

Appeal No. VA95/4/002 &
VA95/4/006

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

Denis & Ann Buckley and L.P. Plastics Limited

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Workshop at Map Ref: 1g/1, Townland: Kilvealaton West, ED: Dromore, RD: Mallow,
Co. Cork

Quantum - Single skin asbestos construction

B E F O R E

Liam McKechnie S.C.

Chairman

Con Guiney Barrister at Law

Deputy Chairman

Joe Carey PC.DDSc.DBAdm.MIAVI

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 13TH DAY OF MARCH, 1997

1. By Notices of Appeal dated the 19th and 20th September, 1995 respectively the Appellants appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £120 on the above described hereditament.

The grounds of appeal as set out in the said Notices are:-

Per Denis & Ann Buckley

"Prior to purchase the premises concerned was inhabited by the Travelling Community, horses, scrap also rats and vermin. We have spent a considerable amount of borrowed money bringing some degree of respectability to this area. We cannot afford to pay rates on such high valuation".

Per L. P. Plastics

"the rateable valuation is excessive and inequitable".

2. This case proceeded by way of an oral hearing which took place in Cork at which Mr. Frank Ryan, FRICS MIAVI, appeared on behalf of the Appellants and Mr. Frank O'Connor, ARICS BSc. (Surveying) appeared on behalf of the Commissioner. Having taken the Oath both Valuers adopted as their evidence in chief their respective précis which, in accordance with practice, had previously been exchanged and submitted to this Tribunal. Arising from the evidence so given the following are the relevant facts, so agreed or found, which in our view are material for the purposes of this appeal.
3. The above identified unit of valuation comprises a portion of a factory premises formerly used and occupied by Erin Foods and constructed some 30 or more years ago. This premises in its original condition had an area of about 43,000 sq.ft., designated and used as the main processing building, with an additional 7,000 sq.ft. of offices on the first floor. Following a cessation of business and a withdrawal from this location these factory premises remained unoccupied for a number of years. In 1993 the same were purchased for a figure variously numbered at between £120,000 and £150,000. Following a complete refurbishment at a cost of approximately £100,000 the intention and object of the owner was to have four separate and self-contained units varying in both area and use. One such unit is that identified by Map Ref. 1g/1. This comprises a main workshop/factory of 19,723 sq.ft. with an outside structure, described by the Commissioner as a canopy store, of about 6,724 sq.ft.. In all there is about 26,500 sq.ft. involved.
4. In its refurbished and redesigned state this property was first listed for revision in 1994. A valuation of £120 was placed thereon. The Appellants were unsuccessful at First Appeal stage and hence the appeal to this Tribunal.
5. During the course of the hearing we heard evidence as to the works of refurbishment carried out and as to the nature, type and standard of the resulting unit. In this regard it might be thought that some conflict existed between the witnesses but in our opinion on a true or correct assessment of the evidence there was, if any divergence, one of emphasis only and not one of materiality. Accordingly we are of the view that the following is a reasonable description of the executed works and the resulting unit which of course is the subject matter of this appeal:-

Following acquisition the purchaser/developer removed much of the old partitioning which existed as well as some steel works associated with old machinery. The roofs and doors were extensively repaired with many new partitions added. Single skin asbestos was used. The original walls of the main building were of concrete block and steel decking construction with a steel decking roof. In addition there is an external area separate from this building which the Commissioner describes as a canopy store. From the photographs produced it is clear that this area is used for storage and that upon steel vertical supports there is an asbestos butterfly type roof. It is equally clear however that this area is not serviced and has no side walls with the result that latterly it is exposed to the elements.

6. In the table following we set out the approach to rateable valuation as adopted by Mr. Ryan on behalf of the Appellants and as adopted by Mr. O'Connor on behalf of the Commissioner.

