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MAN/00CB/OAF/2005/0033

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

Leasehold Valuation Tribunal
of the
Northern Rent Assessment Panel

Leasehold Reform Act 1967

Property: 1 Oakdale Road Wallasey Wirral CH44 7HN
Applicant: George Layton

Respondent: Fee Simple Investments Limited

The Tribunal: Mr G C Freeman
Mr M Hope B Sc., FRICS
Miss C Roberts

Date of Determination: 21 October 2005

The Tribunal's determination of the price payable under section 21 (2) of the Leasehold Reform Act 1967 is £375.00.

Background

- 1 By application dated 30 June 2005 the Applicant made an application for a determination by the Leasehold Valuation Tribunal of the price payable under section 21 (2) of the Leasehold Reform Act 1967 for the freehold interest in the above property.
- 2 On 31 August 2005 the Leasehold Valuation Tribunal made Directions in the matter.
- 3 The Applicant's interest in the Property is the residue of a term of 999 years from 23 April 1986 created by a Lease dated the same date and made between Suburban Homes Limited of the one part and Peter Ronald Forrest of the other part. The yearly rent reserved by the Lease is £15.00. The rent cannot increase.

Inspection

- 4 The Tribunal inspected the property during the morning of 21 October 2005 in the presence of the Applicant.

- 5 The Property comprises a two bedroomed terraced dwelling house with a front living room and rear morning room/kitchen on the ground floor and bathroom and two bedrooms on the first floor. There is a small rear yard. The property is situate in a mixed residential area comprising of similar pre First World War terraced houses together with modern local authority housing. There are shops and bus services close by.

Hearing

- 6 At the hearing at Wallasey Citizens Advice Bureau at 11.30am on the same morning, the Applicant attended. The Respondent did not attend and was not represented. However, the Tribunal received a letter from the Respondent's solicitors dated 20 October requesting an adjournment of the hearing on the basis of an application which was proposed to be made to the local county court to obtain a declaration regarding the validity of the Notice which the Respondent alleged was defective. The Applicant objected to the Respondent's application for adjournment.
- 7 The Tribunal considered the Respondent's application for an adjournment. It noted that the application disclosed that no application to the County Court for a determination of the validity of the Notice had yet been made and there was no undertaking in the Respondents letter to make such an application. It followed therefore that no application might ever be made. Having regard to the Overriding Objective the Tribunal considered that it was not in the interests of justice to adjourn the hearing
- 8 The Tribunal then proceeded to determine the application. The Applicant stated that he had researched the value of the freehold interest on the internet and the Applicant's figure for the value of £375.00 was based on 25 years' purchase of the rent.

Decision

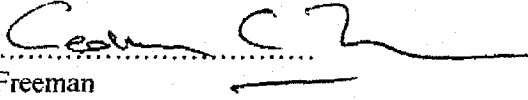
- 9 The Tribunal considered the date on which the valuation should be made and decided that this should be the date of the claim by the Applicant to the Respondent. This is 30th June 2005.
- 10 The method of calculating the capital value of the right to receive the sum of £15.00 per annum is set out in section 9 of the Leasehold Reform Act 1967 (as amended). The Tribunal considered that a willing buyer and a willing seller would adopt the number of years' purchase formula to the right to receive £15.00 per annum for the foreseeable future. It considered that the current investment rates of return were between 4% and 5% per annum. The income secured on the property was very secure. It was highly unlikely that a Tenant would fail to pay the annual rent and thus face the prospect of forfeiture of the Lease. Thus a

purchaser was more likely to accept a lower yield in return for increased certainty of payment Taking this into account the Tribunal determined that the number of years' purchase for the rent would be 25 years at 4 per cent.

- 11 In view of the length of term of the Lease still unexpired the Tribunal considered the value of the right to the reversion to be nil.
- 12 Assuming a rate of return of 4% per annum the capital value of the right to receive £15.00 per annum is:-

$$\frac{15 \times 100}{4} = \text{£}375.00.$$

This equates to 25 years' purchase.


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G C Freeman

Chairman

21 October 2005