

278

LEASEHOLD VALUATION TRIBUNAL

OF THE

MIDLAND RENT ASSESSMENT PANEL

BIR/OOCU/OAF/2004/0186
BIR/OOCU/OC6/2004/0145

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

ON APPLICATIONS UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: Mr R F Chancellor (leaseholder)
Respondent: St Ermins Property Co Ltd (freeholder)
Subject property: 17 Brabham Crescent
Streetly
Sutton Coldfield
B74 2BN
Date of tenant's notice: 27 May 2004
Applications to the LVT: 28 July 2004
Hearing: 24 September 2004
Appearances:
For the applicant: Mr J Moore MA
For the respondent: Not represented
Members of the LVT: Professor N P Gravells MA
Mr S Berg FRICS
Mrs C L Smith
Date of determination: 24 September 2004.

UNEXPIRED LEASE	57.
ANNUAL RENT	20.00
VALUE	170,000

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 R F Chancellor, leaseholder of the house and premises at 17 Brabham Crescent, Streetly, Sutton Coldfield, B74 2BN ("the subject property"). The two applications are, first, under section 21(1)(a) for the determination of the price payable under section 9(1) for the freehold interest in the subject property; and, secondly, under section 21(1)(ba) for the determination of the reasonable costs payable under section 9(4).
- 2 The applicant leaseholder holds the subject property under a lease, dated 10 March 1964, for a term of 99 years from 24 June 1962 at a ground rent of £20.00 per year. The lease was assigned to the applicant on 4 May 1968. The unexpired term at the date of the Notice of Tenant's Claim to Acquire the Freehold ("the relevant date") was approximately 57 years.
- 3 The applicant served on the respondent landlord a tenant's notice dated 27 May 2004, claiming to acquire the freehold interest in the subject property under the terms of the 1967 Act; and they subsequently made the present applications.

Subject property

- 4 The subject property is a semi-detached house of brick and tile construction, located on Brabham Crescent in a residential area of Streetly on the edge of Sutton Coldfield. The accommodation (which has been extended) comprises, on the ground floor, entrance lobby, hall, three reception rooms (one converted from the original integral garage) and kitchen; and, on the first floor, three bedrooms, bathroom and separate wc. The property is double-glazed. Space heating is by gas-fired central heating (with radiators in all rooms). Outside there are gardens and off-street parking to the front of the property and gardens to the rear of the property. The frontage of the property is approximately 7.6 metres and the total site area is approximately 232 square metres.

Inspection and hearing

- 6 The Tribunal inspected the subject property on 24 September 2004 in the presence of Mr Chancellor, the applicant leaseholder.
- 7 The subsequent hearing was attended by Mr J Moore of Midland Valuations Limited (representing the applicant leaseholder). The respondent freeholder did not attend and was not represented.

Representations of the parties

The price payable for the freehold interest in the subject property

- 8 Mr Moore, on behalf of the applicant leaseholder, adopted as the basis of valuation under the 1967 Act the generally recognised three-stage approach normally attributed to *Farr v Millerson Investments Ltd* (1971) 22 P & CR 1055. That approach involves (i) the capitalisation of the ground rent payable under the existing lease for the remainder of the unexpired term; (ii) the identification of a modern ground rent (by decapitalising the site value); and (iii) the capitalisation of the modern ground rent as if in perpetuity, deferred for the remainder of the unexpired term. The price payable on this basis is the sum of the capitalisations at stages (i) and (iii).

9 Mr Moore gave evidence of prices achieved and asking prices in relation to a number of similar properties in the locality of the subject property. On the basis of this evidence, Mr Moore submitted that the Tribunal should adopt the figure of £170,000 as the standing house value of the subject property at the relevant date. He further submitted that, in line with previous decisions of the Leasehold Valuation Tribunal, the Tribunal in the present case should apply a 33 per cent figure in calculating the site value on the standing house basis, resulting in a site value of £56,100; and that the appropriate percentage yield rate to be applied in capitalising the ground rent at stage (i) and decapitalising and recapitalising the site value at stages (ii) and (iii) is 7 per cent.

10 On the basis of those figures, he submitted the following valuation:

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

Ground rent payable: £20.00 per year
Years Purchase: 57 years @ 7%: 13.984
Capitalised ground rent: £20.00 x 13.984 = £279.68

(ii) Modern ground rent

Standing house value of subject property: £170,000
Percentage attributable to site: 33%: £56,100
Annual equivalent @ 7%: £3,927

(iii) Capitalisation of modern ground rent

Modern ground rent (above): £3,927
Years Purchase at 7% in perpetuity deferred 57 years: 0.302
Capitalised modern ground rent: £3,927 x 0.302 = £1,185.95

The addition of the capitalised existing ground rent and the capitalised modern ground rent produces a figure of (say) £1,465.

