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LON/LVT/792/97

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant Mr & Mrs R Oakins

Respondent Mr T A Bello

RE: 19 Elsiemaud Road, Brockley, London, SE4

Date of Tenant's Notice: 31 March 1994

Application to Tribunal dated: 14 November 1997

Heard: 23 June 1998

Unexpired Term 12 years 9 months

Appearances:

Mr A Twigger of Counsel  
Mr J Millis, Judge & Priestley, Solicitors  
Mr R Oakins (tenant)

for the Tenant

Mr T A Bello

the Landlord

Members of the Leasehold Valuation Tribunal:

Mrs B M Hindley, JP LLB (Chairman)  
Mrs J McGrandle BSc (EstMan), ARICS, MRTPI  
Mr D Myer-Smith

Date of Tribunal's decision: -4 AUG 1998

1. This decision is made on the application of the tenants, Mr & Mrs Oakins, for determination under Section 9 of the Leasehold Reform Act 1967 as amended, of the price to be paid for the freehold interest in the house and gardens known as 19 Elsiemaud Road, Brockley, London, SE4. The tenants hold the subject property under a lease dated 16 June 1908 for a term of 99 years from 25 December 1907 at an annual rent of £1, together with an underlease dated 24 April 1935 for a term of 99 years less one day from 25 December 1907 at an improved ground rent of £6.50 per annum.
2. On 31 March 1994 Messrs Judge and Priestley, solicitors, on behalf of the tenants, gave notice of their claim to purchase the freehold of the subject property to T A Bellow and Co, (sic) the freeholder.
3. On 21 February 1995 an order was obtained from Bromley County Court declaring the tenants' entitlement to purchase the freehold of the subject property from Mr T A Bello. The date of the valuation is thus 31 March 1994 at which time the unexpired term was 12 $\frac{3}{4}$  years.
4. At the hearing Mr Twigger explained that Mr Bello had purchased the freehold interest at an auction on 20 July 1988. At the time he had known that negotiations were in progress for Mr & Mrs Oakins to purchase the underlease and, in fact, they exchanged contracts with Globepearl Ltd on 22 July 1988 at a price of £48,000. Subsequently, in August 1988, Mr & Mrs Oakins purchased the head lease at a price of £75 and both titles were registered in their names on 17 February 1989. The tenants have resided in the property since 25 August 1988.
5. Mr Oakins gave evidence that the property had been in poor condition when he purchased it. He had strengthened the roof, put in a damp proof course,

totally renewed the plumbing and wiring, replaced some windows and installed central heating, new kitchen fittings and a new bathroom suite. He said that although there was space for a garage he had not built one.

6. Mr Twigger handed in a valuation (now attached at Appendix 1) which had been obtained from Mr C L Cantwell FNAEA who had since died. He also referred to a covering letter dated 19 May 1997 (now attached at Appendix 2) which explained the basis on which Mr Cantwell considered £10,150 to be the appropriate price for the freehold interest.
7. Mr Bello explained that he had purchased the freehold interest at a price of £19,750 (see Appendix 3 for the auction particulars) as an investment for his son. He said Elsiemaud Road was a special road - the best in the locality. A senior valuer at Barnett Ware and Graves of Queens Road, Peckham, had told him that a house in the road had been sold in 1992 for £120,000, so he considered that in 1994 the subject property would have been worth £140,000. His own estimate of present day values for the freehold interest in the subject property with vacant possession was £180-£200,000 with a garage, and £175-£180,000 with a garage space.
8. After the hearing, and accompanied by Mr Millis, Mr & Mrs Oakins and Mr Bello, the Tribunal inspected the subject property. They found it to be a semi detached house in a pleasant suburban road of similar and some larger houses. The roof was original but most of the windows had been replaced. Inside, and off a hallway with no cupboard under the stairs, it comprised a good sized bay windowed front room with an original fireplace and a rear room with original doors to the good sized north east facing garden. This had a small paved patio with lawn beyond and backed onto the gardens of the houses in the next road. The very small kitchen, modernised by the tenant, had a door which opened onto a generous side access. A straight staircase, with an original banister and

a landing window, led to one small and one larger rear bedroom and a good sized front bedroom. The bathroom, also at the front, was small and there was a separate wc adjacent.

