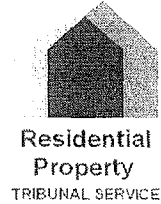


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LONDON RENT ASSESSMENT PANEL

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION UNDER SECTION 26(1) OF THE LEASEHOLD REFORM (HOUSING AND URBAN REFORM) ACT 1993

Case Reference: LON 00AY/OCE/2011/0231

Premises 172 Knollys Road London SW16

Applicant(s):	Harish Ravji Bhundia Sunil Ravji Bhundia
Representative:	Vickers and Co
Respondent(s):	R Wilson and P Flood
Representative:	Absent and not represented
Date of hearing:	Paper Determination without a hearing
Leasehold Valuation Tribunal:	P L Leighton LLB (Hons) Chairman Mrs S Redmond B Sc Econ MRICS
Date of decision:	21 st February 2012

1. Decisions of the Tribunal

2. On 31 August 2011 the applicants applied to the Wandsworth County Court for a vesting order in respect of the property known as 172 Knollys Road London SW16 2JS ("the property") pursuant to section 26 of the LEASEHOLD REFORM(HOUSING AND URBAN REFORM) ACT1993 on the grounds that the freehold owners of the property could not be traced.
3. On 13 September 2011 District Judge Guinan made a vesting order and the proceedings were transferred to the tribunal for the purpose of assessing the premium and approving any terms of acquisition.
4. Following directions the matter came before the tribunal by way of a paper determination on 31 January 2012.

The property

5 The tribunal has not inspected the property but it is fully described in the report of Mr Jeremy Levy BSC (Hons) MRICS dated 29th of November 2011 and revised on 18 January 2012

6 The property is situated in a residential road close to Tulse Hill railway station. It comprises a house converted into four self-contained flats on four storeys constructed of solid brick walls and with a flat felt roof. The windows of the building are upvc double glazed throughout

7 There is a communal lobby and staircase but no lift in the property. The Garden flat has its own separate front door situated to the side of the building. From the copy Land Registry entries supplied with the papers It also appears that the leaseholder of the Garden flat also owns the freehold of the rear garden, land to the side of the building and a separate small area to the front of the building (SGL 264738). The extent of the land included in the freehold interest to be acquired (SGL 289589) is shown to be the remaining strip of land to the front of the building which includes the steps to the building.

8 The report considers that the flats are of satisfactory layout and proportion and the dimensions are given.

The lease.

9 The owner of the Garden flat has a 99 year lease from 29 September 1978 the ground rent £50 per annum for the first 33 years, rising to £90 per

annum for the next 33 years and finally £125 per annum for the remainder of the term.

10 Flats A B and C on the upper floors are subject to individual leases for terms of 125 years from 25 December 1994 paying ground rents of £50 per annum for the first 40 years, rising to £100 per annum for the next 40 years and finally £150 per annum for the remainder of the term. The surveyor has not seen the leases and has valued the property on the basis that this information is correct. The Tribunal was supplied with copy leases for all but the garden flat and was able to confirm the details in respect of flats A B and C. The tribunal proposes that before the matter is finally returned to the court that the terms of the remaining lease is checked and confirmed. It appears that the ground rent has never been demanded and has not been paid throughout the term.

Reasons for the Tribunal's decision

11 The valuer has assessed the value of the premium in accordance with schedule 13 of the Act.

12 In his first report Mr Levy placed the valuation date as the date of his report (i.e. November 2011) he was asked to revise his report on the basis that it should run from the application date for the vesting order. He has in fact valued it from the date of the vesting order itself but the tribunal considers that the difference in value would be so slight that it is prepared to accept the calculations based on 13 September 2011 as the valuation date.

13 The valuer has assessed the capitalisation rate at 7% and the tribunal considers that this assessment is fair and reasonable.

14 The valuer has further assessed the deferment rate at 5% based on the Land Tribunal decision in the case of Earl Cadogan –v- Sportelli LRA/50/2005. Since there is no compelling evidence of growth rate, deterioration, obsolescence or increased management responsibilities the valuer was unable to justify a higher deferment rate and applied the rate of 5%. The tribunal is of the opinion that this assessment was correct.

