

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON APPLICATIONS UNDER
SECTION 21 (1) (a) AND 21 (1) (ba) OF THE LEASEHOLD REFORM ACT 1967

BETHEL v JAPARON BUILDERS LIMITED

14 DORMY DRIVE, WEST HEATH, BIRMINGHAM B31 3RP

BIR/OOCN/OAF/2004/0322

Background

This is a determination under Section 9 of the Leasehold Reform Act 1967 [as amended] (referred to hereafter as "the Act") as to the price to be paid for the freehold interest in respect of 14 Dormy Drive, West Heath, Birmingham B31 3RP.

The lessees, Mr & Mrs C P Bethel hold the property by way of a lease dated 19th December 1974 for a term of 99 years from 25th December 1973 at a yearly ground rent of £45. The lessee's Notice of Claim to acquire the freehold interest was dated 26th April 2004, at which time, the unexpired term of the lease was approximately 68.5 years. Given that the lessees have owned the leasehold interest since November 1999, the Tribunal accepted that the qualifying conditions for entitlement to enfranchise under the Act had been fulfilled.

Property

The Tribunal carried out an inspection on 13th January 2005 in the presence of Mr & Mrs Bethel.

The property comprises a two storey mid terraced house of brick and tile construction with integral garage and a frontage of approximately 5.3m (17' 6"). It forms part of a small development built in the early 1970s, consisting of three such properties approached from Cofton Road by means of a private driveway, and is located in an established residential area some six miles south of Birmingham city centre.

The centrally heated and double glazed accommodation comprises an enclosed porch; hall (with cloakroom off); living room, and galley style kitchen on the ground floor, with three bedrooms and a combined bathroom/W.C./shower on the first floor. Externally the property has a modest sized rear garden with pedestrian access via a pathway leading from the side of the adjoining house at 12 Dormy Drive. The front garden area is paved and includes the driveway to the integral garage.

Hearing:

At the hearing the lessee was to have been represented by Mr Anthony Brunt FRICS of A W Brunt & Co., Chartered Surveyors of Birmingham. Unfortunately, Mr Brunt was taken ill and therefore notified the Tribunal that he would be unable to attend. He indicated however that he would not seek an adjournment of the hearing and would be content for the Tribunal to consider the lessees' case on the basis of his written evidence submitted in accordance with the Directions issued by the Tribunal. The lessors were not present or represented, and had not made any submissions regarding their case.

The Tribunal therefore considered the written evidence from Mr Brunt, based on his valuation:-

Term

Ground Rent :	£45.00pa	
YP 68.5 years @ 7%	14.1469	
		£636.61

Reversion

Standing House value:	£105,000	
Site Value 33% :	£ 34,650	
Ground Rent @ 7%:	£ 2,425-50	
YP in perp. deferred 68.5 years @ 7% :	0.13879	
		£336.64
		say £973

Mr Brunt cited the recent case before the Tribunal of 12 Dormy Drive (BIR/CCCN/OAF/2004/0089) where the date of the original Notice of Claim and therefore date of valuation was 21st December 2003. In view of the fact that this house was next door to the subject property and the dates of valuation were close, Mr Brunt had followed precisely the terms of the Tribunal's valuation and decision in terms of the principal variables i.e. the Standing House value; the proportion of that figure to be taken for the value of the site and the yield rates.

Decision:

Taking into account the fact that completion of the sale on the open market of 12 Dormy Drive took place on 17th March 2004 (i.e. within six weeks of the date of valuation in the present case) at a figure of £92,000 on a leasehold basis but with the benefit of a Notice of Claim to purchase the freehold, the Tribunal determined that after adjusting to arrive at a value on a notional freehold basis, the Standing House value of 14 Dormy Drive as at 26th April 2004 was £93,000.

The Tribunal also considered that, notwithstanding the relatively modern nature of the property, 33% was too high as the proportion of the Standing House value to take for the site. In accordance with many previous decisions of the Tribunal involving terraced house with frontages of less than 6 metres (20 feet) where percentages of between 26 and 30 had been widely adopted, it was considered that in the present instance, the site should be taken at 30% of the Standing House value.

The Tribunal therefore valued the freehold interest as follows:

Term:

Ground Rent :	£45	
YP 68.5 years @ 7%	14.1469	
		£637

Reversion:

Standing House Entirety Value:	£ 93,000	
Site Value @ 30%:	£ 27,900	
Section 15 Rent @7%:	£ 1,953	
YP in perp. @ 7% def 68.5 yrs:	0.13879	
		£271
		£908

The Tribunal therefore determined that the price to be paid for the freehold should be £908.



Nigel R Thompson
Chairman

Date: 14 JAN 2005