

Ref LON/NL/2169/03

**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:** Daren Rowe

**Respondent:** Grandpex Co. Ltd

**Re:** 19 Moira Court, Trinity Crescent,  
London SW17 7AH

**Application to Tribunal by Tenant dated 12 September 2003**

**Heard:** Tuesday 20 January 2004

**Appearances:** Mr G J Darby BSc MRICS for the tenant  
of Darby Mountbank - Chartered Surveyors

Mr P M Miles FRICS for the landlord  
of May and Philpot - Chartered Surveyors

**Members of the Leasehold Valuation Tribunal:**

Mrs J Charles LLB (Chairman)  
Mrs J McGrandle BSc MRICS MRTPI  
Mr D J Wills ACIB

**Tenant's section 42 notice dated: 28 April 2003**  
Price proposed £27,500

**Landlord's section 45 counter-notice dated: 3 July 2003**  
Price requested £51,850

**Valuation date:** 28 April 2003

**Tenant's existing lease**

**Date of lease:** 7 December 1961  
**Term:** 90 years (less 10 days) from 24 November 1948  
**Unexpired term at valuation date** 35½ years  
**Rent:** £18 per annum  
**Leasehold Valuation Tribunal's determination:** £34,000

**Date of Tribunal's decision:** 30<sup>th</sup> January 2004

## **1.0 Introduction**

- 1.1 This was an application by Daren Rowe, the tenant of 19 Moira Court, Trinity Crescent, Tooting SW17, proposing a premium of £27,500 for an extended lease. The respondent landlord, Grandpex Co Ltd, rejected that proposal and made a counter offer of £51,850.
- 1.2 At a hearing Mr G J Darby BSc MRICS of Darby Mountbank attended on behalf of the tenant and Mr Peter M Miles FRICS of May & Philpot attended on behalf of the freeholder. Valuations produced on behalf of the tenant (applicant) and landlord (respondent) showed revised premiums respectively of £33,000 and £46,225.
- 1.3 A schedule of agreed facts was presented to the Tribunal. All issues, in particular the existing lease value of £108,000 and the discount rate at 8%, had been agreed between the parties except for the unimproved extended lease value.

## **2.0 Unimproved extended lease value**

- 2.1 Mr Darby, in support of his figure of £163,000, relied on recent open market sales of three improved two bedroom flats at Moira Court, namely:-

48 Moira Court: a third floor flat sold in December 2002 for £185,000, with an unexpired term of 116 years.

43 Moira Court: a ground floor flat sold in January 2003 for £178,500 with an unexpired term of 75 years.

73 Moira Court: a third floor flat sold in November 2003 for £180,000 with an unexpired term of 74 years.

- 2.2 He then adjusted for the following four factors:-

- 1) Change in property prices. He analysed Land Registry property prices relating to flats/maisonettes in the postal code area SW17 7 for the four quarters October-December 2002 through to July-September 2003. He illustrated his findings with a graph. His general conclusion was that although there had been little change between December 2002 and April 2003, there had been an increase in prices of about 8.6% between April 2003 and the end of September 2003.
- 2) Length of lease. He adopted a relativity of 95% for the two flats with unexpired terms of 74/75 years on the basis that that conformed with many LVT decisions.
- 3) Floor location. Two of the comparables were upper floor flats and to relate their sale price to Flat 19, a ground floor flat, he made a discount of 2½%. It was his view that ground floor flats tended to be less attractive to

purchasers as there were security considerations and they lacked a balcony/outside sitting area.

- 4) Improvements. Taking the £16,000 shown to have been spent by his client in improving the flat as indicative of the value of improvements to the three open market comparables, he deducted the £16,000 accordingly.

Averaging his adjusted values, Mr Darby arrived at an extended lease value of £163,000.

