



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

Case reference : **LON/00AH/OCE/2020/0075**

HMCTS code (paper, video, audio) : **P: PAPERREMOTE**

Property : **188 Dunstons Road SE22 0ES**

Applicant : **Mr Darragh Logan (1)
Ms Kate Fox (2)**

Representative : **Hepburns (Solicitors)**

Respondent : **Mr MRL Swaby**

Representative : **Missing Landlord**

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

Tribunal members : **Mr A Harris LLM FRICS FCI Arb**

Date of determination and venue : **3 June 2021 at
10 Alfred Place, London WC1E 7LR**

Date of decision : **3 June 2021**

DECISION

Covid-19 pandemic: description of hearing

This has been a remote hearing on the papers which has been consented to/ by the parties. The form of remote hearing was P:PAPERREMOTE. A face-to-face hearing was not held because it was not practicable and all issues could be determined on paper. The documents that the tribunal were referred to are in a bundles of 104 pages, the contents of which the tribunal have noted. The order made is described at the end of these reasons.

Summary of the tribunal's decision

- (1) The appropriate premium payable for the collective enfranchisement is **£20,040**.

Background

1. This is an application made by the qualifying tenants pursuant to section 26 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 188 Dunstons Road SE22 oES (the “property”) where the Landlord is missing.
2. By an application to the County Court at Central London made on 17 April 2020 served pursuant to section 26(1) of the Act, the applicant exercised the right for the acquisition of the freehold of the subject property and proposed to pay a premium to be determined by the appropriate tribunal.
3. The order dispensed with the requirement for service on the respondent as the court was satisfied the respondent could not be found.
4. On 6 May 2020, the applicant applied to the tribunal for a determination of the premium.

The issues

5. In the absence of the Respondent no matters were agreed. A bundle from the consisting of 104 pages was submitted to the tribunal including an expert valuation report prepared by Mr Philip Gosden MRICS of Hindwoods chartered surveyors. The initial valuation was dated September 2019 and a revised valuation dated 16 April 2020 was also submitted.

From the documents submitted the tribunal finds the following matters

- (a) The subject property is a two-storey mid-terrace house dating from the early 20th-century which has been converted into 2 flats.

- (b) The valuation date is the date of the application to the court i.e. 17 April 2020;
- (c) Details of the tenants' leasehold interests:
 - (i) The ground floor flat 188A Dunstan's Road is let on lease for a term of 99 years from 29 September 2005 at an initial ground rent of £100 per annum doubling every 33 years.
 - (ii) The 1st floor flat, 188B Dunstan's Road is let for a term of 99 years from 26 July 2005 at an initial ground rent of £100 per annum doubling every 33 years.
- (d) The tribunal finds that the capitalisation rate for the ground rents is 6.5%; and the Deferment rate: 5%.
- (e) The leases have more than 80 years to run so no marriage value is payable.

The hearing

- 6. The hearing in this matter took place on 3 June 2021 on the papers.
- 7. The tribunal was not asked to inspect the property and the tribunal did not consider it necessary to carry out a physical inspection to make its determination.

Extended lease and freehold values

- 8. The Applicants valuer presented evidence of sales of similar one-bedroom flats in the locality and values ranging from £410,000-£555,000. Details were presented of a number of the comparables. Mr Gosden considers that the ground floor flat would be more valuable having the benefit of the garden. Additionally, he reflected the original layouts of the flats and discounted the double glazing installed by the leaseholder in the 1st floor flat. He concludes that the extended lease values of the 1st floor flat is £465,000 and the ground floor flat is £495,000. The freehold value in each case is 1% higher.

The tribunal's determination

- 9. The tribunal has considered the evidence presented and considers that the values used by Mr Gosden are supported by the evidence on which they are based. The tribunal therefore accepts the valuations.

Capitalisation and deferment rates

- 10. Mr Gosden has used a capitalisation rate of 6.5% as he considers that the ground rents of £100 per annum doubling every 33 years are relatively standard and there is no reason to depart from a normal rate.

11. In respect of the deferment rate again he sees no reason to depart from the Sportelli rate of 5%.

The tribunal's determination

12. The tribunal has considered the arguments presented and sees no reason to disagree with the evidence presented. A capitalisation rate of 6.5% will be used and the deferment rate of 5%.