9. To sum up, the subject property was a typical, circa 1920 semi detached house which had benefited from some modernisation. However, the original layout remained and this provided scope, if so desired, for further works of improvement.
10. The Tribunal, unaccompanied, also viewed externally Nos 7 and 27 Polsted Road which they considered a somewhat better road than the subject. No 7 was very similar to the subject property but it enjoyed no garage space or off street parking. No 27 benefited from a replacement roof and double glazing, but appeared closer to its neighbour than the subject. 176 Malyons Road also viewed, was an older style, end of terrace, property with a replacement roof and windows, situated on a less good road than the subject.
11. The Tribunal was not persuaded by Mr Bello's unsubstantiated assertions that the subject property, in March 1994, had a freehold value of £140,000. The transactions set out in Mr Cantwell's letter (see earlier) were not challenged by Mr Bello and these provided support for Mr Cantwell's estimate of £80-£85,000 as the value of the subject property as at March 1994.
12. On the basis of their knowledge and experience and taking into account their internal and external inspection of the subject property as well as their external inspection of a number of other properties in the immediate locality, the Tribunal considered their best estimate of the freehold vacant possession value, in March 1994, to be £85,000. Again, on the basis of their knowledge and

experience and in the absence of any challenge the Tribunal accepted Mr Cantwell's use of 30% for site value and 7% as the appropriate percentage for capitalising the value of the reversionary ground rent. The Tribunal's valuation is, therefore, as follows:-

19, Elsiemaud Road, Brockley, SE4

Unexpired term of lease at date of valuation

= 12 years 9 months

	£	£	£
Ground Rent		1	
YP for 12¾ yrs @ 7%		8.2540	8
Entirety value as at March 1994	85,000		
Site value @ 30%	25,500		
Modern ground rent @ 7%		1785	
YP in perpetuity @ 7%			
deferred 12¾ years		6.0318	<u>10,767</u>
			10,775

Say £10,800

13. Accordingly, the Tribunal determines the sum to be paid for the acquisition of the freehold interest in 19 Elsiemaud Road, Brockley, SE4, to be £10,800 (Ten thousand and eight hundred pounds).

CHAIRMAN..... *B. D. Cantwell*

DATE..... **4 AUG 1998**

Re : 19 Elsiemaud Road, Brockley, SE4

Unexpired term of lease - 12 years, 9 months.

Current Ground Rent £1 per annum

Ground Rent £1 per annum 12 years, 9 months @ 7% (8.2540)                      £        8.25

Entirety Value as at March 1994    £80,000

Site Value at 30%                                £24,000

Modern Ground Rent @ 7%            £ 1,680

Y.P. in perpetuity @ 7% Deferred (6.0318)

£10,133.43

Price payable for enfranchisement

£10,141.68

Say    £10,150.00

This valuation was prepared in accordance with the pattern set by decisions of the Leasehold Valuation Tribunal in respect of similar properties.



C L Cantwell F.N.A.E.A.

- Bellingham    227 Bromley Road SE6 2PG    Tel: 0181 698 3060
- Catford        4 Station Buildings                Tel: 0181 690 3425  
 Catford Road SE6 4QZ            Fax: 0181 690 5241  
*An Estate Agency since 1896*

PROPRIETOR C. L. CANTWELL F.N.A.E.A.

# Haven Estates



Mr M D Oakley  
Judge & Priestley  
Solicitors  
6 West Street  
Bromley  
BR1 1JN

APPENDIX 2

19 May 1997

Dear Mr Oakley

Your Ref: MDO NCW OAKI 1. 1  
Re: 19 Elsiemaud Road, Brockley, SE4

I attach my valuation of the price payable for the Freehold interest in the above property as at March 1994.

