



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

Case Reference : LON/00AG/OCE/2020/0038

HMCTS code : P: PAPER REMOTE

Property : 15 Cranfield Gardens, London, NW6 3JP

Applicant : Glemham Limited

Representative : Barnett Alexander Conway Ingram LLP

Respondent : Claudia Eizips (missing landlord)

Representative : None

Type of Application : Enfranchisement

Tribunal Members: Judge Robert Latham
Aileen Hamilton-Farey FRICS

Date and venue of Hearing : Paper determination on 3 September 2020
10 Alfred Place, London WC1E 7LR

Date of Decision : 3 September 2020

DECISION

Covid-19 pandemic: description of hearing

This has been a remote hearing on the papers which has not been objected to by the parties. The form of remote hearing was P: PAPERREMOTE. A face-to-face hearing was not held because the tribunal determined that this application could be fairly determined on the papers. The applicant has provided a bundle of documents and an expert report from Mr Andrew Cohen, MRICS.

Decision

(1) The Tribunal determines that price to be paid into court in respect of purchase of the freehold of 15 Cranfield Gardens, London, NW6 3JP is £172,857.

(2) The Tribunal approves the draft proposed transfer in form TR1 which has been submitted by the Applicant.

Background

1. On 14 February 2020, His Honour Judge Parfitt, sitting in the County Court at Central London, made an order pursuant to Section 26 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") vesting the freehold title in 15 Cranfield Gardens, London, NW6 3JP (the "Property") in the Applicant.
2. The Judge ordered that the matter be transferred to this Tribunal to determine the terms upon which the applicant shall be entitled to acquire the Property.

Evidence

3. We have been provided with a valuation report by Mr Andrew Cohen, MRICS dated 1 September 2020. He computes the premium to be £170,492. This is a thorough report.

Lease details

4. The Respondent missing landlord is the lessor of the Property which comprises a substantial four-storey Victorian end-of-terrace house which has been converted into four flats of a similar kind. The property is in the London Borough of Camden. The Property sits on the southern side of Canfield Gardens which is a highly regarded residential road running from Finchley Road in the east to Priory Road to the west. Each flat is accessed by a communal front door, lobby and stairs, except for the Basement Flat which has its own entrance at ground floor level. There is no garage or off-street parking. Camden operates a residents parking scheme, but demand for spaces is competitive.
5. The particulars of the four flats are:
 - (i) Basement Flat: This is occupied under a lease for a term of 999, with some 997 years unexpired. In view of the length of the unexpired term, it is not necessary to consider the particulars of this flat further. The demise includes the rear garden.
 - (ii) Raised Ground Floor Flat: This has a hallway, two bedrooms, a lounge open plan to kitchen, and a bathroom/wc. The gross internal floor area is 53 square metres. The lease is for a term of 99 years from 25 September 1987, the unexpired term being 66.92 years.

(iii) First Floor Flat: This has a hallway, two bedrooms, a lounge open plan to kitchen, and a bathroom/wc. The gross internal floor area is 52 square metres. The unexpired term is 66.92 years.

(iv) Second Floor Flat: This has a landing, two bedrooms, lounge with kitchen off and a bathroom/wc. The gross internal floor area is 59 square metres. The unexpired term is 66.92 years.

Valuation date

6. The valuation date is 23 October 2019, namely the date of the application to the Court (s.27 (1) (b)).

Capitalisation of Ground Rent

7. Mr Cohen has adopted a capitalisation rate of the ground rent of 6%. He has started with a benchmark rate of 7% and specifies the factors which he has taken into account in adjusting this to 6%. We endorse his approach.
8. However, Mr Cohen has made an arithmetical error in capitalising the rent for the final 33 years of the term. We compute that this should be £4,731, rather than £2,366. This error impacts upon both the Value of the Freeholder's existing Interest (£80,439 rather than £75,708) and the Marriage Value (£184,837, rather than £189,568). We therefore attach a revised valuation to this decision.

Hypothetical Unimproved Freehold Value of the Flats

9. In computing this, Mr Cohen has had regard to six comparables: (i) Flat 2, 112 Greencroft Gardens, NW6 3JQ; (ii) Flat 4, 86 Greencroft Gardens, NW6 3JQ; (iii) Flat 10, 15 Cleve Road, NW6 3RL; (iv) Flat 3, 49 Compayne Gardens, NW6 3DB; (v) Second Floor Flat, 67 Canfield Gardens, NW6 3EA and (vi) Flat 2, 55 Greencroft Gardens, NW6 3LL. He has made adjustments for time and other factors. He has then computed a price per square foot for each property: (i) Flat 2, 112 Greencroft Gardens: £884 psf; (ii) Flat 4, 86 Greencroft Gardens: £884 psf; (iii) Flat 10, 15 Cleve Road: 864psf; (iv) Flat 3, 49 Compayne Gardens: £920 psf; (v) Second Floor Flat, 67 Canfield Gardens: £867 psf; and (vi) Flat 2, 55 Greencroft Gardens: £855 psf. He has taken an average of £880 psf.
10. Applying this figure, he has computed the value of each flat on a share of freehold basis under the Act is as follows:
 - (i) Basement Flat: not applicable;
 - (ii) Raised Ground Floor Flat: £500,000;
 - (iii) First Floor Flat: £495,000; and
 - (iv) Second Floor Flat: £550,000.
11. We approve these valuations.

Deferment Rate

12. We approve the “Sportelli” rate of 5% for deferment which Mr Cohen has adopted.

Relativity Rate in respect of Flats 1, 2 and 3

13. The starting point in computing relativity is evidence of local transactions (see *Sloane Stanley Estate v Mundy* [2016] UKUT 223 (LC); [2016] L&TR 32). Mr Cohen has been unable to identify any such evidence.
14. Mr Cohen has therefore adopted a freehold relativity in line with the Savills Unenfranchiseable graph of 2015 and the Gerald Eve graph of 2016, copies of which are both attached to his report. The following is shown for a lease of 66.92 years: (i) Savills Unenfranchiseable: 82.67%; and (ii) Gerald Eve 2016: 82.83%. He has therefore adopted a freehold relativity of 82.83% which is the average of the two. We endorse this approach.

Development Value

15. Mr Cohen does not believe that there is any development value. We agree.

Calculation of the Premium

16. The Tribunal has had to recalculate the premium in view of Mr Cohen’s error in computing the capitalisation of the ground rent. Our valuation is annexed to this decision. We compute the premium to be £172,857.

Judge Robert Latham
3 September 2020



Valuation
(Decision).pdf

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).