15 With regard to the market value of flats the valuer has had regard to a number of comparables in Knollys Road itself. He has concluded that the value of houses converted into two bedroom flats are greater value than purpose-built flats. It is not necessary for the tribunal to rehearse all the comparables set out in Mr Levy's report. In the view of the Tribunal he has approached the case correctly and has arrived at the valuation of £200,000 for the unimproved value of each flat. Had the garden flat included the garden to the rear, the Tribunal would have expected to see a different value set for this flat.

16 With regard to the question of relativity of the existing lease to the extended lease the valuer has applied a relativity of 89.97% based on an average of five graphs relevant to outer London and south-east properties, which graphs have been upheld either wholly or in part in other tribunal hearings. In this case as in many others there is an absence of any other evidence and the Tribunal considers, therefore that the valuer applied the correct principles in this case and that the valuation based on a relativity of 89.97% is reasonable.

17 He has also considered whether there is any additional value to be attributed to appurtenant land. The only appurtenant land to which the considers this applies is a small piece pavement within the freehold boundary leading to the front door of the building. For this he has applied a notional value of £100.

18 In the light of the valuer's findings he considers that a fair and reasonable price for the premium for the freehold of the property is £22,803. The tribunal has carefully checked the valuation supplied (attached hereto as Appendix 1) both factually and arithmetically and considers that this is a correct calculation for the property and therefore confirms the premium payable at £22,803. The tribunal considers that it would be reasonable to add six years' arrears of ground rent which is owing to the freeholder at the rate of £50 per annum per flat. This would increase the sum payable by £1200. In the circumstances the tribunal has not prepared a separate valuation in this case.

19 The TR1 document is approved subject to the following amendments. The title should be shown as limited title guarantee and the figure to be inserted for consideration should be £24,003. Under clause 11 the words "title conveyed pursuant to the Leasehold Reform Housing and Urban Reform Act 1993" should be inserted

Chairman: _____
Peter Leighton



Date: 21st February 2012

Property: 172 Knollys Road, SW16 2JS			
Valuation for Freehold Enfranchisement - Summary			
Lease Details			
Garden Flat	Lease Term: 99 years from 29/09/1978		
	Lease expiry date: 28/09/2077 ie 66.04 years unexpired		
	Ground rent review dates/amounts		
	£50.00 pa to 28/09/2011		
	£90.00 pa to 28/09/2044		
	£125.00 pa to 28/09/2077		
Flat A	Lease Term: 125 years from 25/12/1984		
	Lease expiry date: 24/12/2109 ie 98.28 years unexpired		
	Ground rent review dates/amounts		
	£50.00 pa to 24/12/2024		
	£100.00 pa to 24/12/2064		
	£150.00 pa to 24/12/2109		
Flat B	Lease Term: 125 years from 25/12/1984		
	Lease expiry date: 24/12/2109 ie 98.28 years unexpired		
	Ground rent review dates/amounts		
	£50.00 pa to 24/12/2024		
	£100.00 pa to 24/12/2064		
	£150.00 pa to 24/12/2109		
Flat C	Lease Term: 125 years from 25/12/1984		
	Lease expiry date: 24/12/2109 ie 98.28 years unexpired		
	Ground rent review dates/amounts		
	£50.00 pa to 24/12/2024		
	£100.00 pa to 24/12/2064		
	£150.00 pa to 24/12/2109		
Valuation			
Capitalisation			
Garden flat	£1,317.00		
Flat A	£1,021.66		
Flat B	£1,021.67		
Flat C	£1,021.67		
TOTAL		£4,382.00	
Reversionary Value			
Garden flat	£ 7,973.00		
Flat A	£ 1,654.33		
Flat B	£ 1,654.33		
Flat C	£ 1,654.34		
TOTAL		£ 12,936.00	
Marriage Value			
Garden flat	£5,385.00		
TOTAL		£5,385.00	
Appurtenant Land		£100.00	
Total Valuation		£22,803.00	