Mr. Ryan:

"Unit 1g/1:

20,000 sq.ft. X 50p	=	£10,000
Adjust to 1988 values deduct 20%	=	<u>£ 2,000</u>
Deemed Rental:		<u>£ 8,000</u>
RV	=	£40.00 RV"

Mr. O'Connor:

"Workshop/Factory	19,723 sq.ft.	@ £1.15/sq.ft.=	£22,681
Storage Under Canopy	6,724 sq.ft.	@ £0.15/sq.ft.=	<u>£ 1,009</u>
		NAV	= <u>£23,690</u>
	@ 0.5%	RV	= £120.00"

It should be noted that Mr. Ryan places no value on the canopy store. Equally so it should be noted that no comparative evidence is offered on behalf of the ratepayer whereas we have been referred to six in number by Mr. O'Connor on behalf of the Commissioner.

7. The Appellants Valuer forcibly urged upon us a view that a rental of 40p psf, as of 1988, was reasonable given the purchase price paid and the expenditure incurred

in refurbishment, given that even with this expenditure the resulting condition of the unit could be described as satisfactory only and given what he termed were the distinguishing features between this case and the various comparisons offered on behalf of the Commissioner. In particular a purchase price of £120,000 would, for 50,000 sq.ft. give a rate of £2.40 psf which converts to a rental value of 60p psf. A similar exercise produces a similar result when the unit, the subject matter of appeal 1g/2 is taken into account. On behalf of the Commissioner we have been referred to the premises of the Castletownbere Fisherman's Co-op which at 1992 revision, had £1.50 psf placed on over 14,000 sq.ft. of factory accommodation, had £3 psf placed on 2,200 sq.ft. of office accommodation with the balance describable as being miscellaneous. In our view the Co-op premises are undoubtedly of much better quality than the subject premises. It is a purpose built food factory with double skinned covering and is used in the processing part of the fisherman's enterprise. It could not be equated with the unit in question.

8. The second comparison is the Mark Eire B.V. premises at Macroom in the County of Cork. For almost 13,000 sq.ft. of old factory accommodation a figure of £1.25 psf was agreed with Lisney at 1993 First Appeal stage. On a new warehouse of almost 20,000 sq.ft. the figure was £1.45 psf. Subject to obvious adjustments, these rates can be at least looked upon, in order to determine whether the range applicable in this case should be or should be approximate to 40p or the £1.15 as contended for on behalf of the Commissioner.

9. The third comparison, namely the Alps Electric factory in Millstreet is in our view quite different. The area, including factory and offices is almost 60,000 sq.ft., it is a purpose built modern and high specification building with double skin attachments. It was constructed by the IDA. The premises of Advanced Tyre, in Mallow, is also quite different and quite distinct from the subject premises. Firstly its location on the main Cork/Limerick Road. Secondly its retail use, thirdly its area and fourthly its standard, quality, fit and finish. Finally given the type of business which Dairygold carries on in its store at Ballyclogh we are satisfied that in order to comply with the very stringent statutory rules and regulations which are applicable to their business, their premises must be constructed and maintained at a standard significantly better than the subject premises.

10. In our opinion we do not believe that the workshop/factory, above referred to, could

in any way command a rate of £1.15 psf. This unit, even in its refurbished state, still possesses many of the structural and other characteristics which have a debilitating effect on the rental which a tenant might be expected to pay. In particular, the single skin asbestos type of construction would have quite a depressing effect with this feature potentially being quite costly to a tenant taking one year with the other. We are also satisfied however that a rent of 0.50p psf is not in any way reflective of the functional value of this unit. In our view a rate of 0.85p psf should apply to the area of the workshop which is 19,723 sq.ft.. With regard to the storage area there is no doubt, in our minds that a value must be placed on the 6,724 sq.ft. thereof. Whilst it is both correct and true to point out, and even perhaps to emphasise, the absence of side walls and therefore the absence of protection from the elements in this way, nevertheless, once a structure has a base and a roof it has the potential for, and in this case is clearly being used, at least for storage purposes. Such an area and such a use over a period of time from a planning point of view could be quite beneficial to a tenant in advancing any intentions which he might have of further developing such a site. Therefore this area must be valued.

- 11.** Applying a rate of £0.85 psf to the workshop/factory area gives a net annual value of £16,764.55 and applying 0.15p psf to the storage area gives a net annual value of £1,009. By applying 0.5% to the total NAV of £17,773.55 thereof the resulting rateable valuation is £88.87. Say £89. Accordingly, the Tribunal will reduce the Commissioner's valuation of £120 to £89.