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**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **LON/00AH/OLR/2013/1101**

Property : **Ground Floor Flat , 14 Lodge Road
Croydon CR0 2BP**

Applicant : **Lisa Cunningham**

Representative : **n/a**

Respondent : **Cecilia Williamson**

Representative : **n/a**

Type of Application : **Section 24 Leasehold Reform
Housing and Urban Development
Act 1993**

Tribunal Members : **Mrs F J Silverman LL.M
Mr N Martindale FRICS**

**Date and venue of
Hearing** : **15 October 2013 (paper
consideration)
10 Alfred Place, London WC1E 7LR**

Date of Decision : **15 October 2013**

DECISION

**The price payable for the acquisition of the extended lease of the
property shall be £12,590 .00.**

Background

1 The Applicant tenant is the owner of the leasehold interest in the property known as **Ground Floor Flat 14 Lodge Road Croydon CRO 2PB** (the property) which is held under a lease for 99 years commencing on 29 September 1983.

2 By order of the County Court the Applicant is held to be entitled to make a claim for enfranchisement under the Leasehold Reform Housing and Urban Development Act 1993, the landlord being unreachable. The Court further ordered that the matter be transferred to the Leasehold Valuation Tribunal (now the First Tier Property Chamber) to determine the price to be paid by the Applicant for the freehold.

3 The matter was considered by a Tribunal on 15 October 2013 as a paper determination. The Applicant did not attend the hearing and the landlord is missing.

4 The Tribunal did not consider it necessary to inspect the property.

5 The Tribunal considered the bundle of papers put before it by the Applicant, including the valuation prepared by Mr C M Avery FRICS and, having done so determines that the price payable for the freehold reversionary interest shall be £ 12,590.00.

6 The Tribunal notes that the sum of £477 is owing by the tenant by way of ground rent from April 2004.

7 The following factors were taken into consideration by the Tribunal in reaching their decision on the price to be paid.

7.1 The Applicants' valuer presented four comparables. All four properties were converted flats of approximately equivalent size to the subject property and within a close proximity with current sale prices offered by the valuer. The Tribunal is however prepared to accept these properties as reasonable comparators although the valuer provided no substantive reasoning to justify his choice of comparables of the decisions made in reliance on them.

7.2 The valuer concluded that the unimproved freehold value of the ground floor flat should be £190,000. The Tribunal looked at the comparables and accepts that an adjustment must be made to take

account of improvements made to the property and considers that a figure of £10,000 would be reasonable .

7.3 Relativity: The valuer has relied solely on the LEASE graph which gave him a figure of 93.23%. The Tribunal prefers to rely on the Greater London and England graphs from which the Tribunal adopted a figure of 90% relativity used in the attached valuation.

7.4 Capitalisaton: The valuer inserted a figure of 8.5% for capitalisation. The Tribunal used the figure of 8% on the basis that the valuer's figure is out of the range normally seen for this type of property.

7.5 Deferment rates : In relation to the deferment rate the Applicant contended for 6%. The Tribunal however does not accept the valuer's argument in relation to increased risk and prefers to follow Sportelli and thus uses a deferment figure of 5%.

8 The Tribunal notes that the valuer's original valuation had been returned to him for correction and elaboration and considers that the revised version was still lacking in detail but was able to deduce his intent from the material supplied. The Tribunal would normally expect to be offered more detail about the relevant comparables including source material to justify the valuer's conclusions and a floor plan to show the improvements to the property.

9 The Law

9.1 Schedule 6 of the Leasehold Reform, Housing and Urban Development Act 1993 (The Act) provides that the price to be paid by the nominee purchaser for the freehold interest shall be the aggregate of the value of the freeholder's interest, the freeholder's share of the marriage value, and compensation for any other loss.

9.2 The value of the freehold interest is the amount which at the valuation date that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.

9.3 Para 4 of the Schedule, as amended, provides that the freeholder's share of the marriage value is to be 50%, and that any marriage value is to be ignored where the unexpired term of the lease exceeds eighty years at the valuation date.

9.4 Para 5 of the Schedule provides for the payment of compensation for other loss resulting from the enfranchisement.

9.5 Schedule 6 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

9.6 The Tribunal also had regard to the decision in Earl Cadogan & Cadogan Estates Ltd v Sportelli & Sportelli (2006) LRA /50/2005

10 The Tribunal approves the draft lease as drawn subject only to the correction of typographical errors.

11 A copy of the Tribunal's valuation is attached as Appendix 1.

Judge F J Silverman as Chairman

Date 15 October 2013

Appendix 1

14 Lodge Road Croydon CR0 2PB

FLAT - Lease Extension

Long Leasehold value (improved)	£190,000
Long Leasehold value (unimproved)	£180,000
Valuation Date	06-Apr-13
Expiry of existing lease	28-Sep-82
Existing Term unexpired	69.460
Capitalisation rate	8.00%
Deferment rate	5.00%
Relativity	90.00%
Short Leasehold value (unimproved) before extension	£162,000

Diminution of Landlords Interest

Landlords Present Interest

Term

Fixed Present GR		£50	
YP for 3.46 years @ 8%	2.92		£146

Term

Fixed Present GR		£100	
YP for 33 years @ 8%	11.51		£883
PV £1 in 3.46 years @ 8%	0.767		

Term

Fixed Present GR		£150	
YP for 33 years @ 8%	11.51		£104
PV £1 in 36.46 years @ 8%	0.06		

Reversion

Long Leasehold value		£180,000	
PV £1 in 69.46 years @ 5%	0.0336		£6,048
			£7,180

Marriage Value

Tenants Proposed Interest

Less Tenants Present Interest	£162,000	£180,000	
Less Landlords Present Interest	£7,180		
Total		£169,180	
Marriage Value		£10,820	
50% share of marriage value			£5,410

Lease Extension Premium

£12,590