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Our Ref: 2380

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 D.L. Southall & Mrs S.J. Southall
Respondent: Mr M. Razzaq
Re: 10 Mills Avenue, Sutton Coldfield, Birmingham, B76 1FW
Date of Tenants Notice: 01st November 2001
RV as at 1.4.73: £322.00
Application dated: 17th January 2002
Heard at: The Panel Office
On: 05th April 2002

APPEARANCES:

For the Tenant: Mr A.W. Brunt FRICS
For the Landlord: Not Represented

Members of the Leasehold Valuation Tribunal:

Mr T.F. Cooper BSc FRICS FCI Arb (Chairman)
Mr D.R. Salter LLB
Mrs N. Jukes

Date Of Determination

03 MAY 2002

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

**SOUTHALL
V
RAZZAQ**

RE: 10, MILLS AVENUE, SUTTON COLDFIELD, BIRMINGHAM B76 1FW

Background: Mr D L Southall and Mrs S J Southall are the **Tenants** of the dwelling house and premises at the above property (the '**Property**'). The Freeholder is Mr M Razzaq. By a notice dated 1 November 2001 which was posted on 5 November 2001 (the '**Date**') the Tenants claim to acquire the freehold under the Leasehold Reform Act 1967 (as amended) (the '**Act**'). By an application dated 17 January 2002 the Tenants apply 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 5 April 2002 and a hearing was held on the same day.

The Tenants hold the Property by a lease (the '**Lease**') for a term of 99 years from 25 March 1984 at a rising ground rent of £50 pa for the first 25 years, £75 pa from 25 March 2009, £112 from 25 March 2034 and £169 from 25 March 2059.

The unexpired term of the Lease on the Date - which is the relevant date for the determination of the price payable - was about 81 years. We and the parties accept that the qualifying conditions for entitlement to enfranchise under the Act have been met.

The Property comprises a detached house of traditional brick and tile construction in an established residential area of similar properties. The accommodation includes:- on the ground floor – hall, lounge, dining room, kitchen, wc; on the first floor – three bedrooms, bathroom with wc. The site frontage is 8.84m, the width is maintained throughout the depth of the site and the total site area is 221m².

Mr A W Brunt FRICS appeared for the applicant Tenants; the Freeholder did not appear and was not represented.

[Continued]

Tenants' Valuation: By Mr Brunt £1,200 (with the valuation tables calculated to the nearest three decimal places) - more specifically:

The term:

Ground rent to 24 March 2009	£50.00 pa	
YP say 7 years (from the Date to March 2009) at 7%	<u>5.389</u>	
		£ 269.45

Ground rent from 25 March 2009 to 24 March 2034	£75.00 pa	
YP 25 years at 7%	11.654	
PV of £1 in 7 years at 7%	<u>0.623</u>	
		<u>7.26</u>
		£ 544.50

Ground rent from 25 March 2034 to 24 March 2059	£112.00 pa	
YP 25 years at 7%	11.654	
PV of £1 in 32 years at 7%	<u>0.115</u>	
		<u>1.34</u>
		£ 150.08

Ground rent from 25 March 2059 to 25 March 2083	£169.00 pa	
YP 24 years at 7%	11.469	
PV £1 in 57 years at 7%	<u>0.021</u>	
		<u>0.241</u>
		£ 40.73
Sub total (the term)		£ 1,004.76

The reversion (by the Standing House method):

Entirety value	£140,000	
Site proportion at $\frac{1}{3}$ of entirety value	£46,667	
Section 15 modern ground rent at 7% of £46,667	£3,266.69 pa	
YP in perpetuity deferred 81 years at 7%	<u>0.06</u>	
		£ 196.00

Price £ 1,200.76

Say £ 1,200.00

Freeholder's valuation: We have no valuation from the Freeholder.

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

He says that there is an apparent dearth of evidence of sales to assist us on the amount of the entirety value. However, in support of his entirety value of £140,000 he relies on discussions he has had with local estate agents who indicate recent sales of 3 bedroom semi-detached houses in the immediate locality at £129,000 with an asking price of £132,000; the recent sale of a semi-detached house, needing cosmetic improvement, at £122,000; and that press advertisements are at prices not inconsistent with £140,000.

Mr Brunt recognises the principles of the entirety value being the value of the Property in good condition and fully developing the potential of its site provided always that the potential identified is realistic and not fanciful.

He adopts $\frac{1}{3}$ of the entirety value as the site value which he says reflects the sloping characteristics of the site.

Valuation of the Tribunal: Applying the generally accepted valuation principles to derive the price for the Tenants to acquire the freehold on fair terms we find and hold that Mr Brunt's valuation is consistent with those principles.

Conclusion on the price payable: We determine that the sum to be paid by the Tenants for the acquisition of the freehold interest in accordance with section 9 of the Leasehold Reform Act 1967, as amended, is £1,200 (One thousand two hundred 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. In default of the parties' agreement on the amount of any costs payable under section 9(4) under the provisions of section 21(1)(ba), application may be made to the Leasehold Valuation Tribunal for a determination of such costs.

Date: 03 MAY 2002



T F Cooper
Chairman

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