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REF: LON/LVT/1151/99

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON
RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicants: Ann Wright and Diana Lesley Davis

Respondent: Jasma Begum Choudwray

Re: 75, Cole Park Road, Twickenham, Middlesex TW1 1HT

Date of lessee's notice: 22nd April 1999

Application to the Tribunal dated: 5th August 1999

Heard: 21st March 2000

Appearances:

Mr B Adamson of Counsel instructed by Messrs. Taylor Walton, Solicitors
who produced a report of Ms Jean Howe BSc FRICS Dip Arb of Kirkby & Diamond

for the Applicants

Mr Michael R Lee BSc (Hons) ARICS of Shaw & Company, instructed by Messrs.
Magwells, Solicitors for the Respondent
The Respondent and her father, Mr Shofique, attended the hearing.

Members of the Leasehold Valuation Tribunal

Miss A Seifert FCI Arb
Mrs S Redmond BSc(Econ) ARICS
Mr David Wills ACIB

Date of Tribunal's decision: **12 JUN 2000**

75 Cole Park Road, Twickenham, Middlesex TW1 1HT

PRELIMINARY

1. This was an application by Ann Wright and Diana Lesley Davis, under section 21 of the Leasehold Reform Act 1967 ("the Act"). A notice of tenant's claim to acquire the freehold interest in 75, Cole Park Road, Twickenham ("the property") dated 22nd April 1999 was served. The Respondent, Jasma Begum Choudwray, served a counter-notice under cover of a letter from her Solicitors dated 22nd July 1999. On 5th August 1999 the Applicants applied for a determination of the price payable on the acquisition of the freehold interest in the 75 Cole Park Road, Twickenham ("the property").
2. Agreed points:
 - 1] The freehold interest in the property is subject to a Lease dated 31st July 1907 for the term of 99 years from 25th March 1906. At the date of the Applicants' Notice, 22nd April 1999, the unexpired term was five years and eleven months. The ground rent payable throughout the term was stated in the Lease to be £9. 15s.0d (£9.75p) per annum, however at the hearing it was agreed between the parties that this had been varied to £7.00 on 4th December 1933.
 - 2] The valuation date was agreed to be 22nd April 1999.
 - 3] The capitalisation rate was agreed to be 6%.
 - 4] The site value % was agreed to be 40%.

REPRESENTATIONS

3. At the hearing the Applicants were represented by Mr B Adamson of Counsel, instructed by Messrs. Taylor Walton, Solicitors. The Applicants produced a report dated 14th March 2000 of Ms Jean Howe BSc FRICS Dip Arb of Kirkby & Diamond. Ms Howe did not attend the hearing. Mr Michael R Lee BSc (Hons) ARICS of Shaw & Company, instructed by Messrs. Magwells, Solicitors, represented Jasma Begum Choudwray, who attended the hearing with her father Mr Shofique. Mr Lee produced a valuation report dated 16th March 2000, which he amplified by oral evidence.
4. Mr Lee described the property as a detached house located on the west side of Cole Park Road on its junction with Chertsey Road (A316), in the London Borough of Richmond-Upon-Thames. Cole Park Road was a residential road that was physically divided in two by the A316. The subject southern section, which lay on the Twickenham side of the A316, connected the Chertsey Road with London Road to the south of the property, to the east of its junction with Whitton Road. This area formed part of north Twickenham, known locally as Cole Park. Mr Lee stated that the southern section of Cole Park Road comprised an Edwardian estate constructed as part of the "Cole Estate", which was characterised by substantial family houses. The northern section was a later 1930's development with 1960's infill sections, which in conjunction

with its proximity to Isleworth formed a lower quality location. He said that the proximity of Cole Park and the type of houses located thereon, made it a highly sought after residential location in an established high class residential area. He said that A316 Chertsey Road was a main arterial route out of London, connecting Richmond via Twickenham Bridge with the A316 and which led into the M3 Motorway. Local amenities and facilities were nearby. The subject property, when originally constructed, was located on the corner of Cole Park Road and Ivy Road, which over the years changed considerably with the construction of the A316 Chertsey Road. Whilst the front elevation of the property faced Cole Park Road, the right hand and rear boundaries adjoined this busy main road. Ms Howe stated that the location of the property, immediately adjacent to a major roundabout, meant that it suffered from continuous traffic noise for 24 hours a day. This was most audible from within the garden. The location was popular with a high demand for residential properties.

