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

Case Reference : **MAN/00DA/OAF/2015/0030**

Property : **Troy House, Troy Road, Horsforth, Leeds LS18
5NQ**

Applicant : **Mrs Catherine Elizabeth Moore**

Respondent : **Unknown (Missing Landlord)**

Type of Application : **Section 21(1) Leasehold Reform Act 1967**

Tribunal Members : **A M Davies, LLB
J Platt, FRICS**

Date of Decision : **19th February 2016**

DECISION

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BACKGROUND

1. The Applicant is the owner of a long leasehold interest in Troy House, Troy Road, Horsforth, Leeds LS18 5NQ registered under title numbers WYK352208 and WYK 352209 ("the Property").
2. The Applicant wishes to acquire the freehold interest in the Property under the provisions of the Act. Section 8 of the Act provides that a tenant who qualifies under section 1 of the Act may serve notice on his landlord that he wishes to purchase the freehold interest of his property. A tenant qualifies for this right if his tenancy is a term exceeding 21 years at a low rent, and was entered into before 1 April 1990, on which date the rateable value of the property was not more than £200 (outside Greater London). Where the landlord cannot be found, section 27 of the Act provides that the tenant may apply to the county court for a vesting order.
3. The Property is held under a lease dated 29 March 1715 for a term of 500 years from 29 March 1715. The Applicant provided a witness statement in which she stated that when she bought the Property the sellers informed her that no rent had been paid since at least 1852. She confirmed that she had paid no rent since her purchase and that the landlord, after due enquiry, could not be found. The Applicant accordingly applied to the County Court under s.27 of the Act for an Order for the freehold interest to be vested in her.
4. On 15 October 2015 Deputy District Judge Temple sitting in the Leeds County Court made a vesting order in favour of the Applicant and ordered that the price of the Freehold interest in the Property be determined by this Tribunal.
5. The Tribunal determined that the application was suitable to be dealt with by way of a paper hearing and following the Tribunal's preliminary directions the Applicant's solicitors provided some of the necessary documents to allow a paper determination. They did not, however, provide a valuation report.

VALUATION

6. Despite the absence of a valuation report there is sufficient information in the documents provided to allow the Tribunal to make the determinations sought.
7. Troy House is a 2 bedroomed semi-detached house constructed before 1800. As such it would have had a rateable value at the appropriate day well below the limits set out in s.1(1)(i)(a) of the Act so that the valuation basis applicable is that provided by s.9(1) of the Act.
8. The valuation requires an assumption to be made that the existing leases would, on their expiry, be extended for a further term of 50 years at a ground rent which ignores the value of the buildings on the site.

9. In the absence of any evidence of ground rents paid for development sites or of capital values of such sites, it is common practice to adopt "the standing house approach". The capital value of the notionally cleared site is taken as being a percentage of the freehold vacant possession value of the whole property. Given that the existing lease has some 200 years unexpired, precise valuation is not required and nor would the values on the existing lease differ significantly from the freehold value.
10. The Applicant purchased the Property on 4 February 2013 for the sum of £210,000. The vacant possession value of the Property as at the valuation date probably lie in the range of £220,000 - £230,000. The percentage attributed to the site cleared of buildings but available for development for the same purpose in such a suburban location would generally be in the region of 35% - 40%. The Property includes an additional area of land adjacent to Troy Cottage. The site value is, therefore, likely to lie at the top end of the range. A cleared site value of £90,000 is considered appropriate.
11. A realistic return on such an investment in the current economic climate would be 5% giving a s.15 ground rent of £4,500 per annum.
12. This ground rent is then to be re-capitalised at 5% for the 50 year term and deferred for the 200 years unexpired of the existing lease, as must be the eventual reversion to the value of the whole Property on the expiry of the assumed 50 year lease extension.
13. The appropriate deferment rate is the "Sportelli" rate of 4.75% for houses, which produces a value for the freehold interest of £10 as shown in the attached valuation.

Determination of Price Payable on Enfranchisement
Section 9(1) Leasehold Reform Act 1967
Troy House, Troy Road, Horsforth, Leeds LS18 5NQ

Valuation Date 7th August 2015
 Lease dated 29th March 1715
 Lease term 500 years
 Unexpired term 200 years
 Ground rent 2 shillings £0.10

A	Capitalisation of Passing Ground Rent	NIL	NIL
B	Calculation of 515 Modern Ground Rent		
	Freehold VP value developed to full potential	225,000	
	Site value at circa 35%	90000	
	Modern ground rent per annum @ 5%	4500	
	Capitalised for 50 years @ 5% and deferred 200 years 4.75%		
	YP for 50 years @5%	18.25592546	
		82151.66	
	PV of £1 in 200 years @ 4.75%	0.00009315	
		7.65	£8
C	Reversion to Freehold VP value disregarding Tenant's improvements	215000	
	Defferred 250 years @ 4.75%	0.0000105	
		2.26	£2
			£10