

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicants: The Trustees of the Ilchester Estate

Respondents: Mr and Mrs A Durante

Re 6 Woodsford Square, London W14

Date of tenants' notice of claim: 5 April 1994

Application to the tribunal: 6 October 1998

Hearing: 1 June 1999

Appearances:

Mr S Burrell (counsel)
Mr P E W Scoble (Boodle Hatfield, solicitors)
Mr I MacPherson MA FRICS (Gerald Eve, chartered surveyors)
Mr A McGillivray (W A Ellis, estate agents and surveyors)
Mr G A Dobson (Agent to the Ilchester Estates)

for the landlord

No appearance for the tenants

Members of the leasehold valuation tribunal:

Lady Wilson
Mr B H Hord CBE FRICS
Mr O Miller

Date of the tribunal's decision: 24 June 1999.

1. Woodsford Square is a development of 133 terraced town houses built in the 1960s. No 6 is a four storey house with a garage and with a gross internal area of 2167 square feet. It is held by the tenants under a lease dated 24 May 1968 for a term of 100 years from 24 June 1967, of which about 73 years remained unexpired on the date of the notice of claim, at a ground rent of £170 per annum, subject to review in 2002 and 2035 to 3/20ths of the annual rack rental value as defined in the lease.

2. Mr MacPherson, for the landlord, produced a written statement and told us that the present tenants' claim, made by the previous leaseholders from whom they acquired the lease, was one of 49 such claims made in respect of houses in the development made in early 1994. The then leaseholders of No 6, in common with many of the other claimants, were then represented by a single firm of chartered surveyors who negotiated terms for the purchase of their freeholds from the landlord's advisers which were set out in a schedule of offers for settlement sent to the tenants' surveyors on 9 October 1998. The offer made for the price of the freehold of No 6 was £50,500. Mr MacPherson said that discussions followed between Mr Dobson, the Agent to the Ilchester Estates, and the Chairman of the Woodsford Square Residents' Association Enfranchisement Sub-Committee, as a result of which a reduction of 2½% in the prices sought by the landlord was agreed, but only if the tenant concerned accepted the offer by 25 November 1998. Most of the leaseholders involved in this negotiation accepted these terms and paid the prices agreed by the date stipulated. The tenants of No 6, however, did not.

3. In a letter to the tribunal dated 17 May 1999, Mr Durante, the joint leaseholder of No 6, said that they had been asked to pay £50,500 for the property last October, but that he and his wife had been excluded from the agreement to accept a lesser price. The tenants of Nos 4 and 5 had paid £40,043 for their freeholds. He said that he did not propose to attend the hearing of the application.

4. Mr MacPherson said that the difference between the price of £50,500 sought for the freehold of No 6 and the prices of £40,043 for Nos 4 and 5 was 2.89%, 2.5% of which was the discount for prompt payment, and the other 0.39% was based on a slight difference in the valuation of No 6. He produced a valuation of the price for the freehold which is attached to this decision as appendix A.

5. Mr McGillivray of W A Ellis produced a written statement explaining the basis of his valuation of No 6 and the comparables. He concluded that No 6 had a leasehold value of £362,500 at the valuation date, slightly higher than that of Nos 4 and 5 because, unlike those houses, No 6 had direct access to the communal gardens and a somewhat better rear aspect, and was marginally further from the busy Addison Road.

6. Mr Dobson gave evidence of the course of the negotiations between the landlord and the tenants.

7. We were satisfied from the evidence we were given that the price proposed by the landlord was appropriately based on good comparable evidence and that the proposed capitalisation and deferment rates of 6½% were correct for the quality of the investment. We accordingly accepted Mr MacPherson's valuation and we determine that the price payable for the freehold of the property to be £50,500. We were shown and we approved a copy of the proposed form of transfer which, we were told, follows the forms of other transfers of freeholds in Woodsford Square and has been approved by the landlord and by the Residents' Association.

CHAIRMAN.....

24 June 1999.

LEASEHOLD REFORM ACT 1967 AS AMENDED

Section 9(1C)

Valuation

of

6 Woodford Square, London, SW14

at 5th April 1994

by

Ian Macpherson M.A. FRICS

<u>Valuation of lessor's interest exclusive of marriage value</u>	£	£	£
For remainder of term-			
Ground rent currently payable	170		
Years Purchase for: 8.25 years @ 6.5%	<u>6.234</u>	1,060	
Reversion to Rent Review on 24/6/2002			
Freehold Vacant Possession Value	430,000		
Rentalised @ 4.85%	<u>20,855</u>		
Rent payable at 3/20ths	3,128		
Years Purchase for: 65 years @ 6.5%	15.128		
Deferred 8.25 years @ 6.5%	<u>0.5948</u>		
	<u>8.9981</u>	28,148	
For reversion to -			
Value of freehold interest with vacant possession	430,000		
Deferred 73.25 years @ 6.5%	<u>0.0099</u>	4,257	
			33,465
<u>Add lessor's share of marriage value</u>			
Value of freehold interest with vacant possession		430,000	
<u>Less</u>			
Value of lessor's interest exclusive of marriage value	33,465		
Value of lessee's interest exclusive of marriage value	<u>362,500</u>	395,965	
Gain marriage		<u>34,035</u>	
Landlord's share @ 50%			<u>17,018</u>
Enfranchisement price			50,483
		Say	<u>50,500</u>

Date:
25-Mar-98

GERALD EVE
Chartered Surveyors