



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case reference : **LON/00AP/OLR/2020/0347**

**HMCTS code
(paper, video, audio)** : **P: PAPERREMOTE**

Property : **25A Terront Road, London, N15 3AA**

Applicants : **Nationwide Property Developments
Limited**

Representative : **Mellor Solicitors**

Respondent : **Joseph White**

Representatives :

Type of application : **Absentee Landlord – determination of
premium payable for new lease, section
51(1)-(5) Leasehold Reform, Housing
and Urban Development Act 1993**

Tribunal members : **JUDGE SHAW
Mr KEVIN RIDGEWAY MRICS**

Venue : **REMOTE PAPER DETERMINATION**

Date of decision : **25th November 2020**

DECISION

Covid-19 pandemic: description of hearing

This has been a remote determination on the papers which has been consented to by the parties. The form of remote hearing was P:PAPERREMOTE. A face-to-face hearing was not held because of the pandemic, and all issues could be determined on paper, following receipt of the documents submitted by the Applicant. All necessary documents were in the bundle submitted to the Tribunal, the contents of which have been noted. The order made is as appears at the conclusion of this decision

INTRODUCTION

1. This case involves an application for determination of the terms of acquisition of a new and extended lease of 25a Terront Road, London N 15 3AA (the property”), pursuant to the provisions of section 519(1) – (5) of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”). The case has been transferred to the Tribunal consequent upon the order of the County Court at Central London, dated 27th September 2019, it having been impossible to trace the whereabouts of the Respondent freeholder.

THE EVIDENCE

2. The application is supported by an expert’s report and “desk-top” valuation dated 3rd August 2020, prepared by Mr S R Thelwell FRICS. By way of general comment, it appears that Mr Thelwell was instructed at very short notice to carry out this valuation. As he reminds the Tribunal on 3 occasions in the context of his short report, he was unable to carry out an inspection, and has done the best he can by reference to some photographs and “*information provided*” as to the condition of the property. Neither the substance nor source of this “*information provided*”, is revealed in his report, and although some photographs have been referred to as appearing in an appendix to his report, none have been found in the documents supplied to this Tribunal.

3. The property is a very small 40 square metre upper floor flat conversion, in what Mr Thelwell describes as “*a mainly two storey mid-terrace residential building.*” He tells the Tribunal that “*it is understood the property has the benefit of one bedroom, bathroom, living room and a kitchen.*” Again, the source of this “understanding” is unstated. There is apparently some limited but unidentified parking facility. Although not stated in the report, from other documents supplied, it appears that the lease which the applicant seeks to replace with an extended lease, is dated 25th December 1972, was for a term of 99 years, and had an unexpired term of 53.44 years at the valuation date (which was 18th July 2018). The ground rent is a nominal £10 per annum

Mt Thelwell’s Analysis of the Premium to be paid for the Lease Extension.

4. Mr. Thelwell has supplied details of 3 comparable properties in his report. There is no comment in the body of the report on relativity, how he arrived at this, nor the figure he used in his calculations. There is also no explanation for the Tribunal as to how he made the adjustments to the comparables in the appendix. He has arrived at an open market value of the property with the existing lease of £180,000. The value subject to an extended lease he puts at £250,000 and as shown in his calculations (appended to the report) he arrives at Premium figure for the new lease of £45,000.

Analysis of the Tribunal

5. On the question of relativity, the Tribunal has relied upon the decision in Sloane ***Stanley Estate v Mundy (2016) UKUT 223 (LC)*** which states that relativity should be derived from local transactional evidence. In this case, the comparable evidence has not been analysed in the report so as to explain relativity as they were not suitable transactions, and the Tribunal has referred to the Savills and Gerald Eves graphs as recommended in the Upper Tribunal decision in the ***Deritend Investments*** case. This produces a relativity of 73.39% for the remaining term of 53.44 years. The

Tribunal has used Mr Thelwell's comparables and concludes that the open market value of the long leasehold interest is £280,000. The Tribunal has not made the £20,000 adjustment for landlord's disrepair, because it has been supplied with no detail or evidence in this regard, nor explanation of how the figure has been arrived at. It has adopted capitalisation and reversion rates of 7% and 5% respectively, all of which results in a Premium figure of **£47,620**, as set out in the Valuation annexed hereto at Appendix A. The Tribunal notes in passing that the suggested premium in the Applicant's Notice of Intent was £50,000.

CONCLUSION

11. The result of the conclusions referred to above is that the Tribunal determines that the premium to be paid for the new lease in this case is the sum of **£47,620, which** is the finding of the Tribunal. The Tribunal's Valuation is attached at Appendix A to this Decision.

JUDGE SHAW

Dated: 25th November 2020

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28-day time limit, such application must include a request for an extension of time and the reason for not complying with the 28-day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

Appendix A

Valuation for lease extension

25a Terront Road, London, N15 3AA

Valuation Date	18/07/2018			
Lease Commencement	25/12/1972			
Lease Term	99.00	Years	Expiry Date	24/12/2071
Unexpired Term	53.44	years		
Long Lease value	£280,000			
Freehold VP value	£282,800	+1% on long lease value		
	Term 1	Term 2	Term 3	
Ground rent	£10.00	£0.00	£0.00	
Reversion years	52.27	0.00	0.00	
Capitalisation rate	7%			
Deferment rate	5%			
Compensation	£0.00			
Relativity	73.39%			

Diminution of Landlord's interest

Ground rent				£10	
YP	52.27	yrs @	7.00%	<u>13.86979228</u>	£139
Rent Review 1				£0	
YP	0.00	yrs @	7.00%	0	
PV of £1	52.27	yrs @	7.00%	<u>0.029114541</u>	£0
Rent Review2				£0	
YP	0.00	yrs @	7.00%	0	
PV of £1	52.27	yrs @	7.00%	<u>0.029114541</u>	£0
Reversion to VP value				£282,800	
PV	53.44	yrs @	5.00%	<u>0.07372994</u>	£20,851
Value existing freehold					<u>£20,990</u>
L/lor'd's interest on reversion of new lease					
FH VP				£282,800	
PV	143.44	yrs @	5.00%	<u>0.00091329</u>	-£258
					<u>£20,731</u>

**Landlord's share of
Marriage Value**

Val. Tenant's interest new long lease		£280,000
Val. l/lord's interest after reversion of new lease		£258
		<u>£280,258</u>

Less

Val. tenant's interest existing lease	Relativity 73.39%	£205,492
Val. l/lord's interest existing lease		<u>£20,990</u>
		<u>£226,482</u>
		<u>£53,777</u>

Marriage Value at Compensation	50%	£26,888
		<u>£0</u>

PREMIUM **£47,620**