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Ref: MAN/OOCG/OAF/2004/004

**DECISION OF LEASEHOLD VALUATION TRIBUNAL**

**Re: 17 Beeton Road, Sheffield 8 - Leasehold Reform Act 1967 (as amended)**

**Applicants:** Mr & Mrs R. Morley

**Date of Hearing:** Monday, 2 August 2004

**Members:** Mr A. M. Baker, L.I.B. (Chairman)  
Mr C.R. Wormald, F.R.I.C.S.  
Mrs B. M. Mangles, B.A.

**A. Background**

1. The subject property is held under a lease dated 18 March 1957 for a term of 99 years from 25 March 1957 with a ground rent reserved of £5 per annum.
2. The Applicants were unable to serve notice of enfranchisement on their landlord under S.27 of the Leasehold Reform Act 1967 so as to have the freehold interest in the subject property transferred to them due to the disappearance of the freeholder despite having made full and diligent extensive enquiries.
3. By an order of the Sheffield County Court of 24 May 2004, the Applicants were deemed to have duly served notice of enfranchisement on that date and the courts having also been satisfied as to the background and attempts made by the Applicants to locate the freeholder; deemed that the Applicants were entitled to acquire the freehold reversionary interest in 17 Beeton Road, and also that the court would upon receiving notice of the Leasehold Valuation Tribunal's Determination of the price payable for the freehold interest, execute an approved form of transfer thereof upon payment of such sum into court as is so determined together with 6 years arrears of ground rent totalling £30.
4. The law requires the Tribunal to arrive at the value of the appropriate price on the basis that it reflects the freeholder's current interest together with 50% of the marriage value as between the open market value of the freehold value of the property in good condition and the aggregate current value of the existing leaseholder's and freeholder's interests.

**B. Submissions and Hearing**

Mrs Loton of Messrs Irwin Mitchell appeared on behalf of the Applicants who were not present and thus gave no evidence in person. No other evidence was presented in person, rather Mrs Loton sought to rely on letters dated 19 May 2004 and 23 June

2004 from Mr J. G. Beck, F.R.I.C.S. concerning the appropriate price payable based on the stated existing facilities and conditions of the property (which had been inspected internally and externally by the Tribunal prior to the hearing together with an inspection of the immediate environs which included several of the properties referred to in the letters of Mr Beck). His letters referred to a heading of "market value sales" but which only referred to asking prices rather than realised prices and also referred to "ground rent sales" which only referred to portfolios thereof without full clarification of the unexpired terms or the ground rents thereto attaching on which they were based. Such lack of clarity and without the ability to question Mr Beck, the Tribunal found to be unhelpful, particularly as Mrs Loton was unable to amplify matters in any way. Likewise there was confusion as to the sale price and terms agreed by the Applicants for the intended sale on of the subject property after the perfection of the freehold transfer; the contract document and terms as evidence of the current market price were not available and the information from Mrs Loton appeared to differ from that of Mr Beck which in turn differed from that given on inspection by Mr Morley – such was, to say the least, rather unfortunate and necessitated the Tribunal relying largely on its own knowledge and experience of similar cases in Sheffield and South Yorkshire at large in reaching its decisions. Likewise, there was no explanation or rationale provided for the percentages used in Mr Beck's submitted calculations which suggested ultimately that the appropriate sum payable should be £8750.

### **C. Valuation and Considerations**

The Tribunal reminded itself of the calculation principles applicable in such circumstances as to be applied herein and was basically satisfied that fundamentally, the mode of calculation adopted in Mr Beck's letter was sound but felt that his reference to ground rent sales was irrelevant and so ignored same. Similarly, it was assumed that in the absence of clarification, the asking prices he quoted for properties were all for leasehold interests and not freehold ones. The Tribunal agreed that the subject 3-bed terraced property involved was in an area which had previously become run down somewhat but was now improving rather, through many properties locally being upgraded and the area's proximity to the local university and other local facilities. Accordingly, using its own knowledge and experience in the circumstances previously referred to, the Tribunal assumed that at the relevant time of the deemed served notice, the open market value of the freehold interest of this property in good repair (in the light of the noted current defects to plasterwork, guttering, roof, chimney, window frames and décor externally) if offered by a willing seller but with the tenant not buying or seeking to buy same, would have been £135,000.

As such, to value the freeholder's interest, the Tribunal first applied the annual ground rent of £5 to the unexpired lease term of 52 years to year's purchase @ 5.5% (i.e. 17.06 per Parry's Tables) = £85.30.

To then calculate the reversion to a modern ground rent, there should be applied, to establish the site value, 30% (and not 25% as Mr Beck suggested) of the open market value as established of £135,000 i.e. £40,500 @ 5.5% = £2,227.50 which year's purchase in perpetuity @ 5.5% (i.e. 18.18 per Parry's Tables) = £40,495.95. Accordingly, the present value @ £1 in 52 years @ 5.5% = 0.06178 which applied to such established figure of £40,495.95 = £2,501. By adding this figure to the ground rent figure calculated above (i.e. £2,501 + £85.30), the value of the freeholder's interest is £2,586.30 – but say £2,600.

To then calculate the tenant's interest, one must first apply to the already established modern ground rent of £2,227.50, the year's purchase for 52 years @ 5.5% (17.06 per Parry's Tables), which equals £37,992 to which it is appropriate to then add (as suggested by Mr Beck) a theoretical rental receivable as a single unit of £500 pcm. = £6,000 p.a. applied to year's purchase @ 8% yield (i.e. 12.5) = £75,000, so together giving a total of £112,992 (but say £113,000) as the current value of the leaseholder's interest.

