



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

Case Reference : **MAN/00EQ/OCE/2018/0016**

Property : **168 Caldy Road, Handforth
Wilmslow SK9 3BS**

Applicants : **Mr M and Mrs S Jolleys**

Respondent : **Gray's Inn Investments Limited**

Representative : **Messrs Stevensons Solicitors**

Type of Application : **Determination of premium and terms
of acquisition: Section 48 Leasehold
Reform, Housing & Urban Development
Act 1993**

Tribunal Members : **Mrs A J Rawlence MRICS
Mrs S D Latham MRICS**

Date of Decision : **3 May 2019**

Date of Determination : **24 May 2019**

DECISION

Order

1. The Tribunal determines that the premium to be paid for a 90 year lease extension for the property known as 168 Caldý Road, Handforth, Wilmslow SK9 3BS (“the Property”) under the terms of the Leasehold Reform, Housing and Urban Development Act 1993 is **£25,700**.

Reasons for Decision

Introduction

2. By Application received by the Tribunal on 18 December 2019, the Applicants applied to the First-tier Tribunal, Property Chamber for the determination, under section 48 (1) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”), of the premium to be paid for lease extension in respect of the Property.
3. Directions were issued on 4 February 2019 and, in compliance with those Directions, both parties made submissions.
4. It was agreed by both parties that the matter could be dealt with by paper determination with an external inspection.

Matters agreed between the parties:

5. The following items were agreed between the parties:
 - a) Valuation Date: 18 June 2018
 - b) Start date of lease 29 September 1963
 - c) Ground Rent: £15.00 per annum
 - d) Capitalisation rate: 6%
 - e) Deferment rate: 5%

Matters in dispute between the parties

6. The Tribunal was advised that the following matters were still in dispute:
 - a) Freehold VP Value:
Applicant: £100,000 Respondent: £126,263
 - b) Existing Lease with 1993 Act Rights:
Applicant: £70,000 Respondent: £87,500
 - c) Relativity
Applicant 70%% Respondent: 69.3%

The Law

7. The relevant law is set out in Chapter II sections 39 to 62 and Schedule 13 to the Leasehold Reform, Housing and Urban Development Act 1993 (“the 1993 Act”).
8. Chapter II of the 1993 Act relates to the individual right of a tenant of a flat to acquire a new lease of that flat. The law is contained in Sections 39 to 61B of the 1993 Act and Part 2 of Schedule 13 deals with the premium payable in respect of the grant of a new lease.
9. Section 42 sets out what must be contained in the tenant’s notice. Section 45 sets out what must be contained in any counter-notice given in response by the Landlord.
10. Section 48 deals with applications where the terms of the new lease are in dispute or where there is a failure to enter into a new lease.
11. Section 56 deals with the obligation to grant a new lease and section 57 sets out the terms on which a new lease is to be granted.

Inspection

12. The Tribunal carried out an external inspection of the Property on 3 May 2019. The property is a ground floor two bedroomed flat and is the end terrace of a block. It is of brick and tile construction. It has a garden to the rear and on-site car parking has been formed to the side.

The Applicant’s submissions

13. The Applicants provided a valuation dated 11 January 2018. This showed a calculation of the freeholder’s interest at £20,828.
14. The Applicants had purchased the lease in December 2018, after protracted negotiations and the notice to extend the lease had been duly assigned.

The Respondent’s submissions

15. The Respondent’s surveyor indicated that no notice of assignment of the lease to the Applicants had been received by the Freeholder, which was a requirement of the lease.
16. The valuation provided by the Applicants was before the valuation date of 18 June 2018.

17. The property must be valued as if it was vacant freehold. Therefore, the direct comparable of a two bedroom flat on 8 June 2018 needed to be adjusted by the addition of 1%, the accepted norm being the long leasehold value is 99% of the freehold with vacant possession value.
18. Additional comparable evidence was provided for flats with a very short distance of the Property.
19. The Munday case directed that valuations should consider real transaction to guide short lease value and, in the absence of such sales, consider the guidance of relativity graphs. The Applicants' surveyor had used 69.3% and the Respondent's surveyor had used 70%.
20. The Respondent's surveyor valued the premium at £26,053 .

The Tribunal's Deliberations

21. The Tribunal considered all of the evidence submitted by the parties as summarised above.

Length of the Lease

22. The Tribunal determines the unexpired term of the lease at the valuation date to be 44.28 years.

The Extended Lease Value

23. The figure of £125,000 was based on very good comparable evidence and the Respondent's valuer had proposed an uplift of 1% as a long lease could be regarded as 99% of virtual freehold. The Tribunal accept the figure of £126,263 as the freehold value of the property

Existing Lease Value with 1993 Act Rights

24. Both sides had used relativity figures either close to or 70%. The Tribunal determines 70% relativity with an existing lease value of £88,385.

The Tribunal's Valuation

25. Applying those determinations to the matters agreed by the parties, the Tribunal determines that the premium to be paid for a 90-year lease extension for the Property is £25,700.00. The Tribunal's valuation is detailed in Appendix 1.

Appeal Provisions

26. If either party is dissatisfied with this decision, they may apply to this Tribunal for permission to appeal to the Upper Tribunal (Lands Chamber). Any such application must be received within 28 days after these written reasons have been sent to the parties (rule 52 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013).

Anthea J Rawlence
Judge

Appendix 1

Valuation of 168 Caldby Road, Handforth					
<u>Term</u>					
Initial ground rent		15			
YP 44.28 years 6%		15.404	231.06		
<u>Reversion</u>					
Extended lease value	126,253				
PV £1 in 44.28 years 5%	0.1153	14,558			
LESS					
PV£1 in 133.28years @5%	0.0014	180.28			
			14,377.72		14,608.78
<u>Marriage Value</u>					
Proposed leaseholder interest	125,000				
value of freehold new interest	180.28	125,180.3		125,180.3	
less					
existing freeholder's interest		14,608.78			
existing leaseholder interest		88,385		102,993.8	
				22,186.52	
landlord share 50%				11,093.26	11093.26
Freehold interest					25,702.04