's property is poor.
3. Building is of irregular shape.
4. The function room and associated areas generate very little revenue.
5. Membership has fallen over the last six years and the club can be said to be on the verge of bankruptcy. The clubhouse imposes a heavy financial burden on the members.

Mr Nerney quoted a Tribunal decision VA88/13 in which a licensed premises in Tubercurry was reduced from £75 rateable valuation to £40.

A written submission was received on the 27th February, 1991 from Mr Christopher Hicks, appeal valuer in the Valuation Office in which he outlined the details of the premises and the

rateable valuation history. Mr Hicks outlined how his calculation of rateable valuation was arrived at as follows:-

Clubhouse 831 sq m @ 8.5p per sq m = R.V. £70

or

9,000 sq ft @ £1.25 p.a. rent = NAV £11,250 @ .63% = R.V. £70

Mr Hicks included nine comparisons four of which are all golf clubs dealt with by the Tribunal, the remaining five are local clubs and of these he singled out Mullingar as being the most relevant. The list of Mr Hick's comparisons are attached as Appendix "A".

Oral Hearing

At the oral hearing which took place in Galway on the 13th March, 1991, the appellants were represented by Mr Pdraig Gearty of Messrs F.J. Gearty & Co, Solicitors, and Mr Patrick J. Nerney, BE, Chtd. Eng. MIEI, MIAVI. Also present was Mr Patrick Buckley, Financial Controller and Treasurer of Co. Longford Golf Club.

Mr Christopher Hicks, Valuer, of the Valuation Office appeared on behalf of the respondent.

Mr Gearty referred to the many difficulties being experienced by the Golf Club. He explained that access to the club premises is by means of a right-of-way with its associated problems in relation to maintenance and is restricted to club members and invitees. He argued that this would seriously affect the letting value of the property.

The design of the clubhouse, in Mr Gearty's view, is impractical and awkward, and its location is isolated, leading to vandalism and burglary. In particular, Mr Gearty stressed the

financially precarious state in which the club has been since 1986 when the new clubhouse was completed. He mentioned the many ways in which the club had sought to raise money and stated that the club was unique in that its membership was falling, in spite of the general growth in popularity of the game of golf.

Mr Nerney referred to his written precis dated the 1st March, 1991 and stated that the franchise payment received by the club since the 17th May, 1990 was indicative of the net annual value, making due allowance for the inclusive nature of the franchise payment, and applying the resulting figure per sq. ft. to the entire hereditament.

He referred to the comparisons put forward by Mr Hicks, and said that since the R.V. on all of these was arrived at on a square metre basis, it did not relate to N.A.V. He said that in other cases dealt with by the Tribunal loss of profit and earning ability had been taken into account, and that a similar situation existed in this case.

In reply to questions from Mr Hicks, Mr Gearty said that the franchisee does not have exclusive rights to the major portion of the clubhouse, nor can he exclude members from same.

Asked by Mr Hicks why the decision had been made to site the club in what he, Mr Gearty, described as a poor location, Mr Gearty replied that it had been a bad decision.

Mr Buckley, in explaining the financial situation of the club stated that the club's accounts had gone from a situation in 1985 which showed a profit of £8,000 to that in 1990 which showed a loss of £19,000, most of which loss was attributable to bank interest.

He stated that a fear of a possible levy was deterring potential members, and in spite of the many schemes initiated to attract new members the membership was dropping all the time.

Mr Hicks referred to his written precis dated the 25th February, 1991, and stated that a rental of £1.25 per sq. ft. would be the minimum any modern building of this kind could be expected to attract. He said that his estimate of NAV was based on the rental level of poorish industrial property, with some reduction.

He referred to the comparison attached to his precis and stated that, devaluing these on a square metre basis, the R.V. of the subject hereditament was, in fact, unusually low.

Findings

In reaching its determination the Tribunal has had regard to Section 5 Subsection 1 & 2 of the Valuation Act, 1986:

- "5 (1) Notwithstanding section 11 of the Act of 1852, in making or revising a valuation of a tenement or rateable hereditament, the amount of the valuation which, apart from this section, would be made may be reduced by such amount as is necessary to ensure, in so far as is reasonably practicable, that the amount of the valuation bears the same relationship to the valuations of other tenements and rateable hereditaments as the net annual value of the tenement or rateable hereditament bears to the net annual values of the other tenements and rateable hereditaments.
- (2) Without prejudice to the foregoing, for the purpose of ensuring such a relationship regard shall be had, in so far as is reasonably practicable, to the valuations of tenements and rateable hereditaments which are comparable and of similar function and whose valuations have been made or revised within a recent period."

In view of the relatively unusual and uncertain nature of the franchise the Tribunal does not consider that the annual franchise payment would satisfy the criteria of Section 11 of the Valuation Act, 1852. In the light of Section 5 Subsection 1 & 2 of the Valuation Act, 1986, neither does it consider that there is merit in arriving at a R.V. by devaluing the hereditament on a square metre basis.

In certain cases a calculation based on capital investment and expected annual yield has proved helpful in arriving at a N.A.V. and a resultant R.V. In the matter of golf clubs, however, this method would appear to be impractical and difficult to assess.

Since the obviously comparable hereditaments are other golf clubs which have been recently revised, the Tribunal has had regard to these. The situation in the subject hereditament while possibly not unique, is undoubtedly unusual. Due to what seem to have been unfortunate or misguided decisions the club is experiencing harsh financial difficulties. These, compounded by the falling membership, the unattractive and impractical interior of the clubhouse and the drawbacks of the site, set the club apart somewhat from the comparisons adduced by the respondent.

In all the circumstances, therefore, the Tribunal finds that the correct rateable valuation for the subject hereditament is £50.