

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

**SOUTHERN RENT ASSESSMENT PANEL
& LEASEHOLD VALUATION TRIBUNAL**

Case No: CHI/00MW/OAF/2006/0011

**Re: 5 ST JOHNS CRESCENT
SANDOWN
ISLE OF WIGHT PO36 8EE**

Applicants: Mr E J & Mrs B L Cadman

Respondents: Not known

Date of Application: 23rd August 2006

Date of Inspection: 26th October 2006

Receipt of
further evidence 13th November 2006

Date of Decision: 20th December 2006

Tribunal D M Nesbit JP FRICS FCLArb – Chairman
D Lintott FRICS

**RE: 5 ST JOHNS CRESCENT, SANDOWN,
ISLE OF WIGHT PO36 8EE**

Introduction

1. This matter was before the Leasehold Valuation Tribunal following an application made on behalf of Mr & Mrs E J Cadman, the owners of the leasehold interest of the property, following an Order of the Newport (I of W) County Court dated 15th August 2006 for the determination of the price to be paid for the freehold interest.
2. The matter was before the Court initially, as the owners of the freehold and the Respondents are not now known.
3. Directions were issued by this Tribunal on 31st August 2006. The Applicants were to obtain an Expert's valuation and report.
4. It was subsequently agreed that the matter would be dealt with on a written representations basis and without a Hearing.

The Lease

5. The Applicants purchased the lease on 25th June 1999. The lease was granted for the period from 6th January 1901 for a term of 1000 years at a fixed ground rent of £2 per annum, payable by four equal quarterly payments.

Inspection

6. By arrangement with the Applicants, a full inspection was made by the Tribunal on 26th October 2006.
7. The property is a two storey traditional house with a two storey modern rear addition. The accommodation comprised on the ground floor, hall with separate W.C, kitchen, dining room. On the first floor were four bedrooms and a bathroom with W.C.
8. The property was in excellent condition and repair throughout, and Mr & Mrs Cadman confirmed that they had undertaken extensive building works, in addition to improvements made by the previous owners.

The Law

9. The price for the freehold interest falls to be determined by the provisions of the Leasehold Reform Act 1967, which requires that all improvements undertaken by the leaseholders are to be disregarded for the purposes of the determination.

Representations

10. The submissions to the Tribunal included a valuation from Mr Christopher Ledger BSc FRICS with a valuation of the freehold for enfranchisement purposes of £300, which included a current value assessment of the freehold at £235,000, but the report made no reference to any deduction for the tenants' improvements.
11. Accordingly, the Tribunal prepared a schedule of all works noted at the inspection, and confirmed by the Applicants as having been undertaken by them since their purchase, or their predecessors.
12. The Tribunal invited further representations, both from the Applicants' solicitors and from Mr Ledger, with a revised valuation to exclude improvements, and with observations on the decision in *Earl of Cadogan and Others v Sportelli and Others* in respect of the use of a deferment rate of 4.75% after the reversion, for houses.
13. On 13th November, the Tribunal received a revised valuation with an enfranchisement price of £490, and an unimproved value of the freehold at £160,000. Mr Ledger maintained that a deferment rate of 6% in respect of a reversion was appropriate.
14. Subsequently the Tribunal considered the revised valuation from Mr Ledger. The Tribunal has to take into account the very extensive works and alterations, which include a two storey rear addition to provide an extended ground floor and a fourth bedroom. It will be noted from the schedule attached to this decision, that in addition windows had been replaced and services renewed, and a new combined central heating and hot water system had been installed. Without those improvements, the property would be more basic in character, and although we noted Mr Ledger's revised opinion of value at £160,000, we did not feel that sufficient allowance had been made, and to take into account the likely replacement of the asbestos

tiled roof. The Tribunal determined that a more appropriate unimproved value would be £140,000.

15. We reviewed the Lands Tribunal decision in Sportelli, with the use of a deferment rate for the reversion of houses of 4.75%. Mr Ledger had adopted a deferment rate of 6%, based on a background of falling interest rates and low inflation. From the evidence before us, and on the basis of the Tribunal's collective knowledge and experience, we are not persuaded that there is clear evidence to the contrary that the rate of 4.75% should not be adopted. Accordingly, we prepared our valuation, which for the convenience of the parties is attached to this decision, at a total figure of £1,380.

Determination

16. We determine that the price to be paid for the freehold interest of this property shall be £1,380.

Signed:.......... Dated:..22.... December 2006

D M NESBIT JP FRICS FCI Arb
Chairman

**5 ST JOHNS CRESCENT
SANDOWN, ISLE OF WIGHT**

Schedule of improvements and alterations noted on inspection by Tribunal on 26th October 2006.

By previous lessees –

1. 2 storey rear addition to provide fourth bedroom and extended ground floor.
2. Replacement with UPVC windows to two front bays and to bathroom.
3. Modernisation and replacement of fittings to kitchen and bathroom.

By current lessees –

4. Double glazing to all rear windows.
5. Opening in wall between lounge and dining room, to crease through room.
6. New central heating/hot water boiler and upgrading to radiators.
7. Lean-to store (by sideways).
8. Paved front garden to provide off-road car parking.
9. Paved rear patio and replaced rear garden fencing.

D M NESBIT
Chairman

27th October 2006

**5 St Johns Crescent, Sandown,
Isle of Wight PO36 8EE**

Valuation of the freehold interest

Lease: 1000 years from 6th January 1901

Fixed ground rent: £2.00 p.a.

1.	Ground rent payable Y.P. in perp @ 7%	£2.00 p.a. 14.28	
		—	£28.56
2.	Reversion to freehold value:	£140,000	
	Def'd, 100 years @ 4.75%	0.009615	
		—	£1351.21
		TOTAL	£1379.77
		Say	£1380.00