Reasonable costs

11 In relation to legal costs under section 9(4) of the 1967 Act, Mr Moore submitted that, in the absence of any evidence of actual costs incurred by the respondent, the reasonable costs payable by the applicant should be limited to £275 (plus VAT if applicable), that figure being in line with recent determinations of the Leasehold Valuation Tribunal, and the £8.00 fee for obtaining Land Registry office copy entries.

12 In relation to valuation costs under section 9(4)(e), Mr Moore submitted that, in the absence of evidence of any valuation carried out by the respondent between the relevant date and the date of the leaseholder's application to the Tribunal, no valuation costs are payable by the applicant.

Determination of the Tribunal

The price payable for the freehold interest in the subject property

13 The Tribunal holds that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

14 The Tribunal holds that the basis of valuation adopted by Mr Moore properly reflects the principles of the 1967 Act applicable in the present case.

15 In the absence of any evidence from the respondent, the Tribunal examined the figures submitted by Mr Moore in respect of the standing house value of the subject property, the percentage to be applied to the standing house value in calculating the site value and the percentage yield rate to be applied at all stages of the valuation calculation. The Tribunal considered whether those figures were open to challenge on their face or in the light of the evidence of Mr Moore in response to questions from the Tribunal.

16 The Tribunal finds that Mr Moore had produced very helpful evidence as to the standing house value of the subject property. On the basis of that evidence, and using its general knowledge and experience (but no special knowledge), the Tribunal finds that the standing house value of the subject property at the relevant date was £170,000.

17 Bearing in mind previous practice of Leasehold Valuation Tribunals in the Midland Rent Assessment Panel area, and in the absence of any circumstances suggesting a departure from that practice, the Tribunal accepts the submissions of Mr Moore in relation to the other factors in his valuation and holds that the appropriate percentage to be applied to the standing house value in calculating the site value is 33 per cent; and that the appropriate percentage yield rate to be applied at all stages of the valuation calculation is 7 per cent.

18 Adopting those figures, and applying figures of Years Purchase from Parry's Valuation Tables, the Tribunal calculates the price payable as follows:

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

Ground rent payable: £20.00 per year
Years Purchase: 57 years @ 7%: 13.9837
Capitalised ground rent: £20.00 x 13.9837 = £279.67

(ii) Modern ground rent

Standing house value of subject property: £170,000
Percentage attributable to site: 33%: £56,100
Annual equivalent @ 7%: £3,927

(iii) Capitalisation of modern ground rent

Modern ground rent (above): £3,927
Years Purchase at 7% in perpetuity deferred 57 years: 0.30201
Capitalised modern ground rent: £3,927 x 0.30201 = £1,185.99

The addition of the capitalised existing ground rent and the capitalised modern ground rent produces a figure of £1,465.66.

19 Accordingly, the Tribunal determines the price payable under section 9(1) of the 1967 Act for the freehold interest in the subject property at £1,466.

Reasonable costs

20 In the absence of any evidence of actual costs incurred by the respondent, the Tribunal accepts the submissions of Mr Moore and holds (i) that the legal costs payable to the respondent by the applicant should not exceed £275 (plus VAT, if applicable, and the £8.00 fee for obtaining Land Registry office copy entries); and (ii) that no valuation costs are payable to the respondent by the applicants.

Summary

- 21 The Tribunal determines that the price payable by the applicant leaseholders for the freehold interest in the subject property is £1,466; that the respondent freeholder's reasonable legal costs are £275 (plus VAT, if applicable, and the £8.00 fee for obtaining Land Registry office copy entries); and that no valuation costs are payable.
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Nigel Gravells

NIGEL P GRAVELLS
CHAIRMAN

28th September 2004.

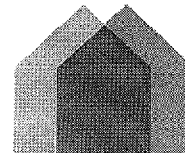
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**Residential
Property**
TRIBUNAL SERVICE

The Leasehold Advisory Service
70-74 City Road
London
EC1Y 2BJ

Our Ref.: LON/LVT1671/03

Date: 06 October 2004

Dear Sir

LEASEHOLD REFORM ACT 1967 SECTION 21

NOTIFICATION OF DECISION OF LEASEHOLD VALUATION TRIBUNAL

RE: 6 Pelham Street, London, SW7 3NG

Please see the enclosed copy of the decision regarding the above address for your information.

Daniel Thakorlal
Case Officer