

**SOUTHERN RENT ASSESSMENT PANEL AND
LEASEHOLD VALUATION TRIBUNAL**

**In the matter of section 9 and section 27 of the
Leasehold Reform Act 1967 (as amended)**

and in the matter of 9 Lansdowne Gardens Worle Weston super Mare

Case Number: CHI/00HC/OAF/2004/0007

Upon the application of Mrs A B Ede ("the Applicant")

Inspection and initial consideration – 30th November 2004

Closing Date for additional representations – 13th December 2004

Final consideration - 22nd December 2004

The matter was considered in the light of written representations without a hearing

Decision of the Tribunal

Issued: 4th January 2005

Tribunal

Mr R P Long LLB (Chairman)

Mrs M Hodge B Sc MRICS

Mr M J Ayres FRICS

Decision

1. We have determined for the reasons set out below that the price payable by the Applicant for the freehold reversion in this matter is the sum of £853. That figure includes a sum of £38 for the value of the intermediate leasehold interest so that the amount payable for the head leasehold interest is £815.

Reasons

2. 9 Lansdowne Gardens ("the property") is a bungalow with a living room, two bedrooms a kitchen and a bathroom. It stands on a development of properties for occupation by persons of sixty years of age and over at Worle that were built in or about 1987. It is of brick cavity construction under a tiled roof, and has a small garden. There is no garage although parking spaces are available as part of the development.
3. The property is built upon land that was part of that demised by a sixteenth century lease of which we understand no copy now is known to exist. The demise was in favour of John and Isabel Thomas for a term expiring in 2057 at an annual rent of £1-6-9d (£1-34). We are informed that no rent is paid by the lessees of the property under this lease. The whereabouts of the lessees or beneficiaries under this lease are now unknown.
4. The Applicant holds the property by means of an Underlease granted by Second City (SW) Limited to Mabel Florence Clarke on 27th November 1987 for a term of seventy years at a peppercorn rent. There are service charges that we were told are for the use of warden and emergency facilities, for decoration and for gardening.
5. The Applicant originally applied to the High Court to have the property vested in her pursuant to section 27 of the Leasehold Reform Act 1967 (as amended) ("the Act"), which deals with applications where the whereabouts of the landlord are unknown, on terms to be determined by this tribunal on 15th March 2004. That Order has since been re-sealed by the County Court, which has been the only Court with jurisdiction to make such an Order since 30th December 2003. The amount that the tribunal is to determine is the 'appropriate sum' defined in section 27(5) of the Act as follows:

'The appropriate sum which in accordance with sub section (3) above, is to be paid into Court is the aggregate of:
 - (a) such amount as may be determined by (or on appeal from) a leasehold valuation tribunal to be the price payable in accordance with section 9 above, and
 - (b) the amount or estimated amount as so determined of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.'
6. Section 9 of the Act sets out in detail the assumptions to be made and the procedure to be followed in carrying out the valuation. The effect of section

27(2)(a) is that the valuation date is the date on which the application for an Order was made to the Court, in this case on 15th March 2004.

7. There was before the tribunal a valuation report by Messrs Stephen and Co, Chartered Surveyors, that adopted the "standing house" method of calculation. The tribunal is satisfied that that is an appropriate approach in the present case. There is unlikely to be evidence of sales of vacant sites because the locality in which the property stands has been fully developed for some years.
8. For the purpose of establishing the standing house value of the property on the valuation date Messrs Stephen & Co had supplied details of sales of two comparable properties. 7 Kelston Gardens was sold in December 2003 for £99,000 and 17 Kelston Gardens had been sold in October 2003 for £99,500. From those figures they had concluded that the value of the property on the valuation date was fairly represented by a sum of £100,000.
9. Those comparables were, by that date, respectively three and six months old in what was (despite the fact that the earlier of them is also slightly the higher in value) within the general knowledge of the members of the tribunal a rising market in the locality at that time. Furthermore, the standing house value requires an assumption that the property is freehold, has been fully modernised and is in good condition. By fortuity the tribunal also inspected 17 Kelston Gardens on the day when it dealt with the property, and was able to see that the new owners have undertaken substantial modernisation there since their purchase. The tribunal afforded an opportunity for Messrs Stephen and Co to comment upon these matters before making its determination, but has received no representations about them within the period offered for the purpose.
10. In the light of the known fact that the property market in the locality was still rising at that time, and bearing in mind the very material modernisation and improvement that the lessees at 17 Kelston Gardens have carried out, the tribunal concluded that the entirety value of the property at the valuation date would properly be reflected in the sum of £110,000 rather than £100,000.
11. Messrs Stephen & Co argued that the site value should be taken as 20% of the entirety value. They pointed to the fact that the site is incapable of development on its own and depended upon land owned by the management company. The use is of course restricted to the use to which the property has been put since the commencement of the tenancy and that is as housing for persons over sixty. There was a very significant interdependence between the various elements that must be reflected in the site value.
12. The tribunal accepted that there was some merit in these points, but considered that they did not justify a site value of 20% of the entirety value as Messrs Stephen & Co proposed. They bore in mind in particular that the applicant is entitled to acquire the property with the same rights and obligations as existed under her lease. The draft transfer before the tribunal reflects that fact. Thus the tenant will for example have rights of way and for services at all times and for all purposes such as may enable the site to be developed, albeit with some

difficulty because of its size and location. It determined that bearing in mind all of these factors the site value was properly reflected in the sum of £30250, being 27½% of the entirety value.

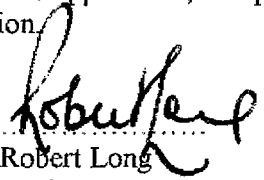
13. The tribunal accepted Messrs Stephen & Co's representation that a modern ground rent might be established using a 7% rate of return on the site value. That produces a modern ground rent of £2017-50.

14. The tribunal's valuation therefore was:

Ground rent reserved:	Nil
<u>Reversion</u>	
Estimated site value (27.5% of £110,000)	30250 - 00
Modern Ground rent @ 7%	2117.5
<u>Underlease</u>	
Modern Ground Rent	2117.5
YP in perpetuity @7% deferred 52.75 years	<u>0.4028</u>
Total	852-93
<u>Head Lease</u>	
Modern Ground rent	2117.5
YP in perpetuity deferred 53yrs 5mths	= 53.42 <u>0.3848</u>
Total	814 - 81

15. The amount payable for the underleasehold interest is the difference between the sum of £852-93 and £814-81 namely £38-12, say £38-00. The amount payable for the head leasehold interest is the balance of £814 - 81, say £815.

16. We approve the form of transfer that was sent with the application, a copy of which is annexed and is signed by me for identification.


Robert Long
Chairman

31 ~~January~~ December 2004