



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

Case Reference : CHI/29UG/OAF/2021/0012

Property : 34b Wrotham Road, Gravesend, Kent DA11
OPW

Applicant : Manraj Singh Saggu

Representative : Cook Taylor Woodhouse Solicitors

Respondent : Gurbachan Kaur

Type of Application : Lease extension Section 51(1)-(5)
Leasehold Reform Housing and Urban
Development Act 1993 (Missing Landlord)
(The 1993 Act)

Tribunal Member(s) : Mr W H Gater FRICS MCI Arb

Date of Decision : 17 May 2021

DECISION

Summary of Decision

- **The Tribunal has determined that the appropriate sum to be paid is £16,597.**
- **The draft lease is approved.**

Background

1. Deputy District Judge Roffey, sitting in the County Court at Dartford made an Order dated 13 January 2021 directing that the First Tier Tribunal (Property Chamber) should
 - a. approve the form of a new lease to be granted to the Applicant/Claimant,
 - b. determine the appropriate sum to be paid in accordance with Section 51 of the 1993 Act.
2. Directions were made on 17 March 2021 indicating that the application would be dealt with on the papers unless an objection was received.
3. No objection has been received and the matter is therefore determined on the bundle provided by the applicant which includes a report dated 19 April 2021 from Adam Robinson MRICS who values the premium to be paid at £16,372.
4. The Tribunal has not inspected the property.

Evidence Reference to documents in the bundle are shown [*]

Valuation evidence

5. The Tribunal had regard to evidence provided by Mr Robinson. His report contains a Statement of Truth/Certificate of Completeness which is relied upon by the Tribunal.
6. Mr Robinson describes the property as a split level (upper ground floor/first floor) maisonette within what was likely originally a mid-Victorian built terrace house subject to a later conversion to two split level maisonettes.
7. The accommodation comprises: entrance hall, bedroom, half staircase to subfloor bathroom/WC, half staircase to first floor landing, lounge and kitchen.
8. Mr Robinson's report contains photographs of the exterior and interior of the property and the layout of the accommodation is shown on a copy of the lease plans.
9. The gross internal floor area is 50 sqm.
10. The property has no external grounds other than the external steps leading to the front door.
11. There are no communal areas. There are no parking facilities.
12. The property is situated on Wrotham Road, a busy main road and one of the main thoroughfares into Gravesend town centre. This section of the road has a mix of both residential and commercial properties. Gravesend town centre is within ¼ mile.

13. There are no improvements to the property to be deducted under the 1993 Act, referred to in evidence.
14. The valuation date is 5 March 2020, the date the claim form was issued by the County Court. At that date, the lease had a remaining term of 62.80 years unexpired.
15. Mr Robinson provides a schedule of five comparable properties, all within half a mile of the subject property, sold between May 2019 and September 2020. Each property has a long lease.
16. He makes adjustment for time difference by reference to the published house price index for Gravesend Borough. Further adjustments are made for condition and improvements. The weighted values range from £127,500 to £141,000.
17. He values the Unimproved Extended Lease Value at £135,200. That sum is the average value of the weighted comparable sale prices.
18. He adopts a differential of 1% between this value and the Virtual Freehold Value without improvements, which he values at £136,566.
19. In valuing the short leasehold interest Mr Robinson cites:
Sloane Stanley Estate v Mundy [2016] UKUT 0223
Deritend Investments (Birkdale Ltd) v Treskonova [2020] UKUT 164 (LC) and
The Trustees of The Barry and Peggy High Foundation v Zucconi and Zanre [2019] UKUT 242 (LC)
20. These cases provide guidance on the relativity between the Virtual Freehold Value of a property and the value of the short leasehold interest.
21. Mr Robinson adopts a relativity of 80.18% from the Graphs of Relativity approved in those cases to arrive at a value of £109,949 for the value of the existing lease.
22. The value of the freehold is capitalised at 7%. No evidence of ground rent transactions is provided, and Mr Robinson relies on knowledge of previous negotiations.
23. The lease has 62.80 years remaining with a ground rent at the valuation date of £80 p.a. for a period of 29.80 years rising to £120 p.a. for the remainder of the term. Mr Robinson at [58] refers to a remaining lease term of 66.03 years but this appears to be an error and is not repeated elsewhere in his calculations.
24. Deferment of the reversion follows the “Sportelli” rate of 5%.
25. A worked valuation is provided at page [53] of the bundle.

Terms of the Lease

26. A draft lease has been provided. [111]
27. The Applicant states at [110] that they have never received any demands for ground rent, and they are not aware of any other amounts payable to the Respondent.

Costs

28. Deputy District Judge Roffey ordered that costs of £3,040.00 should be deducted by way of set off from the price assessed by the Tribunal. These have not been deducted from the appropriate sum determined below.

Decision

29. The Tribunal has considered each element of Mr Robinson's valuation. He has not departed from the principles of leading caselaw on the matter and the Tribunal accepts his methodology. Accordingly, the Tribunal accepts Mr Robinson's valuation subject to the following correction.
30. There appears to be an arithmetical error in relation to the existing short lease value reported by Mr Robinson. The correct relativity is 80.18% of the FHVP value of £136,566. That sum is £109,499 not £109,949 as reported. The corrected marriage value calculation is appended.
31. The Tribunal therefore determines that the appropriate sum to be paid for the extended leasehold interest under the 1993 Act is **£16,597**.
32. The draft lease is approved.

PERMISSION TO APPEAL

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.

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.

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.

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.

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Appendix: Amended marriage value calculation

Marriage Value

Value of future interests:

Leasehold interest after extension of lease	£135200
Freehold Interest after extension of lease	£ 79
Subtotal	£135,279

Less

Value of current interests:

Leasehold Interest prior to extension of lease	£109,499
Freehold Interest prior to extension of lease	£7,572
Subtotal	£ 117,071

Marriage Value Total £ 18208

Freeholder's Share at 50%= £ 9104

£9104 + £7493=£16597 Total Premium payable to Freeholder