

2839



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

Case Reference : **LON/00AQ/OLR/2013/1485**

Property : **Ground Floor Flat
1, Holyrood Avenue,
South Harrow
Middlesex HA2 8UD**

**(Missing) Landlord
(Defendant)** : **Macherla Seetha Rao**

Representative : **None**

Tenant (Claimant) : **Wendy Karen Belgrave**

Representative : **Harold Benjamin - Solicitors**

Type of Application : **Determination of the appropriate
sum and form of new (extended)
lease –
under Section 50 of the Leasehold,
Reform, Housing and Urban
Development Act 1993 (the Act)**

Tribunal Members : **A.J.ENGEL – Judge
W.R.SHAW F.R.I.C.S.**

**Date of Decisions and
Directions** : **19th March 2014**

DECISIONS

**A. The appropriate sum to be paid into Court by the Tenant is
£9,362.**

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Directions** : **19th March 2014**

DECISIONS

**A. The appropriate sum to be paid into Court by the Tenant is
£9,362.**

B. The draft new Lease provided to the Tribunal by the Applicant's Solicitors is NOT approved.

DIRECTIONS

C. The Applicant's Solicitors must provide to the Tribunal a redrafted new Lease – on or before 4th April 2014.

D. Further, if the Applicant so wishes, an oral hearing on the issue of the form of the new lease, will be held before the Tribunal on a date to be fixed – provided the Tribunal is notified accordingly, in writing – on or before 4th April 2014.

If such notification is given to the Tribunal, the Tribunal must also be notified, in writing of any closed dates in April, May and June 2014 together with the reasons for each closed date – on or before 4th April 2014.

REASONS

Introduction

1. The Tenant is the (long) lessee of the Property. The Landlord is "missing".
2. We have seen the present Lease. It is for a term of 99 years from 24th March 1984.
3. The Tenant acquired the tenancy on 21st February 1994. She has not paid any (ground) rent.
4. The Tenant wishes to acquire a new (extended) lease – pursuant to Part II of the Act. Accordingly, on 26th September 2012, the Tenant's Solicitors applied to the Willesden County Court for a vesting Order – pursuant to Section 50 of the Act.
5. On 20th March 2013, the Willesden County Court referred the matter to this Tribunal – pursuant to Section 51 of the Act to determine:-
 - (a) The premium;
 - (b) Unpaid Rent estimated to be due at the time of the execution of the new lease;

(c) The form of the new lease.

(Note that (a) plus (b) amount to the “appropriate sum” referred to in Section 53(3) and (5) of the Act.)

6. The Tribunal has determined the matter of the appropriate sum on the papers – pursuant to Rule 31 of the The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013.

Valuation – The Premium

7. The valuation date is 26th September 2012 (see No.4 above).

8. Adduced in evidence before the Tribunal was a valuation Report, dated 20th January 2014 from Gibbs,Gillespie – Chatered Surveyors (the Report).

9. The Report (correctly) took September 2012 as the valuation date.

10. The Author of the Report had not seen the Lease and thought that the ground rent was £50 per annum – whereas, the Lease provided for the ground rent to rise – as set out in our valuation (attached hereto – Annex 1).

11. The Report values the extended lease at £165,000.

12. The Report refers to 3 Properties said to be “comparables”. However, 28, Brookside Close, South Harrow is one bedroom flat whereas the subject Property has 2 bedrooms. Thus, 28,Brookside Close was not, in our view, a direct“comparable” and it did not assist us in our determination.

13. We determined the value of the extended lease at £180,000.

14. We agreed with the Report on the other valuation ingredients. Our valuation is attached hereto (Annex 1)

15. The premium is £9,062.

Unpaid Rent

16. As stated above no rent has been paid by the Tenant – as the Landlord has been “missing” since the tenancy was acquired by the Tenant.
17. It is highly likely that the new lease will be executed prior to 24th March 2017.
18. The rent is £50 per annum during the first 33 years of the lease (i.e. up to 24th March 2017).
19. However, by reason of Section 19 of the Limitation Act 1980, rent arrears are irrecoverable after 6 years. Thus £300 (6 x £50) is amount due in respect of unpaid rent.

Appropriate Sum

20. Thus, the appropriate sum is $£9,062 + £300 = £9,362$.

Form of New Lease

21. A draft new lease has been submitted to the Tribunal by the Tenant’s Solicitors.
22. However, this draft is not in a form which the Tribunal is able to approve. Hence Decision B and Directions C and D above.

SIGNED:

A.J.ENGEL – Judge

A person may appeal to the Upper Tribunal – with permission of this Tribunal. Written application for permission to appeal must be made in writing to this Tribunal so that it is received by this Tribunal within 28 days of this document being sent to the person making the application.

An application for permission to appeal must identify the decision to which it relates, state the grounds of appeal and the result sought – see Part 6 of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

Appendix 1

New Lease Claim

Present lease 99 yrs from 24/3/1984
 Valuation Date 26/09/2012 70.49 yrs unexpired

Long lease value £180,000
 Existing lease value (Relativity 94%) £169,200
 YP = 7% PV = 5%

Diminution in value of Landlord's interest

Value before grant of new lease

| | | | |
|-------------------------|---------|-------|-----------------|
| Term | | | |
| Rent | £50 pa | | |
| YP 4.49 yrs @ 7% | 3.74 | 187 | |
| Rent | £100 pa | | |
| YP 33 yrs @ 7% | 12.75 | | |
| Deferred 4.49 yrs @ 5% | 0.8033 | 1,024 | |
| Rent | £200 pa | | |
| YP 33 yrs @ 7% | 12.75 | | |
| Deferred 37.49 yrs @ 5% | 0.16055 | 409 | |
| Reversion | | | |
| Flat value | 180,000 | | |
| Deferred 70.49 yrs @ 5% | 0.03209 | 5,776 | |
| | | | 7,396.00 |

LESS value after grant of new lease

| | | | |
|--------------------------------|----------|-----|------------|
| Term | | | |
| New Lease at a peppercorn rent | | 0 | |
| Reversion | | | |
| Flat value | 180,000 | | |
| Deferred 160.49 yrs @ 5% | 0.000397 | 72 | |
| | | Say | -72 |

Diminution in value of Landlord's interest

7,324.00

Marriage Value

Aggregate of values of interests after grant of new lease

| | | |
|----------------------------|---------|------------|
| Landlord's interest | 72 | |
| Tenant's proposed interest | 180,000 | |
| | | 180,072.00 |

Less Aggregate of values prior to grant of new lease

| | | |
|---------------------|---------|---------|
| Landlord's interest | 7,396 | |
| Tenant's interest | 169,200 | |
| | | 176,596 |
| Marriage value | | 3,476 |

50% **1,738**

Premium 9,062