



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

Case Reference : **LON/00AJ/OCE/2013/0262**

Property : **37 Broughton Road London W13
8QW**

Applicants : **Richard Holder(1)
Bristol & West plc (2)
Asad Luqmani (3)**

Representative : **Vickers & Co**

Respondent : **Helen Milner**

Representative : **n/a**

Type of Application : **Section 24 Leasehold Reform
Housing and Urban Development
Act 1993**

Tribunal Members : **Mrs F J Silverman Dip Fr LLM
Mr I Holdsworth MSc FRICS**

**Date and venue of
Hearing** : **11 March 2014 (paper
consideration)
10 Alfred Place, London WC1E 7LR**

Date of Decision : **11 March 2014**

DECISION

**The price payable for the acquisition of freehold reversionary
interest shall be £ 8,300**

Background

1 The first Applicant tenant is the owner of the leasehold interest in the property known as **Ground Floor Flat 37a Broughton Road London W13 8QW** (the ground floor flat) which is held under a lease for 125 years commencing on 25 March 1982. The second Applicant tenant is the owner of the leasehold interest in the property known as **First Floor Flat 37 Broughton Road London W13 8QW** (the first floor flat) which is also held under a lease for 125 years commencing on 25 March 1982. The third Applicant is the sub-lessee of the first floor flat.

2 By order of the County Court the first and second Applicants are held to be entitled to make a claim for enfranchisement under the Leasehold Reform Housing and Urban Development Act 1993, the landlord being unreachable. The Court further ordered that the matter be transferred to the Leasehold Valuation Tribunal (now the First Tier Property Chamber) to determine the price to be paid by the Applicants for the freehold.

3 The matter was considered by a Tribunal on 11 March 2014 as a paper determination. The Applicants did not attend the hearing and the landlord is missing.

4 The Tribunal did not consider it necessary to inspect the property.

5 The Tribunal considered the bundle of papers put before it by the Applicants, including the valuation prepared by Mr P Grossman BSc MRICS and, having done so determines that the price payable for the freehold reversionary interest shall be £ 8,300.

6 The following factors were taken into consideration by the Tribunal in reaching their decision on the price to be paid.

7.1 The Applicants' valuer presented five comparables. All the comparable properties were converted flats of the same type (converted Victorian terrace houses with two bedrooms) but were slightly smaller in size to the subject property. They were all within a close proximity to the subject property with appropriate sale prices offered by the valuer. The Tribunal is prepared to accept these properties as reasonable comparators although the valuer provided no substantive reasoning to justify his choice of comparables or the decisions made in reliance on them.

7.2 The valuer concluded that the unimproved freehold value of the ground floor flat should be £320,000 and of the first floor flat, £305,000 .

7.3 **Capitalisation:** The valuer inserted a figure of 5% for capitalisation which the Tribunal accepts as being reasonable.

7.4 **Deferment rates :** In relation to the deferment rate the Applicant contended for 6%. The Tribunal however does not accept the valuer's argument in relation to increased risk and prefers to follow Sportelli and thus uses a deferment figure of 5%.

8 The Tribunal notes that the valuer's original valuation had been returned to him for correction and elaboration and considers that the revised version was still lacking in detail but was able to deduce his intent from the material supplied. The Tribunal would normally expect to be offered more detail about the relevant comparables including source material to justify the valuer's conclusions and a floor plan to show the improvements to the property.

9 The Law

9.1 Schedule 6 of the Leasehold Reform, Housing and Urban Development Act 1993 (The Act) provides that the price to be paid by the nominee purchaser for the freehold interest shall be the aggregate of the value of the freeholder's interest, the freeholder's share of the marriage value, and compensation for any other loss.

9.2 The value of the freehold interest is the amount which at the valuation date that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.

9.3 Para 4 of the Schedule, as amended, provides that the freeholder's share of the marriage value is to be 50%, and that any marriage value is to be ignored where the unexpired term of the lease exceeds eighty years at the valuation date.

9.4 Para 5 of the Schedule provides for the payment of compensation for other loss resulting from the enfranchisement.

9.5 Schedule 6 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

9.6 The Tribunal also had regard to the decision in Earl Cadogan & Cadogan Estates Ltd v Sportelli & Sportelli (2006) LRA /50/2005

10 A copy of the Tribunal's valuation is attached as Appendix 1.

Judge F J Silverman as Chairman

Date 11 March 2014

Appendix 1

Property: 37a and 37 Broughton Road Ealing London

LVT Reference: PJ/LON/00AJ/OCE/2013/0262

Lease and Valuation Data

37A Broughton Road Ealing W13 8QW

Ground floor

Lease Term: 125 Years from 25 March 1982
 Lease Expiry date: March 23, 2107
 Unexpired term as at valuation date: 95.5 years

37A Broughton Road Ealing W13 8QW

First floor

Lease Term: 125 Years from 25 March 1982
 Lease Expiry date: March 23, 2107
 Unexpired term as at valuation date: 95.5 years

Appurtenant property: None
 Participating flats: 37a and 37

Rent receivable by landlord:
 Payable from 23/03/11 for 20.5 years £ 100
 Payable from 23/12/32 for 25 years £ 150
 Payable from 24/03/57 for 25 years £ 200
 Payable from 24/03/82 for 25 years £ 250

Values

Flat 37A: £ 320,000
 Flat 37: £ 305,000
 Current VP value £ 625,000

Capitalisation rate	5.0%
Deferment rate	5.0%

Value of Freeholders present interest

Term 1

Ground rent payable £ 100
 YP @ 20.5 @ 5.0% 12.64 £ 1,264

Term 2

Ground rent payable £ 150
 YP @ 25 yrs @ 5.0% 14.094
 PV of £1 in 20.5 yrs @ 5.0% 0.3678 £ 778

Term 3

Ground rent payable £ 200
 YP @ 25 yrs @ 5.0% 14.094
 PV of £1 in 45.5 years @ 5.0% 0.1086 £ 306

Term 4

Ground rent payable £ 250
 YP @ 25 yrs @ 7.0% 14.094
 PV of £1 in 70.5 years @ 5.0% 0.0321 £ 113

Reversion

Freehold in vacant Possession £ 625,000
 Deferred 95.5 years @ 5.0% 0.0095 £ 5,938

Total	£ 8,285
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Price payable to Freeholder

£ 8,300