

**LEASEHOLD VALUATION TRIBUNAL FOR THE**  
**LONDON RENT ASSESSMENT PANEL**

**DECISION OF LEASEHOLD VALUATION TRIBUNAL ON AN  
APPLICATION UNDER SECTION 24 OF THE LEASEHOLD REFORM  
HOUSING AND URBAN DEVELOPMENT ACT 1993**

**Applicant:** 59 Truro Road Ltd

**Respondents:** Mr H Sutton & Mrs J L Sutton

**Re:** 59 Truro Road, London, N22 8EH

**Application to  
Tribunal by:** Nominee Purchaser dated 29 July 2005

**Hearing date:** 25 October 2005

**Appearances:** Mr N B Maunder Taylor BSc MRICS of Maunder Taylor  
Ms D Lane, Trainee Solicitor Boulter & Company

**For the Nominee Purchaser**

Mr H Sutton

**For the landlords**

**Members of the Leasehold Valuation Tribunal:**

Mrs J S L Goulden JP (Chairman)  
Mr P Tobin FRICS MCI Arb  
Mrs S Redmond BSc (Econ) MRICS

**Nominee Purchaser's Section 13 notice dated:** 21 March 2005

**Landlord's Section 21 counter-notice dated:** 19 May 2005

**Valuation date:** 21 March 2005

**Leasehold Valuation Tribunal's determination:** £10,400

**Date of Tribunal's decision:** 2 November 2005

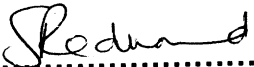
**PROPERTY: 59 TRURO ROAD, LONDON, N22 8EH**

1. The Tribunal was dealing with an application under Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 (hereinafter referred to as "the Act") to determine the price payable on a collective enfranchisement in respect of flats at 59 Truro Road, London, N22 8EH (hereinafter referred to as "the subject property").
2. The Hearing took place on 25 October 2005.
3. The Nominee Purchaser, 59 Truro Road Ltd was represented by Mr N B Maunder Taylor BSc MRICS of Maunder Taylor who also provided expert evidence. Also appearing on behalf of the Nominee Purchaser was Ms D Lane, Trainee Solicitor, of Boulter & Company.
4. The Respondents Mr H Sutton and Mrs J L Sutton were represented by Mr H Sutton. He confirmed that he was giving evidence on behalf of the Respondents and not as an expert.
5. The following matters had been agreed between the parties:-
  - (a) The valuation date is 21 March 2005
  - (b) There are three occupational leases in the building. Each is for a term of 99 years from 25 December 1985 at an initial ground rent of £75 per annum, rising to £150 per annum with effect from 25 December 2018 and then £300 per annum with effect from 25 December 2051. The leases expire on 24 December 2084 and therefore have 79.76 unexpired as at the date of valuation.
  - (c) The Market Value of each flat is £170,000 as at the date of valuation, on the assumption of its existing leasehold interest, and on the assumption that each flat is unimproved and in good condition.
  - (d) The appropriate yield rate for the capitalisation of the ground rent income and the deferment of the reversion is 8%.
  - (e) Nil compensation is payable under Paragraph 2(1)(C) of the Schedule 6 of the Act.
  - (f) The Respondents make no claim as to the landlord's recoverable valuation fee. The landlord's reasonably recoverable legal fees are £500 inclusive of VAT.

6. The matter in issue between the parties was in relation to relativity.
7. Mr Maunder Taylor, for the Nominee Purchaser contended for an enfranchisement price of £5,090, and his valuation is attached at Appendix B. Mr Sutton, for the Respondents, contended for a revised enfranchisement price of £13,137 and his valuation is attached at Appendix C.
8. Mr Maunder Taylor contended for a relativity of 99% and Mr Sutton contended for a relativity of 96%.
9. Mr Maunder Taylor relied on cases going back two years either which he had found on the LEASE website or with which he or his firm had had personal involvement. He referred to six comparables all of which he said were very near to the 79.6 years unexpired term of the subject property. He went through each case in detail pointing out their relevance.
10. His preferred comparable was 29 Belmont Road, Tottenham N15 because it was more local to the subject property, was a recent LVT decision and both parties had been represented by professional valuers. In that case the landlord's surveyor had contended for a relativity of 95% and the tenant's surveyor had contended for a relativity of 97.5%. The Tribunal had accepted 97.5% for an unexpired lease term of 78.057 years.
11. Mr Maunder Taylor also relied on the settlement evidence in respect of Rosebank Cottages, Florence Road, London N4 where he had represented the tenants and Chestertons had represented the landlords. Here, a compromise relativity of 98% was agreed for an unexpired lease term of 79.44 years.
12. Mr Sutton's experience in negotiations was in respect of his own properties which he managed. In the main he had been able to agree a compromise settlement figure with the tenants' representatives, and although he knew how his figure had been reached he said "*I have never swapped detailed calculations with other sides*".
13. His suggested 96% relativity was adjusted to allow for the fact that he recognised that his settlement agreements had been made in order to avoid incurring additional costs.
14. Mr Sutton cited two LVT decisions which he said supported his relativity, namely 150 Hoppers Road, London N21 and 4 Hill Court, 104 Wimbledon Hill Road, London SW19.

