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BIR/41UK/OAF/2003/0183

MIDLAND RENT ASSESSMENT PANEL

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON
APPLICATIONS UNDER S21(1)(a) AND 21(1)(b) OF THE
LEASEHOLD REFORM ACT 1967**

Premises: 37 Seaton, Belgrave, Tamworth, Staffordshire B77 2NP

Applicants: Mr and Mrs C J Phillips (tenants)

Respondent: Tapestart Limited (landlord)

Date of tenant's notice: 7 March 2003

RV as at 1 April 1973: Under £500

Applications dated: 17 November 2003

Heard at: Birmingham

On: 3 March 2004

Appearances:

Mr J A Moore MA of Midland Valuations Limited for the tenants

No appearance for the landlord

Members of the leasehold valuation tribunal:

Lady Wilson
Mr S Berg FRICS
Mrs C L Smith

Date of the tribunal's decision:

10 March 2004

Background

1. These are applications to determine the price to be paid for the freehold of 37 Seaton, Belgrave, Tamworth, Staffordshire, and the landlord's recoverable costs. The property is held by the tenants, Mr and Mrs Phillips, on a lease dated 13 June 1972 for a term of 99 years from 25 March 1970 at a ground rent of £30 per annum, fixed throughout the term. Approximately 66 years remained unexpired on the valuation date, which is 7 March 2003, the date of the tenant's notice of claim. The rateable value of the property is such that the valuation falls to be made in accordance with section 9(1) of the Leasehold Reform Act 1967.

2. The tribunal inspected the property on 3 March 2004, before the hearing, in the presence of Mrs Phillips. It is two storey semi-detached house built in the 1970s, of brick and interlocking tile construction, on a development of similar houses. The house is centrally heated and double glazed and has a living room, three bedrooms, a bathroom/ wc and an integral single garage. The frontage is approximately 6m and the area of the site is approximately 192.3 m.

The hearing

3. At the hearing the tenant was represented by Mr J A Moore MA of Midland Valuations. The landlord was not represented and had sent no written representations.

The price for the freehold

4. Mr Moore proposed a price of £860 for the freehold, based on the following valuation:

Term:

Annual ground rent:	£30	
YP 66 years @ 7%	14.121	£423.63

Reversion:

Entirety value	£115,000	
Site value @ 33%	£37,950	
Section 15 rent @ 7%	£2,656.50	
YP deferred 66 yrs @7%	0.164	<u>£435.67</u>
		£859.30
		say: £860

5. Mr Moore said that he had adopted the standing house method of valuation, and had based his entirety value of £115,000 on the evidence of other houses for sale at the valuation date, bearing in mind that the plot had to be valued on the basis that it was developed to its fullest potential, so long as such development was realistic and not fanciful. There were currently very few houses for sale on the estate, which made the valuation difficult, but in March 2003 two similar houses in the neighbourhood were on the market for sale at £110,000. One was semi-detached and the other end of terrace, and both were being sold with freehold tenure. He was unaware of the sale prices or dates of sale. Other properties in Seaton had been extended at the rear and the integral garage could be converted to living accommodation. He therefore proposed an entirety value of £115,000. This figure, he said, was supported by the current marketing of 2 Romney, an identical semi-detached house, at £126,950, which suggested a value of £115,000 at the valuation date.

6. Mr Moore said that he had adopted a site apportionment of 33%, which he considered to be in line with many tribunal decisions in respect of semi-detached properties, many of them on

larger plots than those of the subject property.

7. He adopted a yield rate of 7% for capitalisation and deferment, based on the consistent approach of the tribunal in similar cases.

Costs

8. Mr Moore said that he did not consider that any recoverable valuation fees had been incurred by the landlord, which had provided no valuation evidence to him. He submitted that the landlord's recoverable legal fees were limited to the likely conveyancing fees and should be £250, plus VAT if appropriate, but he accepted that £275 might be appropriate, to reflect the additional work brought about by the introduction of Stamp Duty Land Tax.

Decision

The price of the freehold

9. The entirety value of the property is, as Mr Moore accepted, the value of the property on the basis that the site is developed to its fullest realistic potential. In the absence of any evidence from the landlord, we accept Mr Moore's proposed entirety value, which appears to us to be realistic in the light both of his evidence of the marketing of similar properties and of our own knowledge of the local market to which, as an expert tribunal, we are entitled to have regard.

10. We also accept that the appropriate site value proportion in this case is 33%. We accept that 33% has been held to be appropriate for other semi-detached houses and we are satisfied that

it is appropriate here.

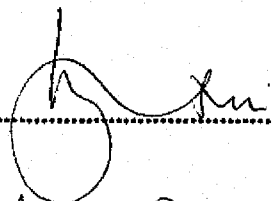
11. We accept that 7% is the appropriate for this investment.

12. We therefore adopt Mr Moore's valuation and determine that the price to be paid for the freehold is £860.

Costs

13. We accept that the landlord has incurred no recoverable valuation fees, no indication having been received by the tenant's advisers or by the tribunal that any recoverable valuation costs have been incurred, and we determine that the landlord's reasonable conveyancing costs will be £275 plus VAT.

CHAIRMAN.....



DATE.....

10 March 2014