



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case reference : LON/00AH/Oce/2016/0148

Property : Ground Floor Flat, 21 Woodstock Road, Croydon, Surrey, CR0 1JS

Applicant : (1) Jacqueline Anderson
(2) Huw Griffiths

Representative : McMillan Williams Solicitors Limited

Respondent : Alfred Leonard Curd

Representative : -

Type of application : Absentee Landlord –
determination of premium payable
for new lease, sections 26 and 27
Leasehold Reform, Housing and
Urban Development Act 1993

Tribunal member(s) : Judge Shaw
Mr D Jagger MRICS

Date and venue of hearing : 14th June 2016
10 Alfred Place, London WC1E 7LR

Date of Decision : 14th June 2016

DECISION

INTRODUCTION

1. This case involves an application for determination of the terms of acquisition of a new lease of the Ground Floor Flat, 21 Woodstock Road, Croydon, Surrey, CRO 1JS (the property”), pursuant to the provisions of sections 24 and 51(1) – (5) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”). The case has been transferred to the Tribunal consequent upon the order of the Croydon County Court dated 20th April 2016, it having been impossible to trace the whereabouts of the Respondent freeholder.

THE EVIDENCE

2. The application is supported by an expert’s report and valuation dated 5th January 2016, prepared by Mr Jonathan Dean MA (Cantab) MRICS. Mr Dean has over thirty years experience in the profession and has carried out many valuations of this kind. He is particularly experienced in the area of the subject property.
3. The property forms part of a 3 storey Edwardian house in Croydon, which house has been divided into 3 flats. The property is the ground floor flat and is held pursuant to a lease dated 22nd September 1994, and runs from 1st July 1994. It has an unexpired terms of just over 78 years at the valuation date – which is 2nd June 2015. The ground rent under the lease is £150pa for the first 33 years, rising to £250 for the next 33 years and £350pa for the remainder of the term.

Unimproved Extended Lease Value

4. Mr. Dean has referred to comparables of sales during 2014/15 of broadly similar properties in the area at paragraph 9 of his report and Schedule 4 contains the estate agents particulars. He has used these comparables as a basis for his valuation. On this basis he has arrived at the sum of £275,000 as the valuation for virtual freehold value, and then applied a deduction of 1% in the usual way, to provide the extended leasehold value – thus producing a valuation of £272,250. The Tribunal has considered the comparable evidence and approach, and is satisfied that the valuation reached is reasonable, on the basis of the evidence adduced.

Marriage Value Relativity

5. In considering the appropriate relativity, Mr Dean has relied on the 5 graphs referred to the RICS Research Document on Graphs of Relativity and has taken an average of all the main graphs in use in accordance with the authority cited in his report. This has produced a relativity figure of 96.09% which is entirely in line with the Tribunal's experience for leases of this duration. Again the Tribunal accepts and adopts this conclusion.

Capitalisation Rate

6. In considering the capitalisation rate, Mr Dean taken into account that the ground rent is modest, and has adopted a yield of 7% which has frequently agreed with other surveyors on similar properties. Again this is consistent with the Tribunal's experience and accepted by the Tribunal.

Deferment Rate

7. So far as deferment rate is concerned, Mr Dean has followed the Decision in *Sportelli*, there being no compelling evidence to support any alternative approach. The property is in a good area and in a small and easily managed building. The Tribunal accepts and adopts the rate of 5% used.

CONCLUSION

8. The result of the conclusions referred to above is that the Tribunal accepts and adopts the valuation at paragraph 12 of Mr Dean's report, producing a premium to be paid for the new lease in the sum of **£9,037**. The Valuation is reproduced and attached to this Decision.
9. The Tribunal has also considered, and approves, the draft Forms of lease submitted at pages 93-103 of the bundle.

Judge Shaw

Date: 14th June 2016

12.0 VALUATION

12.1 Accordingly the main parameters are as follows:-

1. Yield - 7%
2. Deferment Rate - 5%
3. Freehold flat value - £275,000
4. Extended lease value (99% of (3)) - £272,250
5. Current lease value (96.09% of (3)) - £264,525

12.2 The following is therefore the calculation enfranchisement price:-

Diminution in value of freeholders interest

| | |
|---------------------|---------|
| Ground Rent | £150 pa |
| YP 12.08 years @ 7% | 7.976 |
| | ----- |

| | |
|---------------------------|---------|
| Ground Rent | £250 pa |
| YP 33 years @ 7% | 12.754 |
| PV of £1 12.08 years @ 7% | 0.442 |
| | ----- |

| | |
|---------------------------|---------|
| Ground Rent | £350 pa |
| YP 33 years @ 7% | 12.754 |
| PV of £1 35.08 years @ 7% | 0.093 |
| | ----- |

| | | | |
|------------------------------------|--------------|--------------------------|----------------|
| Reversion | £275,000 | | |
| PV of £1 78.08 years @ 5% | 0.02216 | | |
| | | | £ 6,094 |
| Less later Reversion | £275,000 | | |
| PV of £1 168.08 years @ 5% | 0.00028 | | |
| | | | (£ 77) |
| | | Total | £ 9,037 |
| <u>Marriage Value</u> | | | |
| Value of flat (extended lease) | £ 272,250 | | |
| Less value of flat (current lease) | (£ 264,248) | | |
| Less diminution in freehold | (£ 9,037) | | |
| | | (£1,035) divided by 2 = | Nil |
| | | Total | £ 9,037 |

- 12.3 This report has been written in accordance with the guidance notes published by the Royal Institution of Chartered Surveyors entitled 'Surveyors acting as Expert Witnesses'.

As such I believe in the accuracy and truth of the views put forward, that this report contains all facts which I regard as being relevant to my opinion and that I have drawn attention to any matter which will affect the validity of that opinion.

I understand that my duty to the First Tier Tribunal as an expert witness overrides any duty to those instructing or paying me and I have given my evidence impartially and objectively and I will continue to comply with that duty.

I further confirm that I have no conflict of interest and I am not instructed under any conditional fee arrangement.

Signed.....

JONATHAN F DEAN MA (Cantab) MRICS- 5 January 2016