

Ref LON/ENF/848/03

LEASEHOLD VALUATION TRIBUNAL
FOR LONDON RENT ASSESSMENT PANEL

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

Applicant: 8 Loraine Road Ltd (Nominee Purchaser)

Respondent: Miss Sifa Hashim (Reversioner)

Re: 8 Loraine Road, London N7 6EZ

Hearing: 16 December 2003

Inspection: 18 December 2003 (following Hearing)

Appearances:

Mr B R Maunder Taylor FRICS MAE;
Mr A G Harling BSc (Hons) MRICS.
(for Nominee Purchaser)

Mr T Weekes of Counsel,
with Mr J S Summers and Miss C Allan of Solicitors;
Mr M Everett MRICS.
Also Reversioner (and partner) in person.
(for Reversioner)

Members of Leasehold Valuation Tribunal:

PROFESSOR J T FARRAND QC LLD FCI Arb Solicitor (Chairman)
MRS J E DAVIES FRICS
MISS M KRISKO FRICS

- 1) The Nominee Purchaser's originating application, dated 12 April 2003, sought the Tribunal's determination of the terms of acquisition and Reversioner's costs on a collective enfranchisement of the subject-property. It was there (as in the initial notice) considered that the appropriate price would be £172,000 whilst the Reversioner's counter-notice had admitted the right to enfranchise but proposed a price of £253,532.
- 2) The subject-property consisted of a five-storied terrace house which had been converted into four flats. The qualifying tenants held leases of the upper four floors (ground floor flat, first floor flat and second/third maisonette). The Reversioner was the freehold owner/occupier of the basement/lower ground floor flat but had *not* exercised her option to require a lease-back under s.36 of the 1993 Act.
- 3) The Tribunal was informed that it had been agreed, in effect, that the price payable to the Reversioner for the freehold of the subject-property *except* for the Reversioner's flat should be £3,000 plus £500 re service charges and £500 (+VAT) re costs. Accordingly, the Tribunal was only required to determine the amount to be added in respect of the Reversioner's flat.
- 4) It was further agreed that the valuation date was 17 March 2003 (the date of the counter-notice) and that the Reversioner's flat should be valued as a part of the freehold property being acquired on enfranchisement but unencumbered by any lease.
- 5) Mr Harling, for the Nominee Purchaser, had submitted a Report advising that the market value of the flat as a virtual freehold at the valuation date was £200,000. Mr Everett, for the Reversioner, had submitted a report dated 31 October 2003 advising that the then market value was £250,000, which he adjusted, at the Hearing, for passage of time to £245,000 as at the agreed valuation date.
- 6) Mr Harling in evidence expressed his view as to the inferior location of the subject-property as compared with nearby conservation areas, the inadequacies of the second bedroom and the unsatisfactory combination of kitchen and living-room in the flat. He also referred to various 'comparables', making what he considered appropriate negative adjustments for these aspects. However, his starting-point for comparables was essentially a one-bedroom flat without a garden (at £175,000), so that he also had to make positive adjustments for the facts that the flat in issue had two bedrooms and sole use of a significant part of the rear garden.

Alternatively, he compared a particular 'split-level' flat (ground floor, 1 Eburne Road, N7) with two full bedrooms (at £220,000), merely making negative adjustments. However, in cross-examination he accepted that his own firm had recommended marketing the Reversioner's flat in March 2003 at £245,000 for a leasehold interest. He also resisted suggestions that the two bedroomed flat at 19C Loraine Road, which had sold leasehold for £224,000 in April 2003, was "markedly inferior" to the flat in issue but did so without suggesting that it was markedly superior.

7) Mr Everett in evidence relied primarily on an offer to purchase the flat for £250,000 made in May 2003 "subject to contract and survey" which the Reversioner had not accepted. He also relied on two comparables, which colleagues had recommended, both in Tufnel Park Road London N7: at No.84, a lower ground floor flat, also with two bedrooms and private rear garden, had sold for £248,000 on 29 August 2003; at No.198, a ground floor flat, also two-bedroomed with private section of rear garden, was under offer at £245,000. Sales details of each were provided. Finally, Mr Everett referred to the price guide for Holloway on the 'Find a Property' website which indicated £252,321 to buy a 2 bed flat as at 1 November 2003.

8) The Tribunal inspected the subject-property externally and also the Reversioner's basement flat as well as the top maisonette internally. This inspection enabled the Tribunal to accept Mr Harling's description of the subject-property as follows:

The property comprises the Basement Flat within a five storey mid-terraced property. The top (fifth floor) appears to have been added by way of dormer extensions to the former roof void area. There are no bays to the front elevation. There is a separate external staircase to the front giving access to the main communal door that provides access to the upper ground, first, second and top floors. The subject Basement Flat therefore has its own separate front entrance door from the front elevation.

To the rear, the property has a two storey back addition and further small single storey addition (believed to be an extension).

It appears that the first and second floor flats have small flat roofed terraces to the rear elevation. One of these terraces is on the flat roof over the single storey addition (extension) forming the rear part of the kitchen to the subject flat.

The property is set back from Loraine Road by a distance of approximately 2.5m (8'3"). There are steps down from Loraine Road towards the subject flat. I have been informed that all of this front 'garden' area, other than the area providing access to the steps to the main communal entrance to the upper floors, is in the sole demise of the subject flat.

There is a rear garden, which appears to have been split into two sections. I understand that the subject flat has sole use of the front part of this rear

garden, whereas I have been informed that two of the upper floor flats have access to the rear part of this rear garden, as accessed via a metal staircase leading from the first floor to a narrow strip of land providing access to the rear part of the garden.

