

RESIDENTIAL PROPERTY TRIBUNAL SERVICE  
SOUTHERN RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL

Leasehold Reform Act 1967

**DECISION AND CERTIFICATE OF VALUATION**

Case Number: **CHI/43UE/OAF/2007/0027**

Applicants: **Mrs M Heskett Taylor**

Respondent: **Unknown**

Property: **Great Brockhamhurst Farmhouse  
(Previously known as Brockhamhurst Cottage)  
Brockhamhurst Road  
Betchworth  
Surrey  
RH3 7AR**

Date of Court Order: **8 November 2007**

Tribunal: **Mr B H R Simms FRICS MCI Arb (Chairman)  
Mr R A Wilkey FRICS FICPD (Valuer Member)**

Date of Decision: **30 January 2008**

**Certificate of Valuation**

The Tribunal determines that the sum payable into Court in accordance with S.9(1) of the Leasehold Reform Act 1967 is £7.00 (Seven pounds).

## BACKGROUND

1. This is an application by D C Kaye & Co. Solicitors on behalf of Mrs M Heskett Taylor for the determination of the price to be paid for the freehold interest in the above mentioned property.
2. On 8 November 2007, Deputy District Judge Cornford in the Aylesbury County Court made an Order for the Claimant's solicitors to obtain a Certificate of Valuation pursuant to S.27(5) of the Leasehold Reform Act 1967 (the Act) certifying the sum payable into Court in accordance with S.9(1) of the Act.
3. The Tribunal issued guidance on the conduct of the case and the Applicant's solicitor agreed that this case could be dealt with by way of written representations only, without an oral Hearing.

## THE LAW

4. S.9(1) of the Act states that "*... the price payable ... shall be the amount which at the relevant time the house and premises, if sold in the open market by a willing seller (with the tenant and members of his family not buying or seeking to buy), might be expected to realise ...*".

## INSPECTION

5. The Tribunal members inspected the property on 23 January 2008.
6. The building comprises a country farmhouse built of brick with tile hangings under a multi-pitched, tile covered roof. The original building probably dates back to the seventeenth century and comprised a "two up, two down" cottage. In the 1950's a substantial extension was constructed and this now provides space for the majority of the accommodation.
7. The detailed accommodation is set out in the Applicant's valuer's report but basically comprises on the ground floor a porch and entrance lobby with a central hall, a dining room, sitting room and study, a cloakroom with adjoining utility and laundry room, and a kitchen/breakfast room. On the first floor there is a landing, four bedrooms, one with en suite bathroom, and a family bathroom and separate WC.
8. Outside there are gardens immediately surrounding the house together with a paddock and further land on which is constructed a stable block. It should be noted that the leasehold section of the land relates only to the immediate environs of the house and excludes the major part of the paddock area and the stable block.
9. Access to the property is by way of a gravel driveway leading from a concreted farm track which also serves other properties.

## LEASE

10. The Tribunal was provided with a photocopy of a transcribed version of an Indenture dated 20 June 1678 for the term of 500 years from "the feast of the Annunciation of the Blessed Lady St Mary the Virgin last past before the date of the [Indenture]". The yearly rent reserved is 18 [old] pence.
11. The extent of the land forming the leasehold interest is recorded on the Land Registry Register of Title number SY686706 to which is attached a plan which was made available to the Tribunal.

## EVIDENCE

12. The Tribunal was provided with a report of Michael W J Carr BSc FRICS of Kempton Carr Chartered Surveyors of Maidenhead, Berkshire. The valuation report is dated 15 October 2007 and provides a valuation in the sum of £7.
13. As a basis for the valuation, the unexpired term is assumed to be 170 years and a yield of 7% is used throughout. Mr Carr assessed the market value of the freehold interest in the property at £1,250,000 of which 45% he allocated to site value. Of this Mr Carr took 7% as a S.15 modern ground rent.
14. In his calculations, Mr Carr assumed a reversion in 220 years time, having allowed for a 50 year statutory extension of the term at the end of the expired lease. The printed form of the valuation shows the multiplier for this part of the value as zero, although a value of 43p has been included on the spreadsheet.
15. On 4 January 2008, Mr Carr produced a supplementary report following his consideration of a decision by the Eastern Rent Assessment Panel on a property in Great Missenden, Buckinghamshire. In that case the Tribunal used 42.5% as the share of the total property value to be attributed to site value. The statutory term was assumed to continue in perpetuity. Mr Carr therefore adjusted his valuation to take account of these differences and produced a new spreadsheet which he believed showed a valuation of £1. Unfortunately there was an error in his mathematics as Mr Carr had failed to add the value of the assumed increased ground rent in 170 years time which he had calculated at £5.37 which would have made his valuation £6.44, which is not substantially different from his earlier figure.

## DECISION

16. Although the market value of the property on an assumed freehold basis has a substantial value, the leasehold acquires very little value. An annual income of 18d would be unlikely to attract a purchaser with a lease having 170 years unexpired at this very low rent. The Act directs the Tribunal to exclude any additional value attributable to the possibility that the tenant might be buying or seeking to buy the property. A valuation in accordance with S.9(1) of the Act is a site valuation excluding any element of marriage value.

17. The Applicant's valuer produced no evidence to the Tribunal in support of the capital value of the house, the appropriate yield, or the appropriate percentage that should be applied to represent the site value. However, using the Tribunal's own general knowledge and experience, we have no reason to dispute any of the resultant figures, particularly as any modest variations will make little difference to the end value and price to be paid.
18. Applying an apportionment of the "standing house value" to represent the site value is an accepted method of establishing a site value if there is no evidence of land values, as in this case. Mr Carr's assessment of site value at £560,000 or so in his initial valuation appears to us to be a reasonable site value for a plot of land in this locality. The question of tenant's improvements was not addressed and in this case would be likely to result in a substantial adjustment. However, in the Tribunal's view a mathematical adjustment to the standing house value to take account of improvements would serve no purpose in this case as we are satisfied with the reported site value. Neither does the alternative share attributed to site value of 42.5% in the Eastern Tribunal case cited by Mr Carr have any influence on us. The site value in Mr Carr's initial valuation represents a proper value for the site.
19. The reversion in this case, having allowed for the 50 year statutory extension, would be 220 years away. Only when there is evidence that the house will remain standing at the end of this period is there any need to take account of such a distant reversion (*the Haresign<sup>1</sup> addition*). The Tribunal had no evidence to support this approach and therefore assumed the S.15 modern ground rent to be receivable in perpetuity, which was the method applied in Mr Carr's second valuation. Using Mr Carr's original S.15 ground rent of £39,375.00 in perpetuity and deferred for 170 years at 7% produces an addition of £5.68 and a total valuation of £6.75 which would be rounded to £7.00.
20. For this reason the resultant mathematical valuation produces a nominal sum of £6.75 and the Tribunal determines that an appropriate price to be paid in this case is the rounded figure of £7.00. The Certificate is therefore issued at this amount.

Dated 30 January 2008

Signed

Brandon H R Simms FRICS MCI Arb  
(Chairman)

<sup>1</sup> *Haresign v St John the Baptist's College, Oxford [1980] 255 EG 711*