VALUATION TRIBUNAL FOR ENGLAND

2023 Rating List Appeal: Local Government Finance Act 1988; Material change in locality; demolition of adjoining building and redevelopment of site; previous tenant rent reduction and subsequently left property; marketing property for over year before tenant found; 15% allowance given by valuation officer; appellant seeking nil assessment; appeal allowed in part.

APPEAL NUMBER: CHG101045511

RE: Relate Cambridge,3 Brooklands Avenue, Cambridge, CB2 8BB (the “subject property”)

BETWEEN: Brian Reeve — Appellant

and

(Valuation Officer) — Respondent

SITTING: *remotely using Microsoft Teams*

ON: Monday 2 December 2024

BEFORE: Mrs OO Robson (Presiding Senior Member)
Mr PJ Ward (Senior Member)

CLERK: Mr A Jolly

APPEARANCES: The appellant Mr Reeve
Ms R Stanhope-Smith representing the respondent

DECISION AND STATEMENT OF REASONS

Decision

1. The appeal is allowed-in-part. An allowance of 25% to be applied for the demolition of the adjoining building and redevelopment works giving a rateable value of £15,200 with effect from 6 June 2022.

Introduction

2. This appeal has been brought in respect of the following: an appeal lodged by the owner of the subject property dated 4 July 2024 against the Valuation Officer's decision of 25 September 2023.

3. The appellant had lodged his proposal outside of the time limits prescribed within legislation but had submitted a request for the late application. The application was considered and accepted by a Senior Member on 23 August 2024.

4. The appellant connected to the hearing via an audio link only. The panel agreed to vary the model procedure to allow the appellant to participate in the hearing using an audio link only.

5. With the agreement of the parties the panel varied the procedure outlined in the Valuation Tribunal for England Consolidated Practice Statement and requested the respondent to present his evidence first.

6. This statement of reasons is not and does not purport to be a full verbatim record of the proceedings.

Issue

7. The issue before the panel considered the valuation of the subject property from 6 June 2022. The appellant was seeking a reduction to RV £0 due to the demolition of the adjoining building and subsequent redevelopment works. The respondent contended that an allowance of 15% should be granted to reflect the works reducing the RV from £20,250 to £17,250.

Decision and reasons

8. The respondent stated that the issue concerned the effect on the subject property due to the demolition of the adjoining property and subsequent redevelopment. She accepted that there had been a material change which had affected the subject property and that would impact the rental bid and for the reason an allowance would be required.

9. The respondent explained that the subject property was a Victorian mid-terrace property located on the ground, first and second floor. There was a basement, but this was held in separate occupation by the appellant. Planning permission was granted to demolish and redevelopment the adjoining building and land to the rear in September 2021 with work starting in mid-2022 and since then a large redevelopment was being undertaken. She understood the works were due to be completed in three years.

10. She considered that whilst the neighbouring works may have been disruptive the offices were still capable of beneficial occupation and therefore the RV could not be reduced to nil. The subject property had been occupied until June 2022 with a nine year lease commencing in September 2014 at a rent of £20,000 per annum with a three yearly uplift with the rent rising to £20,250 in 2017 but no uplift in 2020. She understood that in 2021 the occupier considered vacating due to the impending works but a reduction in rent to £10,000 per annum was agreed but the following year the tenant did vacate due to the impact of the works. The property was subsequently marketed for a rent of £24,000 per annum but the property remained unoccupied until November 2023 when the property was let to the developers of the adjoining site at a rent of £22,000 per annum.

11. In support of her 15% allowance the respondent provided details of other allowances for building works on neighbouring hereditaments which ranged from 5% to 15%. She stated that for 270-279 Cambridge Science Park an allowance of 15% had been granted but this was due to a reduction for adjoining building works and the loss of a car park. She stated that 120 Fulbourn Road had been deleted from the rating list due to works being carried out on the actual building which rendered it no longer capable of occupation. Having considered the level of allowance granted for works on adjoining building she considered 15% was reasonable and asked for the appeal to be dismissed.

12. The appellant stated that the in 2020 he and his tenant had become aware of the impending redevelopment of the adjoining property which saw the neighbouring property demolished and a six storey office block being built in its place. He stated that there was a party wall between the subject property and the adjoining building. His tenant considered that the works would be disruptive to their work as councillors and wished to vacate the property, but an agreement was reached where a reduction in the rent was agreed in June 2021 to £10,000. Despite the reduction his tenant vacated the property the following year.

13. The appellant stated that the subject property was subsequently marketed but without success until the developer let the property around November 2022 at £22,000 per annum. He confirmed that it had marketed at £24,000 per annum but that he would have been willing to negotiate.

14. The appellant did not consider that 15% adequately reflected the problems experienced. He had reduced the rent payable but still have been unable to retain his tenant, then he was liable to pay business rates for a property he was unable to let due to the works. He did not consider the comparable hereditaments cited by the respondent were similar to his experiences and that he had clearly suffered to a greater degree and considered that the RV should be reduced to nil.

15. The appellant confirmed that the basement was a separate assessment and that he had not challenged that RV as he did not pay business rates due qualifying for small business rates relief.

16. The panel noted that the demolition and subsequent redevelopment works were to the neighbour property and not the subject property and therefore it considered the property remained capable of beneficial occupation during the works although it accepted that it was not occupied during part of the period the appellant was seeking the reduction. As no works were ongoing to the subject property and it was still capable of beneficial occupation the panel accepted that a RV of nil was not appropriate. RV of nil or a deletion of an entry is normally applied only to buildings undergoing works and not capable of beneficial occupation during those works.

17. The panel then considered the allowances agreed by the Valuation Officer for properties disadvantaged by neighbouring building works within the locality and also within Norwich. It noted that the allowances ranged from 5% to 15% dependant on the level of works being carried out. It noted that 15% had been applied to 270-279 Cambridge Science Park but that not only was it disadvantaged by the neighbouring works the allowance also included an element due to the loss of car parking. However, whilst the allowances granted in the comparable hereditaments were for works adjoining the hereditaments none, it would appear, were connected by a party wall.

18. The panel noted that the subject property was connected to the adjoining the property that was demolished by a party wall. The panel consider this would have a considerable effect during the demolition and subsequent works with noise and vibrations etc. The panel therefore considered an any allowance should be greater than 15% applied to one of the respondent's comparable hereditaments.

19. Whilst it noted that the appellant had reduced the rent to £10,000 in June 2021 when it had become vacant, he had marketed it for £24,000 and subsequently let the property in 2023 for £22,000. The panel considered 50% allowance would be excessive noting that it had let for £22,000 albeit after a year of marketing. It also considered 15% was too low consider the fact that it had been connected to the building that had now been demolished by a party wall.

20. In considering the level of allowance the panel considered that 25% allowance was reasonable having regards to the works and the fact that the subject property had been connected by a party wall. The panel therefore confirm RV £15,200 with effect from 6 June 2022 and allow the appeal in part.

Order

21. As a consequence of the above decision, the Valuation Officer is ordered to reduce the 2017 Rating List entry to £15,200 with effect from 6 June 2022 within two weeks of the date of this order.

Date issued to parties: 18 December 2024

Right of further appeal

Any party who is aggrieved by the Tribunal's decision, and who appeared or was represented at the hearing, has the right of appeal to the Upper Tribunal (Lands Chamber). Any such appeal should be made within four weeks of the date of this decision notice.