Development potential

13. Mr Gosden considers that there is some development potential attributable to the first-floor flat where he considers there is potential to extend the flat into the roof space. He considers that an ensuite bedroom in the loft space might add £80,000 to the value of the flat but at a cost of £60,000. This creates an additional value to the flat of £20,000 and he considers that the freeholder would be able to demand 50% of that value. Given the uncertainty of when or if this might occur he values this at 5% giving further £500 additional value to the freeholder.
14. The tribunal has considered this argument but is not persuaded by it. The tribunal notes from the lease that the roof space is not demised to the leaseholder. Such a scheme would require revision of the lease terms in addition to the building costs. The tribunal is not therefore persuaded that the case for an addition for development potential is made out.

The premium

15. The tribunal determines the appropriate premium to be

Ground Floor 188A £10,229

First Floor 188B £9,810

Total Premium £20,040

16. A copy of its valuation calculation is annexed to this decision.

Name: A Harris LLM FRICS
FCIArb

Date: 3 June 2020

Appendix: Valuation setting out the tribunal's calculations

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).

Address	188A Dunstons Road				
Case Reference	LON/00AH/OCE/2020/0075				
Basic Information					
Valuation Date	16 April 2020				
Existing lease Expiry Date	28 September 2104				
Years unexpired	84.45				
Existing Ground Rent	£100				
Basis of review					
Date of 1st review	29 September 2038				
Years to 1st review	18.45				
Length of period	33				
Rent at 1st review	£200				
Date of 2nd review	29 September 2071				
Years to 2nd review	51.45				
Length of period	33				
Rent at 2nd review	£400				
Date of 3rd review					
Years to 3rd review	-120.29				
Length of period					
Rent at 3rd review					
Freehold value	£499,950				
Extended lease value	£495,000				
Capitalisation Rate	6.50%				
Deferment Rate	5.00%				
Term Value					
Term 1					
Ground rent					£ 100.00
YP	18.45	Years @	6.50%	10.5718	
PV of £1	0	Years @	6.50%	<u>1.00</u>	
					£ 1,057
1st review					
Ground rent					£ 200.00
YP	33.00	Years @	6.50%	13.4591	
PV of £1	18.45	Years @	6.50%	<u>0.31</u>	
					£ 842
2nd review					
Ground rent					£ 400.00
YP	33.00	Years @	6.50%	13.4591	
PV of £1	51.45	Years @	6.50%	<u>0.04</u>	
					£ 211
Term Value					£ 2,110
Reversion value					
Reversion to freehold value					£499,950
Pv of £1	84.45	Years @	5.00%	<u>0.01624</u>	
Reversion value					£ 8,119
Total Premium payable					£ 10,229

Address	188B Dunstons Road SE22			
Case Reference	LON/00AH/OCE/2020/0075			
Basic Information				
Valuation Date	16 April 2020			
Existing lease Expiry Date	25 July 2104			
Years unexpired	84.27			
Existing Ground Rent	£100			
Basis of review				
Date of 1st review	24 July 2038			
Years to 1st review	18.27			
Length of period	33			
Rent at 1st review	£200			
Date of 2nd review	24 July 2071			
Years to 2nd review	51.27			
Length of period	33			
Rent at 2nd review	£400			
Freehold value	£469,650			
Extended lease value	£465,000			
Capitalisation Rate	6.50%			
Deferment Rate	5.00%			
Term Value				
Term 1				
Ground rent				£ 100.00
YP	18.27	Years @	6.50%	10.5159
PV of £1	0	Years @	6.50%	<u>1.00</u>
				£ 1,052
1st review				
Ground rent				£ 200.00
YP	33.00	Years @	6.50%	13.4591
PV of £1	18.27	Years @	6.50%	<u>0.32</u>
				£ 852
2nd review				
Ground rent				£ 400.00
YP	33.00	Years @	6.50%	13.4591
PV of £1	51.27	Years @	6.50%	<u>0.04</u>
				£ 213
Term Value				£ 2,117
Reversion value				
Reversion to freehold value				£469,650
Pv of £1	84.27	Years @	5.00%	<u>0.01638</u>
Reversion value				£ 7,694
Development value				
Development value				£ -
Total Premium payable				
				£ 9,810
Premium Payable for A and B				
				£ 20,040