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BIR/00CN/OAF/2004/0039

MIDLAND RENT ASSESSMENT PANEL

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER S21(1)(a) OF THE
LEASEHOLD REFORM ACT 1967**

Premises: 7 Gilchrist Drive, Edgbaston, Birmingham B15 3NG

Applicant: The Trustees of the Calthorpe Estate (landlord)

Respondents Mr and Mrs Suthi (tenants)

Date of tenant's notice: 18 April 2002

RV on the appropriate day: Under £500

Application dated: 1 March 2004

Heard at: Birmingham

On: 18 May 2004

Appearance:

Mr J K Willson BSc FRICS, for the landlord

No appearance for the tenants

Members of the leasehold valuation tribunal:

Lady Wilson
Mr S Berg FRICS
Mrs A Bartram

Date of the tribunal's decision:

27 May 2004

Background

1. This is a landlord's application to determine the price to be paid for the freehold of 7 Gilchrist Drive, Edgbaston. The property is held by the tenants, Mr and Mrs Suthi, on an underlease dated 21 September 1966 for a term of 99 years less three days from 25 March 1965 at a ground rent of £50 per annum, fixed throughout the term. The headlease was surrendered some time ago and the freeholder, the Trustees of the Calthorpe Estate, now owns the reversion to the underlease. Approximately 62 years remained unexpired on the valuation date, which is 18 April 2002, the date of the tenants' notice of claim. The rateable value of the property is such that the valuation falls to be made in accordance with section 9(1) of the Leasehold Reform Act 1967.

2. The tribunal inspected the exterior of the property on 18 May 2004, before the hearing, but was unable to gain access to the interior. It is, as described by Mr J K Willson B Sc MRICS for the landlord, a two storey linked detached house with sitting room with dining area, kitchen, utility room and wc on the ground floor and three bedrooms and bathroom on the first floor, and a garage, built in the 1960s on an estate of similar houses, all of which are the subject of an estate management scheme. We also externally inspected all but one of the six comparables on which Mr Willson relied to establish the entirety value. Mr Willson said, and we accept, that the frontage of the property is 8.8 metres.

The hearing

3. At the hearing the landlord was represented by Mr Willson, who had submitted a proof of evidence in advance in accordance with the tribunal's pre-trial directions. The tenants did not appear, were not represented, and had sent no written representations.

4. Mr Willson said that the subject property was sold leasehold for £179,950 in May 2002, close to the valuation date, and he took that price to be the leasehold value. To arrive at the entirety

value he considered the sales of six comparable freeholds on the same estate. He adjusted these sales for passage of time by reference to an average of the Halifax All Houses Index, the Halifax Existing Houses Index, the Nationwide All Properties Index, and the Nationwide Former Owner Occupier Index, and arrived at an entirety value for the subject property of £185,000. Having seen the comparables, we are quite satisfied that Mr Willson's proposed entirety value is realistic and fair. He adopted 35 per cent as the site value proportion, which again we regard as reasonable given the nature of the site and the many settlements on the Calthorpe Estate of which he gave details in his statement. The yield rate of 7 per cent which he used to capitalise the ground rent and to decapitalise the site to arrive at the section 15 ground rent we also regard as appropriate and adopt it.

5. Accordingly, we accept Mr Willson's valuation and arrive at a price of £1680 for the freehold in, based on the following valuation:

Term:

Annual ground rent:	£50	
YP 62 years @ 7%	14.0704	£703.52

Reversion:

Entirety value	£185,000	
Site value @ 35%	£64,750	
Section 15 rent @ 7%	£4532.50	
YP deferred 62 yrs @ 7%	0.21533	<u>£975.98</u>
		£1679.50
		say £1680

CHAIRMAN

DATE