- 2.3 Mr Miles relied on the recently published Leasehold Valuation Tribunal decision in respect of 6 Moira Court in support of his figure of £188,000. Apart from the valuation date which was 3<sup>rd</sup> October 2002, it was broadly similar to the subject flat. That Tribunal had determined the value of the existing lease at £100,000 and of the extended lease at £175,000. In reaching his figure of £188,000 for the extended lease value as at the valuation date (28 April 2003), he had adopted the Nationwide Building Society's analysis of changes in house prices during the relevant period, taking as base data all property types in Greater London. The resultant increase in prices between October 2002 (the valuation date for the LVT decision) and April 2003 (the subject valuation date) was 7.3%. As a cross check, he had applied that percentage change to the LVT determination of £100,000 for the existing lease value at 6 Moira Court and this produced a figure in the order of £108,000 which was the figure agreed between himself and Mr Darby for the subject flat.
- 2.4 Mr Miles disputed three of the four adjustments made by Mr Darby as set out above. While accepting that an adjustment for passage of time was justified, he disputed Mr Darby's figures. He criticised the choice of SW17 7 in that it was too narrow a sample and would have included converted as well as purpose built flats.
- 2.5 He criticised Mr Darby's uplift of 5% for the two open market comparables with unexpired terms of 74/75 years and drew the Tribunal's attention to the LVT decision at 6 Moira Court where the Tribunal had accepted his uplift of 8.9% by reference to transactions at flats 43 and 4 Moira Court, in each case flats with similar unexpired terms. He produced a deed of variation for Flat 4 confirming the premium paid for the extended lease.
- 2.6 Mr Miles felt that there was no justification for making any adjustment to take account of differing floor levels within the block. The four storey block had no lift and there were other disadvantages to living on the top floor. Ground floor occupants had the benefit of a gated area as distinct from a balcony on the upper floors. In his view the advantages and disadvantages balanced each other out.

### **3.0 Inspection**

- 3.1 The Tribunal inspected the exterior of the block which was a four storey development of 72 flats arranged in two blocks on a corner plot at the junction of Balham High Road and Trinity Crescent. It was a 1930's construction with brick and rendered elevation. The block was built on a very restricted site leaving only small communal grounds at front and back.
- 3.2 The Tribunal noted the location in the block, in terms of floor level and aspect, of all the flats referred to at the hearing.

### **4.0 Decision**

- 4.1 Each valuer adopted a different approach in his assessment of the extended lease value and hence the enfranchisement price. Mr Darby for the applicant took recent open market sales as comparables and made a series of adjustments. Mr Miles for the respondent referred the Tribunal to a recent LVT decision in the same block and made one adjustment only, for the passage of time.
- 4.2 The Tribunal is not bound to follow a decision of a previous LVT as a matter of precedent. Each case must be decided on the evidence before the Tribunal. In this case the Tribunal preferred the approach of Mr Darby who was able to produce three open market comparables, although they did not necessarily concur with his adjustments.
- 1) The Tribunal accept Mr Darby's adjustment for the passage of time. The Land Registry Property Prices Index relating as it does to the SW17 7 area and to flats/maisonettes in that area is likely to be a more reliable indicator of price changes affecting the subject property than the Nationwide house price index which covers all property types within Greater London.
  - 2) Adjustment for length of lease. The Tribunal accepted Mr Miles' uplift of 8.9% and note in passing that the lease variation at 4 Moira Court involved a ground rent considerably in excess of the proposed peppercorn as in the present case. That more than substantiated Mr Miles' uplift.
  - 3) Floor location. The Tribunal considered from their inspection that there should be a difference in value between ground floor and third floor flats. They were aware that there was no lift to the third floor but the balcony areas were a pleasant amenity on that floor whereas the ground floor "gated" area was adjacent to the dustbin area and also had an outlook foreshortened by a high boundary wall and was vulnerable to passers-by at the rear of the property. The front doors had no entryphone giving the ground floors an additional security risk. A deduction of 5% was therefore appropriate.
  - 4) Adjustment for improvements had been agreed at £16,000.

4.3 The figures adjusted by the Tribunal are set out in the table below showing adjusted values for the three flats at Moira Court.