If one then deducts such current leasehold and freehold values from the established open market freehold value in good repair (i.e. £135,000 - £113,000 - £2,600 = £19,400), such is the marriage value which is shareable between the parties @ 50/50 = £9,700.

To this figure must be added back the established freeholder's current interest (i.e. £9,700 + £2,600 = £12,300) to so establish the price due and properly now payable by the Applicants.

The Tribunal further approved the draft transfer annexed at pages 28 and 29 of Irwin Mitchell's bundle to the Tribunal dated 25 June 2004 subject to the figure of £12,300 being substituted therein at paragraph 9 and the due completion of appropriate execution details at paragraph 5.

#### **D. Determination**

The Tribunal determined that the price to be paid by the Applicants into court before the freehold reversionary interest is transferred (in addition to the arrears of rental payable of £30) shall be £12,300 and the form of transfer to be then executed shall be as per that annexed hereto.



**A. M. Baker, LI.B**  
Chairman

Dated: 5<sup>th</sup> August 2004

**Transfer of whole  
of registered title(s)**

*(if you need more room than is provided for in a panel, use continuation sheet CS and staple to this form)*

Stamp Duty

Place "X" in the box that applies and complete the box in the appropriate certificate.

I/We hereby certify that this instrument falls within category  in the Schedule to the Stamp Duty (Exempt Instruments) Regulations 1987

It is certified that the transaction effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value or the aggregate amount or value of the consideration exceeds the sum of

I/We hereby certify that this instrument is exempt from stamp duty by virtue of the provisions of Section 92 of the Finance Act 2001

**2. Title Number(s) of the Property** *(leave blank if not yet registered)*

**3. Property**

17 BEETON ROAD, SHEFFIELD S8 9FB held under a lease dated 18 March 1957 for a term of 99 years from 25 March 1957 made between Edmund Henry James and John Wache James (1) Neil Titterton (2) subject to ground rent of £5 per annum

*If this transfer is made under section 37 of the Land Registration Act 1925 following a not-yet-registered dealing with part only of the land in a title, or is made under rule 72 of the Land Registration Rules 1925, include a reference to the last preceding document of title containing a description of the property.*

**4. Date**

**5. Transferor** *(give full names and Company's Registered Number if any)*

TO BE COMPLETED

**6. Transferee for entry on the register** *(Give full names and Company's Registered Number if any; for Scottish Co. Reg. Nos., use an SC prefix. For foreign companies give territory in which incorporated.)*

ROBIN MORLEY AND PHILIPPA LOUISE MORLEY  
17 BEETON ROAD  
SHEFFIELD S8 9FB

*Unless otherwise arranged with Land Registry headquarters, a certified copy of the transferee's constitution (in English or Welsh) will be required if it is a body corporate but is not a company registered in England and Wales or Scotland under the Companies Acts.*

**7. Transferee's intended address(es) for service in the U.K.** *(including postcode) for entry on the register*

17 BEETON ROAD  
SHEFFIELD S8 9FB

**8. The Transferor transfers the property to the Transferee.**

**9. Consideration** *(Place "X" in the box that applies. State clearly the currency unit if other than sterling. If none of the boxes applies, insert an appropriate memorandum in the additional provisions panel.)*

The Transferor has received from the Transferee for the property the sum of *(in words and figures)*

~~EIGHT THOUSAND SEVEN HUNDRED AND FIFTY~~ POUNDS  
TWELVE THREE

*(insert other receipt as appropriate)*

The Transfer is not for money or anything which has a monetary value

AMB for L.V.T.

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10. The Transferor transfers with (place "X" in the box which applies and add any modifications)

full title guarantee       limited title guarantee

11. Declaration of trust Where there is more than one transferee, place "X" in the appropriate box.

- The transferees are to hold the property on trust for themselves as joint tenants.
- The transferees are to hold the property on trust for themselves as tenants in common in equal shares.
- The transferees are to hold the property (complete as necessary)

12. Additional Provision(s) Insert here any required or permitted statement, certificate or application and any agreed covenants, declarations, etc.

IT IS HEREBY DECLARED THAT THE SAME COVENANTS FOR TITLE BUT NO FURTHER COVENANT FOR TITLE SHALL BE IMPLIED HEREIN AS IF THE OWNER WAS CONVEYING AND WAS EXPRESSED TO CONVEY THE PROPERTY HEREBY CONVEYED WITH LIMITED TITLE GUARANTEE.

THE PROPERTY IS TRANSFERRED TOGETHER WITH THE COVENANTS, CONDITIONS, RESERVATIONS AND RIGHTS GRANTED BY THE LEASE.

13. The Transferors and all other necessary parties should execute this transfer as a deed using the space below. Forms of execution are given in Schedule 3 to the Land Registration Rules 1925. If the transfer contains transferees' covenants or declarations or contains an application by them (e.g. for a restriction), it must also be executed by the Transferees.

Signed as a deed by   
in the presence of:

Signature of witness .....  
Name (in BLOCK CAPITALS) .....  
Address .....

Signed as a deed by Robin Morley in the presence of:

Signature of witness .....  
Name (in BLOCK CAPITALS) .....  
Address .....

Signed as a deed by Philippa Louise Morley in the presence of:

Signature of witness .....  
Name (in BLOCK CAPITALS) .....  
Address .....