

LON/NL/2017/03

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER SECTION 48 OF THE LEASEHOLD REFORM
HOUSING AND URBAN DEVELOPMENT ACT 1993**

Applicant: Mr J D Sonabend

Respondent: Mrs G Ainsworth-Davis

RE: Flat 2, 17 Rosecroft Avenue, London, NW3 7QA

Description: A ground floor flat in a detached late 19 Century red brick house, converted into 4 self contained flats. The flat comprises 4 rooms, kitchen/diner, 2 baths/wc (1 en suite) + utility/wc with shared use of garden.

Application to Tribunal by Mr J D Sonabend dated 6 June 2003

Heard: 17 February 2004

Inspection: 17 February 2004 (subject flat and Flat 3 internally)
1 March 2004 (other comparables externally)

Appearances: Mr J D Sonabend
Mr E Shapiro BSc FRICS IRRV FCIArb
of Messrs Moss Kaye Pemberton Ltd

for the tenant

Members of the Leasehold Valuation Tribunal:

Mrs B M Hindley LLB (**Chairman**)
Miss M Krisko BSc (EstMan) BA FRICS
Mrs J McGrandle BSc (EstMan) MRICS MRTPI

Tenant's section 42 notice dated: 23 October 2002
Tenant's proposed terms of acquisition: £35,000

Landlord's section 45 counter-notice dated: 13 December 2002
Landlord's counter proposals: £73,000

Valuation date:

23 October 2002

Tenant's existing lease

Date of lease:

7 July 1967

Made between:

W C Williams and A H Brafman

Term:

99 years from 25 March 1967

Unexpired term at valuation date:

63.417 years

Rent:

£75 per annum

Leasehold Valuation Tribunal's determination:

£50,400

Date of Tribunal's decision

1. Attached at Annex 1 is the valuation, dated 4 November 2003, of Mr Shapiro.
2. The respondent was not represented at the hearing but her solicitors, Pemberton Greenish, requested by letter, dated 16 February 2004, that the Tribunal should rely on the report of David Radford as evidence of the premium payable. Accordingly, the valuation of Mr Radford, dated 11 June 2002, is attached at Annex 2.
3. At the commencement of the hearing the respective positions of the parties were as set out below:-

	Applicant	Respondent
Value of unimproved extended lease	£625,000	£975,000
Value of unimproved existing lease	£562,500	£840,000
Yield	7.5%	7.5%
Premium payable	£35,000	£73,000

EXTENDED LEASE VALUE

4. Mr Shapiro suggested that the best comparable was Flat 3 in the subject building. This, first floor, flat had been sold in February 2003 for £500,000 plus £18,000 for fixtures and fittings, on a long leasehold at a peppercorn rent. Mr Radford was, of course, unaware of this transaction. Flat 3 shared a common entrance hallway with the subject flat and enjoyed similar shared use of the communal rear garden. Neither flat enjoyed parking rights in the grounds. Although the floor area of Flat 3 was only 12.5% less than that of the subject, the accommodation was configured to provide only two bedrooms with one en suite bathroom and a shower room. The reception room was larger (by approximately 1/3) than that of the subject but the garden was less visible from its windows because of their height from the floor level. Taking all these factors into consideration the Tribunal was persuaded that the subject flat was the better flat.
5. Mr Shapiro considered that there was no movement in the market from October 2002 (the valuation date) to February 2003, (the transaction date) and he analysed the transaction at £359 per square foot (on £518,000) or £347 per square foot (on £500,000).
6. The Tribunal was offered two other comparables in Heath Drive and Bracknell Gardens by Mr Shapiro. However, both of these were flats, sold in mid 2003, within semi detached properties. Having inspected externally the Tribunal chose not to attach much weight to these less prestigious properties.
7. Both Mr Shapiro and Mr Radford mentioned transactions at two other properties also in close proximity to the subject. The sale at 18 Rosecroft Avenue related to a substantially larger flat than the subject and the sale at 25 Ferncroft Road was of a maisonette, albeit of a similar size to the subject. Both apartments enjoyed exclusive front door entrances and, at Ferncroft, there were also the additional advantages of off

street parking and own share of divided rear garden. Having inspected the properties externally the Tribunal concluded that the many subjective adjustments required made the transactions of only limited assistance.

