



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

Case Reference : **LON/00AH/OCE/2022/0023**

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

Property : **5 Kidderminster Road , Croydon, CR0 2UF**

Applicant : **Shamini Ltd**

Representative : **In Person**

Respondents : **Delroy Allen Wilson**

Representative : **Missing Landlord**

Type of Application : **Sections 26 and 27 of the Leasehold Reform, Housing and Urban Development Act 1993**

Tribunal Member : **Mr R Waterhouse BSc (Hons) LLM
Property Law MA FRICS**

**Date of determination
and venue: 6th
April 2022**
**Date of Decision: 6th
April 2022**

DECISION

This has been a remote paper determination, which has been consented to by the parties. A face-to-face hearing was not held because it was not practicable and no one requested same.

The documents the Tribunal were referred to were in a bundle of some 174 pages.

Summary of the tribunal's decision

- (1) The appropriate premium payable for the collective enfranchisement is £55,200. (Fifty-five thousand and two hundred pounds)**

Background

1. This is an application made by the applicant qualifying tenants pursuant to section 26 and 27 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 5 Kidderminster Road, Croydon, Surrey, CR0 2UF (the "property") where the Landlord cannot be found.

The issues

2. In the absence of the Landlord there are no matters agreed. The applicants have submitted a valuation report prepared by Andrew Pridell Associates

(a) The subject property is a semidetached Victorian building over two floors, subsequently converted into two self-contained flats. Construction is traditional brick elevation and butterfly roof. The accommodation comprises ground floor entrance hall, servicing both flats. For Flat 1, 67.1 m², there is an entrance hall, lounge, two double bedrooms, a kitchen, bathroom with WC. Outside a section of rear garden and communal parking area. For flat 2, 71.24 m², again two double bedrooms, lounge, kitchen and bathroom with WC. Outside a section of rear garden and communal parking.

(b) The valuation date is 31st January 2022.

(c) Details of the tenants' leasehold interests:

Flat 1 and Flat 2 comprise separate leases with identical terms. These are, 99 years from 29th September 1988, ground rent from 1988 to 2021 £75 pa, from 2021-2054 £150 pa, from 2054-2087 £250 pa.

The tribunal regards these matters as uncontroversial and they are supported by documents in the bundle. The tribunal will consider the evidence on the following matters:

(d) Capitalisation of ground rent:

(e) Deferment rate:

(f) Freehold value

(g) Development hope value. Nil

(h) The premium payable.

The hearing

5. The case was dealt with on the papers on 6th April 2022 with the necessary documents provided in a bundle by the Applicant's representative.

6. 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.

7. The applicant relied upon the expert report and valuation of Paul Martin of Andrew Pridell Associates dated 9th March 2022.

Capitalisation rate

8. Paul Martin considers that capitalisation rates 6.5% are normal. The rent is modest and reviews are at 33 years apart.

The tribunal's determination

9. The tribunal determines that the rate to be used is 6.5%.

Reasons for the tribunal's determination

10. The tribunal notes that a rate of 6.5% has been used in Paul Martin's experience and in the absence of any specific evidence to show that this should be varied in this case the tribunal will adopt this rate.

Deferment rate

11. Paul Martin applies the Sportelli rate of 5%

The tribunal's determination

12. The tribunal determines that 5% is appropriate as the deferment rate.

Reasons for the tribunal's determination

13. The tribunal sees no reason to depart from the Sportelli rate.

Freehold value

14. Paul Martin values the freehold interest in the ground floor flat, flat no 1 as £277,750, the first-floor flat no 2 at £267,500.

The tribunal's determination

15. The tribunal determines that the reversionary value of the freehold interest in the ground floor flat no 1 as £277,750, and for the first-floor flat no 2 as £277,750.

