

274

Ref:- BIR/00CN/OC6/2004/0044  
BIR/00CN/OAF/2004/0054

**MIDLAND RENT ASSESSMENT PANEL**

Leasehold Reform Act 1967

Housing Act 1980

**DECISION OF LEASEHOLD VALUATION TRIBUNAL**

**ON APPLICATIONS UNDER S21 OF THE LEASEHOLD REFORM ACT 1967**

Applicant: John Michael Parkinson

Respondent: Monu Miah

Re: 50A, Maney Hill Road, Sutton Coldfield, West Midlands B72 1JR

Date of Tenants Notice: 30<sup>th</sup> July 2003

RV as at 1.4.73: Less than £500

Applications dated: 10<sup>th</sup> March 2004

Heard at: The Tribunal's Offices in Birmingham

On: 6<sup>th</sup> July 2004

APPEARANCES:

For the Tenant: Mr M Miah in person

For the Landlord: Mr A Shepherd (of Bigwoods, Chartered Surveyors)

Members of the Leasehold Valuation Tribunal:

Mr A.J.ENGEL (Chairman)  
Mr V.CHADHA MRICS MCI Arb FCIH MBA  
Mr M.RYDER

Date of Tribunals decision: 10 AUG 2004

## **Background**

1. The Applicant is the Tenant and the Respondent is the Landlord and the Freeholder of the property, which is held under a 99 year (less 3 days) lease which commenced on 29<sup>th</sup> September 1957. The ground rent is £20 per annum.
2. By written notice, dated 30th July 2003, to the Landlord, solicitors (Pinders of Derby) acting for the Tenant, gave notice of his desire to have the freehold of the property. (See No. 9 below for Tribunal's decision on the question of service of this notice.)
3. By written notices, both dated 10<sup>th</sup> March 2004, Mr Shepherd, on behalf of the Tenant, applied to the Tribunal for determinations of:-
  - (a) The price payable for the freehold;
  - (b) The costs payable under section 9(4) of the Leasehold Reform Act 1967 (the 1967 Act).

## **Inspection**

4. On 6<sup>th</sup> July 2004, the Tribunal inspected the property.
5. The property is a semi-detached house (converted from a bungalow) standing back from the road behind a steep front garden with a joint tarmaced drive (with No.52A) giving access to a built-in garage (constructed of brick with a tiled roof). The accommodation comprises a porch entrance, 2 reception rooms, a study, kitchen, a bedroom and bathroom/w.c. on the ground floor and 2 bedrooms off a large landing on the first floor. There is a very steep rear garden.

## **Term**

6. The date of valuation is the date on which the Tenant gave notice to the Landlord of his desire to have the freehold (see section 37(1)(d) of the 1967 Act), which was 30th July 2003. Accordingly, the 99 year (less 3 days) lease having commenced on 29<sup>th</sup> September 1957, it had 53 years (approx.) to run on the valuation date.

## **Written Representations**

7. The Tribunal received and considered written representations from the landlord and Mr Shepherd (on behalf of the Tenant).

## Hearing

8. A hearing took place, in Birmingham, on 6<sup>th</sup> July 2004 (after the inspection).

Mr Miah, the Landlord appeared, assisted by an interpreter. Mr Shepherd appeared on behalf of the Tenant. Both Mr Miah and Mr Shepherd made oral representations.

## Decisions

9. Mr Miah denied having received the written notice, dated 30<sup>th</sup> July 2003, of the Tenant's desire to have the freehold (referred to in No.2 above). However, at the hearing, Mr Shepherd produced a letter from Pinders to Bigwoods, dated 18<sup>th</sup> August 2003, referring to Pinders having sent the notice to Mr Miah (on 1<sup>st</sup> August 2003). On the basis of this letter, the Tribunal was satisfied that the notice had been properly served and we so found as a fact.

10. For the freehold interest: the generally recognised valuation method to derive the price payable for the freehold interest was accepted in *Farr v Millerson Investments Ltd* (1971). The method is:

- (i) capitalise the ground rent from the valuation date for the unexpired term of the Lease;
- (ii) capitalise the modern ground rent (s15 of the Act), as if in perpetuity but deferred for the unexpired term of the Lease - 'as if in perpetuity' because, although the value of the modern ground rent is for a term of 50 years (as the extension to the Lease), the value of the freehold reversion in possession at the end of the fifty years' extension is ignored as being too remote to have a separate value for it. As no evidence of cleared sites is adduced, the modern ground rent is derived by the standing house method: by decapitalising the site value, as a proportion of the entirety value. The entirety value is the value of the freehold interest in the Property with vacant possession assuming it to be in good condition and fully developing the potential of its site, provided always that the potential identified is realistic and not fanciful.

In the past, consideration has been given in certain cases to the question of a "Haresign addition" (see the case of Haresign v St John the Baptist's College, Oxford LR/18/1979). It is unlikely that this case would have been an appropriate case for a "Haresign addition" in any event (in view of the length of the remaining term under the Lease) and having regard to the change in the law brought

about by section 143 of the Commonhold and Leasehold Reform Act 2002, this question can safely be ignored in this case (and, we suspect, in all future cases).

11. Bearing in mind the representations made to us and applying our own general knowledge and experience, we determined that the correct figures were:-

Entirety:	£220,000
Site	32%
%	7

12. Our calculation is as follows:-

Rent	£20	
Years purchase (53 @ 7%)	14	
		£280
Standing House Value (Entirety)	£220,000	
Site value (32%)	£70,400	
s.15 Modern Ground Rent @ 7%	£4928	
Years purchase in perpetuity, deferred		
53 years @ 7%	0.39588	
		<u>£1,950</u>
		(approx.) <u>£2,250</u>

13. There was no evidence that a valuation had been carried out on behalf of the Landlord. The Tribunal accepted Mr Shepherd's representation that £350 (+VAT if applicable) should be the limit in respect of the Landlord's legal costs.

14. Accordingly, we determined that the Landlord's costs should be limited as follows:-

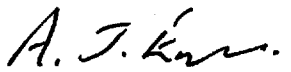
- (a) Valuation:- NIL
- (b) Legal:- £350 (+ VAT, if applicable).

#### Conclusion

15. The price payable for the freehold is £2,250.

16. No Landlord's valuation costs.

17. Landlord's legal costs limited to £350 (+VAT, if applicable).

SIGNED  (A.J.ENGEL - Chairman)

DATED 10 AUG 2004