5. In their reports Ms Howe and Mr Lee described and gave details of the existing accommodation which was converted into two flats, 75 (ground floor) and 75a (first floor).
6. Ms Howe mentioned that she had noted high moisture readings to the chimney breast of bedroom 1 of the ground floor flat, but that the interior of the ground floor flat was otherwise in good order. She stated that the fittings to the interior of 75a were dated. She also stated that the car port had a leaking roof, some tiles were missing to the roof which needed an overhaul, that the render was cracked and the chimneys need re-pointing.
7. Ms Howe gave brief details of comparables:
 - 1] A 1950's built detached small two storey house at the southern end of Cole Park Road, i.e. much closer to the railway station, sold by P Higgins and Co in August 1998 for £375,000.
 - 2] No. 127 London Road, a mid terraced two storey house, on a very busy road with no off street parking, which was on the market in August 1998 at an asking price of £299,500.
 - 3] No. 418 Chertsey Road, a bright green painted house on the opposite side of the London Road roundabout, of a similar age to the subject property that was on the market at an asking price of £350,000 and eventually was withdrawn from the market.
 - 4] No. 57 Cole Park Road, sold by Churchills, estate agents, for £665,000 which sale was completed on 28th September 1999. This property had gone under offer in June 1999 at £650,000 the then asking price.

In Ms Howe's opinion 57 Cole Park Road was the closest comparable. She stated that this property is of similar size to the subject property, if the subject property was all one residence. She stated that it comprised a well presented 5 bedroom, 2 bathroom, 4 reception room property with off street parking for 3

cars, integral garage, but in a much quieter location than No. 75 Cole Park Road.

8. Ms Cole referred to her valuation of the property as at 2nd September 1998. A copy of that valuation was not produced to the Tribunal. Ms Howe stated that in her view house prices in Twickenham rose by 20% to 30% during the course of one year. In her valuation she used an increase of 20% over the full year as the value of the property was depreciated due to its location next to the roundabout. Taken pro rata across the period 2nd September 1998 to 22nd April 1999, this would have resulted in an increase in value to £350,000 for the property.
9. In respect of the comparable No. 57 Cole Park Road, having completed the sale at 28th September 1999 at £665,000, Ms Howe considered that as at 22nd April 1999 a sale price of £611,000 would have been achieved, assuming the 20% increase in values between September 1998 and September 1999. No. 57 Cole Park Road was in significantly better order than the property and laid out as one single freehold dwelling rather than split into two flats. In her view, because of the difference in location, if the property had been refurbished to and laid out to a similar standard and quality to No. 57 Cole Park Road, it would have achieved a value as at 22nd April 1999 of £550,000. She set out a list of works that would have been needed to achieve that value. This produced a round figure in terms of costs of £200,000, which she deducted from £550,000, giving a net value as at 22nd April 1999 of £350,000. Ms Howe submitted a valuation under the Standing House approach showing the price to be paid for the freehold under the Act as £98,748. Her valuation is annexed at "A".
10. Mr Lee stated that the valuation was under the provisions of section 9(1) of the Act. The enfranchisement price is the amount which the house and premises, if sold in the open market by a willing seller, might be expected to realise on the assumption that the vendor's interest is subject to the tenancy which is extended for fifty years in accordance with the Act, disregarding the right to enfranchise. He stated that it is assumed that the house and premises be valued in good condition and fully developing the potential of the site. He referred to the decision in Cadogan Estates Limited v Hows (1989) EG 216.
11. He stated that the premium payable for an enfranchisement comprised three elements:
 - (i) The right to receive the ground rent for the duration of the original lease.
 - (ii) The right to receive a modern ground rent for fifty years from expiration.
 - (iii) The rights thereafter to the reversion to open market value with vacant possession.
12. Mr Lee had considered open market evidence and valuations of comparable properties that he had carried out. He exhibited a summary of comparable evidence, a location map and copies of sales particulars. To arrive at a value of the standing house at the valuation date, Mr Lee had allowed for an increase in

capital values of 20% over the previous twelve months and had discounted the sales prices by that percentage divided by the months between the valuation date and the date of sale. In his opinion the open market value of the freehold interest with vacant possession in good condition and developed to its full potential at the valuation date was £550,000. He said that he and Ms Howe had a common comparable in 57 Cole Park Road and that that comparable had formed the basis their valuations. Mr Lee's summary of comparable evidence is annexed at "D".

13. In valuing the unexpired term, which at the valuation date was five years and eleven months, he had capitalised the reduced ground rent of £7.00 at 6% being a yield reflecting the short term of the lease and the property's location. This produced a term value of £34.
14. In arriving at the modern ground rent, he had attributed a site value of 40% amounting to £220,000 with the modern ground rent being based on 6% of the site value, amounting to £13,200. This had been capitalised over fifty years at 6%, deferred five years and eleven months also at 6%, valuing the right to receive modern ground rent at £147,357. In accordance with section 16 of the Act, any further rights of the tenant after the expiry of the extended lease are excluded and he had valued a further reversion in fifty-five years and eleven months to vacant possession value, which at 6% amounted to £21,147.
15. Mr Lee submitted that the enfranchisement price should be £168,538 as set out in his valuation annexed at "B".
16. Mr Adamson said that the main area of dispute was the value of the unencumbered freehold interest in the property. Ms Howe and Mr Lee had both valued the property at £550,000 if developed to its full potential. Ms Howe had deducted the estimated cost of works to reach a value of £350,000. Mr Adamson said that the proper basis of the valuation was the value of the property when fully developed. However, he submitted that it might be unrealistic to take £550,000 as the valuation as the £200,000 cost of conversion might not be considered prudent and might not be spent. Mr Lee said that there was no justification for a deduction for the cost of repairs or refurbishment as this was excluded in valuations under section 9(1) of the Act.
17. Mr Adamson said that Ms Howe had not applied the principle in Haresign v St. John the Baptist's College, Oxford (1980) 255 EG 711. He referred to paragraph 9-12 of Hague on Leasehold Enfranchisement (third edition). He said that Ms Howe had valued the reversion by reference modern ground rent in perpetuity and that Ms Howe's approach was the usual course. There was no evidence that the house would remain standing and be of value at the end of the 50 year extension and the Haresign addition should not be applied. Mr Lee referred to pages 97 and 98 of Statutory Valuations (third edition). He submitted that because the landlord's ultimate reversion was only fifty five years and eleven months away that it was of value and that the Haresign addition should be applied. Mr Lee said that the property was a substantial Edwardian house and that he would be surprised if it was not standing at the end of the fifty years extension.

INSPECTION

18. The Tribunal inspected the subject property internally and externally. The Tribunal inspected 57 Cole Park Road, 27 Cole Park Road, 29 Cole Park Road, 82 Cole Park Road and 94 Cole Park Road externally.
19. The Tribunal found the property to be a substantial, detached two storey house circa 1906 constructed on what was originally a corner plot to Ivy Road. It was an unusual design having a corner front entrance and front bay. There was a two storey rear addition, with a further single storey extension. The property was converted into two self-contained flats, with the first floor having a separate external staircase and entrance. The house was set behind a front garden with driveway leading to a double length carport. The rear garden tapered due to the construction of the A316 Chertsey Road. On street parking was by residents' permit. The layout of the accommodation was as described in the expert's reports.

DECISION

20. The issues were:
- 1] The value of the unencumbered freehold interest in the property.
 - 2] The value of the ultimate reversion in the property.
21. The value of the freehold interest
The Tribunal agrees with Mr Lee that the standing house approach requires a starting point to be an entirety value representing the value of the property in good condition and fully developing the potential of the site. Mr Lee and Ms Howe both valued the property at £550,000 if developed to its full potential. The Tribunal does not agree with Ms Howe's approach of deducting the cost of works.
22. The value of the ultimate reversion in the property
The Tribunal prefers Ms Howe's approach of valuing the modern ground rent in perpetuity. There was no evidence that the house would be of value and remain standing at the end of the fifty years extension, although Mr Lee expressed his view that he would be surprised if it were not standing at that time. The Tribunal considered it inappropriate to attribute a separate value to the landlord's ultimate reversion.
23. For the purposes of the valuation as is usual practice, the Tribunal rounded the unexpired term to the nearest quarter, namely six years.

DETERMINATION

24. The Tribunal determined the price payable for the freehold interest in the property to be £155,100 as set out in the valuation annexed at "C".

CHAIRMAN... *Anne Seifert*

DATE... *12th June 2000*

12 JUN 2000

75 COLE PARK ROAD, TWICKENHAM, MIDDX

VALUATION UNDER LEASEHOLD ENFRANCHISEMENT ACT 1967

a) Standing House approach

Value of unencumbered freehold of land and dwelling at 22 April 1999	£350,000
Land apportionment - site value at 40%	0.4
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	£140,000
Modern Ground Rent @ 6%	0.6
Modern Ground Rent p.a.	<hr/>
	£8,400
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b) Term:

Present Ground Rent	£9.95 p.a.
Unexpired term @ 22 April 1999	
∴ 5 years 11 months unexpired @ 6% = 4.917	
= £47.94, say	£48

Reversion

After 25 March 2000 to Modern Ground Rent based on 22 November 1999 site value	£8,400
YP in perp @ 6% deferred 6 years 11.75	
£98,700	
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	£98,748
Price to be paid for freehold	<u>£98,748</u>

"B"

