

SOUTHERN RENT ASSESSMENT PANEL

LEASEHOLD REFORM ACT 1967 SECTION 9

ENFRANCHISEMENT OF LEASE

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ("LVT")

Case No: CHI/23UE/OAF/2004/0022

Property: 7 Priory Place
Gloucester
GL1 1TT

Applicant: Mrs M Silmon

Date of Inspection and Decision: 26 January 2005

Tribunal Members: Mr I R Perry BSC (Est Man) FRICS (Chairman)
Mr G C M Young MA LLM
Mr P K D Harrison FRICS

Background

- 1 This is an application by Mrs Mary Silmon of 114 London Road, Gloucester, GL1 3PL under The Leasehold Reform Act 1967. The claim is for the enfranchisement of the title to this property in circumstances where the identity and whereabouts of the landlord is unknown.
- 2 The applicant owns the property by way of a lease dated 1 April 1556 for a term of 500 years from the feast of the Annunciation of our blessed lady St Mary the Virgin (25 March) then last past at a rent of 30 shillings reserved to the lessor 3 shillings and 4 pence to King Philip and Queen Mary their heirs and successors and 1 penny to the Mayor and the Burgesses of Gloucester and their successors.
- 3 By an Order of the Gloucester County Court dated 26 July 2004, it was ordered that pursuant to Section 9 (1) of The Leasehold Reform Act 1967, the Leasehold Valuation Tribunal should certify a fair valuation of the price to be paid by the claimant.
- 4 The applicant was represented by Mr A W Brunt of Anthony Brunt & Co, valuers of Birmingham, who had submitted a proposed valuation of £1,482. This valuation was dated 10 November 2004 and based on a valuation date of 26 July 2004, being the date of the original Court Order.

Inspection

- 5 The Tribunal inspected the property in the presence of the applicant and found it to be a flush fronted, inner terraced dwelling house with accommodation on three floors together with a basement, situated in a small row of similar properties close to the centre of the city of Gloucester.

The property is of brick construction with a rendered front elevation beneath a tiled roof and originally dates from approximately 1850.

The house is connected to all mains services and has a gas fired central heating system. There is a very small garden to the rear and the property is approached at the front from an adopted highway with no parking facilities.

Internally, the property is arranged into three flats. At ground floor, the main hallway gives access to a living room, which in turn leads to a further living room with en-suite shower and wc and access to a rear kitchen which in turn leads to the garden beyond.

A common staircase leads to first floor level where a small landing gives access to the second flat arranged with a living room with en-suite shower and wc and further access to a good size living room/kitchen.

From first floor level, via a lockable door, there is access to a second floor flat which includes a living room/kitchen, bedroom and shower room with wc.

The property appears to have a modern fire alarm system.

Hearing

- 6 A hearing was held at Cheltenham Town Hall at 11.00 am on 26 January 2005. Mr Anthony Brunt appeared on behalf of the applicant who was not at the hearing.

Mr Brunt reiterated his original valuation and suggested that the standing house approach evaluation should apply to this particular case.

He referred to various comparable properties in Brunswick Road, Southgate Street and Park Road, Gloucester and also gave evidence that there were only four sales registered on the Land Registry site that completed transactions between July and September 2004 within the postcode GL7-1. The average price for terraced properties in this area was £154,900.

Mr Brunt also gave evidence regarding the correct percentage to be attributed to the site value of the property and submitted a figure of one-third. His original valuation of the property being £150,000, this produced a site value of £50,000.

Applying a rate of 7%, this gave rise to a proposed modern ground rent of £3,500 to be capitalised at a rate of 7% deferred 52 years. He proposed an enfranchisement price of £1,482.

The Tribunal questioned Mr Brunt as to whether an entirety value could be established by way of an investment calculation. He submitted that using a yield of 7%, this would give rise to a capital value of £167,000 and he was also questioned as to the correct percentage to be attributed to site value. He submitted that the smaller the site, then the smaller would be the percentage attributable to site value.

Decision

- 7 The Tribunal considered all of the evidence given by Mr Brunt and it was the view of the Tribunal that if any investment valuation of the entirety value was used, then the market would require a higher yield than 7%.
- 8 Having regard to the comparable evidence provided and its own expert knowledge, the Tribunal determined that the open market entirety value of the property could be fairly represented by a figure of £150,000.
- 9 The Tribunal decided that due to the smallness of the site, the site value of one-third of entirety value was too high and itself applied a figure of 30% giving rise to a site value of £45,000. This in turn, using a calculation at 7%, gave rise to a modern ground rent of £3,150.
- 10 The Tribunal calculated that there was approximately 52 years unexpired on the lease at the valuation date, so that the appropriate year's purchase multiplier at 7% was 0.42359, giving rise to a valuation of £1,334.
- 11 The Tribunal therefore determined that the enfranchisement price to be paid in to Court is £1,334.

Signed Mr I R Perry BSc (Est Man) FRICS

Chairman

Date 1st February 2005