

372

MIDLAND RENT ASSESSMENT PANEL

Case No. BIR/00CS/OAF/2005/0112

Leasehold Reform Act 1967

Commonhold and Leasehold Reform Act 2002

DETERMINATIONS OF LEASEHOLD VALUATION TRIBUNAL

On applications:

- (1) under s.21(1)(a) 1967 Act to determine the price payable on enfranchisement by the tenant under s.9(1) 1967 Act; and
- (2) under s.21(1)(ba) 1967 Act to determine the amount of any costs payable by the Tenant under s.9(4) 1967 Act (Settled by the parties' agreement prior to the hearing)

Applicant Tenants: Lec Perry and Zoe Faye Perry

Respondent Freeholder: Rock One Limited

Property: 53, Stanton Road, Great Barr, Birmingham B43 5HH

Date of Tenants' Claim to acquire the Freehold: 3 March 2005

RV on 31 March 1990: £222

Applications dated: 13 May 2005

Heard at: The Panel Office

On: 27 September 2005

APPEARANCES:

For the Tenant: Mr J Moore, Midland Valuations Limited

For the Freeholder: No appearance

Members of the Leasehold Valuation Tribunal:

Mr T F Cooper BSc FRICS FCI Arb (Chairman)
Mr P J Waller LLB
Mrs E Everett

Date of Tribunal's decision: 11 OCT 2005

Background:

- 1 Lee Perry and Zoe Faye Perry are the **Tenants** by a 99 year lease from 1960 of the dwelling house and premises at 53, Stanton Road, Great Barr, Birmingham B43 5HH (the '**Property**'). The **Freeholder** is Rock One Limited. By a notice (the '**Notice**') dated 3 March 2005 (the '**Date**') the Tenants claim to acquire the freehold under the Leasehold Reform Act 1967 (as amended) (the '**Act**'). By applications dated 13 May 2005 the Tenants apply to us: (a) to determine the price payable on the acquisition of the freehold of the Property under s.9(1) of the Act; and (b) the Freeholder's reasonable costs under s.9(4). Prior to the hearing the amount of the s.9(4) costs has been agreed by the parties and neither party seeks a 'consent' determination. No application is made for a determination that a party shall pay the costs incurred by another party in connection with the proceedings under para 10, Schedule 12 Commonhold and Leasehold Reform Act 2002. We inspected the Property on 27 September 2005 and a hearing was held on the same day.
- 2 The Tenants hold the Property by a lease (the '**Lease**') for a term of 99 years from 25 March 1960 at a fixed ground rent of £16 pa.
- 3 The unexpired terms of the Lease on the Date - which is the relevant date for the determination of the price payable - was about 54 years.
- 4 The Property comprises a semi-detached house of traditional brick and tile construction in an established residential area of similar properties. The accommodation includes: on the ground floor - hall, living room, kitchen, conservatory; on the first floor - 3 bedrooms, bathroom with shower and wc. There is gas fired central heating to radiators. The site is roughly rectangular in shape and slopes steeply (downwards) at the rear. It has a frontage of about 7.32m and an area of about 222m².
- 5 **Mr J Moore** of Midland Valuations Limited appeared for the applicant Tenants. The Freeholder did not appear and was not represented.

THE PRICE PAYABLE UNDER S.9(1) 1967 ACT

The valuation method:

Mr Moore adopts, and we accept, the generally recognised valuation method to derive the price payable for the freehold interest, accepted in *Farr v Millerson Investments Ltd* (1971) 22 P & CR 1055. The method is: (i) capitalise the ground rent (£16 pa) from the Date for the unexpired term of the Lease (54 years); (ii) capitalise the modern ground rent (s.15 of the Act), as at the Date, 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 material value for it (namely no *Haresign* addition - see below). 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.

7 Mr Moore's valuation does not include a *Haresign* addition - recognised in *Haresign v St John The Baptists' College, Oxford* [1980] 255 EG 711 when specific account was taken of the reversion to the full value of the dwelling after the expiration of the assumed fifty years' extension of the Head Lease. We accept his approach.

8 **Mr Moore's valuation and evidence:** For the freehold interest - £1,505
More specifically:

9	Term			
	Ground rent	£16 pa		
	YP 54½ years at 7%	<u>13.916</u>	£222.66	
	Reversion			
	Entirety value	£150,000		
	Site value at 33%	£49,500		
	Sec. 15 ground rent at 7%	£3,465 pa		
	YP deferred 54½ years at 7%	<u>0.36998</u>	£1,281.98	£1,504.64
			Say	£1,505

10 Adopting 7% as the yield rate in his valuation, Mr Moore says 7% is consistent with previous decisions of this tribunal when the unexpired term of the lease is relatively long - relative to the assumed 25 year rent review in the assumed 50 year lease extension.

11 In support of his entirety value (£150,000) he refers us to two houses for sale in the same road: no. 72 at £166,000 - saying two offers at £155,000 have been rejected - which has a brick extension at the rear and does not have a steeply sloping rear garden; no. 14 at £155,000. He also refers us to a four bedroom house for sale close by; however, we find we place greater reliance on the two three bedroom houses for sale in the same road. Mr Moore accepts that evidence of similar houses for sale is not evidence of transactions but, reflecting the characteristics of the Property, particularly its site, £150,000 reflects the principles of the entirety value.

12 He says that a 33% site apportionment is consistent with decisions of this tribunal for not dissimilar sites.

13 Mr Moore discloses a written valuation sent to him with a letter from the Freeholder. He does not disclose the letter as he says it attracts without prejudice privilege. On enquiry from ourselves, Mr Moore does not know the author of the valuation. As the valuation is not signed, not dated, the author is not identified and it contains no supporting evidence we attach no weight to it. However, for completeness, the valuation adopts a 6.5% yield rate for the term and 6% for the reversion; an entirety value of £165,000 and a 35% site apportionment.

Our Decision:

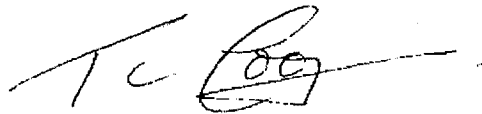
- 14 Despite no helpful representations from the Respondent Freeholder, Mr Moore clearly recognises his duty to us, to provide truly independent evidence to assist us to achieve a just result. As an expert tribunal, relying on our general knowledge but not on any special knowledge, we find that Mr Moore's valuation is consistent with the principles in the Act and accepted guidance derived from the Lands Tribunal and this Tribunal. We accept his figures and the price payable, at £1,505.

Conclusion on the price payable:

- 15 We determine that, taking account of the evidence adduced, our evaluation of it, using our general knowledge and experience but not any special knowledge and our inspection, the sum to be paid by the Tenants for the acquisition of freehold interest in the Property in accordance with section 9(1) of the Leasehold Reform Act 1967, as amended, is £1,505 (One thousand five hundred and five pounds).

Date: 17 Oct 2025

TF Cooper
CHAIRMAN

A handwritten signature in black ink, appearing to read 'TF Cooper', with a horizontal line extending to the right.