

(249)

LEASEHOLD VALUATION TRIBUNAL  
OF THE  
MIDLAND RENT ASSESSMENT PANEL

BIR/OOCU/OAF/2003/0182

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

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

Applicant: Mr. C. F. Moody (leaseholder)

Respondent: Bickenhall Engineering Co. Ltd. (freeholders)

Subject property: 29 Cartwright Road  
Four Oaks  
Sutton Coldfield  
West Midlands  
B75 5LF

Date of tenant's notice: 20<sup>th</sup> June 2003

Application to the LVT: 17<sup>th</sup> November 2003

Hearing: 19<sup>th</sup> February 2004

Appearances:

*For the applicant:* Mr. AW Brunt FRICS

*For the respondents:* Not represented

Members of the LVT: Mr. D.B. Power FRICS  
Mr. J. Waller  
Mrs. C. Smith

Date of determination: 5 March 2004

## **Introduction**

- 1 This is a decision on an application under the Leasehold Reform Act 1967 ("the 1967 Act") made to the Leasehold Valuation Tribunal by Mr. C.F. Moody, leaseholder of the house and premises at 29 Cartwright Road, Four Oaks, Sutton Coldfield ("the subject property"). The application is under section 21(1)(a) for the determination of the price payable under section 9 of the Leasehold Reform Act 1967 for the freehold interest in the subject property.
- 2 The applicant leaseholder holds the subject property under a lease dated the 21<sup>st</sup> June 1957 for a term of 99 years from the 25<sup>th</sup> December 1955 at a ground rent of £15 per annum. The lease was assigned to the applicant on the 10<sup>th</sup> March 1961. The unexpired term at the date of the tenants claim to acquire the freehold ("the relevant date") was approximately 51 years.
- 3 The applicant served a tenant's notice dated the 20<sup>th</sup> June 2003 on the respondent landlords claiming to acquire the freehold interest in the subject property under the terms of the 1967 Act, and the present application was made on behalf of the applicant by Anthony Brunt & Co. Valuers.
- 4 The parties have not disputed that the Tribunal accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

## **Subject property**

- 5 The subject property comprises a semi-detached house built approximately 50 years ago of brick construction with a tiled roof, located in a quiet residential area developed at about the same time. It stands on a plot which has an extensive garden area to the side which is bounded by Cartwright Road as it turns through 90 degrees to join Randle Drive. There is an attached single garage of brick construction with a flat felt covered roof. On the ground floor the accommodation comprises an open entrance porch, an entrance hall, lounge, dining room and kitchen and on the first floor 2 double bedrooms a single bedroom, bathroom and separate W.C. There is upvc double glazing and space heating is by way of gas fired central heating.

## **Inspection and hearing**

- 6 The Tribunal inspected the subject property on the day of the hearing in the presence of the applicant leaseholder and his Valuer Mr. Brunt; the freeholders nor their representative did not attend.
- 7 The hearing was attended by Mr. A.W. Brunt of Anthony Brunt & Co. who represented the applicant. The freeholders did not attend and were not represented.

## **Representations of the parties**

- 8 Written representation, prior to the hearing, had been received from the applicant leaseholder's surveyor. In earlier correspondence copied to the Tribunal, CHP Management Ltd. acting for the freeholders had indicated their clients would be willing to consider a sale at £3,250 plus costs on the basis that the transaction was concluded not later than the 1<sup>st</sup> July 2003. This offer was unsubstantiated, has now lapsed and there has been no other communication from either the freeholders or their representative.

