

Appeal No. VA96/2/072

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

Dublin Writers Museum

APPELLANT

and

Commissioner of Valuation

RESPONDENT

RE: Museum at Map Ref: 18b, Parnell Square South, Ward: Rotunda B, County Borough of Dublin

Quantum - Appropriate comparisons

B E F O R E

Con Guiney - Barrister at Law

Deputy Chairman

Fred Devlin - FRICS.ACI Arb.

Deputy Chairman

Marie Connellan - Solicitor

Member

JUDGMENT OF THE VALUATION TRIBUNAL
ISSUED ON THE 14TH DAY OF JULY, 1997

By Notice of Appeal dated the 24th April, 1996 the Appellant appealed against the determination of the Commissioner of Valuation in fixing a rateable valuation of £350 on the above described hereditament.

The grounds of appeal as set out in the Notice of Appeal are that "the rateable valuation of £350 is excessive, inequitable, unwarranted and bad in law".

The subject premises faces onto Parnell Square North and consists of three floors over a basement store as it faces the Square. To the rear of this portion of the building there is a three storey annexe which extends back to Frederick Lane North. A link corridor on the ground floor provides communication between the front and rear blocks. There is no inter-communication at the upper levels.

The accommodation and agreed floor areas are as follows:-

Front Building (facing Parnell Square):-

Ground Floor	1,518 sq.ft.
First Floor	1,537 sq.ft.
2nd Floor	1,100 sq.ft.

Annexe (facing Frederick Lane North):-

Ground Floor	888 sq.ft.
First Floor	1,934 sq.ft.
2nd Floor	1,934 sq.ft.

The Appellant describes the basement storage area as containing 696 sq.ft. while the Respondent describes it as containing 570 sq.ft.

The relevant valuation history is that the subject premises' rateable valuation was revised in 1993 and an RV was fixed at £350. This valuation was appealed but no change was made on the valuation at the appeal stage by the Commissioner.

A written submission by Mr. Patrick Hennigan, ARICS, ASCS of Hennigan & Company on behalf of the Appellant was received by the Tribunal on 8th November, 1995. Mr. Hennigan is a Chartered Surveyor and Valuer with over 14 years experience in the practice of rating valuations.

The written submission stated that the use of the premises was limited to that of a museum for the use of visitors and tourists and that therefore the hypothetical tenant would be precluded from using the premises for alternative commercial purposes.

The submission outlined a number of negative factors which would influence the rent a hypothetical tenant would pay for the premises:-

- (a) the old fashioned layout of the ground and first floors inhibited economic commercial usage;

- (b) the absence of on-site car parking facilities;
- (c) the rear portion of the premises which contains over 50% of the usable floor space is connected to the front of the building in the manner already described. This link passage at ground level is 75 feet long; and
- (d) the rear access to Frederick Lane North is for emergency purposes only.

In summary the written submission contended that these factors together with the disproportionate content of waste space, high ceilings, and very high heating and upkeep costs incurred in maintaining an old Georgian building of this type would deter many prospective tenants.

The written submission further contended that the museum was a facility in Dublin which had not been provided by the private sector. It was partly funded by subsidies from the semi-state sector. It was difficult to envisage a tenant operating in the private sector who would be interested in the museum as a feasible commercial project.

Mr. Hennigan's written submission contained a schedule of comparisons with respect to four properties.

Mr. Hennigan's written submission estimated the rateable valuation as follows:-

"Front Building (facing Parnell Square)

Ground Floor	1,518 sq.ft.	-	£6.00 psf	-	£ 9,108
First Floor	1,537 sq.ft.	-	£4.00 psf	-	£ 6,148
2nd Floor	1,100 sq.ft.	-	£2.00 psf	-	£ 2,200
Basement Store	696 sq.ft.	-	£1.00 psf	-	£ 696

Annexe (facing Frederick Lane North)

Ground Floor	888 sq.ft.	-	£3.00 psf	-	£ 2,664
First Floor	1,934 sq.ft.	-	£2.00 psf	-	£ 3,868
2nd Floor	1,934 sq.ft.	-	£1.00 psf	-	<u>£ 1,934</u>
					£26,618

NAV (say) £26,500 RV @ .63% - £166.95 Say £165"

A written submission prepared by Mr. David Walsh on behalf of the Respondent was received by the Tribunal on 11th November, 1996. Mr. Walsh is a District Valuer with 26 years experience in the Valuation Office.