Flat	Price	Adjust for date to 28 April 03	Adjust for length of lease	Adjust for floor	Adjust for improvements	Adjusted value
48	£185,000	0%	0%	-5% (-£9,250)	-£16,000	£159,750
43	£178,500	0%	+8.9% (+£15,886)	0%	-£16,000	£178,386
73	£180,000	-8.6% (-£15,480)	+8.9% (+£16,020)	-5% (-£9,000)	-£16,000	£155,540

Averaging these figures produced a figure of £164,559, say £165,000, which was the Tribunal's determination of the extended lease value.

4.4 The Tribunal therefore determined the premium payable under section 48 and Schedule 13 of the Act by the tenant to the freeholder in respect of 19 Moira Court to be £34,000 (see Appendix C attached).

CHAIRMAN.....

*J. Charles*

DATE.....

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## Appendix A

PROPOSED:	Extended lease under LRHUDA 1993
LESSEE:	Mr Daren Rowe
PROPERTY:	Flat 19, Moira Court, Trinity Crescent, London SW17
VALUATION DATE:	28 April 2003

## Variables:

Unexpired term	35.5 years
Discount rate	8.0%
Value of extended lease	£163,000
Value of existing lease	£108,000

Diminution in Value of Lessors Interest

Ground rent receivable		£18.00	
YP	35.5 years @	8.0%	11.686
Reversion to			£210
PV of £1 in	35.5 years @	8.0%	0.0651
			£10,608
			£10,819

Marriage Value

Value of Lessee's interest of	125.5 years	£163,000
Value of Lessor's interest after Lease extended to	125.5 years	£0
		£163,000

<u>Less</u>	Existing Interest	
(a)	Value of Lessee's Interest	£108,000
(b)	Value of Lessor's Interest prior to grant of new lease	£10,819
		£118,819

Marriage Value £44,181

Lessors Share @ 50% £22,091

Premium payable by Lessee: £32,909  
SAY £33,000

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**CHARTERED  
SURVEYORS  
&  
COMMERCIAL  
PROPERTY  
ADVISORS**

VALUATION FOR  
19 MOIRA COURT  
TRINITY CRESCENT, SW17 7AH

Diminution in Value of Lessors Interest

Ground Rent receiveable	£ 18.00		
YP 35.5 years @ 8%	11.686	£ 210	
Reversion to	£ 188,000		
PV of £1 in 35.5 years @ 8%	0.0651295	£ 12,244	£ 12,454

Marriage Value

Value of Lessees interest of 125.5 years	£ 188,000	
Value of Lessors interest after Lease extended to 125.5 years	<u>NIL</u>	
	£ 188,000	

Less Existing Interest

(a) Value of Lessees Interest	£ 108,000	
(b) Value of Lessors Interest prior to grant of new Lease	<u>£ 12,454</u>	<u>£ 120,454</u>

Marriage Value                      £ 67,546

Lessors share @ 50%                      £ 33,773

Premium payable by Lessee:                      £ 46,227

But say:                      £ 46,225

# Appendix C

19 Moira Court, Trinity Crescent, SW17

The Tribunal's Valuation

## Variables:

Unexpired term	35.5 years
Discount rate	8.0%
Value of extended lease	£165,000
Value of existing lease	£108,000

## Diminution in Value of Lessor's Interest

Ground rent receivable			£18.00	
YP	35.5 years @	8.0%	11.686	£210
Reversion to			£165,000	
PV of £1 in	35.5 years @	8.0%	0.0651	£10,741
				£10,951

## Marriage Value

Value of Lessee's interest of	125.5 years	£165,000
Value of Lessor's interest after Lease extended to	125.5 years	£0
		£165,000

<u>Less</u>	Existing Interest	
(a)	Value of Lessee's Interest	£108,000
(b)	Value of Lessor's Interest prior to grant of new lease	£10,951
		£118,951

Marriage Value £46,049

Lessor's Share @ 50% £23,024

Premium payable by Lessee £33,975

Say £34,000