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

Case Reference : CHI/24UL/OCE/2017/0023

Property : Flat 3, 9 Cargate Avenue, Aldershot GU11 3EP

Applicant : Alison Godfrey

Representative : Hadfields Butt & Bowyer Solicitors

Respondent : John Jeffery - missing

Representative :

Type of Application : Leasehold Reform Housing and Urban Development Act 1993 (Missing Landlord)

Tribunal Member : Mr D Banfield FRICS

Date of Decision : 20 July 2017

DECISION

Summary of Decision

- **The Tribunal has determined for the reasons set out below that the premium to be paid is £14,400**
- **The draft lease is approved**

Background

1. The applicant is the lessee of Flat 3, 9 Cargate Avenue, Aldershot GU11 3EP and wishes to extend her lease. The freeholder could not be traced and on 3 January 2017 an application was made to the Court pursuant to s. 50 of the Leasehold Reform Housing and Urban Development Act 1993.
2. By an Order dated 22 March 2017 District Judge James sitting at the County Court at Aldershot and Farnham ordered that the Claimant's lease dated 26 October 1981 be surrendered and that the Claimant be granted a new lease on such terms as may be determined by a Property Tribunal.
3. Directions were made on 9 June 2017 indicating that the application would be dealt with on the papers unless an objection was received.
4. No objection has been received and the matter is therefore determined on the bundle provided by the applicant which includes an expert report dated 25 May 2017 from D M Lewis BSc(Hons) FRICS who values the premium to be paid as either £14,400 or £15,200 dependant upon matters which will be referred to below.
5. The Tribunal has not inspected the property but has examined the photographs contained in the valuation report.

Evidence

6. Mr Lewis's expert report describes the property as a one/two bedroom basement flat forming the lower ground floor of a four storey semi-detached house dating from around 1900 and converted into three similar flats in the 1980s. Flat 3 has its own access and is independent of Flats 1&2.
7. At the time of the inspection the flat was undergoing extensive refurbishment with exposed rendered walls, screeded floors and without fittings except service connections.
8. The property as inspected is larger than that shown on the lease plan. Both the Kitchen and Bedroom one seem to have been extended to the West by approximately 1.80m. The accommodation of the extended flat is said to comprise a sitting room opening to a kitchen area, bathroom and 2 bedrooms totalling 50.64m². The plan attached to the lease however shows accommodation of Living room, Bedroom, Bathroom with separate WC and small kitchen.
9. The property is held on a lease dated 26 October 1981 for a term of 99 years from 1 May 1981 at a fixed ground rent of £50 per annum. The lessee also contributes 33 ¹/₃% of the Lessor's cost of insuring the property and fulfilling the obligations contained in Clause 5 and the Fourth Schedule.

10. Mr Lewis has adopted a valuation date of 4 January 2017 the day following the application to the County Court.
11. Mr Lewis refers to the following evidence;
 - a. One bedroom flat at 15 Cargate Avenue sold for £170,000 in January 2017 – 125 years unexpired, floor area unknown.
 - b. Two bedroom flat at 14d Cargate Avenue sold for £197,500 in December 2016 adjusted to the valuation date to £195,118. 71 years unexpired. Analyses to £219 psf.
 - c. Two bedroom flat at Flat 3, 31 Cargate Avenue sold for £225,000 subject to contract. 994 years unexpired. Analyses to £340psf.
 - d. Two bedroom flat at 20 Hamilton Place sold for £228,000 in February 2017 adjusted to the valuation date to £232,708. 979 years unexpired. Analyses to £310 psf.
 - e. Two bedroom flat at 25 Alexandra Road sold for £197,000 in December 2016 adjusted to the valuation date to £194,624. 88 years unexpired. Analyses to £304 psf.
12. Using a £psf of £320 Mr Lewis calculates a value of £180,000 for the enlarged flat and £170,000 for the flat as original.
13. Mr Lewis employs a relativity of 87.99% which is the average of the 2009 RICS Greater London & England graphs excepting South East Leasehold and Nesbitt & Co which he excludes due to their large variance.
14. Mr Lewis refers to the recent case of Sloane Stanley Estates v Mundy (2016) where it was found that market evidence was preferable to graph evidence. However the lessees have leave to appeal and relates to Prime Central London rather than Aldershot. He therefore does not apply the guidance contained therein.
15. Applying 87.99% to the long lease values gives existing lease values of £158,382 for the enlarged flat and £158,027 in its original state.
16. Mr Lewis capitalizes the ground rent at 7% and adopts the “Sportelli” deferment rate for flats of 5%.
17. Allowing the Landlord’s share of marriage value at 50% and applying the variables referred to above Mr Lewis arrives at the figures referred to in paragraph 4.
18. In a letter dated 11 July 2017 the Applicant’s Solicitors say that the application is in respect of the flat as shown in the lease and that any enlargement was carried out before their client’s purchase and that an application would have to be made for possessory title in respect of the additional area.

Form of new lease

19. A draft of the new lease is in the bundle at pages C20 to C26. The new lease incorporates the majority of the terms of the original save that the term is now for 189 years from 1 May 1981.

Decision

20. I agree that the premium to be paid should be in respect of the accommodation described in the lease and that the enlarged area is therefore disregarded for the purpose of this valuation. The difference in values is relatively small and the likely cost of regularizing the position may well exceed the difference in the premiums.
21. Mr Lewis's valuation gives a fair indication of the premium to be paid which I determine to be £14,400 in accordance with Mr Lewis's valuation appended to this decision.
22. I approve the draft lease but would refer to Mr Lewis's description as a Basement rather than a Ground floor flat. Those drafting the lease should ensure that confusion is avoided.

D Banfield FRICS

20 July 2017

PERMISSION TO APPEAL

1. A person wishing to appeal the decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.

Lease Term:	99 years from 1st May 1981
Valuation Date	4th January 2017
Unexpired Lease Term at VD:	63.32 years unexpired
Ground Rent (Per Annum):	£50 per annum for the entire term
Capitalisation Rate:	7.00%
Deferment Rate:	5.00%
Relativity:	87.99%
Freehold Value:	£170,000
Existing LH Value:	£149,583

Diminution in Value of Landlord's Interest

Value of Landlord's Interest before extension:

Term 1:	
Ground Rent	£50.00
X YP 63.32 yrs @ 7%	14.0887801
=	£704

Reversion:	
Virtual Freehold Value	£170,000
X PV 63.32 yrs @ 5%	0.0455296
=	£7,740

Value Before Extension = £8,444

Value of Landlord's Interest after extension:

Term:	
Ground Rent:	Nil

Reversion:	
Virtual Freehold Value	£170,000
X PV 153.32 yrs @ 5%	0.000564
=	£96

Value After Extension = £96

Total Diminution in Landlord's Interest: £8,349

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Marriage Value**Total Value of Interests after Lease extension**

Landlord's Interest	£96	
Lessee's Interest	£170,000	
=	£170,096	

Value of Interests before Lease extension

Landlord's Interest	£8,444	
Lessee's Interest	£149,583	
=	£158,027	

Gain on Marriage of Interest	£12,068	
50% of Marriage Value		£6,034

Total Premium = **£14,383**

Say **£14,400**

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