Reasons for the tribunal's determination

16. The comparable evidence represented in the report supports these figures.

Development hope value

17. The tribunal determines that there is no development hope value to be included in the calculation.

Reasons for the tribunal's decision

18. The property is fully utilised by the subject flat and there is no development potential.

Appurtenant land

19. A nominal figure of £50.00 was added for appurtenant land.

Reasons for the tribunal's decision

21. The nominal figure is accepted by the tribunal.

The premium

20. The tribunal determines the appropriate premium to be £55,200.00

21. A copy of the valuation is annexed to this decision.

Richard Waterhouse

Name: **Mr R Waterhouse** **6th April** **2022**
 Valuer Chair

ANNEX – RIGHTS OF APPEAL

- 1. 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 at the Regional Office which has been dealing with the case.**
- 2. 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.**
- 3. If the application is not made within the 28-day time limit, such application must include a request to 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.**
- 4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (ie 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**

FLAT 1, 5 KIDDERMINSTER ROAD (GROUND FLOOR)

A	Diminution in value of Freeholder's interest			
1	Current Interest			
i	Capitalisation of ground rental income			
	Ground rent	2022 - 2054	£ 150.00	
	YP 32.65 yrs @ 6.5%		13.4162	£ 2,012
	Ground rent	2054 - 2087	£ 250.00	
	YP 33 yrs @ 6.5%		13.4591	
	PV of £1 in 32.65 yrs @ 6.5%		0.127948	1.7221
				£ 431
				£ 2,443
ii	Value of reversion			
	Reversion to capital value of	£ 275,000	plus 1%	£ 277,750
	PV of £1 in 65.65 yrs @ 5%			0.040637
	Total value of current interest			£ 13,730
2	Future Interest			
i	Capitalisation of ground rental income			
	Ground rent	2022 - 2177	peppercorn	£ -
ii	Value of reversion			
	Reversion to capital value of	£	277,750	
	PV of £1 in 155.65 yrs @ 5%		0.0005034	£ 140
	Total value of future interest			£ 140
	Diminution in value of Freeholder's interest			£ 13,590
B	Marriage Value			
	Value of future interests			
i	Freeholder		£	140
ii	Lessee		£	275,000
	less			£ 275,140
	Value of current interests			
i	Freeholder		£	13,730
ii	Lessee		£	235,922
	Total Marriage Value		£	25,488
	Freeholder's share @ 50%			£ 12,744
				£ 26,334
C	Compensation			
	We are unable to see that the freeholder will sustain loss		therefore	£ -
	TOTAL PREMIUM			£ 26,334
	OR SAY			£ 26,325

FLAT 2, 5 KIDDERMINSTER ROAD (FIRST FLOOR)

A Diminution in value of Freeholder's interest				
1 Current Interest				
i Capitalisation of ground rental income				
Ground rent	2022 - 2054		£ 150.00	
YP 32.65 yrs @ 6.5%			13.4162	£ 2,012
Ground rent	2054 - 2087		£ 250.00	
YP 33 yrs @ 6.5%		13.4591		
PV of £1 in 32.65 yrs @ 6.5%		0.127948	1.7221	£ 431
				£ 2,443
ii Value of reversion				
Reversion to capital value of	£ 265,000	plus 1%	£ 267,650	
PV of £1 in 65.65 yrs @ 5%			0.040637	£ 10,876
Total value of current interest				£ 13,319
2 Future Interest				
i Capitalisation of ground rental income				
Ground rent	2022 - 2177	peppercorn	£ -	
ii Value of reversion				
Reversion to capital value of		£ 267,650		
PV of £1 in 155.65 yrs @ 5%		0.0005034	£ 135	
Total value of future interest				£ 135
Diminution in value of Freeholder's interest				£ 13,185
B Marriage Value				
Value of future interests				
i Freeholder		£ 135		
ii Lessee		£ 265,000		
less			£ 265,135	
Value of current interests				
i Freeholder		£ 13,319		
ii Lessee		£ 220,421	£ 233,740	
Total Marriage Value			£ 31,394	
Freeholder's share @ 50%				£ 15,697
				£ 28,882
C Compensation				
We are unable to see that the freeholder will sustain loss			therefore	£ -
TOTAL PREMIUM				£ 28,882
OR SAY				£ 28,875

5 KIDDERMISTER ROAD, CROYDON

SUMMARY - COLLECTIVE ENFRANCHISEMENT VALUATION

We are of the opinion that the value of the freehold interest is as follows:

Flat 1	£ 26,325
Flat 2	£ 28,875
Compensation	£ nil
TOTAL	£ 55,200

We assess the elements of freehold interest as follows:

Building at £55,150 and the appurtenant land at £50