9) The locality of Loraine Road is directly off the main Holloway Road with a railway station, shopping centres and local amenities all handy. However, this cannot be regarded as a good locality. The 'Find a Property' website, referred to by Mr Everett, put it graphically:

To gentrify Holloway would always prove a tougher nut to crack than Tufnell Park. Littered with the detritus of light and heavy industries it was never going to be merely a few licks of paint and a new social attitude that would rehabilitate the area. For a facade it also has two of Her Majesty's more famous institutions, Holloway and Pentonville prisons. But many new businesses are reusing the old factory buildings and the knock-on effect on surrounding housing can already be felt.

The biggest presentational problem that this postcode has is its main thoroughfares. Criss-crossed by some major roads as they begin to leave the centre of London, they provide an ugly introduction that can mask some fine housing. Holloway Road (A1), York Way (A5200), Hornsey Road (A103) and Caledonian Road (A5203) are the chief offenders, disgorging traffic as fast as it can move with the ensuing fumes and neglect leaving their hideous mark.

10) As to the Reversioner's flat, Mr Everett's account of the accommodation could be confirmed, by the inspection, to be as follows:

External steps down from front yard area, to the front light well and private front door to the subject flat;

Lower Ground Floor: [N.B. Dimensions given in brackets, width first]

- Front lobby (with storage cupboard under front steps) leading to;
- Inner, 'L' shaped hall, with doors to;
- Open plan living area [3.3m x 4.5m], with galley kitchen [2.6m x 2.0m] (sliding double doors providing access to the rear private garden area)
- Bedroom 1 [3.95m x 3.6m]
- Bedroom 2 [1.66m x 5.42m]
- Combined bathroom with w.c. [2.4m x 1.7m]

Outside:

- Small, front yard, with low level boundary wall [Approx. dimensions 5.5m x 6.6m depth]
- Predominantly wall enclosed, private, rear garden, landscaped with patio area and mature shrub and tree border [Approx. dimensions 4.5m x 15m]

11) The Tribunal observed that, whilst the condition of the building as a whole appeared only fair, the decorative and repair state of the Reversioner's flat was very good. However, it was also confirmed that the lay-out of the combined living room/kitchen was awkward and unattractive, particularly since the sitting space was away from window light. Further, the second bedroom, although sizeable and not to be disregarded, could not be valued as

a double bedroom since its narrow shape precluded the convenient inclusion of either a double or two single beds.

12) In addition, the Tribunal found the top maisonette at No.8 Loraine Road to be attractive and better arranged internally, with two full bedrooms (one by virtue of dormer windows adding space) and a separate living room, but that this had to be balanced against the difficulties of access by narrow flights of stairs.

13) The Tribunal also inspected externally the two comparables in Loraine Road. It was noted in particular that the attic conversion of the top, two bedroomed, maisonette at No.19C had been done without dormer windows making it difficult to treat it as having two full bedrooms. The self-contained ground and lower ground floor maisonette at No.52A, which had sold for £242,000 in May 2003, was evidently so much more desirable in size and arrangement that it did not make a useful comparable.

14) The two comparables referred to in Tufnell Park Road were also inspected externally and the locality was seen to be preferable for residential purposes although the road itself seemed busy with traffic. In particular, the Tribunal considered that the lower ground floor flat at No.84 would physically, subject to appropriate adjustments, constitute a close comparable for the Reversioner's flat.

15) In the Tribunal's deliberations, the offer of purchase on which Mr Everett relied was not accepted as cogent evidence: it was not supported by corroborative detail or documentation and did not, in any event, represent a completed sale but rather, since it was expressly subject to contract and survey, the beginning of negotiations. Nor was the Tribunal able to accept the indication of a 'going' or average price on the 'Find a Property' website as amounting to properly reliable evidence of the market value of any individual property. Similarly, the Tribunal did not find helpful either Mr Harling's primary reliance on one-bedroom flats as comparables or his dismissal of possible comparables in nearby areas as not comparable at all.

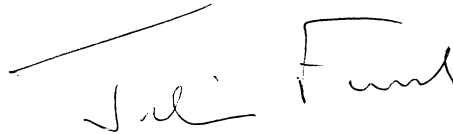
16) The Tribunal considered that the most useful comparable in valuing the Reversioner's flat was the lower ground floor flat at No.84 Tufnell Park Road, sold on 29 August 2003 for £248,000. However, this figure was first adjusted by making the following deductions: £5,000 for passage of time from valuation date, £10,000 for worse locality, £7,000 for unattractive arrangement of living room/kitchen (not present, according to the sale details, with the No.84 flat) and £2,000 for second single bedroom only. This produced a figure of £224,000 to which the Tribunal considered the

sum of £2,000 should be added to reflect the higher market value of a freehold flat as against the long leaseholds of the comparables: a purchaser would neither be liable also to pay ground rents nor be subject to the restrictions or obligations of a lease. This addition produced a figure of £226,000.

17) The Tribunal also considered that the top maisonette at 19C Loraine Road represented a usable comparable, especially since no adjustments for time or locality would be necessary. In the Tribunal's view the comparative inconveniences of the internal lay-out of the Reversioner's flat would be more or less exactly balanced on the market by the disadvantages of access applying to a top floors maisonette. Consequently, a figure of £224,000 was again produced to which £2,000 should also be added for a freehold purchase value.

18) In the result, the Tribunal has determined that the amount to be added in respect of the freehold of the Reversioner's flat to the already agreed price otherwise to be paid by the Nominee Purchaser for enfranchisement of the subject-property is the sum of **£226,000**.

CHAIRMAN



DATE

23rd December 2003