There is a paucity of comparables for the entirety value partly due to the fewer transactions and partly because Estate Agents like Stanilands do not now exist and the branches that do exist do not hold their records in the branches anymore.

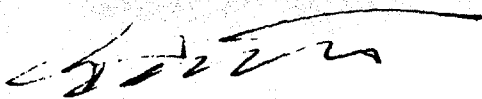
However properties in Polsted Road, SE6 are comparable and No. 7 sold at £78,000 in April 1994. No. 27 Polsted Road sold in January 1994 at £84,000. We also sold No. 176 Malyons Road, Ladywell at £66,750 in March 1994. I understand that Saxtons sold a property in Elsiemaud Road around this time at £85,000.

If we allow for central heating, double glazing, modern kitchen and bathroom etc. a valuation of £80,000 is perfectly reasonable. However in the event of a worse case scenario and an entirety valuation of £85,000 the enfranchisement figure would rise to £10,767.

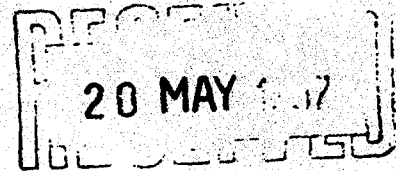
Unfortunately I broke a cardinal rule in guessing at the result of the arithmetic off the cuff and hence mentioned a figure of £4,000 odd!

In view of Mr Bellos responses to date an application to the L.V.T. for a determination might as well be prepared as soon as possible and I suppose it is likely that he will appear at the Tribunal in person to argue that because he paid £20,000 for the Freehold it is worth £20,000!

Yours sincerely



C L Cantwell F.N.A.E.A.



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- Catford 4 Station Buildings Tel: 0181 690 3425  
Catford Road SE6 4QZ Fax: 0181 690 5241  
*An Estate Agency since 1896*

PROPRIETOR C. L. CANTWELL F.N.A.E.A.

# Haven Estates



Freehold Two-Floor Terrace House – Investment

Lot 153

117 Court Road, South Norwood, SE25

Situated just off Portland Road in this popular area, close to good local shopping facilities and being within easy walking distance of Woodside BR Station.

Being a freehold two-floor terrace house comprising:

*First Floor:* Three bedrooms. Bathroom/WC.

*Ground Floor:* Two reception rooms. Kitchen.

Let to Mr and Mrs P. F. Ayres at a rental of £27.00 per week exclusive (registered rent £27.00 per week exclusive, effective date 20th January 1987).

**Currently producing £1,404.00 per annum**

(Landlord paying rates)

*The London Borough of Croydon*



BY ORDER OF THE CORPORATION OF LONDON



Freehold Ground Rent Secured upon a Two-Floor Semi-Detached House and Garage Space with Valuable Reversion in Approximately 18 Years

Lot 154

19 Elmwood Road, Brockley, SE4

Being a freehold ground rent secured upon a two-floor semi-detached house leased for the residue of a term of 99 years from 25th December 1907 at a ground rent of an appropriate apportionment of £1.00 per annum exclusive.

**Total Ground Rent Income an Apportionment of £1.00 per annum**

Valuable Reversion in Approximately 18 Years

The above property is sub-leased to ~~Mr C. W. Heath~~ for residue of *L Globe Pearl Ltd P.P.* term less one day at an improved ground rent of £6.50 per annum exclusive.

*N.B.:* The property is leased to the Executors of Mrs Sutton's Estate and sub-leased to Mr C. W. Heath. A sale of the sub-lease has been agreed to Mr R. Oakins. The Head Lessee has failed to maintain the property in accordance with the repairing covenants of the lease, and it is currently vacant. A Notice has therefore been served in respect of non-repair, under the provisions of Section 44b of the Law of Property Act 1925, initiating an action *h146* for forfeiture of lease, and a claim for dilapidations, if any. The property is sold with the benefit of this Notice.

