

SOUTHERN RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL

*In the matter of Section 9 and Section 27 of the  
Leasehold Reform Act 1967 (as amended)*

*and in the matter of 7 Saxby Close, Worle,  
Weston super Mare, BS 22 7UP*

*Case Number: CHI/00HC/OAF/2007/0022*

*Upon the application of Melissa Frost ("the Applicant")*

*Inspection 28th September 2007*

*Determination 28th September 2007*

*The matter was considered in the light of written  
representations without a Hearing*

*Decision of the Tribunal*

*Issued 16th October 2007*

*Tribunal*

*Mr. J. S. McAllister F.R.I.C.S.  
(Chairman)  
Mrs. M. Hodge B.Sc.(Hons) M.R.I.C.S.*

## **Decision**

1. The Tribunal has determined for the reasons set out below that the price payable for the freehold reversion of this property is in the sum of £1,920.

## **Reasons**

2. 7 Saxby Close ("the property") is a two storey terrace house, being one of a square block of four houses built in about 1982 by Comben Land Holdings Ltd. (later Ideal Homes Ltd). The property is of brick construction with a pitched tiled roof.

The accommodation comprises on the ground floor, a living room and small kitchen. The spiral stairs from the living room lead to the small first floor landing with one bedroom and a bathroom.

Outside there is a side and rear garden area with a designated single parking space off Saxby Close. There is also a footpath to the side and rear of the property.

To the rear there is a further small area or strip of land to the east of the property separated therefrom by a public footpath. All main services are connected but there is no central heating. The property is double glazed.

3. The property is built upon land that was part of that demised by a sixteenth century lease ("the lease") granted on 1st September 1557 by Catherine Wallop of which we understand no copy is known now to exist. The demise was in favour of John and Isabel Thomas for a term expiring in 2057 at an annual rent of £1 6s. 9d. (£1.34). We are informed that no rent is paid by the lessees of the property under this lease. The whereabouts of the lessors or beneficiaries under this lease are now unknown. The Applicants hold the property as assignees under the lease.

4. The former owner of the property, Richard P. Nightingale, applied to the Weston super Mare County Court to have the property vested in him pursuant to Section 27 of the Leasehold Reform Act 1967 (as amended) ("the Act"), which deals with applications where the whereabouts of the landlord are unknown, on terms to be determined by this Tribunal and the copy of the Court's Order is undated. (Court matter No. 7WM00644). The Court directed that the Tribunal assess the price payable for the property and "..... the said estimated amount of rent which will remain as aforesaid".

The Tribunal noted that Mr. Nightingale was the original Applicant, who has assigned the rights of his claim in this matter to Melissa Frost, who acquired the property from Mr. Nightingale on the 31st July 2007. The valuation date is stated to be the 10th July 2007. The amount that the Tribunal is to determine is the appropriate sum defined in Section 27(5) of the Act as follows:-

The appropriate sum which in accordance with sub Section(3) above, is to be paid into Court is the aggregate of:-

- (a) such amount as may be determined by (or on appeal from) a Leasehold Valuation Tribunal to be the price payable in accordance with Section 9 above, and
- (b) the amount or estimated amount as so determined of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.

5. Section 9 of the Act sets out in detail the assumptions to be made and the procedure to be followed in carrying out the valuation. The effect of Section 27(2)(a) is that the valuation date is the date on which the application for an Order was made to the Court.

6. There was before the Tribunal a valuation report by Mr. M. T. Ripley, F.R.I.C.S., of Messrs. Stephen and Co., Chartered Surveyors and dated 11th September 2007, that adopted the "standing house" method of calculation. The Tribunal is satisfied that this is an appropriate approach in the present case. There is unlikely to be evidence of sales of vacant sites because the locality in which the property stands has been fully developed for some years.

7. For the purpose of establishing the standing house value of the property on the valuation date, Mr. Ripley had supplied details of sales of two Worle comparable properties:-

- 20 Perrymead sold in September 2006 at £95,000, and
- 22 Saxby Close sold in August 2006 at £107,000.

The Tribunal were informed by the Applicant that she acquired the subject property on 31st July 2007 for £111,250. (She informed the Tribunal that she had thought that she had acquired the freehold interest in the subject property). Accordingly they considered that this sum represented the entirety value of the property at the valuation date (rather than Mr. Ripley's opinion of £95,000).

8. The standing house value requires an assumption that the property is freehold, has been fully modernised and is in good condition to arrive at the entirety value on which the modern ground rent is to be based.

9. Mr. Ripley argued that the site value should be taken as 25% of the entirety value of £95,000.

The Tribunal felt that 27½% more fairly represented the site value, being in line with Mr. Ripley's recent valuation (which the Tribunal accepted) of 10 Saxby Close (Case No. CHI/00HC/OAF/2007/0029, dated 23rd August 2007).

10. The Tribunal accepted Messrs. Stephen and Co.'s representations that a modern ground rent in this locality might be established using a 7% rate of return on the site value.

11. For several reasons stated Messrs. Stephen and Co. had taken a deferment rate of 6% rather than the 4.75% that might be indicated by the decision of the Lands Tribunal in *Earl Cadogan and others v Sportelli* (LIM 50 2005) ("Sportelli").

The Tribunal recognised that there is some force in the argument that the absence of a ground rent in these cases can be regarded in this context as a particular feature that may indicate some departure from the rates mentioned by the Lands Tribunal as does the absence of a freeholder who can enforce the freehold covenants. It bore in mind that the property in Sportelli was a high value, low risk central London property, the market for which bears very little practical relationship for a property of this type in this location, and in an area where the rise of property prices generally has not been nearly as rapid as it had in central London. Those factors in its judgement produce a risk factor that may be regarded as higher than that for a reversionary investment of the sort considered in Sportelli. It, therefore, adopted the deferment rate used by Messrs. Stephen and Co. of 6% which it considers to be a more accurate estimate of the sort of deferment rate that might be applied in the open market in the Weston super Mare area for a property like this.

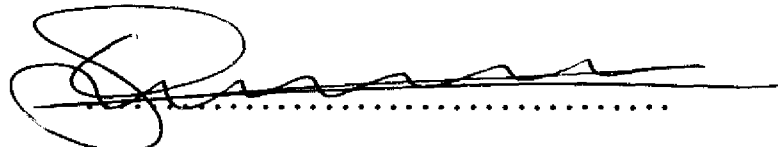
12. The Tribunal's valuation, therefore, was:-

Ground rent reserved:	Nil
Reversion	
Estimated site value (27.5% of £111,250)	£30,593.75
Modern ground rent @ 7%	£2,141.56
YP in perpetuity @ 6% deferred 50.16 years	0.8963
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Total	£1,919.48
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Say	£1,920.00
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13. The amount payable for the freehold interest is £1,920. Since no ground rent falls to be paid no addition is appropriate in that respect.

14. With regard to the estimated amount of rent, we agree with Mr. Ripley's opinion that no allowance need be made of unpaid ground rent which would be negligible.

15. The Tribunal also approved the draft form of transfer (TR1) that was sent with the application, a copy of which is annexed and is signed for identification.



J. S. McAllister (Chairman)

16TH OCT.  
2007