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LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL
DECISION OF LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION UNDER
SECTION 21 OF THE LEASEHOLD REFORM ACT 1967

Applicants: Anthony Owen Akers & Anastasia Mary Teresa Akers

Respondent: Denetower Ltd

RE: 4, Elmstead Close, London N20

Application to Tribunal by Jennifer Israel & Co, Solicitors, dated 13 May 1998

Heard: 8 June 1999

Appearances: Mr B R Maunder Taylor FRICS for the nominee purchasers

Members of the Leasehold Valuation Tribunal

Mrs J McGrandle BSc ARICS MRTPI

Mr J J Tomalin

Nominee purchasers' Section 13 notice dated: 22 September 1997

Nominee purchasers' proposed terms of acquisition: £200

Landlord's section 21 Counter-notice dated: March 1998

Landlord's counter proposals: -

Valuation date: March 1998

Leasehold Valuation Tribunal's determination: £275

Date of Tribunal's decision: 19 July 1999.

1.0 Introduction

1.1 This is an application made by Mr and Mrs Akers of 4, Elmstead Close, N20, for the determination of the price to be paid for the acquisition of the freehold interest of the property under S.21 of the Leasehold Reform Act, 1967.

1.2 The applicants hold under a 999 - year lease dated 20.4.56 @ a PC for year 1 and then at a fixed ground rent of £25 pa for the remainder of the term. At the date of valuation, March 1998, the unexpired term was 957 years.

1.3 The applicants proposed a price of £200 for the acquisition of the freehold interest by application to the Tribunal dated May, 1998; no price was submitted by the landlords, Denetower Ltd.

2.0 The Subject Property

2.1 Elmstead Close is a cul-de-sac of 17 x 3 - bedroom detached houses located in a leafy part of Totteridge, N20. All houses were built by the same developer in 1956 to a similar specification although there are individual variations. All houses have garages; some have shared driveways.

2.2 The Tribunal found site coverage to be relatively high with little scope, it would appear, for domestic extensions other than single-storey rear sun-rooms/conservatories or possibly roof dormers (subject to planning). The subject property itself had had a single-storey rear extension. The houses had been built in the 1950s to a high specification and all were still in excellent condition, having been well looked after by their owners.

3.0 The Lease

3.1 Under Cl. 1 of the lease, the ground rent of £25 pa is payable by 4 quarterly instalments with no provision for review. Under the same clause the tenant covenants to pay by way of additional rent a sum equal to the sum payable by the landlord for insuring the building against fire loss should the tenant default on his insuring covenant. Cl. 3 of the lease contains a number of covenants by the tenant including:

Cl.3 (10). Not to erect any building on the land or any alteration thereof without prior permission from the landlord's architect.

Cl. 3 (11) To insure the property at an insurance office nominated by the landlord.

4.0 Hearing

4.1 Mr Maunder Taylor for the applicants appeared in person. The landlords, Denetower Ltd., neither appeared nor sent in written representations, the only communication from the company being a letter dated March, 1998 from their solicitors, Wallace and Pttrs, in which they formally acknowledged the applicants' right to buy the freehold.

4.2 The background to the case was explained. A number of the tenants on the estate, which extended beyond Elmstead Close and embraced some 30 or so properties, had been offered their freehold by the landlords for £2,500 each. The tenants had variously received advice that the price was too high. The matter now before the Tribunal was therefore by way of a test case.

4.3 Mr Maunder Taylor invited the Tribunal to value the freehold interest as though a vesting order applied. On this basis, it was his view that 8 YP of the ground rent, ie, £200, was an appropriate figure. He referred the Tribunal to a number of case summaries between 1982 and 1986 of enfranchisement valuations of long unexpired terms extracted from A Handbook of Leasehold Reform published by Sweet and Maxwell and now out of print.

5.0 Decision

5.1 In this particular case the Tribunal is dealing with a very well secured ground rent but one which has no possibility of growth. As an investment, the ground rent per se is of limited appeal.

5.2 No evidence was placed before the Tribunal as to any insurance commission earned by the landlords. However, the requirement in the lease that the tenant insures at an insurance office nominated by the landlord indicates that there is the possibility of earning insurance commission for a landlord who has an insurance agency. In addition there is the benefit to the tenant in being freed from covenants such as the need to obtain permission from the landlord for domestic alterations or extensions.

5.3 The Tribunal concluded that it would be appropriate to reflect these factors in an uplift of the years' purchase to be applied to the fixed ground rent. Accordingly they determined that 11 YP would be appropriate, giving an acquisition price for the freehold

interest of £275.

CHAIRMAN..... *J. Mc Grandle.*
DATE..... *19. 7. 99.*

4 Elmstead Close, N20
Purchase Price payable by Nominee Purchasers

	£	£
Rents receivable	25	
YP in perp @ 9.1%	<u>11</u>	275

Source: LVT