

LON/ENF/1656/05

LEASEHOLD VALUATION TRIBUNAL FOR THE RESIDENTIAL PROPERTY
TRIBUNAL SERVICE

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL FOR AN
APPLICATION UNDER SECTION 24 OF THE LEASEHOLD REFORM HOUSING
AND URBAN DEVELOPMENT ACT 1993

APPLICANT:

Helen Adams
Yuki Konii
Andrew Readman

Represented by:

Glazer Delmar

RESPONDENT:

Mohammad Iran Dowlut
Marguerite Mary Dowling

PREMISES:

142 & 142A, Dunstons Road, London SE22 0ES

Date of Court Order:

23 September 2005

Application Date:

27 October 2005

Hearing Date:

Tuesday 10 January 2006

Members of the Leasehold Valuation Tribunal:

Mr G F Bowden TD MA FRICS
Mr D D Banfield FRICS
Mr D Levene OBE MRICS

142 & 142A Dunstan Road, East Dulwich SE22 OES
Leasehold Reform, Housing and Urban Development Act 1993 : Section 24

Background

1. This was an application under Section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 (the Act) by Helen L Adams, lessee of the ground floor flat; and Yuki Konii and Andrew M Readman, lessees of the first floor flat, at 142 Dunstan Road SE22 OES.
2. The subject property comprised two flats 142 and 142A. The freehold interest was registered in the names of Mohammad Iran Dowlut, and Marguerite Mary Dowling. The lessees of the two flats in seeking to acquire the freehold interest were unable to trace the whereabouts of the freeholders.
3. An application was made to Lambeth County Court in September 2005, to vest the freehold in the name of the lessees. On 6 October 2005 District Judge Jacey granted an order that in accordance with Section 26(3A) of the Act that service on the Defendants of the Tenants' Notice (under Section 13 of the Act) be dispensed with.
4. The matter was referred to the Leasehold Valuation Tribunal to determine, the premium to be paid into court by the claimants and the terms of the transfer.
5. The case was set down for a paper hearing, without any of the parties being present or represented. The Tribunal had before them documentation prepared by Messrs Glazer Delmar in respect of the case. The bundle included the Valuation Report prepared by Mr Nigel R W Carter, FRICS, DipTP, MRTPI, of Messrs Nigel Carter & Co.
6. Mr Carter's Valuation is set out as Appendix B to this decision.

INSPECTION

7. The Tribunal made an external inspection of the subject property on the morning of Thursday 10 January 2005. They found Dunstan Road to be in the predominately residential area of East Dulwich, well situated for public transport facilities, social, civic and leisure amenities, and the wide range of shops in nearby Lordship Lane.
8. The architectural character of the road is largely turn-of-the-century terrace houses, with some small scale blocks of flats. On the rising ground of nearby open space is a dominant local authority housing development. The area generally is improving, with a number of

houses having been, or in the process of refurbishment. The number of agents boards suggest there is buoyant movement in the local housing market.

9. The subject property typical of its period and architectural style, was a two storey terrace house with square bay to the front rising to a gable with small attic window. At the rear a back addition and a reasonable sized garden. The slate roof had in recent years been replaced with concrete tiles.

DECISION

10. The Tribunal in coming to their determination of the price to be paid for the freehold, took note of information contained within Mr Carter's report. It was stated that:
 - (1) The ground floor flat consisted of three rooms, kitchen-diner, and bathroom/wc and was held on a 99 year lease from 16 May 1978 at an initial ground rent of £25 per annum rising at 33 year intervals to £50 and £75.
 - (2) The first floor flat comprised three rooms, kitchen, bathroom/wc, and was held on a 99 year lease from 4 August 1988 at an initial ground rent of £50 p.a. rising at 33 year intervals to £100 p.a. and £150 p.a.
 - (3) Each flat had exclusive use of part of the rear garden.
11. The external inspection indicated to the Tribunal that the property was reasonably well maintained. In coming to the determination the Tribunal took into account in their valuation
 - (a) the Capital value of the virtual freehold of each flat
 - (b) Existing lease value
 - (c) Yield
 - (d) Deferment rate

Capital Value of Virtual Freehold

12. Mr Carter proposed a value of £215,000 for each of the flats. This was supported by three comparables in the same road. The Tribunal made an external inspection of 104A; 138; and 176A Dunstan Road and felt that these comparables supported Mr Carter's valuation of the subject flats.

Existing Value

13. Mr Carter used a relativity of 93% based on four earlier cases decided by the Leasehold Valuation Tribunal. The Tribunal accepted that 93% relatively was reasonable in all the circumstances. This resulted in a value for the existing leases of £199,950 for each of the flats.

Yield & Deferment

14. Mr Carter adopted 9% for both yield and deferment, which he supported by reference to recent LVT determinations, and agreed settlements, noting the recent Lands Tribunal decision in *Arbib V Earl of Cadogan*. The Tribunal did not feel that the figure put forward by Mr Carter fully recognises the guidance on yield by the Lands Tribunal in this case. The Tribunal, in the light of this decision, felt that the appropriate yield rate in the present case should be 8%.
15. The Tribunal's determination on the price to be paid by the applicants for the freehold interest in 142 Dunstan Road is £9,624. (Nine thousand, six hundred and twenty four pounds).
16. The Tribunal's Valuation is set out in Appendix A.