Mr. Walsh's written submission contained a description of the property together with a schedule listing one comparison.

Mr. Walsh estimated the rateable valuation as follows:-

"	Ground Floor	(front)	1,518 sq.ft.	@	£12.00sq.ft.	=	£18,216
		(rear)	888 sq.ft.	@	£ 6.00sq.ft.	=	£ 5,328
	First Floor	(front)	1,537 sq.ft.	@	£ 8.00sq.ft.	=	£12,296
		(rear)	1,934 sq.ft.	@	£ 4.00sq.ft.	=	£ 7,736
	Second Floor	(front)	1,100 sq.ft.	@	£ 4.00sq.ft.	=	£ 4,400
		(rear)	1,934 sq.ft.	@	£ 3.50sq.ft.	=	£ 6,769
	Basement		570 sq.ft.	@	£ 2.00sq.ft.	=	<u>£ 1,140</u>
							£55,885
			£55,885	@	0.63%	=	£352.08
					Say £350.00"		

The oral hearing of the appeal took place in Dublin on the 15th day of November, 1996.

Mr. Hennigan called Mr. McDonald, Financial Controller of Dublin Tourism to give evidence on behalf of the Appellant.

In his sworn testimony Mr. McDonald outlined the history of the property. Dublin Tourism had been asked by Bord Failte to start the project because the private sector would not engage in a venture like this. The museum had opened in 1992.

The museum's activities were financed by entrance fees and moneys received for renting out exhibition space. Bord Failte and the Local Authorities provided 25% of the museum's income. Dublin Tourism aims to break in terms of operating the museum.

Mr. McDonald in his evidence stated that it was anticipated that the maintenance of the building in time would give rise to substantial costs in the future. He further described the nature of the building as being old with many corridors and wasted spaces.

Mr. Hennigan in his sworn testimony adopted his written submission as his evidence to the Tribunal. He stated that the NAV is based on the assumption that the property is vacant and to let and what the hypothetical tenant would pay in rent for it, the rent being for the present purpose. In this case the rental was for use as a museum. Mr. Hennigan stated the net floor area was in the region of 9,600 sq.ft. with additional areas of corridors, toilets and link

passages. He stated that the cost of maintenance will be high in the future because the subject premises is old. There is no lift in the building for visitors.

Mr. Hennigan stated his preferred comparison was the National Wax Museum. It was located in close proximity to the subject. It had been opened in 1983 and had a floor area roughly similar to the subject. The National Wax Museum has a similar usage to the subject.

Mr. Hennigan then addressed the issue of the Respondent's only comparison, namely the Irish Writers Centre which adjoins the subject premises at 19, Parnell Square North. Mr. Hennigan accepted that the Irish Writers Centre was comparable to the subject in terms of construction and design.

Mr. Hennigan did not agree with the method used in valuing the building. There had been no submission by the Appellant at the appeal stage. In Mr. Walsh's written submission there had been no breakdown of the comparison.

Mr. Hennigan stated that the breakdown was contained at page 10 of the Appellant's written submission. There was agreement between the Appellant and the Respondent as to the areas for the ground, first and second floors. Mr. Hennigan's devaluation was £14 psf for the ground floor; £10 psf for the first floor and £7 psf for the second floor.

Mr. Hennigan stated that £14 psf was an exorbitant level of rent for Parnell Square North. There was no evidence for this to be derived from passing rents in Parnell Square. Mr. Hennigan stated that rents for good Georgian buildings in Merrion Square in November, 1988 was £8 psf for ground floor accommodation.

Mr. Hennigan further stated that the Irish Writers Centre was much smaller than the subject. Furthermore the premises was not a museum but was described in the official valuation list as offices and hall and the building was used as an office.

Mr. Hennigan referred to his comparison the National Wax Museum. This building worked well as a museum. It had been operated successfully by the private sector. The building is contained within a rectangular structure and has good road frontage. The building is very suitable for a museum. The accommodation is contained within one block unlike the subject which has two blocks. Mr. Hennigan's devaluation of the National Wax Museum was £4 psf for the ground floor; £2 psf for the first floor and £1 psf for the second floor.

Mr. Hennigan stated that the National Wax Museum was revised in 1992/2 and a rateable valuation of £160 was fixed. In the 1993/3 revision this valuation remained unchanged.

