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Our Ref: BIR/47UB/OAF/2002/0066

**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 R B Salisbury  
Respondent: Mansal Securities Limited  
Re: 5 The Spinney, Wythall, Worcs, B47 6HB  
Date of Tenants Notice: 2 July 2002  
RV as at 1.4.73: £240  
Application dated: 11 October 2002  
Heard at: The Panel Office  
On: Tuesday 14 January 2003

APPEARANCES:

For the Tenant: Mr J. Moore MA – Midland Valuations Ltd  
For the Landlord: Not represented

Members of the Leasehold Valuation Tribunal:

N.R Thompson FRICS  
J. Woolf  
Mrs M.A.L McKenzie

**Date of decision: 3 February 2003**

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL**  
**ON AN APPLICATION UNDER SECTION 21 AND 21 (1) (ba) OF**  
**THE LEASEHOLD REFORM ACT 1967**

**IN THE CASE**

**OF**

**SALISBURY v MANSAL SECURITIES LTD**

**5 THE SPINNEY**  
**WYTHALL**  
**WORCESTERSHIRE**  
**B47 6HB**

**Reference : M/EH2543c**

**Background**

This is a determination under Section 9 of the Leasehold Reform Act 1967 (as amended) as to the price to be paid for the freehold interest in respect of a semi-detached house, 5 The Spinney, Wythall, Worcestershire B47 6HB. The Lessee, Mr. R B Salisbury holds the property by way of a Lease dated 25<sup>th</sup> January 1973 for a term of 99 years from 25<sup>th</sup> December 1971 at a fixed annual ground rent of £45. The Tenant's Notice of Claim to acquire the freehold interest was dated 2<sup>nd</sup> July 2002, when approximately 68.5 years of the term remained unexpired. The Tribunal accepted that the qualifying conditions for entitlement to enfranchise under the Act had been fulfilled.

**Property**

The Tribunal inspected the property on 14<sup>th</sup> January 2003 in the presence of Mr & Mrs. Salisbury, and found it to comprise a two storey semi-detached house of brick and interlocking tile construction with integral single garage, forming part of a small development of similar properties constructed in the early 1970s on the borders of Solihull (to the east) and Birmingham (to the north).

The centrally heated accommodation comprises a Hall; Living Room and Kitchen (with Pantry) on the ground floor, with three Bedrooms and a Bathroom plus separate W.C. on the first floor. Externally the property has both front and rear gardens as well as a side pedestrian access. The site of the subject property has a road frontage of approximately 7.01 metres.

**Hearing**

At the Hearing the Lessees were represented by Mr. J. Moore MA of Midland Valuations Ltd. The Landlords were not represented.

The Hearing commenced with Mr. Moore introducing his case on behalf of the Lessees by submitting details of the property and the following valuation:-

## Term

Annual Ground Rent :	£45	
YP 68.5 years @ 7%	<u>14.147</u>	
		£636.62

## Reversion

Entirety Value :	£125,000	
Site Value @ 33% :	£ 41,250	
Sec.15 Rent @ 7% :	£ 2,887.50	
YP deferred 68.5 years @ 7% :	<u>0.139</u>	
		<u>£401.36</u>
		£1,037.98
	say	<u>£1,038.00</u>

In support of his Entirety Value, Mr. Moore referred to a decision of this Tribunal concerning 12 The Spinney - a similar house in the same road and only a short distance from the subject property. In that instance, the Tribunal had adopted an Entirety Value of £120,000 in respect of a Notice of Claim dated February 2002. Bearing in mind the increasing nature of the market at that time, Mr Moore had adjusted his figure for the Entirety Value of the subject premises to £125,000 to reflect the likely increase in values between February and July 2002.

In relation to his adopted yield of 7% when valuing both the term and the reversion, Mr Moore considered that this was a generally accepted rate in cases such as this, and had been widely adopted by the Tribunal and the Lands Tribunal.

Mr Moore again quoted the case of 12 The Spinney and a variety of other recent cases in respect of similar sized plots for semi detached house as supporting the adoption of 33% of the Entirety Value for the Site Value.

## **Costs**

On the subject of the Landlord's legal costs, Mr. Moore suggested a reasonable fee for the conveyancing work involved would be £250 (plus VAT if applicable) and disbursements. The freehold title was registered and he cited two recent Tribunal decisions (M/LRC 405 – 12 The Spinney and M/LRC 381 – 238 Station Road Wythall) as authority for that figure.

In relation to the Landlord's valuation fees, Mr. Moore submitted that as no valuation of the property had been carried out between the date of the Notice of Claim (22<sup>nd</sup> July 2002) and the date of the application to the Tribunal (11<sup>th</sup> October 2002), and no internal inspection had been carried out prior to 11<sup>th</sup> October 2002, then the Landlords were not entitled to recover any valuation costs from his clients.

## Decision

### 1 – Freehold

The Tribunal carefully considered the evidence given by Mr Moore, but concluded that his view of the Entirety Value was too low. It was also considered that the adoption of a Site Value proportion of 33% did not reflect the true value of the site in accordance with the assumptions stipulated by the present legislative framework.

The Tribunal therefore determined that the price to be paid for the freehold of the subject property should be £1,080 on the basis of the following valuation:

#### Term:

Ground Rent:	£45	
YP 68.5years @7%:	<u>14.147</u>	
		£637

#### Reversion:

Entirety Value:	£130,000	
Site Value @ 35%:	£45,500	
Section 15 Rent @ 7%:	£ 3,185	
YP Deferred 68.5 years @ 7%:	<u>0.139</u>	
		£443
		<b>£1,080</b>

### 2 – Costs

In relation to costs, the Lessee's application for a determination is pursuant to Section 21 (1) (ba) of the Leasehold Reform Act 1967 as the freeholder's reasonable costs payable under Section 9 (4) of that Act and Schedule 22 Part 1 (5) of the Housing Act 1980.

#### Legal:

In cases of this type the conveyancing is normally of a very straightforward nature and a reasonable charge is considered to be £250 (excluding VAT) plus any Land Registry fee for Office Copies.

#### Valuation:

In the absence of any evidence that a valuation has been undertaken by or on behalf of the Landlords in consequence of the Tenant's Notice and prior to the date of the reference to the Tribunal, no valuation costs are payable by the Lessee pursuant to Section 9 (4) (e) of the Act.