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LEASEHOLD VALUATION TRIBUNAL
OF THE
MIDLAND RENT ASSESSMENT PANEL

Ref: BIR/00CN/OAF/2005/0054

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967

Applicant: Mrs. C.A. Oliver (leaseholder)

Respondent: Unknown (freeholder)

Subject property: 160 Glendower Road
Perry Barr
Birmingham
West Midlands
B42 1ST

Tenant's notice: 28 July 2004 (date of court application)

Application to the LVT: 11 February 2005

Hearing: 28 April 2005

Appearances:

For the applicant: Mr. A.W. Brunt

For the respondent: The respondent is unknown

Members of the LVT: Mr. A. P. Bell MA LLB
Mr. V. Chadha
Mrs.N.Jukes

Date of determination: 18 MAY 2005 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 Mrs. C.A. Oliver, the leaseholder of the house and premises at 160 Glendower Road Perry Barr Birmingham West Midlands ("the subject property"). The application is under section 21(1)(a) of the 1967 Act for the determination of the price payable under section 9 of the 1967 Act for the freehold interest in the subject property.
2. The subject property is held under a Lease dated 16 September 1935 for a term of 99 years from 29 September 1935 at a ground rent of £6.00 per year. The unexpired term at the effective date of the tenant's claim to acquire the freehold ("the relevant date") was 30 years..
3. The effective date of the tenant's claim to acquire the freehold interest in the subject property under the terms of the 1967 Act was [] November 2004 being the date of the application to the Walsall County Court, a copy of which has been produced to the Tribunal, and the applicant, Mrs. Oliver, subsequently made the present application on 11 February 2005.
4. The Tribunal accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

Subject property

5. The property comprises a semi-detached house built in about 1935 on an above average sized plot surrounded by similar houses as the subject property. According to the lease of the subject property the area of the site is 377 square yards and it has a frontage of 20 feet to Glendower Road. The house is a two storey brick construction with a pitched tiled roof.
6. The accommodation comprises a hall, lounge, living room and kitchen on the ground floor and three bedrooms, one of which is effectively a box room, and a bathroom and separate wc on the first floor. The subject property has double glazing throughout with the exception of a small window on the landing. However, there is no central heating. Outside there is off road parking at the front and a garage at the bottom of the back garden which is accessed by a track which runs along behind the gardens of the properties in Glendower Road.

Inspection and hearing

7. The Tribunal inspected the subject property on 29 March 2005 in the presence of Mrs. Oliver, the applicant, and her representative, Mr. A.W. Brunt.
8. The subsequent hearing was attended by Mr. A.W. Brunt (representing the applicant). The respondent is unknown as is evidenced by an Order of the Walsall County Court dated 8 November 2005.

Representations of the parties

9. Mr. Brunt on behalf of the applicant adopted as the basis of valuation under the 1967 Act the generally recognised three-stage approach normally attributed to *Farr v Millerson Investments Ltd* (1971) 22 P & CR 1055. That approach involves (i) the capitalisation of the ground rent payable under the existing lease for the remainder of the unexpired term; (ii) the identification of a modern ground rent (by decapitalising the site value); and (iii) 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 capitalisations at stages (i) and (iii).
10. Mr. Brunt at the hearing referred the Tribunal to two comparable semi-detached properties in Glendower Road, namely 118 Glendower Road and 181 Glendower Road which according to the information which Mr. Brunt had obtained had been sold recently for £136,000 and £129,00 respectively. On the basis of this evidence and also that given in Mr. Brunt's written representations Mr. Brunt submitted that the standing house value of the subject property at the relevant date was £135,000. Mr. Brunt also submitted that the Tribunal should apply a 33 per cent figure in calculating the site value on the standing house basis. Finally he submitted that the appropriate percentage yield rate to be applied in capitalising the ground rent at stage (i) and decapitalising and recapitalising the site value at stages (ii) and (iii) should be 7 per cent.
11. On the basis of those figures Mr. Brunt submitted the following valuation:

Term:

Current Ground Rent	£6.00	
YP.30 years @7%	12.409	£74.45

Reversion

Entirety Value	£135,000.00	
Site apportionment @33%	£45,000.00	
s.15 Modern Ground Rent @ 7%	£3,150.00	
YP deferred 30 years @ 7%	1.87667	<u>£5911.51</u>
		£5,985.96
		say £5,986

Decision

12. The Tribunal inspected externally all of the properties referred to by Mr. Brunt in his written representations. The Tribunal consider that the standing house value of the subject property is less than either 118 or 181 Glendower Road, since both of these properties have central heating and extensions to their lounges at the rear of their properties. Also the Tribunal have taken into account the fact that the value of the subject property is being assessed with effect from November 2004, and that there is evidence of a considerable number of similar houses currently on the market for sale in the close vicinity of the subject property. The Tribunal to reflect these factors have accordingly determined that the standing house value of the subject property at the relevant date was £128,000.00. The Tribunal agrees