

**SOUTHERN RENT ASSESSMENT PANEL
& LEASEHOLD VALUATION TRIBUNAL**

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/29UG/OCE/2003/0002

Property: 12 & 14 Harmer street
Gravesend,
Kent

Applicants: Duane Merrylees
Martin John Farrier
Robert C. Silvertown
Gary E. Postans
Anthony J. Bousell
Christopher Nurse
c/o Messrs. CBHB&P, Solicitors.

Respondent: Resham Singh

Date of Hearing: 3rd November 2003

Members of the Tribunal: Mr. R. Norman (Chairman)
Mr. R. Athow FRICS MIRPM
Mr. I. Collins FRICS IRRV

Date decision Issued:

RE: 12 & 14 HARMER STREET, GRAVESEND, KENT

Background

1. The Applicants made an application to the County Court (Claim No. GV201154) for collective enfranchisement in relation to 12 & 14 Harmer Street, Gravesend ("the subject property") and the County Court being satisfied that the Applicants had rights to collective enfranchisement in relation to the subject property and that the Applicants were prevented from giving notice in accordance with the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") because the whereabouts and the identity of the person to be served with Notice could not be ascertained, made an order which included that the terms of the transfer to the nominee purchaser and the appropriate sum should be determined by the Leasehold Valuation Tribunal.

2. A copy of the Court Order and copies of the leases of seven of the flats at the subject property were supplied by the Solicitors representing the Applicants. There was some difficulty in obtaining a copy of the remaining lease and it was not until September 2003 that the Applicants' Solicitors were able to supply a copy of that lease.

3. However, no evidence was before us of the nature of the interest of the Respondent; whether the interest to be transferred was the freehold or perhaps a head lease.

4. Our determination appears at paragraphs 17 to 21 below.

Inspection

5. On the 3rd November 2003, we inspected the exterior of the subject property, the common hallway and staircase and the interior of some of the flats. Present for parts of the inspection were: Mr. Elliott of the Ground Floor and Basement Flat at 12 Harmer Street, Mr. Bousell of Flat 6, Mr. Nurse of Flat 7 and Miss Warren of Flat 2.

6. The subject property comprises two adjoining five storey mid terrace houses which had been converted into flats. One of the flats which comprises the basement and ground floor of 12 Harmer Street is self contained but access to all the other flats is by a common hallway and staircase. Each flat has a parking space at the rear of the subject property.

The hearing

7. The hearing was attended by Mr. Elliott of the Ground Floor and Basement Flat at 12 Harmer Street, Mr. Bousell of Flat 6, Mr. Nurse of Flat 7 and Miss Warren of Flat 2. They were not represented at the hearing.

8. The Applicants' Solicitors had been asked to supply a draft transfer for our approval but such a draft had not been received; perhaps because there had been postal strikes. In response to a telephone call made by the Clerk to the Tribunal, the Solicitors sent a copy to us by hand at the hearing. Unfortunately, that draft document did not indicate whether the Respondent was the freeholder and by telephone we enquired of the Solicitors representing the Applicants, but they did not have this information. They thought that perhaps there was a head lease but were not sure. They were asked to provide evidence of the interest to be valued and transferred so that we could deal with the matters referred to us.

9. The evidence from those who attended the hearing was that:

- (a) The subject property had been insured by the lessees for the last 10 years. The lessees had an arrangement whereby they should each pay £25 a month into a fund which is used to pay for the insurance and any surplus is used for painting or other matters needing attention such as the provision of a fire alarm, fire extinguishers and signs.
- (b) They knew of no maintenance fund held by the Respondent.
- (c) Ground rent had last been paid in 1992 but they had no receipts for ground rent.
- (d) The lessees had not really carried out any improvements to the subject property but had done some work to the roof, which had cost very little, had installed a fire alarm, fire extinguishers and signs at a cost of about £700, dealt with an insurance claim about 2 years ago and had dealt with some damp in the top flats.

(e) The only evidence they had of prices of such accommodation was that the Ground Floor and Basement Flat at 12 Harmer Street had been valued at £113,000 in January 2003, Flat 7 had sold for £79,995 and Flat 2 had sold for £80,000 but needed a new kitchen, bathroom and boiler. They thought that these prices were about in keeping with local prices.

