



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

Case Reference	:	LON/0■AP/OCE/2016/0339
Property	:	111, Hewitt Road, Haringey, London, N8 0BP
Applicants	:	Danny Moss (Flat 1) Wen Ling Gu (Flat 2)
Representative	:	Streathers Solicitors LLP
Respondent	:	The Estate of Rowland Leopold McNally
Representative	:	None (missing landlord)
Type of Application	:	S26 Leasehold Reform, Housing and Urban Development Act 1993 (the Act)
Tribunal Members	:	Mrs H C Bowers MSc MRICS BSc(Econ)
Date and venue of Determination	:	21 February 2017 at 10 Alfred Place, London WC1E 7LR
Date of Decision	:	21 February 2■17

DECISION

- The Tribunal determines that the price payable for the lease extension of 111, Hewitt Road, Haringey, London, N8 0BP (the subject property) shall be £23,800.00.
 - No sums are payable under section 27(5)(b) of the Leasehold Reform, Housing and Urban Development Act 1993
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REASONS

BACKGROUND

1. By an order made by District Judge Parker dated 4 July 2016 in the County Court at Clerkenwell & Shoreditch in claim number A01EC494 ("the Order") between the parties named on the front page of this decision, the matter was remitted to this Tribunal. The original claim was issued on 3 June 2014. The Tribunal is required to determine the appropriate sums to be paid into court pursuant to section 27(5) of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") in respect of the of 111, Hewitt Road, Haringey, London, N8 0BP (the subject property).
2. The Tribunal had before it a bundle prepared by the Applicants' solicitors. These papers included the Claim Form, witness statements, the Court Order of 13 August 2014 and the Court Order of 4 July 2016, copies of the freehold and leasehold registers of title, the lease of the subject property. The freehold interest is under title number MX212411. The lease for Flat 1, 111, Hewitt Road (title number NGL265670) is dated 23 July 1975. This lease is for a term of 999 years from 24 June 1975. The lease for Flat 2, 111, Hewitt Road (title number NGL265671) is dated 23 July 1975. This lease is for a term of 999 years from 24 June 1975.
3. Additionally, the Tribunal was provided with a copy of a revised valuation report of Mr Nathan Ivor Hall BSc(Econ) MRICS of Kempton Carr Croft Clarke Hillyer Limited that was undated. The valuation date under the current case would be the date of the service of the Claim Form, which is stated to be 3 June 2014. At this time there was an unexpired term for each of the two flats of 960 years.
4. The ground rent for each flat is £10 per annum, fixed for the duration of the term. Mr Hall has adopted a capitalisation rate of 7.00% and has valued the capitalised ground rent for the subject property at £286.00.
5. The valuation report describes the subject property as comprising two flats. Flat 1, the ground floor flat is a two-bedroom maisonette with a reception room, separate kitchen and bathroom, having a total GIA of 645 sq. ft. The whole of the rear garden is demised to this flat. It appears that there is access from the ground floor flat to a basement area, but it is stated that this area is not included in the area demised to Flat 1. The report mentioned that there has been an extension of Flat 1 into the rear garden that is demised with the flat. It is further suggested that these works have been undertaken without the appropriate consent of the freeholder. Flat 2, the first floor flat is a two-bedroom maisonette with a reception room and kitchen area and bathroom, having an estimate GIA of 600 sq. ft. Access to the loft space appears to be from the first floor flat, but it is stated that this area is not included in the area demised to Flat 2.

6. Mr Hall provides details of comparable properties to demonstrate the long lease value of the two flats. However, given the reversion is some 960 years hence, the reversionary value to the landlord is de minimis. Accordingly, the Tribunal does not repeat that evidence in this decision.
7. It is stated that each lease contains a covenant that the leaseholders are not permitted to carry out any structural works to the demised areas without the previous written consent of the landlord. In respect of the single storey extension to the ground floor flat, it is stated that this adds approximately 55 sq. ft. It is estimated that the extension adds £22,000 to the value of the flat and that it would have cost in the region of £15,000 including fees for the work to be undertaken. The planning history of other properties is examined to consider if there is any realistic scope for a further extension into the rear garden. Overall it is considered that there is limited scope for any further extension work that would be of any value benefit to this flat. Mr Hall concludes that the 'profit' in undertaking the existing extension works would be in the region of £7,000 and that the 'profit' would be shared with the landlord on a 50:50 basis. It is suggested that the landlord would be entitled to compensation for this potential 'hope' value amounting to £3,500.
8. Although the loft space is not demised to the first floor flat, once the freehold has been acquired then there is potential for the conversion of the area into living space. There have been examples of loft extensions in the close vicinity with schemes adding from between 137 sq. ft. to 233 sq. ft. It is anticipated that if there was a permitted extension into the loft area then this would enhance the value of the first floor flat by £90,000. It is estimated that the costs of such a loft extension would be in the region of £50,000 including fees. The 'profit' derived from such a scheme would be £40,000 and this would be equally split between the parties and as such the compensation payable to the freeholder would be in the region of £20,000.
9. By inputting these figures into a recognised valuation formula, Mr Hall calculates the premium to be £23,800.
10. The Tribunal comments on these submissions in the findings section below.

FINDINGS.

11. In essence the Tribunal is prepared to adopt the capitalisation. The ground rents are low and without any growth potential. The detailed calculations for the capitalisation of the ground rents have been fully set out. The Tribunal considers that this element of the valuation is reasonable and determines this element at the proposed figures.
12. As mentioned above, due to the length of the unexpired terms Mr Hall proposes that there is no reversionary value to the freeholder. Given an

unexpired term of 96 years the Tribunal is happy to accept this position.

13. The Applicants are suggesting a sum of £23,500 payable as compensation under the Sixth Schedule, Part II, paragraph 5 of the 1993 Act. This suggested sum is not unrealistically low and as such the Tribunal accepts it. Therefore, taking these elements into account the Tribunal adopts the sum proposed by the Applicants of £23,800.00 as the premium for the enfranchisement of the subject property.
14. The Tribunal is also required to determine any other sums payable under section 27(5)(b) of the Act. There is a schedule at page 217 of the bundle that indicated that no ground rents have been demanded. There are no details as to whether any service charges have been demanded. However, if the Respondent landlord has not served any service charge demands in the statutory form no arrears of service charges are payable and therefore no sum is therefore payable into court under section 27(5)(b) of the Act.

Helen Bowers
Valuer Chair

22 February 2017

ANNEX - RIGHTS OF APPEAL

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office, which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking