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LVT 9

Our Ref: M/EH 2291

MIDLAND RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: Mr P.J. Peel & Mrs D. Peel

Respondent: St Ermins Property Co Ltd

Re: 7 Darley way, Streetly, Sutton Coldfield, West Midlands, B74 2JQ

Date of Tenants Notice: 25th May 2001

RV as at 1.4.73: £262.00

Application dated: 13th August 2001

Heard at: The Panel Office

On: Wednesday 06th March 2002

APPEARANCES:

For the Tenant: Mr J. Moore

For the Landlord: Not Present

Members of the Leasehold Valuation Tribunal:

Chairman: Mr T.F. Cooper BSc FRICS FCI Arb
Mr J.C. Ritchie
Mrs M.A.L. Mckenzie

Date Of Tribunals Decision 25 APR 2002

UNEXPIRED LEASE	60	YEARS
ANNUAL GROUND RENT	£	15.00
VALUE OF PROPERTY	£	80.000

**DETERMINATION OF THE LEASEHOLD VALUATION TRIBUNAL ON
THE PRICE PAYABLE ON ENFRANCHISEMENT AND
THE REASONABLE COSTS PAYABLE
IN THE CASE OF**

PEEL

V

ST ERMINS PROPERTY CO LIMITED

RE: 7, DARLEY WAY, STREETLY, SUTTON COLDFIELD B74 2JQ

Background: Mr P J Peel and D Peel are the Tenants (the 'Tenant') of the dwelling house and premises at the above property (the 'Property'). The **Freeholder** is St Ermins Property Co Limited. By a notice dated 25 May 2001 (the 'Date') the Tenant claims to acquire the freehold under the Leasehold Reform Act 1967 (as amended) (the 'Act'). By an application dated 13 August 2001 the Tenant applies to us to determine the price payable on the acquisition of the freehold of the Property under sec 9 of the Act. We inspected the property on 6 March 2002.

The Tenant holds the Property by a lease (the 'Lease') for a term of 99 years from 24 June 1962 at a ground rent of £15 pa.

The unexpired term of the Lease on the Date - which is the relevant date for the determination of the price payable - was about 60 years. We and the parties accept that the qualifying conditions for entitlement to enfranchise under the Act have been met.

The Property comprises a mid-terrace house of traditional brick and tile construction in an established residential area of similar properties. The accommodation includes:- on the ground floor – porch, hall, lounge/dining room, kitchen/2nd living room; on the first floor – three bedrooms, bathroom with wc. There is an integral single garage. The site frontage is 7.32m, the width is maintained throughout the depth of the site and the total site area is 176m².

A hearing was held on 6 March 2002. Mr J Moore appeared for the applicant Tenant; the Freeholder did not appear and was not represented but provided written representations by CHP Management Limited.

[Continued]

Tenant's Valuation: By Mr Moore £625.55 - more specifically:

The term:

Ground rent	£15.00 pa	
YP 59 $\frac{3}{4}$ years at 7%	<u>14.039</u>	£210.59

The reversion (by the Standing House method):

Entirety value	£80,000	
Site proportion at 30% of entirety value	£24,000	
Section 15 modern ground rent at 7% of £24,000	£1,680 pa	
YP in perpetuity deferred 60 years at 7%	<u>0.247</u>	£414.96
	Price	£625.55

Freeholder's valuation: In written representations CHP Management Limited says that £975 is the appropriate figure, with a 35% site apportionment and a 7% yield.

Submissions and evidence: Mr Moore derives the price by the standing house method of valuation.

In support of his entirety value of £80,000 he relies the determination of the LVT in respect of no. 25, Brabham Street in which the LVT adopted an entirety value of £95,000 for a semi-detached, but otherwise similar property. He says that several other LVT cases support a 30% site apportionment and that 7% is an appropriate yield rate.

Helpfully he also refers us to several Lands Tribunal determinations and court authorities on the principles which he applies in his valuation.

CHP Management Limited says that properties are being sold in the area for in excess of £115,000 with local estate agents saying that prices could achieve up to £125,000. CHP refer us to 38, Fordwater Road which the selling agent says is under offer at the asking price of £115,000.

Valuation of the Tribunal: We do not find CHP's evidence persuasive. It is based on a current provisionally agreed sale, significantly after the Date, at £115,000 which is less than CHP's entirety value at £125,000. The evidence is not from a named person and we find that it is not consistent with what is more inherently likely.

We accept the principles recognised in the cases Mr Moore refers us to. Applying the generally accepted valuation principles to derive a price for the Tenant to acquire the freehold on fair terms we find and hold that Mr Moore's valuation is consistent with those principles. However we round the valuation to £625.

Conclusion on the price payable: We determine that the sum to be paid by the Tenant for the acquisition of the freehold interest in accordance with section 9 of the Leasehold Reform Act 1967, as amended, is £625 (Six hundred and twenty five pounds) plus the Freeholder's reasonable costs in accordance with section 9(4) of the Leasehold Reform Act 1967 and Schedule 22, Part I, para. 5. of the Housing Act 1980.

Date: 25 APR 2002

T F Cooper
CHAIRMAN



c/rap/lvt/dec/2291