

4656



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

Case reference : LON/00BA/OCE/2016/0078

Property : 130 & 132 Merton Hall Road,
London, SW19 3PZ

Applicants : (1) James Rundle & Mary Rundle
and (2) Franel Le Grange and
Isobel Louise Hope Renton

Representative : Gregsons LLP, Solicitors

Respondents : (1) Parvin Neveffi and (2) Richard
Winston Drew

Representative : Not represented

Type of application : Section 24 of the Leasehold
Reform, Housing and Urban
Development Act 1993

Tribunal members : Judge I Mohabir
Mrs S Redmond, BSc (Econ) MRICS

**Date of determination
and venue** : 19 April 2016 at
10 Alfred Place, London WC1E 7LR

Date of decision : 19 April 2016

DECISION

Summary of the tribunal's decision

(1) The price payable for the freehold interest is **£7,800**.

Background

1. This is an application made by the Applicants as the nominee purchasers/ qualifying tenants pursuant to section 24 of the Leasehold

Reform, Housing and Urban Development Act 1993 (“the Act”) for a determination of the premium to be paid for the collective enfranchisement of 130 and 132 Merton Hall Road, London, SW19 3PZ (“the property”).

2. By a claim form issued on 17 November 2015 under action number Blko1KT421 in the Kingston-upon-Thames County Court the Applicants sought an order under section 26 of the Act vesting the freehold interest of the property in the Applicants on the basis that the Respondent could not be found.
3. By Order of Deputy District Judge Hartley dated 22 February 2016 the Court recorded that it was satisfied that the Respondent could not be found and vested the freehold interest of the property in the Applicants. It ordered, *inter alia*, that the matter transferred to the Tribunal for a determination of the price to be paid for the freehold interest.
4. On 8 March 2016, the Tribunal issued Directions, which included a direction that its determination would be based solely on the basis of the documentary evidence filed by the Applicants.
5. The valuation evidence relied on by the Applicants is set out in the report prepared by Mr Steven Michael Harding, MRICS, dated 1 April 2016.

Decision

6. The Tribunal relied on the description of the property internally given in Mr Harding’s report and refer to paragraph 1 to 3 of that report for the description. The Tribunal did not carry out an inspection.
7. The existing leases of both flats were granted for a term of 999 years from 24 June 1966 with a peppercorn ground rent.
8. At the relevant date, namely 16 November 2015, the leases had 949.60 years to run.
9. Because the leases have more than 80 years to run, no marriage value is payable and, therefore, the short unimproved leasehold values do not need to be determined.
10. The main roof void has been converted within the confines of the roof rafters to provide a habitable double bedroom for the first floor maisonette. Apparently, this conversion has been carried out without any licence for alterations having been granted. Consequently, these works are not to be regarded as a tenant’s improvement under the Act.

11. There is no value for the ground rent because it is a peppercorn.
12. We agree with Mr Robinson's use of 5% for the deferment of the reversion, which is in accordance with the decision in *Sportelli*.
13. We accept Mr Harding's analysis of ground and first floor maisonettes at 28a, 92 and 110 Merton Hall Road and the resultant unimproved freehold value is £1,210,000. This is based on unimproved freehold values of £580,000 and £630,000 for the ground and first floor maisonettes at the property respectively.
14. We accept Mr Harding's submission that no compensation is payable to the Respondents under paragraphs 3 and 5 of Schedule 6 to the Act because respectively, whilst they retain exclusive possession of the loft spaces, no independent access is physically possible and the loft space could not be developed unilaterally and, as missing landlords, the Respondents are unable to make a claim.
15. Mr Harding then went on to consider whether there was any hope value for the future potential value of developing the lost space on expiry of the existing leases. In this regard, we accept his evidence set out in paragraph 7.2 of his report together with the valuation criteria and the estimated development cost of £118,000. We also accept the risk factors and the discount rate of 70% he applied he applied to any such development.
16. We accept Mr Harding's evidence that no price is payable for the freehold interest when valued under paragraph 3(1) of Schedule 6 to the Act. As to the hope value payable under paragraph 3 and 4 of Schedule 6, Mr Harding arrived at a value of £7,800 after careful analysis. Then without any reasoned explanation he concluded that the correct value was in fact £5,000. In the absence of any proper evidence for doing so, the Tribunal rejected his lower valuation of £5,000 and determined that the purchase price for the freehold interest payable by the Applicants is £7,800.
17. The terms of the draft Transfer (TR1) provided by the Applicants' solicitors are approved.

Name: Judge I Mohabir

Date: 19 April 2016

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

CASE REFERENCE LON/00BA/OCE/2016/0078

**First-tier Tribunal
Property Chamber (Residential Property)**

**Valuation under Schedule 6 of the Leasehold Reform Housing and
Urban Development Act 1993**

**Premium payable for the freehold interest in 130 and 132 Merton
Hall Road, London, SW19 3PZ is £7,800.**

Valuation date: 16 November 2015