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**SOUTHERN RENT ASSESSMENT PANEL AND
LEASEHOLD VALUATION TRIBUNAL**

**In the matter of section 9 and section 27 of the
Leasehold Reform Act 1967 (as amended)**

and in the matter of 8 Saxby Close Weston super Mare

Case Number: CHI/00HC/OAF/2005/0030

Upon the application of Mr R J Brooks("the Applicants")

Inspection and determination: 17th November 2005

The matter was considered in the light of written representations without a hearing

Decision of the Tribunal

Issued: 30th November 2004

Tribunal

Mr R P Long LLB (Chairman)
Mr A.D. Gregg
Mr M J Ayres FRICS

Decision

1. The tribunal has determined for the reasons set out below that the price payable by the Applicant for the freehold reversion in this matter is the sum of £921.

Reasons

2. 8 Saxby Close ("the property") is a two bedroom end of terrace house erected in a corner position on a development at Worle. The tribunal was informed that it was built in or about 1982. It is of brick and rendered cavity construction under a pitched concrete tiled roof, and has a larger rear garden than many upon the estate on which it stands. There is no garage but a separate parking space exists within the plot. The lessee has erected a conservatory at the rear that we have disregarded for the purposes of valuation in accordance with the requirements of section 9(1A)(d) of the Act. A public footpath runs both at the side and at the rear of the property. The title includes a small area of land beyond the foot path at the rear of the property that appeared to the tribunal to afford no benefit to the owner of the property, and to have no material value. The Applicant did not seek a hearing before the tribunal.
3. The property is built upon land that was part of that demised by a sixteenth century lease of which the tribunal understands no copy is known now to exist. The demise was in favour of John and Isabel Thomas for a term expiring in 2057 at an annual rent of £1-6-9d (£1-34). We are informed that no rent is paid by the lessees of the property under this lease. The whereabouts of the lessees or beneficiaries under this lease are now unknown.
4. The Weston Super Mare County Court made an Order, dated 27th July 2005, that the freehold of the property be vested in the Applicants. The Order contains a paragraph in the following terms:

"AND THIS COURT determines and declares pursuant to the provisions of section 27(5) of the Leasehold reform Act 1967 that the estimated amount of pecuniary rent payable for the said property by the Applicants as tenants thereof under the lease out of which the Applicants current interest arises as provided by section 3 of the Landlord & Tenant Act 1954 as amended and which remains unpaid and which will remain unpaid up to the date of this order is the sum to be determined by the Leasehold Valuation Tribunal (under section 9(i) of the Leasehold reform Act 1967 under the "original valuation" basis)."
5. The amount that the tribunal is to determine is the 'appropriate sum' defined in section 27(5) of the Act as follows:

"The appropriate sum which in accordance with sub section (3) above, is to be paid into Court is the aggregate of:

- (a) such amount as may be determined by (or on appeal from) a leasehold valuation tribunal to be the price payable in accordance with section 9 above, and
 - (b) the amount or estimated amount as so determined of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.'
6. Section 9 of the Act sets out in detail the assumptions to be made and the procedure to be followed in carrying out the valuation. The effect of section 27(2)(a) is that the valuation date is the date on which the application for an Order was made to the Court, which appears in this case to have been on 26th July 2005.
7. The tribunal is aware that the expression "original valuation basis" is one that is referred to in a paper on the website of the Leasehold Advisory Service (LEASE) intended to explain valuations in matters of this nature to the general public, although the term does not appear in the leading textbook upon the matter, Hague on Leasehold Enfranchisement. However, the paper in question, adopts the "standing house" method of valuation as does the valuation from Messrs Stephen & Co the applicants' valuers, which is the method commonly adopted for valuations under section 9(1) of the Act, and that is the course that the tribunal considers is appropriate in this case, so that there appears to be no issue on that aspect. There is unlikely to be evidence of sales of vacant sites because the locality in which the property stands has been fully developed for some years. Finally, the tribunal bore in mind the cases to which the Applicant's valuers stated that they had considered.
8. For the purpose of establishing what amounted to the standing house value of the property on the valuation date Messrs Stephen & Co had supplied details of sales of four comparable properties. 3 Elton Road was sold in September 2005 for £113,750 and 9 Perrymead was sold in February 2005 for £116,000. 34 Perrymead was sold in September 2004 for £115,000 and 14 Lisle Road was sold in July 2004 for £119,950. They said that of the two most recent sales 3 Elton Road has garage space adjoining with a driveway across to it. 9 Perrymead has parking in front of the property and has potential garage space. From those figures they had concluded that the value of the subject property on the valuation date was fairly represented by a sum of £108,000.
9. The standing house value requires an assumption that the property is freehold, is in good condition and that the site has been developed to its best use within the existing use category. Section 9(1A)(d) of the Act requires the tribunal to take no account of any improvements made by the lessee, although in this case there appeared to be no material improvements that would have had the effect otherwise of increasing the value. The tribunal was unable to accept the value of £108,000 that Messrs Stephens and Co advanced. It took the view that this is a house with a good sized garden and an on-site parking area that would attract a better price than £108,000, and considers that that figure would on the comparables advanced be likely to be £113,000. It accepted that the existence of the footpaths may have a deleterious effect on the site value, and has reflected that in the 2½% discount that it has felt right to apply to what would,

as Messrs Stephen & Co argue, otherwise be a site value of 30% of the entirety value. It would be inappropriate both to reduce the entirety value and then to apply a discount in respect of the footpaths as that would produce an element of double counting for the same deduction. The tribunal therefore took a site value of £31075.

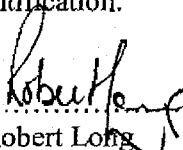
10. The tribunal accepted Messrs Stephen & Co's representation that a modern ground rent in this locality might be established using a 7% rate of return on the site value. That produces a modern ground rent of £2175-25. It added no amount for unpaid ground rent as any apportionment of the rent of one shilling and sixpence originally reserved produces an entirely insignificant sum for an individual property.

11. The tribunal's valuation therefore was:

Ground rent reserved:	Nil
<u>Reversion</u>	
Estimated site value (27.5% of £113500)	31075 - 00
Modern Ground rent @ 7%	2175 - 25
YP in perpetuity deferred 52 years	<u>0.4236</u>
Total	921-43

But say £921-00.

12. The tribunal approves the form of transfer that was sent with the application, a copy of which is annexed and is signed by me for identification.


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Robert Long
Chairman

29th November 2005