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**LEASEHOLD VALUATION TRIBUNAL
OF THE
MIDLAND RENT ASSESSMENT PANEL**

BIR/47UD/OAF/2004/0308

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON APPLICATIONS UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967**

Applicant: Mr. B F Swan (leaseholder)

Respondent: Mansal Securities Ltd (freeholders)

Subject property: 36 Randall Avenue
Alvechurch
Birmingham B48 7OX

Date of tenant's notice: 31st March 2004

Application to the LVT: 13th October 2004

Hearing: 21st January 2005

Appearances:

For the applicant: Mr. AW Brunt FRICS

For the respondents: Not represented

Members of the LVT: Mr. D.B. Power FRICS
Mr. D. R Salter LLB
Miss B Granger MBE

Date of determination: 21st January 2005

Introduction

- 1 This is a decision on an application under the Leasehold Reform Act 1967 ("the 1967 Act") made to the Leasehold Valuation Tribunal by Mr. B F Swan, leaseholder of the bungalow and premises at 36 Randall Avenue, Alvechurch Birmingham ("the subject property"). The applications are under section 21(1)(a) of the 1967 Act for the determination of the price payable under section 9 for the freehold interest in the subject property and under section 21(1)(ba) for the amount of any costs payable under section 9(4)
- 2 The applicant leaseholder holds the subject property by virtue of an underlease for a term of 99 years less 3 days from the 30th September 1958 at a ground rent of £16.50 per annum. Mr Brunt supplied a copy of the underlease to the Tribunal and confirmed that the head lease and the underlease had subsequently merged and there was therefore now no intermediate leasehold interest. The unexpired term at the date of the tenant's claim to acquire the freehold was approximately 53½ years.
- 3 The applicant served a tenant's notice dated the 31st March 2004 on the respondent landlords claiming to acquire the freehold interest in the subject property under the terms of the 1967 Act, and the present applications were made on behalf of the applicant by Anthony Brunt & Co. Valuers.
- 4 The only communication from the freeholder was a denial of the right to enfranchise on the grounds that the applicant's title and status as owner was not proven.
- 5 The Tribunal, after having considered the matter, accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

Subject property

- 6 The subject property comprises a semi-detached bungalow standing in a larger than usual garden. It is located at the end of a cul-de-sac in an estate of similar properties built in the mid 1950's, of brick under a tiled roof. The accommodation comprises an entrance lobby, entrance hall, living room, kitchen, a double bedroom, a single bedroom and a bathroom combined with WC. Outside there is a carport.

Inspection and hearing

- 7 The Tribunal inspected the subject property on the day of the hearing in the presence of the applicant leaseholder; neither the freeholders nor their representative attended.
- 8 The hearing was attended by Mr. A.W. Brunt of Anthony Brunt & Co. who represented the applicant. The freeholders did not attend and were not represented.

Representations of the parties

- 9 Written representation, prior to the hearing, had been received from the applicant leaseholder's surveyor. This comprised a calculation of the enfranchisement price at £2170 adopting an unexpired term of 53 years. This was based upon the generally recognised 3-stage approach involving the capitalisation of the ground rent payable, the identification of a modern ground rent by decapitalising the site value by reference to the standing house value, and the capitalisation of the modern ground rent as if in perpetuity, deferred for

the remainder of the unexpired term. The price payable on this basis is the sum of the first and last stages. Mr. Brunt had submitted photocopies of selling agent's photographs of properties on Randall Avenue, indicating asking prices.

- 10 At the inspection the Tribunal had been able to identify the properties in the near locality and examine them externally, and a further property which had subsequently come on to the market.
- 11 At the hearing Mr. Brunt referred to his submitted valuation but amended the figures, as the unexpired term was effectively 53½ years rather than 53 years. The Tribunal agreed to accept his revised proposals which are set out below –

Ground rent	£16.50 per annum	
Years Purchase: 53½ years @ 7%:	13.903	£229 40
Entirety value	£200,000	
Site value:	@ 35%	£70000
Section 15 rent:		£4,900
Years purchase in perpetuity 53½ years @ 7%:	.384	£1,881.60
Price say:		£2,111

- 12 In support of his opinion of the standing house value, Mr. Brunt gave evidence that he had established from the selling agent that the sale of number 10 Randall Avenue had been completed in December 2004 at £210,000 and the sale of number 23 was proceeding at the same figure. The valuation date was March 2004; prices had been rising during the summer. He considered his figure of £200,000 as therefore justified. The rate of return at 7% and the 35% site apportionment had been well established in other similar cases.
- 13 In answer to questions from members of the Tribunal he was of the opinion that the larger garden made no difference to the valuation. It was rather overlooked and he thought it unlikely that planning permission could be obtained for a larger house rather than a semi-detached bungalow.
- 14 On the question of costs, Mr. Brunt said there was no evidence of any valuation being prepared by the freeholder prior to the application to the Tribunal and, therefore, no valuation fee was payable. Although he had applied to the Tribunal for freeholder's legal expenses to be set at £250 plus VAT (if applicable) he now believed that this should be £300 on the same basis. In his experience, fees were generally in the range of £300 - £350, but some higher and some lower.

Determination of the Tribunal

- 15 The Tribunal holds that the basis of valuation adopted by Mr. Brunt properly reflects the principles of the 1967 Act applicable in the present case and that the date of valuation should be 31st March 2004, the date of the tenant's claim to acquire the freehold.
- 16 The Tribunal examined the evidence submitted by Mr. Brunt in respect of the standing house value having regard for the prices believed to be achieved on properties in the vicinity and for the changing values between the sale dates and the valuation date. Having inspected the subject property and those cited as being comparable, the Tribunal finds that, although the comparative valuation evidence is accepted, the location and the extent of the garden are such that the bungalow would attract a premium as against the other properties.

Taking into account the evidence submitted and using their own knowledge and experience, the Tribunal finds that the standing house value of the subject property at the relevant date is £205,000.

- 17 The Tribunal accepted the submissions of Mr. Brunt in relation to the other factors in the valuation and calculates the price payable as follows.

(i) Capitalisation of existing ground rent to termination of lease

Ground Rent payable p a	16.50	
Years purchase 53½ years @7%	13.903	
Capitalised Ground rent		229.40

(ii) Modern Ground Rent

Standing House value	205000	
Percentage attributable to site	35%	71,750
Annual equivalent at	7.00%	5022.50

(iii) Capitalisation of modern ground rent

YP in perpetuity deferred 53½ years at	7.00%	0.38293	
Capitalised modern ground rent			1923.27

Total of capitalised ground rent and capitalised modern ground rent 2152.67

Say 2153

- 18 Accordingly, the Tribunal determines the price payable under section 9 of the 1967 Act for the freehold interest in the property is £2153
- 19 On the issue of costs, no evidence having been given of any valuation having been obtained by the freeholder, no valuation costs are awarded to the freeholder. No evidence has been provided by the freeholder of anticipated or actual legal costs under paragraphs 9(4)(a), (b), (c) or (d) of the Act. Taking into account the evidence submitted by Mr Brunt and their own knowledge of such costs, the Tribunal determines that the freeholders costs payable by the leaseholder are set at £300 plus VAT (if applicable)

Summary

- 20 The Tribunal determines the price payable by the leaseholder for the freehold interest in the subject property at £2153, plus freeholders' costs amounting to £300 plus VAT (if applicable)

DB Power

DAVID B POWER
Chairman

Dated **2** FEB 2005