3.8 This produces a total Enfranchisement price of £168,538.

3.9 I set out below my Valuation.

Number of years unexpired	5.92		
Ground Rent	£7.00		
Capitalisation Rate	6%		
Site Value	40%		
Modern Ground Rent (% of site value)	6%		
Renewed lease term	50	yrs	
Ground Rent	£7.00		
YP to MGR reversion	<u>4.8624</u>		£34
Freehold Vacant Possession Value	£550,000		
Site Value	£220,000		
Modern Ground Rent	£13,200		
YP 50yrs @ 6%	15.7619		
PV £1 6 yrs @ 6%	<u>0.7083</u>		
		<u>11.1634</u>	£147,357
Reversion to VP	£550,000		
PV £1 56 yrs @ 6%	<u>0.03845</u>		<u>£21,147</u>
ENFRANCHISEMENT PRICE		say	<u>£168,538</u>

LEASHOLD VALUATION TRIBUNAL - 75 Cole Park Road, TWICKENHAM

Valuation under Leasehold Reform Act 1967 S.9(1)

1. Value of term

Ground rent income	£7.00	
YP 6 years @ 6%	4.917	£34
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2. Value Reversion to Modern Ground Rent

Standing House Method:

Freehold value with vacant possession	£550,000
Taking site value at 40%	£220,000

Modern Ground Rent at 6% £13,200

YP of a reversion to perpetuity

after 6 years @ 6%	11.749	£155,087
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Total £155,121

Price payable say £155,100

Address	Description	Accommodation	Transaction	Comments	Value as at 31/4/99	Details	
27 Cole Park Road	Edwardian double fronted house. Good frontage but on triangular plot.	2 reception Large K/Diner 5 bed 3 bath plus shower Garage with studio over 75' garden	Sold £895,000 agreed in September. Completed in November. Victor Lown	Attractive property which is triangular, tapering to rear. Understood to have been in good order. Excellent location.	91.65% £820,000	See MRL 4/3	
29 Cole Park Road		6 beds	£695,000 Withdrawn March 1999 Dexters	Excellent location	£695,000		
57 Cole Park Road	Edwardian double fronted with side extension	5 beds extended Garage and OSP	£670,000 Completed October 1999 Churchills	Unattractive side extension. Required new kitchen and bathrooms Subject better house but A316	90% £600,000	See MRL 4/4	
82 Cole Park Road	1930's detached house	2 good receptions Kitchen 4 bedrooms 1 bathroom	Asking £530,000 Will take £475,000/£485,000 Philip Hodges	On corner of Cole Park Road and A316 on opposite Isleworth side Needs work, asking price reflects value in good order.	81.63% £395,000	See MRL 4/5	
94 Cole Park Road	1930's house single fronted	2 receptions 3 bedrooms	£380,000 August 1999 Chase Buchanan	Reasonable but decorations a little tired	93.32% £354,500		

94 Cole Park Road	1930's extended detached house, now double fronted	Open plan reception. Conservatory Kitchen Utility room WC Integral garage Four bedrooms inc master bedroom with dressing area and en suite shower/Wc Guest bath/wc Garden 39' w x 42' long	Asking price £675,000 Under offer at asking as at 8 th March 2000	Fully refurbished house New refurbishment Fully developed Worse side of A316 but not on A316	81.63% £551,000	See MRL 4/6	
31 Cole Park Gardens	1930's detached	3 bed Garage End plot	Asking price £319,950 Dexters	Smaller house on hidden end plot Scruffy order End of road adjoining A316 Isleworth side	81.63% £261,000	See MRL 4/7	
215 London Road	Edwardian detached house	Arranged as two flats 4 Receptions, 6 bedrooms	Asking Price £585,000 Churchills Lambourne	On roundabout on corner of A316 and London Road on Isleworth side. Faces and returns to two busy roads. Very exposed. Over priced considered to be worth in region of £500,000	81.63% £408,000		

221 London Road	Edwardian detached double fronted	Very deep house with 5 beds and loft conversion No garage but OSP	Sold January 2000 £480,000 Chase Buchanan	Good condition Isleworth side of London Road, busy road but not as busy as A316.	86.64% £416,000	See MRL 4/8	
228 London Road	Edwardian detached double fronted	4 bed Horseshoe drive with garage 100' garden	Sold January 2000 £440,000 Chase Buchanan	Isleworth side of London Road, busy road but not as busy as A316	86.64% £381,000		
28 The Avenue	Victorian semi-detached house Fronting A316	Two receptions K/diner Conserv 5 Beds 3 Baths	Asking Price £425,000 Sold July 1999 £400,000 Barnard Marcus	Fronting A316 No rear access OSP to front drive	95% £380,000		
38 The Avenue (A316)	Single fronted late Victorian house Fronting A316	Reception K/Diner Utility Room Grd floor B/Wc 4 Bed B/Wc	Bought £335,000 April 1999 Bank Valuation £450,000 August 1999 Partially refurbished	Fronting busy A316 Dual carriageway Fully developed. Only marginal loft space available Rear access from Heathcote Road	93.32% £420,000	See MRL 4/9	