Mr. Hennigan in further evidence dealt with his comparison at 46, Parnell Square West and 1, Frederick Lane North. No. 46, Parnell Square West is used as offices. He stated that the demand for offices is greater than that for museums. This property had been the subject of a Tribunal decision (VA93/3/009 - Westward Dublin Limited v. Commissioner of Valuation). The ground floor here devalues at £7.20 psf. The accommodation is in one block and the net floor area at 3,864 sq.ft. is smaller than the subject.

As to No. 1, Frederick Lane North this is a two storey building which adjoins the rear of No. 18, Parnell Square North. According to Mr. Hennigan's evidence the accommodation here comprises 1,900 sq.ft. on the ground floor with a further 1,900 sq.ft. on the upper floor. The property is currently being offered for letting at a rent of £9,000 and the asking rent for the first floor is £5,000. This equates to £2.37 psf for the entire premises and £2.63 psf for the first floor.

Finally, in his evidence Mr. Hennigan stated that the usage of the subject premises was designated in planning terms as a centre for education. He considered that planning permission would be restricted for office use. Nothing over 600 metres would be allowed for office use. Therefore, the premises should be valued *rebus sic stantibus*.

In his sworn testimony Mr. Walsh adopted his written submission as his evidence to the Tribunal. Mr. Walsh stated that he did not use office comparisons because he thought that only museum comparisons should be used. Mr. Walsh agreed with Mr. Hennigan's devaluation in connection with the Irish Writers Centre.

Mr. Walsh stated that the National Wax Museum had a valuation of £350 placed on it when it commenced business. When the building had been revised the top floor had been described as unused. Then on revision a reduced valuation of £160 was placed on the building.

On cross-examination by Mr. Hennigan, Mr. Walsh agreed that any alternative uses of the subject premises would be normally associated with a museum. Again Mr. Walsh stated that the Valuation Office did not consider that there were any readily available comparisons to 18 and 19 Parnell Square North. The Valuation Office considered these two buildings were

unique and the office was guided in this assessment by the overall cost of the project involving No's. 18 and 19.

Mr. Walsh stated under cross-examination that he was familiar with the Parnell Square area. This led him to the conclusion that £7 psf was appropriate to second floor offices. His method was to start on the second floor at £7 and work downwards where rental levels were higher. Mr. Walsh further stated that he considered offices were not comparable to museums.

Under further cross-examination Mr. Walsh admitted that £8 psf was the going rate for ground floor office space in Merrion Square in 1988. He further agreed that Merrion Square was a superior location for all uses then Parnell Square. Mr. Walsh confirmed that the valuation of the Wax Museum was done on the basis of its use as a museum and its usage was similar to the subject premises.

Determination:

The Tribunal found the following evidence given by Mr. Hennigan to be persuasive in arriving at its decision:-

- (a) that the going rate for ground floor office space in Merrion Square (a superior location to Parnell Square) was £8 psf in 1988. This was agreed by the Respondent.
- (b) that present rental being sought for No. 1, Frederick Lane equates to £2.37 psf for the entire building and £2.63 psf for the first floor.
- (c) the devaluation of No. 19, Parnell Square North which was agreed by the Appellant.

Furthermore the Tribunal found Mr. Hennigan's preferred comparison of the National Wax Museum to be useful in arriving at its decision as it involved a similar usage to the subject premises.

On the other hand the Tribunal decided that prestigious nature of this Georgian building and its recent refurbishment had to be taken into account. The Tribunal had heard evidence of substantial expenditure on its refurbishment.

The Tribunal therefore considers that the level of rental values psf placed on the building by the Valuation Office is excessive.

The Tribunal therefore determines the rateable valuation of the premises, using Mr.

Hennigan's breakdown, as follows:-

Front Building (facing Parnell Square)

Ground Floor	1,518 sq.ft.	-	£8 psf	-	£12,144
First Floor	1,537 sq.ft.	-	£6 psf	-	£ 9,222
2nd Floor	1,100 sq.ft.	-	£3.50 psf	-	£ 3,850
Basement Store	696 sq.ft.	-	£1.50 psf	-	£ 1,044

Annexe (facing Frederick Lane West)

Ground Floor	888 sq.ft.	-	£4 psf	-	£ 3,552
First Floor	1,934 sq.ft.	-	£3 psf	-	£ 5,802
2nd Floor	1,934 sq.ft.	-	£1 psf	-	<u>£ 1,934</u>
				NAV	-
					£37,548

RV	@	0.63%	=	£236.55	
			Say	=	£237

The Tribunal therefore determines that the rateable valuation on the subject premises is £237.