



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

Case Reference : **LON/00AH/OCE/2017/0286**

Property : **49 Gonville Road,
Thornton Heath,
Surrey CR7 6DF**

Applicants : **(1) Pearl SCHULDENFREI
(2) Yvette Verona DAVIS**

Representative : **Jefferies Essex LLP**

Respondent : **Moira HANLEY**

Type of Application : **Determination of price of collective
enfranchisement(missing landlord)**

Tribunal Members : **(1) Judge T Cowen, Chair
(2) Miss M Krisko FRICS**

Date of Decision : **31 January 2018**

DECISION

Decision of the Tribunal

1. The premium to be paid by the applicants for the freehold of the property known as 49 Gonville Road, Thornton Heath, Surrey CR7 6DF registered at HM Land Registry under title number SGL157209 (the "Property") is **£10,322**.

Reasons for Decision

2. This is a missing landlord application made under Sections 26 and 27 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") for a determination of the price to be paid for the freehold of the Property.

3. The Property is a Victorian two storey end of terrace house converted into two two-bedroom flats. The First Applicant is the original lessee under a 125-year lease dated 12 August 2004 of the ground floor flat at a ground rent which rises in fixed amounts at fixed intervals. Leasehold title to the ground floor flat is registered at HM Land Registry (“HMLR”) under title number SGL657108. The Second Applicant is the original lessee under a 125-year lease dated 15 July 2002 of the first floor flat at a ground rent which rises in fixed amounts at fixed intervals. Leasehold title to the first floor flat is registered at HMLR under title number SGL657108. The freehold estate has been registered in the name of the Respondent at HMLR under title number SGL157209 since 6December2000.
4. The Applicant issued a claim on 15May 2017 in the county court at Croydon under section 26 of the Act following their unsuccessful attempts to serve an Initial Notice under section 13 of the Act. It was alleged that the Respondent is untraceable. By the claim, the Applicants sought an order of the Court dispensing with the need to give the Initial Notice and for a vesting order under section 26 of the Act.
5. On 21November 2017, District Judge Parker made an order in the county court at Croydon which (amongst other things) transferred the proceedings to the First-tier Tribunal under section 176A of the Commonhold and Leasehold Reform Act 2002 to determine the terms of acquisition of the freehold and to approve the conveyance.
6. Following the transfer to this Tribunal, directions were given on 29 November 2017 providing that the application be determined without a hearing on condition that the Applicant complies with the directions and unless an oral hearing is requested. The directions have been complied with and no request for an oral hearing has been made. This is therefore the paper determination of the matter.
7. The Tribunal considered all of the papers submitted in the Applicant’s bundle and those in the Tribunal’s own file on this matter.
8. The Tribunal decided that it was not necessary to inspect the Property.

The evidence before the Tribunal

9. The Applicant has provided a valuation report dated 4 January 2018 by John Anthony Naylor, MRICS (“the Report”).
10. Having considered the contents of the Report and the opinions expressed therein, the Tribunal is satisfied that the method adopted is appropriate to determine the price payable for the freehold.

11. The Tribunal agrees with the 7% yield adopted in the Report, although it is towards the higher end of the range for this Property. The Tribunal also agrees the *Sportelli* deferment rate of 5%. The Report correctly identified the valuation date as 15 May 2017, the date of the Applicant's application to the Court. The unexpired term of the leases exceeds eighty years at the valuation date and therefore the Report has correctly identified that there is no marriage value to be calculated. The Tribunal is satisfied that the calculations made in the Report on the basis of those opinions is correct and accurate. The Tribunal is satisfied with the comparable properties and with the adjustments made to them.

12. The Tribunal differs with the report on only one matter. Paragraph 10.10 of the Report says as follows:

“The subject properties benefit from a modern fitted kitchen and at ground level some windows are sliding sash and others are PVCu double glazed casement units. At First floor level all are PVCu double glazed. The date that these improvements were undertaken is not known.”

13. In paragraphs 10.11-10.13, the Report goes on to give the opinion that the double-glazing elements (but not kitchen and bathroom improvements) warrant adjustment to the long lease values as tenants' improvements. He gave the improvement value to be deducted at a total figure of £6,000 for the whole Property.

14. We do not accept the valuer's opinion that the double glazing is an improvement. The leases were granted in 2002 and 2004 respectively. There is no reason to believe that double-glazing was not installed prior to the dates of grant of the leases. There is no evidence that it was installed after the grants of the leases. The only thing the valuer says in support of his conclusion is that “The date that these improvements were undertaken is not known”. Apart from the fact that that is not evidence that they are improvements at all, it is also baffling that the valuer did not simply ask his clients (the Applicants) both of whom were the original lessees of the current leasehold interests in the flats.

15. For those reasons, we reject the deduction of £6,000 from the extended lease values made in the Report. Our valuation of the freehold value attributable to each flat is as follows:

Ground Floor Flat

Existing interest: 125 years from 24 June 2004 (having approximately 113 years remaining) at £200 rising per annum

VALUATION OF FREEHOLD SUBJECT TO EXISTING LEASE

(a) Term

Rental Income per annum		200		
YP 20.08 years @ 7% pa		10.613942	2,122.79	
Deferred rental income pa			400	
YP 33 years @ 7% pa	12.75379			
PV £1 in 20.08 years @ 7% pa	0.25702404			
		3.2780306	1,311.21	
Deferred rental income pa			800	
YP 33 years @ 7% pa	12.75379			
PV £1 in 53.08 years @ 7% pa	0.275619			
		0.3515186	281.21	
Deferred rental income pa			1600	
YP 26 years @ 7% pa	11.8257787			
PV £1 in 86.07 years @ 7% pa	0.00295759			
		0.0349758	55.96	3,711.18
Freehold Vacant Possession Value	335,966.00			
Extended Lease Value	332,640.00			

(b) Reversion

Freehold Vacant Possession Value	335,966.00			
PV £1 in 112.07 years @ 5%	0.00422			1,418.00
Landlords retained reversion	0.0123869			17.56
Value Of Landlords Interest				5,172

First Floor Flat

Existing interest: 125 years from 25 March 2002 (having approx. 109 years remaining) at £200 rising per annum

VALUATION OF FREEHOLD SUBJECT TO EXISTING LEASE

(a) Term

Rental Income per annum		200		
YP 17.83 years @ 7% pa		10.010192	2,002.04	
Deferred rental income pa			400	
YP 33 years @ 7% pa	12.75379			
PV £1 in 17.83 years @ 7% pa	0.29928658			
		3.8170382	1,526.82	
Deferred rental income pa			600	
YP 33 years @ 7% pa	12.75379			
PV £1 in 50.83 years @ 7% pa	0.03209391			
		0.4093189	245.59	
Deferred rental income pa			800	
YP 26 years @ 7% pa	11.8257787			
PV £1 in 83.83 years @ 7% pa	0.00344158			
		0.0406994	32.56	3,807
Freehold Vacant Possession Value	288,860			
Extended Lease Value	286,000			

(b) Reversion

Freehold Vacant Possession Value	288,860			
PV £1 in 109.82 years @ 5%	0.0047097			1,360
Landlords retained reversion	0.0123869			16.85
Value Of Landlords Interest				5,150

16. Combining these two figures, the price to be paid by the applicant for the lease extension in the property is therefore the sum of **£10,322**.
17. The Tribunal has reviewed and approves the draft Tr1 supplied by the Applicants' solicitors.

Dated this 31st day of January 2018

A handwritten signature in black ink, appearing to read 'T. Cowen', with a large, sweeping flourish above the name.

JUDGE TIMOTHY COWEN