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Our Ref: M/EH 2374c

MIDLAND RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: Mr Somerville
Respondent: Mr M Suleman
Re: 91 Steyning Road, Yardley, Birmingham, B26 1JB
Date of Tenants Notice: 15 October 2001
RV as at 1.4.73: £181.00
Application dated: 15 January 2002
Heard at: Leasehold Valuation Tribunal Offices Ladywood House
Birmingham
On: 25 March 2002
APPEARANCES:
For the Tenant: Mr A W Brunt FRICS
For the Landlord:

Members of the Leasehold Valuation Tribunal:

Mr J R Bettinson LLD (Chairman)
Mr N R Thompson FRICS
Mrs M A L McKenzie JP

Date of Tribunals decision: 29 March 2002

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

91 STEYNING ROAD, YARDLEY, BIRMINGHAM B26 1JB

APPLICATION

This is a reference to determine the price to be paid by the Tenant for the freehold interest in the property known as 91 Steyning Road Yardley Birmingham in accordance with the provisions of the Leasehold Reform Act 1967 as amended. The Tenant holds the property under a Lease dated 10th February 1937 for the unexpired residue of a term of 99 years from 25th March 1936 at a yearly ground rent of £6.

The Tenant's Notice of Claim to acquire the freehold interest was dated 15th October 2001 when some 33.1/2 years of the term remained unexpired. The parties accept that the qualifying conditions for enfranchisement under the Act have been met.

INSPECTION

Prior to the Hearing, the Tribunal called to see the property which they found on inspection to be a semi-detached house constructed of brick and tile in a residential area of similar properties developed in the 1930s. The accommodation comprises a through living room and extended kitchen on the ground floor with three bedrooms and a bathroom/wc on the upper floor. At the side of the property is a covered over passageway affording a utility room. There is no central heating system. There is a small front garden and at the rear of the house the garden rises and widens to provide access on the north side to the end of a service road at a higher level. It was particularly pointed out to the Tribunal that the access to the service road is only some 7.1/2 feet wide (i.e. only half the full width of the road) which gives very restricted vehicular access to the carport which the tenant has erected at the end of the garden. There is no turning space so that either to enter or to leave the carport a car must be reversed the length of the road. Moreover, the road slopes down to the subject property resulting in the flooding of the garden after heavy rain.

The site of the subject property has a road frontage of 5.80 metres and an area of some 288 square metres.

THE HEARING

This was attended by Mr. A.W.Brunt FRICS on behalf of the Tenant. The Landlord was not represented but Mr.A.P.Herbert FRICS of Messrs. Pennycuick Collins (who had been instructed at short notice) filed a written submission to which reference is made below. Mr. Brunt submitted his valuation as follows :

Ground Rent		£	6.00	
YP for 33.5 years	7%		12.804	
Reversion				£ 76.80
Entirety Value			£79,000.00	
Site Value 33%	0.33		£26,070.00	
Section 25 rent/pa	0.07		£ 1,824.90	
YP in perp def'd for term	7%		1.4818	
Reversionary value				£2700.85
PRICE (SAY)			£2,777.00	

He had taken his calculation of the present ground rent to the nearest half year and adopted an entirety value based upon press advertisements in February 2002 of a property in Steyning Road offered at £64,950 'requiring some modernisation' and another similar property in nearby Aldershaw Road with gas fired central heating at £79,950. He accepted that property values had recently increased in this area as in others by virtue of a shortage of supply and low mortgage rates. At the time of the Notice he claimed that the events of 11th September had put a temporary damper on property values. For a site proportion he had allowed 33% although the road frontage was not generous and the rear vehicular access and flooding problems militated against the site. He had originally negotiated a lesser price for his client than his present valuation but was obliged to increase that figure (from which the Vendor had withdrawn after taking professional advice) to meet his responsibility to the Tribunal. His valuation excluded the new tiled roof recently installed by his client. Mr. Herbert's valuation was as follows :

Term

Ground Rent	£	6.00	
YP 33 yrs @ 7%		12.7538	
		-----	£ 76.52

Reversion

(1) Standing House Value	£90,000.00	
Site Value @ 36%	£32,400.00	
Section 15 rent @ 7%	£ 2,268.00 p.a.	
YP in perp.defd 33yrs @ 7%	1.53192	
	-----	£3,474.39
	Freehold Value :-	£3,550.92

Say		<u>£3,550.00</u>

He referred in support of his standing house value to three similar properties in Aldershaw Road: No. 19 – sold subject to contract for £91,950: No. 92 (in need of modernisation) with garage sold subject to contract for £81,000 and No. 182 recently valued by his firm for mortgage purposes at £85,000. He believed the site justified a 36% proportion

DECISION

The Tribunal was much assisted by both submissions. While we find it difficult to accept Mr. Brunt's contention that property values in this area were deflated at the relevant date we take the view that at that time the market value of the property (discounted for the limited rear access and flooding problems) was £80,000. For the same reasons we believe the 33% proportion adequately reflected the site value. Accordingly our valuation is as follows :

Term

Ground Rent	£ 6.00	
YP 33.1/2yrs 7%	12.804	
	-----	76.80

Reversion

Entirety value	£ 80,000	
Site value @ 33%	£ 26,400	
Section 15 rent @ 7%	£ 1,824.90	
YP in perp.def'd @ 7%	1.4818	
	-----	2,738.00

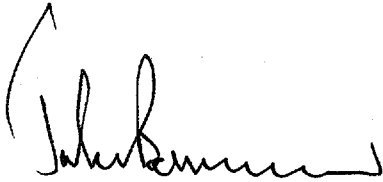
Say		<u>2,815.00</u>

COSTS

We are also required to determine the Landlord's reasonable costs. It is common ground that no Surveyor's fee is awardable because no valuation was sought prior to the application. Mr. Brunt suggests a legal fee of £200 the title being registered. Messrs. Lane & Co, the Landlord's Solicitors seek a figure of £275. In our view rising overheads have to some extent pushed up quotations for conveyancing work (of which this type is relatively straight forward) and accordingly we determine a figure of £225 + VAT (if applicable) and a Land Registry office copy fee of £8.

IN SUMMARY

We determine the price to be paid by the Tenant for the freehold interest in the subject property at £2,815 plus the Landlord's reasonable costs calculated in accordance with Section 9(4) Leasehold Reform Act 1967 and Schedule 22 Rule 1(5) Housing Act 1980 at £225 + VAT and disbursements of £8.



CHAIRMAN

29th March 2002