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**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : LON/00BH/OLR/2013/1363

Property : Flat B, 137 Colworth Road, London
E11 1JE

Applicants : Richard Douglas McIntyre and
Claire Louise McIntyre

Representative : Tolhurst Fisher LLP, Solicitors

Respondent : Peter John West

Representative : Not represented

Type of Application : For the determination of the
premium payable on a leasehold
extension

Tribunal Members : Judge Goulden
Mr L Jarero BSc FRICS

**Date and venue of
Hearing** : 10 Alfred Place, London WC1E 7LR

Date of Decision : 4 December 2013

DECISION

Introduction

- 1 The Tribunal is required to assess the value of the premium payable for a lease extension of a first floor flat known as Flat B, 137 Colworth Road London E11 1JE (“the property”) by the Applicants, Mr Richard Douglas McIntyre and Mrs Clare Louise McIntyre, the lessees of the property pursuant to Section 48 of the Leasehold Reform (Housing and Urban Development Act) 1993 “the Act”
- 2 The Applicants hold a lease of 99 years from 29 September 1987 with approximately 73.55 years unexpired at a ground rent of £50 per annum for the first 33 years, £100 per annum for the next 33 years and £200 per annum for the remainder of the term.
- 3 The lease of the property was dated 23 March 1988 and was made between P J West (1) and Messrs. M Welsby and R W Fairhurst. That lease was assigned to the Applicants on 3 July 2001.
- 4 The Respondent is an absent landlord. An application was lodged at Bow County Court on 14 March 2013 in respect of the property.
- 5 A vesting order was made by Bow County Court on 28 May 2013 and the matter remitted to the Tribunal for assessment of the premium payable.
- 6 There has been submitted to the Tribunal a valuation report prepared by Mr Mike Stapeton FRICS of Mike Stapleton & Company, Chartered Surveyors, 1 November 2013.

The Evidence

- 7 As the proceedings in the county court were issued on 14 March 2013, that is the valuation date as prescribed by Section 51 of the Act
- 8 The property is stated to be a first floor converted flat, in a mid terrace 2 storey house c 1910. External walls are formed in solid brickwork under a timber pitched and tiled roof covering. It is understood that the house was converted into 2 self contained flats in the mid 1980s.
- 9 The property was stated to provide a lounge, kitchen, one bedroom and bathroom/wc with a floor area c 55 m sq. The property has gas central heating installation, no off road parking facilities and no allowance has been sought in respect of improvements.
- 10 The Tribunal did not inspect the property but has taken the description from Mr Stapleton’s report together with the accompanying photograph of the exterior and plans together with the leases.
- 11 Mr Stapleton had considered three comparables, supported by agents particulars which were as follows:-
 - (a) First floor flat, 70 Colworth Road E11 1HY. In the same road as the property providing similar one bedroom accommodation with gas central heating and off street

parking. Sold on 26 October 2012 for £155,000 subject to a lease in excess of 100 years at the date of sale. Land Registry data for London Borough of Waltham Forest indicated that the value would have risen in the 4 months period before the sale date to approximately £157,165. Mr Stapleton made no further adjustment for the virtual freehold value.

(b) 10 Esther Road, E11 1JB. A first floor flat in a nearby road to the property with one bedroom, double glazing and gas central heating. Sold on 21 June 2013 for £160,000 and subject to a lease of 125 years from 1 January 1982. Land Registry data for London Borough of Waltham Forest indicated that the value would have increased in the 3 month period after the sale date from approximately £157,325 (valuation date) to approximately £160,000 (sale date). Mr Stapleton made an adjustment of 2% to convert to a virtual freehold value of approximately £160,500 at the valuation date.

(c) 115 Colworth Road, E11. A ground floor flat a few doors away from the property providing 2 bedrooms. Sold on 7 December 2011 for £182,000, approximately 16 months before the valuation date with an unexpired lease term in excess of 100 years. Land Registry data for London Borough of Waltham Forest indicated that the value would have risen in the 16 month period to approximately £191,135. Mr Stapleton made no further adjustment for the virtual freehold value.

12 From these comparables at 70 Colworth Road and 10 Esther Road after correction, he assessed the value of the extended lease at £160,000. He said that the larger flat at 115 Colworth Road indicated a value of approximately £190,000, but that comparable did benefit from direct access to a garden.

13 Mr Stapleton had adopted a relativity of 93.5% for the value of the existing lease, having taken an average of 2 relativity graphs, in the absence of market evidence. His starting point was the 5 graphs relating to Greater London and England in the RICS report on relativity published in October 2009. He had disregarded 3 of the graphs and averaged his 2 preferred graphs. He also contended for a 5% deferment value in accordance with the guidance of the Upper tribunal in **Sportelli** and a capitalisation rate of 7%.

14 Applying these figures to the valuation he has arrived at a figure of £8,000 for the premium. His valuation is attached. As this is a missing landlord case the evidence is unopposed.

The Tribunal's decision

15 The Tribunal accepts the evidence of Mr Stapleton and determines the premium payable at £8,000.

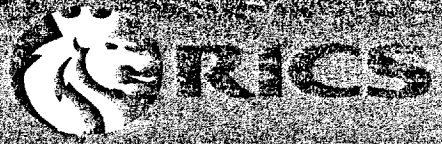
16 The Tribunal has considered the draft proposed new lease supplied by the Applicants' solicitors. Whilst the Tribunal has no

objection to the draft in general, it does not accept the Schedule thereto.

- 17 With regard to the proposed Clauses A, B and C in the Schedule to the draft of the proposed new lease., the Tribunal is of the view that the existing lease covers the insurance position adequately and does not require the amendment proposed.
- 18 With regard to the proposed Clause D in the Schedule to the draft of the proposed new lease, the Tribunal rejects the same. If permitted, it would have the effect of extending the present demise, which is not covered by the Act.
- 19 Accordingly, the Tribunal determines that the Schedule to the proposed new lease is to **deleted in its entirety.**

Name: J Goulden

Date: 4 December 2013



Lease Extension Valuation

Property: 137b Colworth Road, Leytonstone, London E11 1JE
Prepared By: M W Stapleton FRICS
Date: 13/3/13

Assessment of premium to be paid for a 90 year lease extension, in accordance with Schedule 13 of the Leasehold Reform & Housing and Urban Development Act 1993 (as amended by Housing Act 1996) and Commonhold & Leasehold Reform Act 2002.

Years Remaining 73.55 **Extended** £160,000
Yield 7.00% **Relativity** 93.50%
Marriage Rate 50.00% **Existing** £149,600

First Term

Ground Rent					£50.00
Years Purchase	7.55	years @	7.00%		5.7121
					£285.60

Second Term

Ground Rent					£100
Years Purchase for	33.00	years @	7.00%		12.7538
Present Value £1 in	7.55	years @	7.00%		0.6002
					7.6543
					£765.43

Third Term

Ground Rent					£200
Years Purchase for	33.00	years @	7.00%		12.7538
Present Value £1 in	40.55	years @	7.00%		0.0644
					0.8208
					£164.16

£1,215.19

Reversion

Extended Lease					£160,000
Present Value £1 in	73.55	years @	5.00%		0.0276
					£4,423

Freeholders existing interest

£5,638.30

b) After

Rent (peppercorn)					£0.00
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Calculation of Marriage Value

Extended Lease			£160,000	
Freeholders present interest			£5,638	
Existing lessee's interest	rate @	93.50%	£149,600	
Marriage Value			£4,762	
Freeholders share of marriage value		50%		£2,380.85

c) Compensation

Compensation			£0	
				£8,019.15
Premium payable by Lessee			Say,	£8,000.00

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