

Southern Rent Assessment Panel and Leasehold Valuation Tribunal

Case No.CHI/43UD/OLE/2005/0001

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER Section 9(1A) of the LEASEHOLD REFORM ACT 1967**

Property:	Stringers Barn, Salt Box Road, Worplesdon, Surrey GU4 7PX
Applicants:	Mrs T M Townsend
Respondent:	Unknown
Date of Application:	10 August 2005
Consideration:	7 November 2005
Decision:	9 November 2005

Members of the Leasehold Valuation Tribunal

Ms J A Talbot MA
Mr P Turner-Powell FRICS

Ref: CHI/43UD/OLE/2005/0001

Property: Stringers Barn, Salt Box Road, Worplesdon, Guildford, Surrey

Application

1. This application was commenced by the Applicant in Guildford County Court, for a declaration that she is entitled to purchase the freehold of the property under the Leasehold Reform Act 1967 ("the Act"), a declaration as to the "appropriate sum" to be paid for the freehold, and an order vesting the freehold in the Applicant under Section 27 of the Act.
2. On 4 July 2005, District Judge Karp transferred the application to the High Court, Guildford District Registry, and referred the application to the Leasehold Valuation Tribunal for a valuation of the property in accordance with Section 9(1A) of the Act.

Inspection

3. The property comprises a detached house dating back in part to the mid 17th century, with a substantial extension added in the early 19th century and a further single storey in the 1920's. It is situated in a rural location near Guildford, Surrey. The house is constructed of brick construction under a tiled roof. The accommodation consists of an entrance hallway leading to the kitchen, an inner lobby through to the office housed in the single storey extension. There are 4 bedrooms and bathroom, 2 within the original hall house and 2 in the Georgian wing which also has 2 ground floor reception rooms.
4. Externally, there is a large 17th century barn and small stable block. The house stands in grounds of about 2 acres, bordered to the east by a driveway and field, to the west by a public open space and carp lake, and to the rear by a stream. Near the house is a large paved area and pool. At the front is a busy local distributor road.

Background

5. The property is held under a long leasehold interest, created by indenture on 26 March 1660 between Sir John and Dame Mary Wyrely as landlords and Daniell and Margery Stringer as tenants. The house, described as a newly erected cottage, was demised together with land, for a term of 1,000 years from 26 March 1660, for a rent of six shillings and eight pence. The tenant was also obliged to provide two fat pullets to the Manor or Burfam. This was not part of the rent, but an additional obligation similar to a tithe, and not relevant to the valuation.
6. The term is now vested in the Applicant and her interest was registered on 15 April 1994. No rent has been paid under the tenancy since 1874. The identity of the current landlord is unknown and cannot be ascertained. The Applicant was therefore unable to serve notice of a tenant's claim under the Act.
7. The rateable value of the property on 25 March 1965 was £245. The rent payable is less than 2/3 of the rateable value of the property. The tenancy is therefore at a low rent within the meaning of the Act, and the Applicant is entitled to purchase the freehold. The basis of the valuation is under Section 9(1A) of the Act.

Decision

8. The lease under which the property is held is highly unusual, given the historical nature of the document, the very low rent, which was £0.42 in decimal currency, and the exceptionally long unexpired term of 655 years. It was necessary to apply the statutory valuation criteria contained in Section 9(1A) of the Act to these unusual facts.

9. The property has been on the market at an asking price of £1.5 million, with the hope of achieving a sale at between £1.1 and £1.3 million. In the tribunal's view, this was an overvaluation. A more realistic and accurate market value for the property which was the subject of the application would be £950,000, and this was the figure used by the tribunal in its valuation.
10. The Applicant's valuer, Mr R D S Heald FRICS, had valued the price of the freehold at £2,450. The tribunal was provided with a copy of the valuer's calculation on the day of the consideration, but found it to be unhelpful, as it was not cast in accordance with the relevant statutory provisions. In particular, it failed to take properly into account the length of the unexpired term, and with 655 years unexpired, marriage value was entirely inappropriate.
11. The tribunal therefore carried out its own valuation. Section 9(1A) requires the valuation to value the term on the basis of capitalised ground rent in perpetuity, plus the investment value of the freehold, and marriage value if appropriate.
12. For the term, the tribunal adopted a yield rate of 15% in capitalising the ground rent, reflecting the long lease term and low rent. For the reversion, the tribunal took the market value of the house to be £950,000. It was necessary to make a deduction for tenant's improvements. With a property of this age and type, which had been extensively modernised over many years, probably by landlords as well as tenants, it was impossible to assess this in detail. Using its judgment and experience, the tribunal decided, on a broad brush approach, to allow £200,000 by way of deductions. A yield rate of 5% was applied to reflect a modern ground rent.
13. The marriage value was nil. Marriage value is not applied where the lease has an unexpired term of 80 years or more. Plainly, this lease had an exceptionally long unexpired term.
14. Applying these figures, the tribunal calculated that the appropriate sum for the purchase of the freehold of Stringers Barn is **£193.63**. The valuation calculation is set out in the Appendix attached to this Decision.

Dated 9 November 2005

signed
Ms J A Talbot MA

Appendix

Valuation of Stringer's Barn Section 9(1A) Leasehold Reform Act 1967

(a) Term

Passing rent	£0.42	
YP in perpetuity @ 15% (virtual freehold as 655 years unexpired. High yield reflecting long term & low rent)	<u>6.67</u>	£ 2.83

(b) Reversion

Current Market value of house say	£950,000	
Allow for tenant's improvements say	<u>£200,000</u>	
	£750,000	
YP in perpetuity @ 5%		
Deferred for 655 years	<u>0.0002544</u>	
		<u>£190.80</u>

(c) Marriage Value

Nil

Appropriate sum for purchase of freehold **£193.63**