10. Had the Respondent been dealing with the subject property in the normal way then he would have carried out repairs and insured the property and would have charged the lessees service charges. As the lessees have carried out at their own expense repairs for which the Respondent was liable and have insured the property, the only differences are that they have paid direct rather than by reimbursing the Respondent and they may have made a saving by not having to pay management charges.

11. We explained to those present at the hearing the way in which we would value the price to be paid by the Applicants on the basis that the nominee purchaser would be acquiring the freehold.

12. All the leases appeared to be in similar form and were for 125 years from 1st January 1986 with escalating ground rents; the increases taking effect after 33 years, 66 years and 99 years. There was also a provision for the lessee's share of a maintenance fund and the lessee's share of common parts expenses.

13. In respect of Flats 2, 3, 4, 5 and 6 the ground rent was for the first 33 years £50 p.a. for the second 33 years £90 p.a. for the third 33 years £120 p.a. and for the last 26 years £150 p.a. The share of the maintenance fund was 10% and the share of the common parts expenses was 14.285%.

14. In respect of Flat 7, the ground rent was for the first 33 years £40 p.a. for the second 33 years £60 p.a. for the third 33 years £80 p.a. and for the last 26 years £100 p.a. The share of the maintenance fund was 10% and the share of the common parts expenses was 14.285%.

15. In respect of the Ground Floor and Basement Flat at 12 Harmer Street and Flat 1, the ground rent was for the first 33 years £80 p.a. for the second 33 years £120 p.a. for the third 33 years £160 p.a. and for the last 26 years £200 p.a. The share of the maintenance fund was 20% and the share of the common parts expenses was 14.29%. We noted that the shares of the common parts expenses totalled 114.29%.

16. After the hearing and at our request the Applicants' Solicitors by way of evidence of the Respondent's interest in the property supplied a copy of the HM Land Registry Office Copy of Register Entries dated 5th June 2002 in respect of the Respondent's title No. K494195 showing that the Respondent was at that time the freeholder of the subject property subject only to the 8 leases.

The Determination

17. On the basis of the evidence provided to us that the Respondent was on the 5th June 2002 the freeholder of the subject property subject only to the 8 leases and that there had been no change to that situation, we calculated the appropriate sum to be paid for the Respondent's interest in the subject property.

18. The Respondent would be entitled to receive the ground rents as provided by the leases. Based on a yield rate of 7.5% which we considered to be appropriate we calculated the value of that entitlement as follows:

Purchase of ground rents.

Ground Rent	£450 p.a.		
16 years purchase @ 7.5%	<u>9.14</u>		
		£4113	
Ground Rent	£750 p.a.		
33 years purchase @7.5%	<u>12.11</u>		
	£9082		
Present Value of £ after			
16 years @ 7.5%	<u>0.314</u>		
		£2852	
Ground Rent	£1000 p.a.		
33 years purchase @7.5%	<u>12.11</u>		
	£12110		
Present Value of £ after			
49 years @ 7.5%	<u>0.0289</u>		
		£ 350	
Ground Rent	£1250 p.a.		
26 years purchase @7.5%	<u>11.30</u>		
	£14125		
Present Value of £ after			
82 years @ 7.5%	<u>0.00265</u>		
		<u>£ 37</u>	
			£7352
Freehold Reversionary value			
£115,000 x 2 (maisonette 2 bedroom) =	£230,000		
£80,000 x 6 (1 bedroom flat) =	<u>£480,000</u>		
	£710,000		
Present Value of £ after 100 years			
@ 7.5%	<u>0.0007</u>		
	£ 497		
After 107 years say		<u>£ 480</u>	
			£7832
Plus unpaid ground rents of £450 for 10 years =		<u>£4500</u>	
			£12332

19. Therefore the appropriate sum to be paid for the Respondent's interest in the subject property is £12,332.

20. On the basis of the evidence supplied to us no special terms need be included in the transfer of the Respondent's interest, and the draft transfer of the whole of the registered title

is approved subject to the inclusion of the consideration of £12,332 and suitable amendment to show that the transfer will be executed by the District Judge. The transfer should also show the last known address of the Respondent.

21. No doubt the Applicants' Solicitors will be making appropriate searches and enquiries to check that the Respondent is still registered as the freeholder of the subject property subject only to the 8 leases and should that not be the position we would ask that we be informed of any change so that we may if necessary revise the sum to be paid and the terms of the transfer.

A handwritten signature in black ink, appearing to read 'R. Norman', written in a cursive style.

R. Norman
Chairman