



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

Case Reference : LON/00AE/OLR/2015/0750

Property : 39b Linacre Road Willesden Green London NW2
5AY

Applicant : Mr R B Kerai

Representative : Mr I A Rennie BSc FRICS

Respondent : Narinda Sharma

Representative : Mr R K Sharma BA MSc

Type of Application : **S48 of the Leasehold Reform Housing and
Urban Development Act 1993**

Tribunal Members : Mrs F J Silverman Dip Fr LLM
Mr D Jagger MRICS

**Date and venue of
Hearing** : **Alfred Place London 11 August 2015**

Date of Decision : 12 August 2015

Decision

The Tribunal determines that the premium payable by the Applicant tenant for an extended lease of the property is £18,633, exclusive of statutory costs.

- 1 The Applicant tenant filed his application with the Tribunal on the 10 April 2015 asking the Tribunal to determine the price payable for an extended lease of the property known as 39b Linacre Road Willesden Green London NW2 5AY (the property) under section 48 Leasehold Reform Housing and Urban Development Act 1993 and other matters relevant to that transaction. Directions were issued by the Tribunal on 1 May 2015 .
- 2 The hearing of the matter took place before a Tribunal sitting in London on 11 August 2015 at which Mr I Rennie represented the Applicant and Mr R Sharma represented the Respondent. Mr Rennie is the surveyor representing the Applicant and Mr Sharma a family member acting on behalf of the Respondent. The Tribunal heard evidence and submissions from each of them.
- 3 The parties agreed that the Tribunal did not need to inspect the property.
- 4 The Tribunal therefore adopts the physical description of the property as set out in Mr Rennie's evidence together with the floor plan provided in the lease.
- 5 At the date of the hearing the only matters in dispute between the parties, and therefore the only matters upon which the Tribunal was required to deliberate, were the freehold value per square foot of the property and the relativity between the value of the short lease and a 999 year lease. At the commencement of the hearing the parties agreed that the length of the existing lease should be 66.60 years. .
- 6 Mr Rennie for the Applicant argued that the best evidence of the value of the flat was its purchase price of £240,000 which transaction was simultaneous with the service of the s42 notice by the seller. He had divided this by the agreed square footage of the flat (480) to arrive at a short lease value of £500 psf , reducing that to £475 psf by applying a deduction of 5% to take account of the fact that the Applicant bought with knowledge of the lease extension and that the s42 notice was served by the seller at the Applicant's request. The Tribunal agrees that 5% is the appropriate percentage deduction to make in a case of this type.
- 7 Mr Rennie's relativity figure of 89% was taken from the Nesbitt graph which yielded the most beneficial result from the landlord's perspective (not from that of his own client). He had chosen that graph as it was based largely on properties in North London but agreed in evidence that he could have adopted a figure based on an average of his selected graphs. His chosen graphs did not include any relating to prime central London but did include Austin Grey and

- Pridell neither of which deal with property in the location of the subject property.
- 8 Mr Rennie produced evidence relating to five comparables. The parties agreed during the hearing that the Tribunal did not need to consider 189 Chatsworth Road because of the disparity in size of this property and that the properties at 6 Grosvenor Gardens, Melrose Avenue and 45 St Paul's Avenue provided the best comparators to the subject property.
 - 9 Mr Rennie had used Land Registry data for the London Borough of Brent to adjust data for the comparable sales to August 2014, this being the time when he assumed that contracts for the sale of the subject property would have been exchanged.
 - 10 Mr Sharma preferred to rely on market evidence to produce his own relativity figure. He based this on a number of sales and settlement transactions cited in his report (pages 8-9) . His assertions were however unsubstantiated by factual evidence and were therefore of little assistance to his argument.
 - 11 He had chosen not to place reliance on any of the graphs and his concluding relativity figure of 85% could not be verified by the Tribunal owing to the lack of evidence supplied by him.
 - 12 Mr Rennie's method of valuation , choosing to rely only on the Nesbitt graph and a relativity of 89%, has produced a freehold valuation figure of £256,320 resulting in a slightly higher price for the premium of the new lease than would have been obtained had he chosen the more conventional route of taking an average of all the graphs.
 - 13 However, his client has agree to this figure, and it has been calculated using an acceptable method of valuation and in the absence of any substantiated argument to the contrary from the Respondent, the Tribunal adopts Mr Rennie's figures as set out in Schedule B to his valuation at page 1A.
 - 14 The Valuation date was agreed as being 20 August 2014 .
 - 15 In preparing its valuations the Tribunal finds that the value of the freehold reversioner's interest after enfranchisement is £18,633 .

The Law

16 Schedule 13 to the Leasehold Reform, Housing and Urban Development Act 1993 (The Act) provides that the premium to be paid by the tenant for the grant of a new lease shall be the aggregate of the diminution in the value of the landlord's interest in the tenant's flat, the landlord's share of the marriage value, and the amount of any compensation payable for other loss.

The value of the landlord's interests before and after the grant of the new lease is the amount which at the valuation date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) on the assumption that the tenant has no rights under the Act to acquire any interest in any premises containing the tenant's flat or to acquire any new lease.

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

Para 5 provides for the payment of compensation for loss arising out of the grant of a new lease.

Schedule 13 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

Judge F J Silverman
as Chairman
15 August 2015

Note:
Appeals

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.