

**RESIDENTIAL PROPERTY TRIBUNAL SERVICE**

**LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSEMENT  
PANEL**

**In the Matter of the Leasehold Reform, Housing and Urban Development Act  
section 24 ("the Act")**

**And in the matter of 13 and 13a Midhurst Road, Ealing, London W13 9XS**

**Parties:**

**Miss H Bensley and Mrs J Maddams**

**Applicants**

**Mr C Travers**

**Respondent**

**Tribunal members:**

**Mr A A Dutton Lawyer Chair**

**Mrs E Flint DMS FRICS IRRV**

**Mr J M Power MSc FRICS FCIArb**

**Paper determination held 31<sup>st</sup> October 2006**

**Decision:**

**12 December 2006**

## **REASONS**

### **A. BACKGROUND**

1. This application under section 24 of the Act was transferred to us by the Brentford County Court by an order made on 4<sup>th</sup> September 2006. The Order of the Court appeared to grant a vesting order in favour of the Applicants and required this tribunal to determine the value of the freehold interest. The claim had been issued on 13<sup>th</sup> May 2005, which is the valuation date for the purpose of determining the freehold price.

2. Within the bundle we received from the Applicant's solicitors William Sturges & Co, was a report/valuation by Mr C R Briggs MRICS IRRV dated 14<sup>th</sup> January 2005 indicating that he considered the price payable for the freehold to be £7,750 for the reasons stated in the report.

3. Also within the bundle were copies of the register of title for the two maisonettes which made up the subject premises, and the freehold. We noted that Mrs Maddams had purchased her maisonette on 27<sup>th</sup> May 2005 at a price of £227,000.

### **B. THE LAW**

4. Section 26 and 27, together with schedule 6 of the Act govern the process and the method determining the price for the freehold.

### **C. DECISION**

5. We noted all that was said by Mr Briggs in his report and the valuation contained therein. It should be remembered that the report predates the valuation date and was made before the recent Lands Tribunal case between the Earl Cadogan and Sportelli and others. In May 2005 the ground floor maisonette was sold for £227,000 to Mrs Maddams. This is excellent evidence as to the capital values of the existing leases and we adopt that figure as the value for the ground floor property. We take no issue with Mr Briggs value of £215,000 for the upper maisonette.

6. We do however depart from the capitalisation and deferment rates utilised by Mr Briggs. As to the capitalisation rates we note that he suggests a rate of 10%. In our view that is too high. We bear in mind the Lands Tribunal case known as Arbib where rates considerably below this level were fixed for prime London locations. We appreciate that Ealing cannot be so classified but taking into account the matters we are required to consider such as risk and obsolescence for example, we come to the conclusion that the appropriate rate should be 8%

7. We turn now to the deferment rate. In the most recent Lands Tribunal case of Cadogan and Sportelli the tribunal gave clear and forceful guidelines indicating that save where particular feature can be advanced by the parties we are expected to follow the guidance given. The Tribunal indicated that the length of term, location or condition of the property should not have an effect on the assessment of the deferment rate and indicated, on the basis of the financial evidence provided that 5% was the appropriate rate for flats and 4.75% for houses. This decision, applied to this case impacts quite considerably on the figures put forward by Mr Briggs as can be seen from the attached schedule. In the absence of any feature which would enable us to depart from the Lands Tribunal's guidance we feel bound to follow the decision.

8. The only other matter we must consider is relativity. Mr Briggs chose 97% which we believe is on the high side. Utilising our knowledge and experience we conclude that a relativity of 96% is appropriate.

9. **We find that the price payable for the freehold is £14,451 as set out on the attached appendix**

10. The transfer will need to be amended to reflect this price. The transfer should comply with the provisions of section 34 of the Act and be executed by a court official, presumably the District Judge. If the Applicant wishes us to consider the transfer any further it must be submitted to us within 14 days of the date of this decision.



Chairman

12 December 2006

Leases 99 years commencing 29/09/1985

79.38 years unexpired

		£
Ground Rent profile	to 28/09/2018	150.00
	from 29/09/2018 to 28/09/2051	250.00
	remainder of term	350.00

£

Rent Received		£150.00	
YP 13.38 years @ 8%		<u>8.03625</u>	1,205
Rent Received		250.00	
YP 33 years @ 8%	11.5139		
PV13.38 yrs @ 8%	<u>0.35710</u>	<u>4.1116137</u>	1,028
Rent Received		£350.00	
YP 33 years @ 8%	11.5139		
PV 46.38 years @ 8%	<u>0.02817</u>	<u>0.32435</u>	114
Reversion to Virtual FH VP			
Ground Floor	227000		
First Floor	<u>215000</u>	442000	
PV 79.38 yrs @ 5%		<u>0.02008</u>	8,875

**Diminution in value of freeholder's existing interest**

11,222

**Marriage Value Calculation**

£

Existing Freehold Value	11,222	
Existing Leasehold Value	424,320	96.00%
Virtual Freehold Value	442,000	

**Gain on marriage of interests**

6,458

**Split marriage value 50:50**

3,229

**Premium for new lease****14,451**