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NORTH WESTERN RENT ASSESSMENT COMMITTEE

**Leasehold Reform Act 1967 Housing Act 1980
and Leasehold Reform Housing & Urban Development Act 1993**

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

in the case of

Mr & Mrs K Bentley	Leaseholders/Applicants
Fairlop Investments Ltd	Freeholder

**RE: 85 MOORLAND ROAD, LANGHO, BLACKBURN,
LANCASHIRE**

Application dated:	16th August 1999
Inspection and deliberations:	16 February 2000
Appearances:	none

Members of the Leasehold Valuation Tribunal:

C H Davies FRICS (Chairman)

S Chesters-Thompson MA FRICS

Mrs S H Cawthra JP

85 MOORLAND ROAD, LANGHO, BLACKBURN

1. This document records the decision of the Tribunal following an application to determine the price payable for the freehold estate in the house and premises aforementioned in accordance with the provisions of the Leasehold Reform Act 1967 as amended.
2. The applicants served notice in due form on the freeholders dated 11th June 1999 and the freeholders by notice in reply dated 9 July 1999 admitted the claim to purchase the freehold.
3. The Tribunal inspected the property externally on the morning of 16 February 2000. The premises consist of a semi detached house built of traditional materials, about 30 years prior seemingly of normal 2½ bedroom design with garage and front and rear gardens situated in a cul de sac of similar houses in a relatively sought after location approximately 5 miles north of Blackburn town centre.
4. The lease of the premises is dated 12th December 1969 and grants a term of 999 years from that date subject to a yearly ground rent of £12.50 per annum payable half yearly and normal lessee and other covenants.
5. A Hearing was listed for the afternoon of 16 February 2000 at Blackburn Central Library but neither party attended. Mr Michael Loveridge, solicitor for Mr & Mrs Bentley wrote stating that his clients could not afford legal/professional representation but that in his opinion having dealt with sales of similar houses freehold and long leasehold there was no evidence of 'marriage value' evident in the market prices paid. He also stated that his clients had offered £250 for the freehold, whether exclusive or inclusive of costs was unclear. No communication had been received for the freeholders but by an open letter to Mr Loveridge dated 4th June 1999 the company had offered to sell the reversion for £1,000 subject to payment also of all legal and surveyors fees and to contract.

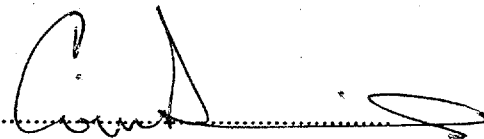
- 6.1 In coming to their decision the Tribunal took their first function to be that of determining a price in accordance with Section 9 of the Leasehold Reform Act 1967 as amended viz “the amount which at the relevant time the house and premises, if sold in the open market by a willing seller (with the tenant and members of his family who reside in the house not buying or seeking to buy) might be expected to realise”.
- 6.2 Certain statutory assumptions must be made but the only one of significance in this case was that in effect the freehold was being sold subject to the existing lease; that is with its 999 year term extendable for a further 50 years (Section 9(1)(a)). A further consideration is the freeholders potential loss of income obtained by potential changes under Clause 2(3), (8), (9) and (17) of the lease.
- 6.3 In discharging this function of determining the price the Tribunal (following the earlier Lands Tribunal decisions *Yates -v- Bridgewater Estates Ltd* (1982) 261 EG 1001 and *Williams -v- Walsh & Others* (1983) 268 EG 915 took into account the following:-
- 6.3.1 that there was nothing in the statute which would restrict their determination to the limits indicated by the prices considered appropriate by the parties.
- 6.3.2 that it would not be consistent with the verbal definition of price in Section 9 (1) of the 1967 Act or with the circumstances of the case to apply the algebraic formulae prescribed by Parliament for the redemption of rent charges (Rent Charges Act 1977, Section 10);
- 6.3.3 that they were entitled to rely upon their general knowledge and experience whatever the evidence or representations (or the absence of such) submitted by the parties;

- 6.3.4 that the statutory wording involved envisaged the sale of the freehold on its own as one lot, ie; not included in a parcel of ground rents;
- 6.3.5 that the possibility of bids from the sitting tenant which might push up the open market price had been expressly excluded by the 1967 Act;
- 6.3.6 that the seller (although not the buyer) had been statutorily described as "willing" so that any practice or policy of the landlord in restricting sales had to be disregarded;
- 6.3.7 that the resultant loss of income to the landlord/seller was not comprehended by the statutory formulae for determining the price payable, excepting insofar that this was reflected in the normal valuation/market process.
- 6.3.8 that the hypothetical and potential buyers in the market would all have in mind their own conveyancing costs (although not also those of the seller under Section 9(4) of the 1967 Act) and any covenants which would be contained in the conveyance (see Sections 9 (1)(c) and 10 (4) of the 1967 Act) and most important the length of the term and amount to ground rent under the lease, and
- 6.3.9 that the costs of collection of the ground rent, which might involve agents, the giving of receipts and proceeding for recovery of arrears, must be taken into account as a half yearly matter strictly in accordance with the terms of the lease notwithstanding any practice of less frequent payment.
- 6.4 In the present case there were circa 969 years unexpired. In those circumstances the Tribunal took the view (as did the Lands Tribunal in the case of *Janering -v- English Property Corporation Ltd and Nessdale Ltd* (1977) 242 EG 388) that a reversion of more than 900 years would not be of any significance and (as in the above case) the right to receive a ground rent of £12.50 per annum, with no prospect of capital appreciation would be of

extremely limited attraction. The Tribunal concluded that in the absence of any substantial or expert evidence they would rely upon their own knowledge, experience and judgement and that the maximum justifiable in the present case was a purchase price of £175. Of that, £125 being calculated on the basis of 10 years purchase, and £50 to reflect loss of income arising under Clause 2 (referred to above). This amount is exclusive of permitted costs.

- 6.5 By Section 21(1)(ba) Leasehold Reform Act 1967 if the parties cannot agree the freeholders permitted costs then these may be determined upon a supplementary application from a party by the Leasehold Valuation Tribunal.
- 6.6 By Section 142 and Schedule 22, Part 1, Paragraph 2 of the Housing Act 1988, an appeal to the Lands Tribunal may be made by any person who;
- (a) appeared before or was represented before the Tribunal, and
 - (b) is dissatisfied with the Tribunal's decision.

Such appeal must be made within 28 days of the issue of the reasons (Lands Tribunal Act 1949 Section 6(3) and the Lands Tribunal Rules 1975 as amended).



Colin H Davies FRICS
Chair of the Leasehold Valuation Tribunal

20th March 2000