

SOUTHERN RENT ASSESSMENT PANEL

LEASEHOLD REFORM ACT 1967 SECTION 9

ENFRANCHISEMENT OF LEASE

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ("LVT")

Case No.

Property

CHI/00HC/OAF/2005/0010

25 Kelston Gardens Worle Weston-Super-Mare North Somerset BS22 7FP

Applicant

Date of Inspection

Tribunal Members

Mrs D.E.Slade

18 May 2005

Mr D.R.Hebblethwaite (Chairman) Mr P.Smith FRICS

Background

- Retirement Care Limited holds part of Kelston Gardens on the basis of a leasehold title held for the residue of a term of 500 years created by a lease dated 1 September 1557 at a rent of £1.6s.9d. Hundreds of titles in Worle derive from this lease which is lost and the identity of the freeholder is unknown. The term is due to expire on 31 August 2057. Then Kelston Gardens Residents Company Limited hold part of Kelston Gardens freehold. The Property is partly on each of these titles. The Applicant owns the Property by way of underleases each for a term of 70 years from 1 January 1987 at a rent of a peppercorn. Strictly speaking this application only relates to the part of the Property held under the underlease to the missing headlease. This underlease is registered under title no. AV165423.
- 2. By an Order of Weston-Super-Mare County Court dated 16 March 2005 it was ordered that pursuant to Section 27(5) of the Leasehold Reform Act 1967 the Applicant pay into court such sum as is directed by the LVT as the price payable for the Property and the amount of rent estimated by the LVT as unpaid at the date of the Order.
- 3. On 1 April 2005 the Applicant referred the court order to the LVT for these valuations to be carried out under Section 9. The Applicant's Notice of Claim was not copied with the Tribunal's papers but the Tribunal assumes it was shortly before the court order and takes that as the date at which the valuations must be fixed.

Inspection

- 4. The Tribunal inspected the Property in the presence of Mrs Slade and found it to be as described in the valuation of M.T.Ripley FRICS dated 27 April 2005 and submitted on behalf of the Applicant.
- 5. The Applicant did not request a hearing.

Evidence

- 6. The Applicant relied on the "standing house" valuation of Mr Ripley. (In the court order which was clearly drawn by the Applicant's solicitor reference to the "original valuation" basis was made, but in relation to the unpaid rent so this did not make much sense. It is understood that "standing house" and "original valuation" are the same in practice.) Mr Ripley referred to a sale of a comparable property in April 2004 and three of the LVT's values between November 2003 and June 2004 and concluded an entirety valuation for the Property of £115,000.00. He applied a percentage of 27.5 to calculate a site value of £31,625.00. He proposed a modern ground rent (a) 7% = £2.213.75per annum. He proposed an enfranchisement price, based on a deferment of 52.5 years, the unexpired term of the head lease, of £907.08 and in respect of the underlease, based on a deferment of 51.75 year, £954.24. This would lead to considerations of £907.08 for the head lease and ££47.16 for the underlease but Mr Ripley proposed these be reduced to one quarter of those figures to reflect the interaction of the Property with (a) the common parts of the Kelston Gardens over which rights are needed, the estate being for persons over 60 and with warden access and emergency facilities, and (b) the interaction of the different tiles referred to in paragraph 1 of this Decision, relying on Stokes v. Cambridge Corporation 1960,
- 7. Mr Ripley considered that there should be no contribution to the existing ground rent on the basis that the proportion attributable to the site was infinitesimal.

Decision

- 8. The Tribunal considered the valuation evidence in the light of its expert knowledge and determined the open market entirety value of the Property at $\pounds 115,000.00$
- 9. Applying the guidance in earlier case law the Tribunal adopted the "standing house" valuation approach. The Tribunal felt that 27.5% was the appropriate percentage for the site value, to give a figure of £31625 The Tribunal agreed that a modern ground rent should be calculated at 7% to give £2213.75 per annum. With 52.5 years of the head lease and 51.75 years of the underlease to run from the date of the Applicant's Notice the years' purchase multipliers of

0.4097 and 0.4310 respectively are correct and give a resultant figures of £907.08 and £954.24

- 10. In the Tribunal's judgement the principles of *Stokes* do not apply to point (a) in paragraph 6 above as the facts are different. The Applicant is entitled to enfranchise with the same rights as are enjoyed under the lease and it is clear that this is recognised by all parties because of the draft Transfer which has been settled. There will, therefore, be no reduction in the enfranchisement price for this point. With regard to point (b) the Tribunal accepts that the Property is incapable of being fully developed on its own but not because it relies on the separate title for access (it doesn't) but rather without that title the plot is reduced in size by about one quarter. Thus the Tribunal reduces the site value by one quarter.
- 11. The Tribunal therefore determined that the enfranchisement price to be paid into court is $\pounds 907.08$ less $25\% = \text{say }\pounds 680.00$. This is only in respect of the head lease as the underleases have not been referred to the Tribunal.
- 12. The original rent is about 8p in present currency but this would have to be divided between the number of individual houses on the demised premises which runs into hundreds and possibly thousands. The rent for the Property is therefore an infinitesimal fraction of a penny. The Tribunal therefore estimated the amount of unpaid rent at the date of the court order to be nil.

MHShlethwati Chairman 1708 2005 Date