8. Mr Radford also alluded briefly to the sale of a garden flat at 10A Rosecroft Avenue but since he provided little information the Tribunal obtained no assistance from this sale.
9. The Tribunal whilst accepting Mr Shapiro's contentions that Flat 3 provided the greatest assistance and that there had been no significant movement in the market between October 2002 and February 2003, considered that the other transactions could not be totally disregarded. Accordingly, they determined an improved extended lease value of £690,000.
10. The tenant's improvements being valued by Mr Shapiro at £25,000 the Tribunal reached an unimproved extended lease value of £665,000.

EXISTING LEASE VALUE

11. Mr Shapiro put the existing lease value at 90% of the extended lease value. He found support for this opinion from the graph produced by the College of Estate Management.
12. Mr Radford put the existing lease value at 86% of the extended lease value but he offered no supporting evidence for this opinion.
13. On the basis of their knowledge and experience the Tribunal considered 86% to be appropriate. Accordingly, they determined an existing lease value of £571,900.
14. Thus with the yield agreed between the parties at 7.5% the Tribunal determined the premium payable as £50,400. as set out at Annex 3 (attached).

CHAIRMAN.....

DATE.....24/3/04.....

ANNEX 1

INPUT INFORMATION		valuation date	23/10/2002			
Lease						
Number of years unexpired	63.417		lease expires	24/03/2066		
Number of yrs. to reversion		63.417				
Rent for term		£75.00				
Capitalisation Rates		7.50%				
Value of extended lease						£625,000
Value of existing lease	90.00%				£562,500	
Value of Freehold Current Interest						
Rent Reserved		£75.00				
YP to 1st review		13.1975		£990		
Reversion to VP value x PV of £1 until end of term		£625,000				
		0.01019		£6,369	£7,359	£569,859
Marriage Value						
half share of marriage value						£55,141
						x50%
value of F/H current interest						£27,571
						£7,359
Enfranchisement price						
		Lease extension price, say		£35,000		£34,929

ANNEX 2

Valuation

Term 1

Ground rent

Years purchase 63.75 years at 7.5%

£75

13.2007

Reversion

£990

Unencumbered freehold value

Deferred for 63.75 years at 7.5%

£975,000

0.0099

£9,699

£10,689

Marriage Value

Landlord's proposed interest

£14

Tenant's proposed interest

£975,000

less

£975,014

Landlord's current interest

£10,689

Tenant's current interest

£840,000

£850,689

£124,326

Landlord's share of marriage value,

50.00%

£62,163

£72,852

Say, £73,000

Notes

Annex 3

The Tribunal's Valuation of Premium for new lease
Flat 2, 17 Rosecroft Avenue, London, NW3

Date of valuation 23 October 2002
Lease of 99 years from 25 March 1967
Period unexpired 63.417 years
Yield agreed at 7.5% single rate
Value of term agreed at £990
Long Lease value – determined at £665,000
Short Lease value – determined at £571,900
Relativity 86%

Diminution in value of Freeholder's interest

Value of term

£75 per annum 63.417 years 7.5% 13,1975

£990

Reversion to freehold in possession £665,000
Deferred 63.417 years @ 7.5% 0.01019

£6776

Diminution in value of Freeholder's interest

£7766

Calculation of Marriage Value

Value of proposed interest
Value of freehold interest after extension of lease nil
Value of leasehold interest after extension of lease £665,000

Less

Value of existing interests
Value of freehold before extension of lease £ 7766
Value of leasehold interest before extension of lease £571,900

Marriage Value

£85,334

50% marriage value attributed to landlord

£42,667

Lease extension price

Say

£50,433
£50,400

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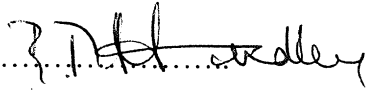
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Tenant's proposed interest	<u>£975,000</u>		
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