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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 20 Perrymead Worle Weston super Mare

Case Number: CHI/00HC/OAF/2004/0024

Upon the application of Miss A L Willis and Miss K E Willis ("the Applicants")

Inspection and initial consideration – 30th November 2004

Closing Date for additional representations – 13th December 2004

Final consideration – 22nd December 2004

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

Decision of the Tribunal

Issued: 4th January 2005

Tribunal

Mr R P Long LL B (Chairman)
Mrs M Hodge B Sc MRICS
Mr M J Ayres FRICS

Decision

1. We have 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 £716-00.

Reasons

2. 20 Perrymead ("the property") is a small house with a living room, a bedroom, a kitchen and a bathroom. It stands on a development of properties at Worle that were built in or about 1987. It is of brick cavity construction under a tiled roof. It is part of a block of houses such that it adjoins two other houses in the block. It has a separate small garden. There is no garage although parking spaces are available as part of the development.
3. The property is built upon land that was part of that demised by a sixteenth century lease ("the lease") granted on 1st September 1557 by Catherine Wallop of which we understand 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 lessors or beneficiaries under this lease are now unknown. The Applicants hold the property as assignees under the lease.
4. The Applicants applied to the Weston super Mare County Court to have the property vested in them pursuant to section 27 of the Leasehold Reform Act 1967 (as amended) ("the Act"), which deals with applications where the whereabouts of the landlord are unknown, on terms to be determined by this tribunal on 7th July 2004 and the Court's order is dated 13th September 2004. 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.'
5. 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, in this case on 7th July 2004.
6. There was before the tribunal a valuation report by Messrs Stephen and Co, Chartered Surveyors, that adopted the "standing house" method of calculation. The tribunal is satisfied that that is an appropriate approach in the present case.

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.

7. For the purpose of establishing the standing house value of the property on the valuation date Messrs Stephen & Co had supplied details of sales of two comparable properties. 39 Perrymead had been sold in August 2002 for a price of £58950, and 18 Saxby Close had also been sold in August 2002 for a price in that case, of £64500. They also mentioned that the subject property had been sold in October 2001 for £54,000. They had adjusted those figures by reference to the regional, all property, index published by Nationwide Building Society, a copy of the relevant portion of which they provided. From those figures they had concluded that the value of the property on the valuation date was fairly represented by a sum of £85000.
8. The standing house value requires an assumption that the property is freehold, has been fully modernised and is in good condition to arrive at the 'entirety value' on which the modern ground rent is to be based. There was no indication in Messrs Stephen & Co's valuation that those points had been taken into account, as the valuation appeared from the information they gave to proceed on a straightforward comparison of the indexed prices for the properties as they stood at the time of sale. We did also consider mentioning that one member of the tribunal (MFH) had sat on a tribunal, approximately a month before, when the enfranchisement price for 39 Perrymead was decided. We, therefore, know that in August 2002 that property would have been subject to a ground lease. The tribunal gave Messrs Stephen and Co an opportunity to comment upon these matters before making its determination, but has received no representations about them within the period offered for the purpose.
9. It appeared to the tribunal that if one took those factors into account the figures produced by Messrs Stephen and Co, with which it took no issue as straightforward comparables save that one must always treat prices indexed over a two or three year period with some caution, must necessarily increase somewhat. Doing the best they could with the information available and using their collective general knowledge of the market in the locality, it appeared likely to the tribunal that the factors in question would have produced an increase of 10% or so over the indexed comparable price. In round figures that would produce an entirety value of £94000.
10. Messrs Stephen & Co argued that the site value should be taken as 25% of the entirety value. They pointed to the fact that the split nature of the site would not readily allow a house to be constructed independently.
11. The tribunal accepted that there was some merit in this points, but considered that they did not justify a site value of 25% of the entirety value as Messrs Stephen & Co proposed. It bore in mind in particular that the applicants are entitled to acquire the property with the same rights and obligations as existed under their lease. It determined that bearing in mind all of these factors the site value was properly reflected in the sum of £25850, being 27½% of the entirety value of £94000.

12. The tribunal accepted Messrs Stephen & Co's representation that a modern ground rent might be established using a 7% rate of return on the site value. That produces a modern ground rent of £1809-50.

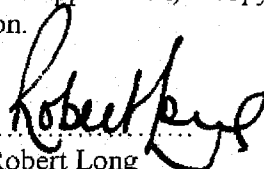
13. The tribunal's valuation therefore was:

Ground rent reserved:	Nil
<u>Reversion</u>	
Estimated site value (27.5% of £94000)	25850 - 00
Modern Ground rent @ 7%	1809 -- 50
YP in perpetuity @7% deferred 53 years	<u>0.3959</u>
Total	716-38

(Say £716-00)

14. The amount payable for leasehold interest is thus £716-00

15. We approve the form of transfer that was sent with the application, a copy of which is annexed and is signed by me for identification.


Robert Long
Chairman

31 December 2004