Signed.....

Cervia Bowden

Date

25 January 2006.

**Leasehold Reform and Urban Development Act 1993
Schedule 6**

Appendix A

142/142A Dunstons Road, SE22

Valuation Date	10/01/2006
<u>Lease term</u>	
Ground floor	99 years from 16/5/1978
First floor	99 years from 4/8/1988
<u>Ground rent</u>	
Ground floor	£25 for 33 years rising to £50 and then £75
First floor	£50 for 33 years rising to £100 and then £150
Marriage value	Ground floor only 50%

Determined by tribunal

Lease values	
Ground floor	£215,000
First floor	£215,000
Relativity	93%
Existing lease value	<u>£199,950</u>

Freeholder's existing interest

Ground floor

Rent reserved			£25	
YP	5.34 yrs	8 %	4.212430972	£105
Reversion to			£50	
YP	33 yrs	8 %	11.51388837	
x PV	5.34 yrs	8 %	0.663005522	£382
Reversion to			£75	
YP	33 yrs	8 %	11.51388837	
x PV	38.34 yrs	8 %	0.052303797	£45
Reversion to OMV			£215,000	
x PV	71.34 yrs	8 %	0.004126191	<u>£887</u>
				£1,739

First floor

Rent reserved			£50	
YP	15.56 yrs	8 %	8.725700343	£436
Reversion to			£100	
YP	33 yrs	8 %	11.51388837	
x PV	15.56 yrs	8 %	0.301943973	£348
Reversion to			£150	
YP	33 yrs	8 %	11.51388837	
x PV	48.56 yrs	8 %	0.023820037	£41
Reversion to OMV			£215,000	
x PV	81.56 yrs	8 %	0.001879137	<u>£404</u>
				<u>£1,229</u>

Total value of freeholder's interest £2,968

Marriage value, ground floor only

Virtual freehold value	£215,000
Less	
Existing lease value	£199,950

Freehold value(ground floor)	£1,739	£201,689	
Marriage value		£13,311	
Freeholder's share @	50%		<u>£6,656</u>
Total purchase price			<u>£9,624</u>
Apportionment			
Ground floor	£8,395		
First floor	<u>£1,229</u>		
	<u>£9,624</u>		

142, DUNSTANS ROAD, EAST DULWICH, LONDON, SE22 0ES.

Assessment of the price to be paid for the freehold interest in accordance with Schedule 6 of the Leasehold Reform, Housing and Urban Development Act, 1993, as amended by the Housing Act 1996 and the Commonhold and Leasehold Reform Act, 2002.

Two flats within the building. Ground floor flat held on 99 year leases from 16th. May 1978 at a Ground Rent of £25 for the first 33 years, increasing by £25 every 33 years thereafter. *First floor flat held under a 99 year lease from 4th. August 1988 at a Ground Rent of £50 for the first 33 years, rising by £50 every 33 years.*

*Lease information provided by Messrs. Glazer Delmar, Solicitors.

71.7 years and 81.9 years respectively unexpired at the Valuation Date of 16th. September 2005 (Date of Vesting Order).

A. VALUE OF FREEHOLDERS INTEREST**A.1. Ground rents:****Ground Floor Flat:**

5.7 years at £25:	25	
YP 5.7 yrs @ 9%:	4.312	108

33 years at £50:	50	
YP 33 yrs, deferred 5.7 yrs @ 9%:	6.403	320

33 years at £75:	75	
YP 33 yrs, deferred 38.7 yrs @ 9%:	0.373	28

First Floor Flat:

15.9 years @ £50:	50	
YP 15.9 yrs @ 9%:	8.288	414

33 years @ £100:	100	
YP 33 yrs, deferred 15.9 yrs @ 9%:	2.628	263

33 years @ £150:	150	
YP 33 yrs, deferred 48.9 yrs @ 9%:	0.155	23

A.2. Reversion:

Unimproved value with 999 year leases/
share of freehold:

Ground floor flat @ £215,000	215,000	
PV of £1 in 71.7 yrs @ 9%:	0.0021	451

First floor flat @ £215,000	215,000	
PV of £1 in 81.9 yrs @ 9%:	0.0009	194

Value of Freeholder's interest thus:

(Ground floor flat: £907

First floor flat: £894)

1,801

C/fwd:

1,801

B. MARRIAGE VALUE

(Applies to Ground floor flat only)

Unimproved value with 999 year
lease/share of freehold:

215,000

LESS

Unimproved value of ground floor flat
with existing lease: (93% X £215,000): 199,950

Value of freehold interest in that flat:

907

200,857

14,143

Marriage Value thus:

50% attributable to Freeholder:

7,071

**C. OTHER COMPENSATION/LOSS
PAYABLE TO FREEHOLDER:**

nil

TOTAL:

8,872

ENFRANCHISEMENT PRICE, SAY £8,870

Apportioned: Ground floor flat: £7,977
First floor flat: £893



Nigel R W Carter, FRICS, MRTPI.