- 9 Mr. A.W. Brunt had submitted on behalf of the applicant leaseholder a valuation based upon the generally recognised 3 stage approach involving the capitalisation of the ground rent payable, the identification of a modern ground rent by decapitalising the site value by reference to the standing house value, and the capitalisation of the modern ground rent as if in perpetuity, deferred for the remainder of the expired term. The price payable on this basis is the sum of the first and last stages. Mr. Brunt had submitted photocopies of advertisements for properties in the locality indicating asking prices and the streets upon which the properties were situated, not the house numbers.
- 10 At the inspection the Tribunal was able to identify some of the properties in the near locality and examine them externally.
- 11 At the hearing Mr. Brunt referred to his submitted valuation but had had second thoughts on the standing house value and asked to revise the figure included in his earlier written representation. As the revision was in an upward direction, the Tribunal agreed to hear his revised proposals which are set out below –

Ground rent	£15 per annum	
Years Purchase:	51 years @ 7% :13.83	£207.45
Entirety value	£170,000	
Site value:	@ 35%	£59,500.00
Section 15 rent:		£4,165.00
Years purchase in perpetuity 51 years @ 7%	.453	£1,886.75
Price say:		£2,094.00

- 12 Mr. Brunt had expressed difficulty in finding suitable comparable evidence due to the lack of similar properties available for sale in the immediate locality. The advertisements which he had submitted were in respect of properties available between November 2003 and the present and fell into two categories, 2 ex local authority properties and the other 2 which were nearer both in locality and type, private dwelling houses. Subsequently it had been determined that the property on Grange Lane was number 66 which was under offer at a price believed to be in the vicinity of £174,000, that on Worcester Lane number 9 also believed to be sold subject to contract at a similar figure. Evaluating the differences in accommodation quality and locality between the asking prices available he had concluded that the current value of the subject property was in the vicinity of £173,000/£175,000. Allowing for inflation of property values since June 2003 he was of the opinion that the entirety value as at the valuation date was £170,000 rather than the lower figure of £160,000 submitted in his original statement.
- 13 In answer to the question from one of the Tribunal members, Mr. Brunt expressed the view that a purchaser would not bother to make any adjustment for the fact that the unexpired term was actually 51.5 years rather than 51. He also explained why he had adopted 35% as the site apportionment, on the grounds that the site had unusually large garden.

#### **Determination of the Tribunal**

- 14 The Tribunal holds that the basis of valuation adopted by Mr. Brunt properly reflects the principles of the 1967 Act applicable in the present case.
- 15 The Tribunal examined the figure submitted by Mr. Brunt in respect of the standing house value having regard for his evidence of asking prices and

prices believed to be achieved on properties in the vicinity and having regard for the changing values between those current and the valuation date. Also using their own knowledge and experience, the Tribunal finds that the standing house value of the subject property at the relevant date is £170,000.

- 16 The Tribunal accepted the submissions of Mr. Brunt in relation to the other factors in the valuation and calculates the price payable as follows.

**(i) Capitalisation of existing ground rent to termination of lease**

Ground Rent payable p a		15	
Years purchase 51 years @7%		13.830	
Capitalised Ground rent			207.45

**(ii) Modern Ground Rent**

Standing House value		170000	
Percentage attributable to site	35.00%	59500	
Annual equivalent at	7.00%		4165

**(iii) Capitalisation of modern ground rent**

YP in perpetuity deferred 51 years at	7.00%	0.453	
Capitalised modern ground rent			1886.745

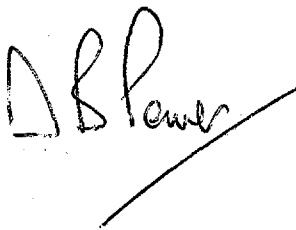
**Total of capitalised ground rent and capitalised modern ground rent** 2094.20

**Say** 2094

- 17 Accordingly, the Tribunal determines the price payable under section 9 of the 1967 Act for the freehold interest in the property is £2094

**Summary**

- 18 The Tribunal determines the price payable by the leaseholder for the freehold interest in the subject property at £2094, plus freeholders' reasonable costs calculated in accordance with section 9(4) of the 1967 Act and paragraph 5 of the Schedule 22 to the Housing Act 1980



DAVID B POWER  
Chairman

Dated: 5 March 2004