

THE RESIDENTIAL PROPERTY TRIBUNAL SERVICE**DECISION OF THE LONDON LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER S27(5) OF THE LEASEHOLD REFORM ACT 1967
TO DETERMINE THE PRICE FOR THE FREEHOLD TO BE PAID INTO COURT**

Property: 4 Rosemary Avenue London N3

Applicant: Tekere Limited (leaseholder)

Respondent: Unknown

Application determined without a hearing

Members of the leasehold valuation tribunal:

Lady Wilson
Miss M Krisko BSc (Est Man) BA FRICS

Date of the tribunal's decision: 27 July 2005

Background

1. This is a determination under section 27 of the Leasehold Reform Act 1967 (“the Act”) of the sum to be paid into court for the freehold of 4 Rosemary Avenue London N3 (“the property”), which is to be vested in the applicant by order of His Honour Judge Ansell sitting in the Barnett County Court, since the landlord cannot be found.

2. The sum to be paid into court is, by section 27(5) of the Act, 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 [of the Act]; 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.

It has already been determined in the county court that six years’ unpaid ground rent are to be paid into court under section 27(5)(b).

3. By section 27(2)(a), the rights and obligations of all parties are to be determined as if the applicant had, at the date of the application to the court, duly given notice of his desire to have the freehold. The valuation date is accordingly the date of the application to the court, which was 28 June 2004.

4. The applicant relies on a valuation report prepared by Mr Laurence Nesbitt BSc ((Hons) FRICS MCI Arb dated 27 June 2005. Mr Nesbitt has inspected the property, and describes it as a two storey linked semi-detached house with six rooms, kitchen, bathroom, a wc/shower room and a separate wc, built about 70 years ago. The property is set back from the pavement by a

small front garden and with another garden to the rear. Mr Nesbitt has attached a photograph of the property to his report and has given the dimensions of each room and of the plot. The property is subject to a lease for a term of 99 years from 25 March 1909, with 3.75 years unexpired on the valuation date, at ground rent of £6.50 per annum, fixed throughout the term. We assume that the rateable value of the property is such that the valuation falls to be made under section 9(1) of the Act.

5. With his usual thoroughness, Mr Nesbitt has given particulars of three recent sales of properties in Rosemary Avenue. They show prices of between £310,000 and £325,000 for sales between August 2003 and December 2004. He also draws attention to 12 Rosemary Avenue, currently on the market at an asking price of £365,000. We note from the lease plan that the even numbered properties in the street, which include the property and three of Mr Nesbitt's comparables, back on to a railway line but that the odd numbered properties do not. Mr Nesbitt also draws attention to a settlement of an enfranchisement claim in respect of 45 Rosemary Avenues, where he had applied a freehold vacant possession value of £325,000, a yield rate of 7% and a site value of 37.5%, but an agreement was reached by the leaseholder's brother at a higher figure than that which Mr Nesbitt had proposed.

5. Having read Mr Nesbitt's full report, we did not consider it necessary to inspect the property.

Decision

6. The components of the valuation which require determination are the entirety value, the proportion of the entirety value to be taken as the value of the site, and yield.

8. Mr Nesbitt proposed an entirety value of £340,000 on the basis of the comparables, and we

are satisfied from the information which he has provided and from our own knowledge and experience as an expert tribunal that this is a realistic and fair valuation, well supported by the comparables. He has taken a site proportion of 35% which, he says, is somewhat lower than comparable settlements in which he has been involved but which is, in his opinion, appropriate because the site is smaller than that of a standard house and garden in the locality, the standard garden being, he says, about 80 feet in depth whereas the garden of the property is only 40 feet in depth. We are satisfied that, in this case, a site proportion of 35% is appropriate. Mr Nesbitt adopts a yield of 7% which we regard as realistic, and he includes the *Haresign* addition which we consider to be appropriate given the shortness of the unexpired term. We therefore accept Mr Nesbitt's valuation and determine the price to be paid into court under section 27(5)(a) of the Act to be £98,176 in accordance with the following valuation:

Annual ground rent:	£6.50	
Term unexpired:	3.75 years	
Yield:	7%	
Statutory new lease:	50 years	
Value of standing house:	£340,000	
Value of cleared site:	£119,000	
1. Ground rent reserved:	£6.50	
3.75% YP @ 7%	3.2013	£21
2. Reversion s15 rent:	£8330	
50 YP @ 7%	13.8007	
PV of £1 in 3.75 years	<u>0.775909</u>	£89,199
3. Reversion to VP value	£340,000	

x PV of £1 in 53.75 years @ 7% 0.026340

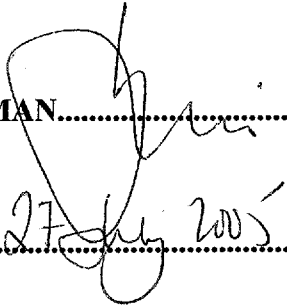
£8956

Price

£98,176

CHAIRMAN.....

DATE.....

Handwritten signature and date. The signature is written over the dotted line for 'CHAIRMAN'. The date '27 July 2005' is written over the dotted line for 'DATE'.