## THE TRIBUNAL'S DETERMINATION

15. The Tribunal would have preferred market evidence which neither side was able to produce.
16. Mr Maunder Taylor's evidence to the Tribunal suggested a lower relativity than that for which he argued in that he relied on comparables with relativities ranging between 97% and 98%. Although he suggested that as the unexpired term of years in the subject property was so close to 80 years, the appropriate relativity should be 99%.
17. The Tribunal however accepts Mr Sutton's argument that 80 years should not be treated as an arbitrary point above which there should be nil relativity.
18. On the other hand, the Tribunal rejects Mr Sutton's 96% relativity since it appears to be based on his personal experience of his own properties, supported by, in the Tribunal's view, a selective sample of only two LVT decisions. It is noted that Mr Maunder Taylor was able to refer to other LVT decisions where relativity was determined above 96%.
19. In this case the differential produced by a 99% relativity of below £2,000 per flat is unrealistic. the Tribunal determines the appropriate relativity should be 97% indicating the value of the extended leases at about £175, 250 which fairly represents the differential in prices which might be achieved for a virtual freehold compared with an unexpired lease term of less than 80 years.
20. The Tribunal determines the enfranchisement price at £10,400 and its valuation is attached as Appendix A.

pp. CHAIRMAN  .....

DATE 2/11/05 .....

**LEASEHOLD REFORM HOUSING AND URBAN DEVELOPMENT ACT 1993**  
**S.32 and Schedule 6 VALUATION FOR FREEHOLD ENFRANCHISEMENT**

**59 TRURO ROAD, LONDON N22 8EH**

Valuation date: date of tenant's notice - 21/3/05  
 Unexpired term at Valuation Date: approximately 79.76 years  
 Value of freehold reversion, vacant possession unimproved:  
 determined at 97% relativity - 3 x £175,250 - £525,750  
 All other matters agreed

	£	£	£
<b>1. Value of Freeholder's current interest</b>			
Current ground rent	225		
YP 13.76 years @ 8%	<u>8.16596</u>	1,837	
Ground rent payable from 25/12/18	450		
YP 33 years @ 8%	11.5138		
deferred 13.76 years @ 8%	<u>0.34672</u>	<u>3.99211</u>	1,796
Ground rent payable from 25/12/51	900		
YP 33 years @ 8%	11.5138		
deferred 46.76 years @ 8%	<u>0.02735</u>	<u>0.31495</u>	283
Reversion to freehold with vacant possession, excluding tenant's improvements	525,750		
deferred 79.76 years @ 8%	<u>0.00216</u>	<u>1,135</u>	
Value of the freeholder's interest			5,051
<b>2. Marriage value</b>			
Value after enfranchisement:			
value of landlords interest	nil		
Value of leasehold interests	<u>525,750</u>	525,750	
Less values before enfranchisement:			
Freeholder's current interest	5,051		
Leaseholders' current interest	<u>510,000</u>	<u>515,051</u>	
Gain on marriage		<u>10,699</u>	
50% of marriage value attributed to lessor			5349.50
			10,400.50
<b>3. Any Other Loss</b>		Nil	
<b>Enfranchisement price</b>			<b>£10,400</b>

**59 Truro Road, London N22 8EH**  
**Leasehold Reform Housing and Urban Development Act 1993**

<b>Paragraph 2(1)(a): the value of the freeholder's interest in the premises as determined in accordance with Paragraph 3</b>				
Ground Rent annually:			£225.00	
YP @ 8.00% for 13.76 yrs:	x	8.165959286		
		£1,837		£1,837
Reversion to:			£450.00	
YP @ 8.00% for 33.00 yrs:	x	11.51383642		
PV £1 deferred @ 8.00% for 13.76 yrs:	x	0.346723257		
		£1,796		£1,796
Reversion to:			£900.00	
YP @ 8.00% for 33.00 yrs:	x	11.51383642		
PV £1 deferred @ 8.00% for 46.76 yrs:	x	0.027354068		
		£283		£283
Reversion to:			£515,152	
PV £1 deferred @ 8.00% for 79.76 yrs:		0.002158047		
		£1,112		£1,112
				£5,029
<b>Paragraph 2(1)(b): the freeholder's share @ 50% of the marriage value as determined in accordance with Paragraph 4</b>				
Value of Reversion at premium of:			£515,152	
less value of existing leases at: 99.00%	-		£510,000	
less value under Paragraph 2(1)(a):	-		£5,029	
Marriage Value:			£123	
50% of Marriage Value:				£61
<b>Paragraph 2(1)(c): compensation payable to the landlord under Paragraph 5</b>				
				£0
<b>TOTAL PAYABLE:</b>				<b>£5,090</b>

**20%**

11A

[illegible]