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**LEASEHOLD VALUATION TRIBUNAL  
OF THE  
MIDLAND RENT ASSESSMENT PANEL**

M/EH 2212

*DECISION OF THE LEASEHOLD VALUATION TRIBUNAL*

*ON AN APPLICATION UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967*

Applicants: Mr S J and Mrs D L Kinnear (leaseholders)

Respondents: Mr A C H Barnes (freeholder)

Subject property: Lark Rise  
Saltergate Lane  
Bamford  
Hope Valley  
S33 0BE

Date of tenants' notice: 10 December 1999

Applications to the LVT: 8 February 2001

Hearing: 8 August 2001

Appearances:

*For the applicants:* Mrs D L Kinnear

*For the respondents:* Mr A C H Barnes

Members of the LVT: Professor N P Gravells MA  
Mr J E Ravenhill FRICS  
Mr P H Swift FRICS FSVA

Date of determination: 10 September 2001

## **Introduction**

- 1 This is a decision on two applications under the Leasehold Reform Act 1967 ("the 1967 Act") made to the Leasehold Valuation Tribunal by Mr S J and Mrs D L Kinnear, leaseholders of the house and premises at Lark Rise, Saltergate Lane, Bamford, Hope Valley, S33 0BE ("the subject property"). The applications are, first, under section 21(1)(a) for the determination of the price payable under section 9 for the freehold interest in the subject property; and, second, under section 21(2) for the determination of the provisions that ought to be contained in the conveyance.
- 2 The applicant leaseholders hold the subject property under a lease, dated 19 December 1910, for a term of nine hundred and ninety-nine years from 19 December 1910 at a ground rent of £7.00 per year. The lease was assigned to the applicants on 5 June 1992. The unexpired term at the date of the Notice of Tenant's Claim to Acquire the Freehold ("the relevant date") was nine hundred and ten years.
- 3 The applicants served on the respondent landlord a tenant's notice dated 10 December 1999 claiming to acquire the freehold interest in the subject property under the terms of the 1967 Act; and they subsequently made the present applications.
- 4 The parties do not dispute and the Tribunal accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

## **Inspection**

- 5 The Tribunal inspected the subject property on 8 August 2001 in the presence of Mrs D L Kinnear.

## **Subject property**

- 6 The subject property is a substantial detached house of brick and tile construction. It is located on Saltergate Lane, on the outskirts of the village of Bamford in the Peak District, approximately twenty kilometres from Sheffield.
- 7 The accommodation comprises, on the lower ground floor, garden room, utility room, store and wc; on the ground floor, entrance porch, hall, cloakroom, three reception rooms and kitchen; on the first floor, four bedrooms and bathroom/wc; and, on the second floor, one further bedroom and box room. Outside there are gardens to the front and rear of the property. There is a double garage to the side of the property. The site of the subject property is wedge-shaped; the frontage is approximately fifteen yards and the total site area is approximately 1380 square yards. These particulars are detailed for completeness only since, in view of the length of the term remaining unexpired, they have no relevance to the determination of the price payable.

## **Hearing**

- 8 The hearing was held on 8 August 2001. It was attended by Mrs Kinnear and Mr Barnes.

## **Representations of the parties**

### *The price payable for the freehold interest in the subject property*

- 9 The applicants submit that the appropriate price for the freehold reversion in the subject property is £250. That figure is based on a valuation report commissioned by the applicants and prepared by Mr J G Beck FRICS, of Mark Jenkinson & Son.
- 10 The respondent submits that the appropriate price for the freehold reversion in the subject property is in the region of £25,000. That figure is based on a valuation report commissioned by the respondent and prepared by Mr E Gordon-Leaf, of Rannock Properties Ltd.

### *Provisions to be contained in the conveyance*

- 11 Wake Smith, solicitors representing the applicants, submit a proposed draft transfer.

## **Determination of the Tribunal**

### *The price payable for the freehold interest in the subject property*

- 12 The Tribunal derives very limited assistance from the respective reports on which the parties rely for their submissions on the price payable for the freehold reversion in the subject property. The report prepared by Mr Beck provides no calculation or other explanation for the proposed figure of £250 except that he had given consideration to the RICS definition of "open market value" and to "evidence of sales of similar size ground rents on equally desirable properties". The valuation report prepared by Mr Gordon-Leaf (whose formal qualifications are not specified) and the proposed figure of £25,000 are expressly driven by "the future inevitable escalation of land values as a result of global warming" and "inflation since the establishment of the lease"; but it is far from clear how these allegedly "highly relevant factors" assist the Tribunal, which is required to determine the price payable in accordance with the provisions of the 1967 Act.
- 13 In determining the price to be paid for the freehold reversion, the Tribunal takes into account all relevant considerations including the following:
  - that the function of the Tribunal is to determine the price in accordance with section 9(1) of the 1967 Act, which provides that "the price payable ... shall be 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 ..." on the assumption that the freehold is being sold subject to the existing lease (that is, with its nine hundred and ninety-nine year lease as extendable for a further fifty years);
  - that there is nothing in the 1967 Act which restricts the determination of the Tribunal to the limits indicated by the prices considered appropriate by the parties
  - that the Tribunal is entitled to rely on its own general knowledge and experience.

- 14 There is evidence that freehold reversions similar to that under consideration in the present case (where there is an unexpired lease of over nine hundred years at a very low ground rent) are commonly regarded as virtually unsaleable in the open market, since a potential purchaser would set against the low (albeit secure) ground rent income the immediate conveyancing costs and the continuing costs of collecting the ground rent. In such cases leasehold valuation tribunals have determined a nominal price of £10.00.
- 15 However, long leases of several hundred years are relatively common in the area of the subject property and there is a correspondingly significant market in the freehold reversions expectant upon such leases. Moreover, although there are small variations in individual cases, the market currently operates on a reasonably consistent basis that the price payable for such freehold reversions, on terms that are consistent with the relevant provisions of the 1967 Act, is based on fourteen years' purchase of the ground rent.
- 16 Accordingly, the Tribunal determines the price payable under section 9(1) of the 1967 Act for the freehold reversion in the subject property at £100.

*Provisions to be contained in the conveyance*

- 17 The Tribunal makes the following observations on the draft transfer submitted on behalf of the applicants:
- HM Land Registry Form 20 became obsolete approximately two years ago: the appropriate form is now HM Land Registry Form TR1.
  - The statement in clause 2 to the effect that the transferor *agrees* to transfer the freehold reversion would appear to be unnecessary: the effect of Form TR1 is to transfer the freehold reversion.

*Nigel Gravells*

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Professor Nigel P Gravells (Chairman)