VALUATION TRIBUNAL FOR ENGLAND

Non-domestic rating appeal; 2017 rating list; Self-catering accommodation; Aparthotel; Fair maintainable trade; Appeal dismissed.

RE: 2A-2F Bridge Court, Fishergate, Norwich NR3 1UE

APPEAL NUMBER: CHG100035755

BETWEEN: Mr T Fenn Appellant

And

Jo Moore (Valuation Officer) Respondent

PANEL: Mr P J Hickson (Senior Member)
Mrs F Duggan

CLERK: Ms S Hodgson

ON: 20 October 2020

REMOTE HEARING

Summary of decision

1. Appeal dismissed. The existing valuation is not excessive and the entry in the rating list is confirmed at £15,000 rateable value (RV) with effect from 1 April 2017.

Introduction

2. This was a 2017 rating list appeal. The RV of the appeal hereditament was £15,000 with effect from 1 April 2017. This was a compiled list appeal, so the material day was also 1 April 2017. The challenge stage was completed on 19 July 2019. The appellant sought a reduction in the RV to £8,601.

3. The subject hereditament was a building consisting of six apartments that was rated as self-catering accommodation. The apartment building was located in Norwich City Centre.

4. The President of the Valuation Tribunal for England (VTE) is required to make sure arrangements are in place and make such statements and Directions so as to ensure that business before the Tribunal is conducted in accordance with The Local Government Finance Act 1988, Schedule 11, Part 1, paragraph A17(1) and The Valuation Tribunal for England (Council Tax and Rating Appeals) (Procedure) Regulations 2009 and by virtue of Part 2 regulation (5)(arrangement for appeals) and regulation (6)(3)(g) (appeal management powers) the VTE may determine the form of any hearing.

5. Therefore, in pursuance of Regulation (6)(3)(g) the VTE has incorporated "remote hearings" as part of that definition and for the time being as the default option until it is safe to return to normal working. The Tribunal's Consolidated Practice Statement has been amended to reflect this.

6. This is not intended to be an exhaustive record of the proceedings, but the parties can be assured that all of the evidence presented was fully considered by the panel before coming to its decision. Consequently, the absence of a reference to any statement, or evidence, should not be construed as it having been overlooked.

Issue

7. The issue for the panel to consider was the correct RV to be ascribed to the assessment.

Evidence and submissions

8. Mr Fenn, the appellant explained to the panel that the appeal hereditament was rated as self-catering holiday accommodation; however, it was run like a traditional hotel. He advised he provided a collection service for guests, daily room servicing, an included mini-bar and free parking. Mr Fenn explained that the original fair maintainable trade (FMT) used for the appeal property was £66,000, so when a review of self-catering accommodation was carried out and the multiplier used was reduced from 22.5% to 13.5%, he thought his RV would be reduced. Instead his RV remained the same as his FMT figure was increased.

9. Mr Fenn referred to new evidence at the hearing which had just come to his attention and was not objected to by the respondent. The new evidence was the recent valuation of two individual apartments in the rating list. The apartments were located in the next-door building and were valued at £700 per bed space. These two apartments were owned by the appellant. Mr Fenn provided evidence of comparable properties within the locality and argued that the appeal dwelling should be rated as a hotel. He sought a reduction in RV to £8,601.

10. Mr Cole for the respondent explained that the FMT value was increased using a figure provided by the appellant. He stated that the original FMT of £66,000 was an estimate but that Mr Fenn had provided the figure of £128,000 turnover as part of the check process and this was then adopted in his revised valuation. The reason the RV of the appeal dwelling remained the same following the review of self-catering accommodation was because the lower multiplier was used

on the higher turnover. Mr Cole commented on the appellant's comparable evidence but did not believe they were like for like properties. In regard to the new evidence of the two apartments next door to the appeal dwelling, Mr Cole explained these were valued individually and that self-catering accommodation with less than five bed spaces is valued on a per bed space basis. He did not consider this was comparable to the appeal dwelling that was valued on a receipts basis due to it having more than five bed spaces. This was the basis that had been adopted consistently across such properties.

11. Mr Cole provided the panel with two separate valuations to show that, in his opinion, the appeal dwelling was valued correctly. One valuation used the self-contained accommodation valuation method and the other used the method for aparthotels. He demonstrated that using either method resulted in a very similar RV for the appeal dwelling and argued that the current RV was not unreasonable. He sought a dismissal of the appeal and for the current RV of £15,000 to be confirmed.

Decision and reasons

12. The panel considered the two apartments in the next-door building that were valued at £700 per bed space. They were located in a building that consisted of six apartments, some of which were residential, sharing communal areas. The two apartments were valued individually compared to the appeal dwelling that was valued as a whole block.

13. The panel was persuaded by the respondent's explanation of why the two apartments were valued using a different method to the appeal dwelling, which was that any self-catering accommodation that contains less than five bed spaces is valued on a per bed space basis, and any self-catering accommodation with five or more bed spaces was valued on a receipts and expenditure basis.

14. The panel therefore placed little weight on this evidence as the methods of valuation are not comparable and the reasons for the differing methods in valuing is because of the character and size of the hereditaments.

15. It is the panel's view that the appeal dwelling is self-catering accommodation and not a hotel. The panel must consider the definition of rateable value which assumes a hypothetical tenant will lease a vacant property on a year to year basis.

16. The panel noted the services and facilities provided by the appellant; however, it was confirmed that each room within the building was self-contained with a small kitchen area. The panel found there was no breakfast room or restaurant on-site and no reception area as there would be in traditional hotels.

17. The panel is of the opinion that the hypothetical tenant would lease this property as self-catering accommodation based on the layout of the building and the individual apartments within the building and therefore the appeal property should be valued as self-catering accommodation. Vacant and to let, the property is not a hotel.

18. The panel considered the comparable properties provided by the appellant however found that these were not comparable on a like for like basis. The comparable properties were rated as hotels due to the number of rooms, facilities and services they provided. The comparable properties had on-site restaurants or breakfast rooms, bars and ran events such as weddings. Therefore, the panel did not attach any weight to these comparable properties.

19. The panel then considered the valuations put forward by the respondent and had regard for the agreed percentages to be applied to the turnover of the property as agreed between the Valuation Office Agency and the England Association of Self-Catering Operators following a review of the sector.

20. The panel heard from the respondent about two methods of valuing holiday accommodation, self-catering and aparthotel. The latter was described as a cross-over between self-catering accommodation and hotels and these properties would often have a reception area but none of the extra facilities such as a bar or restaurant.

21. The panel accepted the FMT used by the respondent of £128,000 as this had been provided by the appellant. When valued as self-catering accommodation the respondent adopted 13.5% as the percentage to be applied to the FMT which gave a rateable value of £17,250. When the appeal dwelling was rated as an aparthotel, 12.34% was adopted which gave a rateable value of £15,795.

22. It was the panel's opinion that, having decided the appeal dwelling was self-catering accommodation, the valuations put forward by the respondent showed that the building was not unjustly valued as two separate methods had been used to ensure the valuation was fair.

23. Consequently, based on the evidence before them, the panel found the current entry in the 2017 list was not unreasonable and therefore, the appeal is dismissed.

Date: 6 November 2020

Appeal number: CHG100035755