



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

Case Reference : BIR/00CR/OAF/2021/0002

Property : 1 Bosworth Close, Dudley, West Midlands, DY3 1BJ

Applicants : Adaline Southall and Lee Southall

Representative : Adcocks Solicitors Ltd.

Respondent : Persons Unknown

Representative : None

Type of Application : To determine the sum payable into Court by a lessee to purchase a Freehold interest pursuant to Section 27 Leasehold Reform Act 1967 by Order of Dudley County Court, 15th December 2020. Claim No: GoDD349.

Tribunal Members : I.D. Humphries B.Sc.(Est.Man.) FRICS
V. Ward B.Sc. FRICS

Date and Venue of Hearing : None. Determined by paper submission

Date of Decision : 5th March 2021

DECISION

Introduction

- 1 This is an application to determine the sum payable into Court by Lessees to purchase the Freehold interest in 1 Bosworth Close, Dudley, West Midlands, DY3 1BJ, pursuant to Section 27 of the Leasehold Reform Act 1967 ('the Act').
- 2 The Lessees had been unable to locate the Freeholder to serve Notice to acquire the Freehold and applied to Dudley County Court for a Vesting Order on 29th October 2020 by Claim No: GOODD349. This was granted 15th December 2020 by Deputy District Judge Boynton subject to assessment of the price by the First-tier Tribunal (Property Chamber).

The Law

- 3 There are two interests in the property:

Freehold Owned by parties unknown. The lease had been granted by William and Mary Taylor to James Newman for 380 years from 26th April 1712 at a peppercorn rent.

Leasehold The demise contained a large parcel of land that became vested in Dudley Metropolitan District Council ('Dudley MBC') under registered title number WM1030. Dudley MBC developed the site for housing and assigned part of the demise comprising the subject house, to J.K. & B. Southall on 14th March 1983. The assigned leasehold interest was then transferred to the Applicants on 21st May 2018.

- 4 The Applicants are the current leaseholders and wish to acquire the Freehold. Although their Solicitors and Search Agents carried out thorough enquiries they were unable to locate the heirs or assigns of the original Freeholders and applied to Dudley County Court for a Vesting Order under Section 27 of the Leasehold Reform Act 1967. The application was made 29th October 2020 which is the valuation date for present purposes.
- 5 The Court issued the Order on 15th December 2020 subject to the price being determined by the First-tier Tribunal (Property Chamber).
- 6 The Tribunal has considered the facts and assesses the price under section 9(1) of the Act.

Facts Found

- 7 The Tribunal has been unable to inspect the flat due to Government Covid Regulations and relies on the Submission of the Applicants and their Valuer, G.R.Bates FRICS.
- 8 According to the Valuation Report the property is a two storey end-terrace house built around 1976. It comprises a living room, kitchen, three bedrooms and bathroom with w.c. The house has been improved by the Lessees since originally built. The house is similar to others on the estate but the site is fully developed and there is no garage or off-road parking.

Issues

- 9 The Court Order requires the Tribunal to determine the price of the Freehold interest. The ground rent is a peppercorn per annum and not in issue.

The price payable under section 9(1) of the Act

10 The Applicants' submissions on each element of the valuation and the Tribunal determinations are as follows:

11 *Unexpired Term*

Applicant

71.5 years

Tribunal

The Tribunal takes the term from the Land Registry entry and agrees the unexpired term at 71.5 years at the valuation date.

12 *Value of Term Ground Rent*

Applicant

Nil, peppercorn ground rent.

Tribunal

The Tribunal agrees.

13 *Entirety Value of Freehold*

Applicant

£137,500. Mr Bates arrived at the figure having considered the reported prices achieved by four other houses in the locality:

21 Marlborough Rd.	August 2020	£150,000
54 Hockley Road	August 2020	£146,000
86 Parkes Hall Rd.	May 2020	£142,500
31 Parkes Hall Rd.	September 2019	£140,000

The comparables all had garages or parking whereas the subject house had neither and to compensate for the difference, Mr Bates deducted 5% from the average sale price and rounded to £137,500.

Tribunal

The 'entirety value' is a hypothetical value based on the maximum sale value of a house on the plot, not necessarily the existing house, assuming the plot to be fully developed to its highest potential. It is only relevant as a means of assessing the notional ground rent of the plot for the 50 year lease extension envisaged by section 15 of the Act.

Having considered the evidence the Tribunal agrees the value at £137,500.

14 *Site Value as Percentage of Entirety Value*

Applicant

32.5% as the subject house is end-terraced.

Tribunal

The Tribunal agrees.

15 **Years Purchase**

Applicant

5.25% for analysis of both the notional site value to a ground rent and capitalisation of the ground rent for the notional 50 year lease extension.

Tribunal

The Tribunal agrees.

16 **'Standing House' Value of Freehold**

Applicant

£137,500. Mr Bates considers the plot fully developed and accordingly the Standing House Value to be the same as the Entirety Value.

Tribunal

The 'standing house' value is the market value of the house currently built on the site, excluding the value of any tenant improvements, assuming the Freehold is sold with vacant possession.

The Tribunal agrees the plot is already fully developed and determines the Standing House value at £137,500.

17 **Tribunal Valuation**

Based on these inputs, the Tribunal determines the value as:

Term 1

Term 2

Entirety Value	£ 137,500	
x plot ratio	<u>0.325</u>	
Plot Value	£ 44,687	
5.25% return	<u>0.0525</u>	
Equivalent rental value per s.15 of the Act	£ 2,346	
Years Purchase 50 years 5.25%	17.5728	
Present Value 71.5 years 5.25%	<u>0.025770</u>	£ 1,062
<u>Reversion</u>		
Standing House Value	£ 137,500	
Present Value 121.5 years 5.25%	<u>0.00199</u>	£ 274
Freehold Value	say	£ 1,336
		£ 1,330

18 **Tribunal Determination**

The Tribunal determines the price of the Freehold interest at £1,330 (One Thousand Three Hundred and Thirty Pounds).

I.D. Humphries B.Sc.(Est.Man.) FRICS
Chairman

Date: 5th March 2021

Appeal to the Upper Tribunal

Any appeal against this decision must be made to the Upper Tribunal (Lands Chamber). Prior to making such an appeal the party appealing must apply, in writing, to this Tribunal for permission to appeal within 28 days of the date of issue of this decision (or, if applicable, within 28 days of any decision on a review or application to set aside) identifying the decision to which the appeal relates, stating the grounds on which that party intends to rely in the appeal and the result sought by the party making the application.