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

Ref: BIR/00CN/OAF/2007/0070

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

Applicant: Mr. R.E.Duff as Executor of the Estate of Marion Evans
(leaseholder)

Respondent: Mr. I.M. Thomas (freeholder)

Subject property: 214 Bankes Road
Small Heath
Birmingham
B10 9PJ

Date of tenant's notice: 1 February 2007

Application to the LVT: 2 August 2007

Hearing: 3 October 2007

Appearances:

For the Applicant: Mr. K.Chew FRICS

For the Respondent: The Respondent did not appear

Members of the LVT: Mr. A. P. Bell MA LLB
Mr. S. Berg FRICS
Mrs. C. Smith

Date of determination: 15 OCT 2007

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. R.E.Duff, as Executor of the Estate of Marion Evans, the leaseholder of the house and premises at 214 Bankes Road Small Heath Birmingham ("the subject property"). The application is under section 21(1) 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 17 August 1956 for a term of 65 years from 1 June 1955 at a current annual rent of £5. The unexpired term at the effective date of the tenants' claim to acquire the freehold ("the relevant date") was 13 ½ years.
3. The Applicant served on the Respondent a tenant's notice dated 1 February 2007 claiming to acquire the freehold interest in the subject property under the terms of the 1967 Act, and he subsequently made the present application.
4. The Tribunal accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

Subject property

5. The property comprises a mid terraced house on an average sized plot. The house is a two storey brick construction with a pitched tiled roof. The property stands on a narrow rectangular shaped plot with a raised level above the pavement and rear part of the garden sloping upwards.
6. The accommodation comprises a vestibule, hallway, two reception rooms, sitting room and a small kitchen on the ground floor and a landing, two double bedrooms, and a bathroom/ wc on the first floor.

Inspection and hearing

7. The Tribunal inspected the subject property on 3 October 2007 in the presence of the Applicant.
8. The subsequent hearing was attended by Mr.K. Chew representing the Applicant. The Respondent did not attend and was not represented.

Representations of the parties

9. Mr. K. Chew, representing the Applicant, referred the Tribunal to five houses in Bankes Road Small Heath which had achieved sale prices of between £110,500 and £150,000 during the period from 16 June 2006 and 23 February 2007. He submitted that the most relevant piece of evidence was the sale of the next door house to the subject property, 216 Bankes Road sold in June 2006 for £130,000. He also stated that the sale of the subject property at a price of £130,000 had been agreed in June of this year. He submitted that the appropriate site apportionment was 30% taking into account the narrow width and ground levels of the site.
10. Mr. Chew submitted that the appropriate rate for capitalising the ground rent was 6.5% as the small amount of the rent payable required a higher yield rate to reflect the time and trouble in collecting such an amount. As regards the deferment rate he referred to the Lands Tribunal's decision in Earl Cadogan and Cadogan Estates Limited v Sportelli where the Lands Tribunal had indicated that a minor adjustment should be made in this case and that the appropriate rate was 4.75% for reversions in excess of 20 years. He submitted the appropriate rate for an unexpired term of just over thirteen years was 4.5% to reflect the close proximity to the reversion.
11. Mr. Chew's valuation of the of the subject property at the relevant date, in accordance with section 9(1) of the 1967Act, was as follows:

Term:

Ground rent:	£5 pa	
YP 13 years @ 6.5:	8.7377	£43.69

Reversion:

Entirety value	£130,000	
Site apportionment @ 30%	£ 39,000	
Section 15 Modern Ground Rent @ 4.5%	£1,755 pa	
YP deferred 1 years @ 4.5%	12.3594	<u>£21,690.75</u>
		<u>£21,734.44</u>

12. No representations were received from the Respondent.

Decision

13. Using its general knowledge and experience (but no special knowledge) of property

prices in the locality of the subject property, and taking into account the positive and negative features of the subject property and all other relevant factors and considerations, the Tribunal agrees with Mr. Chew that the standing house value of the subject property at the relevant date was £130,000. The Tribunal also agrees with Mr. Chew that the appropriate percentage to the standing house value in calculating the value of the subject property should be 30 % . Finally the Tribunal agrees with Mr. Chew that the percentage yield rate to be applied in capitalising the ground rent should be 6.5% and that the appropriate deferment rate for the unexpired term of just over thirteen years should be 4.5%.

14. Accordingly the Tribunal determines the price payable by the Applicant under section 9 of the 1967 Act for the freehold interest in the subject property at **£21,735** (rounded up to the nearest pound) in accordance with the calculation made by Mr. Chew set out in paragraph 11 above.

A.P. Bell

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A P Bell
Chairman
Dated

15 OCT 2007