

**NORTHERN RENT ASSESSMENT PANEL**  
**LEASEHOLD VALUATION TRIBUNAL**

Case Number: MAN/00BW/OAF/2006/0001

**Name of Applicant/Leaseholders:** Mr Albert Woodcock and Mrs Dorothy Melia.

**Name of Respondent/Freeholder:** Mr J P Liptrot represented by Messrs Borrton Shaw, estate agents and letting consultants.

**Address of Property:** 3 Oak Avenue, Abram, Wigan, WN2 5XH.

**Put before Tribunal on:** Thursday March 10<sup>th</sup> 2006.

**Attendance at Tribunal:** Neither party appeared before the Tribunal  
Nor were they represented.

**Members of the Tribunal:** Mr S Chesters-Thompson, MA. FRICS  
Mr D Bailey FRICS  
Mr L P Bottomley JP M.I. FIRE E

- I. This document records the decision with reasons of the Tribunal following the application to determine the price payable for the freehold estate in the bungalow and premises 3 Oak Avenue, Abram, Wigan, WN2 5XH in accordance with the provisions of the Leasehold Reform Act 1967 as amended.
- II. On August 5th 2005 the Applicant/Leaseholders represented by Messrs Alker and Ball, Solicitors, 49 Gerard Street, Ashton in Makerfield, Wigan, WN4 9AG served a notice on Mr J P Liptrot and his agents Messrs Borrton Shaw Estate Agents and Letting Consultants to purchase the freehold of the property 3 Oak Avenue, Abram, Wigan. The Respondent/Freeholder failed to acknowledge receipt of the notice and acknowledge the Applicant/Leaseholder's right to purchase the freehold. On January 4<sup>th</sup> 2006 the Applicant/Leaseholders applied to the Leasehold Valuation Tribunal under Section 9 of the Leasehold Reform Act 1967 to determine a price for the freehold. In the application the Applicant/Leaseholders suggested a figure of £90.00.
- III. The Tribunal inspected the subject property on the morning of Friday March 10<sup>th</sup> 2006 in the presence of Mr A Woodcock and Mrs D Melia. The Respondent /Freeholder was neither present nor represented at the inspection.

The subject property is a modern semi-detached bungalow constructed of brick with a tiled roof and originally built around 1968. There is a garden to the front and side of the property and a flagged area t the rear. The property is situated on an estate of similar type bungalows.

The accommodation briefly comprises:- Small hall, living room, well fitted kitchen, 2 bedrooms (the main bedroom with built-in wardrobes) and a bathroom/WC combined. There is a shower cabinet with an electric shower in the bathroom but no bath. The property has the benefit of full double glazing and most rooms are fitted with electric wall heaters. There is a single wooden garage at the rear of the property.

- IV. Following the inspection of the property a hearing had been arranged for 12.00 noon at the Tribunal offices at First Floor, 26 York Street, Piccadilly, Manchester, M1 4JB. However, neither of the parties nor their representatives appeared at the arranged hearing. At the inspection of the property the Applicant/Leaseholders had informed the Tribunal that although they had previously stated in writing that they intended to attend the hearing they had decided not to appear and were content to leave the matter to be determined by the Tribunal.
- V. The Lease: The Tribunal carefully considered the lease for the property dated June 17<sup>th</sup> 1968. The lease was for a period of 999 years from June 17<sup>th</sup> 1968 with a ground rent of £9.00 per annum payable half yearly on May 12<sup>th</sup> and November 12<sup>th</sup>. Freeholder's written consent was required to erect any new building other than a garage or coalhouse and to make any structural alterations or additions to the property. A fee of £1.05p was payable in respect of assignments, assents, transfers, mortgages etc.
- VI. In coming to its decision the Tribunal took its first function to be that of determining a price in accordance with Section 9 of the Leasehold Reform Act 1967 viz: "..... the amount which at the relevant time the bungalow and premises, if sold in the open market by a willing seller (with the tenant and members of his family who reside in the bungalow not buying or seeking to buy) might be expected to realise ....."

Certain statutory assumptions must be made, but the only one of significance in this case was that in effect the freehold would be sold subject to the existing lease, i.e. with its 999 year term extendable for a further 50 years (s.9(1)(a)). In discharging this function of determining the price, the Tribunal (following the earlier Tribunal decisions in *Yates - v- Bridgewater Estates Ltd* [1982] 261 EG 1001 and *Williams -v- Walsh and Others* [1983] 268 EG 915) took into account the following points:

- i) that there was nothing in the statute which would restrict their determination to the limits indicated by the prices considered appropriate by the parties;
- ii) that it would not be consistent with the definition of price in Section 9 (1) of the 1967 Act or with the circumstances of the case to apply the algebraic formula prescribed by Parliament for the redemption of rent charges (Rent Charges Act 1977, s10);
- iii) that they were entitled to rely on their general knowledge and experience whatever the evidence or representations (or the absence of such) submitted by the parties;

- iv) that the statutory wording involved envisaged the sale on its own as one lot, ie: not as included in a parcel of ground rents;
- v) that the possibility of bids from the sitting tenant which might push up the open market price had been expressly excluded by the 1967 Act;
- vi) that the seller (although not also the buyer) had been statutorily described as "willing" so that any policy or practice of the landlord restricting sales had to be disregarded;
- vii) that the resultant loss of income to the landlord/seller was not comprehended by the statutory formula for determining the price payable;
- viii) that the hypothetical and potential buyers in the market would have in mind their own conveyancing costs (although not also those of the seller under Section 9(4) of the 1967 Act and any covenants which would be continued in the conveyancing (see Section 9(1)(c) and Section 10(4) of the 1967 Act) and most important the length of the term and the amount of ground rent under the lease;

and

- ix) that the costs of collection of the ground rent, which might involve agents, the giving of receipts and proceedings for recovery of arrears must be taken into account as a half yearly matter strictly in accordance with the terms of the lease notwithstanding any practice of less frequent payment.

In the present case, there are 961 years of the lease unexpired. In the circumstances the Tribunal took the view that the position was similar to the Lands Tribunal case of *Janering -v- English Property Corporation Ltd and Nessdale Ltd* [1977] 242 EG388 that a reversion of this length would not be of any significance.

The Tribunal was also aware that in many cases tenants in their anxiety to purchase the freehold of their properties often without valuation advice put forward offers which include the tenants bid as an element which the Tribunal have to exclude (see *DeLaforce -v- Evans* 1970 215 EG31).

VII The Tribunal following the non appearance of the parties at the arranged hearing and having had no valuation evidence presented to it concluded that it would have to rely on its own knowledge, experience and judgement in determining the matter.

The Tribunal was of the opinion that a rent of only £9.00 per annum payable half-yearly would be of very little interest to investors particularly in view of the cost of collection and that the rent remained the same for the full length of the lease. The Tribunal also considered that there was very little scope for extending the property further on the site behind the existing building lines.

The Tribunal therefore determines a price of:-

**£75.00 (seventy five pounds)**

This figure is exclusive of permitted costs as set out in the Leasehold Reform Act 1967 Section 9

An appeal may be made from this Decision to the Lands Tribunal by leave of the Leasehold Valuation Tribunal or the Lands Tribunal. Such appeal must be made within 28 days of the issue of reasons (Lands Tribunal Act 1949 Section 6/3 and Lands Tribunal Rules 1975 as amended).

**S CHESTERS-THOMPSON  
CHAIRMAN – LEASEHOLD VALUATION TRIBUNAL**

Date: 4 April 2006