

Leasehold Reform Housing and Urban Development Act 1993

DETERMINATION OF THE LEASEHOLD VALUATION TRIBUNAL

on an application under sections 91 and 48 to determine, pursuant to Part II Schedule 13 of the Act, the premium payable by the Tenant to the Landlord in respect of the grant of a new lease (at a peppercorn rent for a term expiring 90 years after the term date of the existing lease) of

102, Southcrest Road, Lodge Park, Redditch B98 7HZ

Applicant Tenant: Julie Phillips
Respondent Landlord and
the Freeholder: Coolrace Limited

Applicant's Application dated: 8 August 2005

Date of Tenant's Notice
of claim exercising the right
to acquire a new lease: 8 February 2005

Date of Counter-notice: 7 April 2005

Heard at: The Panel Office
On: 2 December 2005

APPEARANCES:

For the Tenant: The Tenant in person
For the Freeholder: Mr M A Fell

Members of the Leasehold Valuation Tribunal:

Mr T F Cooper BSc FRICS FCI Arb (Chairman)
Mr J H Dove, Solicitor
Mr D Underhill

Date of Tribunal's determination: ~~26~~ JAN 2006

Determination: The premium payable is £7,790

Definitions:

The 'Act'	- Leasehold Reform Housing and Urban Development Act 1993.
The 'CLR Act'	- Commonhold and Leasehold Reform Act 2002.
The 'Development'	- The two storey block of 8 flats at Southcrest Road, Lodge Park, Redditch B98 7HZ of which the Flat forms part.
The 'Flat'	- No 102 (first floor maisonette, hall and staircase), within the Development, together with an area of rear garden.
The 'Tenant'	- Julie Phillips.
The 'Landlord'	
and the 'Freeholder'	- Coolrace Limited.
The 'Freehold'	- The interest of the Freeholder.
The 'Lease'	- The lease dated 4 April 1962 made between the Lodge Farm Investment Limited (1) and The Branden Housing Industries Limited (2); a term of 99 years from 25 March 1960 at a fixed rent of £16 pa.
The 'Notice'	- The Tenant's notice, 8 February 2005, exercising the right to a new extended lease.
The 'Counter-notice'	The Landlord's counter-notice 7 April 2005.
The 'Date'	- 8 February 2005 as the date of our valuation to derive the price payable (s.134 CLR Act).

Background:

- 1 The Development is a purpose two storey brick and tile block of eight flats in an established residential area. The Flat has a ground floor entrance hall, staircase, first floor hall, living room with kitchen off, two bedrooms, bathroom with wc; there is an area of rear garden, not adjacent to the Development but accessible from a walkway around the perimeter of the Development. There is no on-site car parking.
- 2 By the Notice, under s.42 of the Act, the Tenant exercises the right to a new lease (extended by 90 years). The Landlord Freeholder, as the reversioner, served the s.45 Counter-notice dated 15 June 2005, admitting the Tenant's right to a new lease.
- 3 The new lease of the Flat to be acquired by the Tenant, in substitution for the existing Lease, is at a peppercorn rent for a term expiring 90 years after the term date of the Lease, namely a new lease for 144 years (unexpired term 54 years plus 90 years).
- 4 The relevant terms of the Lease are set out in the definitions above.
- 5 The Tenant applies to us, by an application dated 8 August 2005, under s.48 of the Act, to determine the amount payable by the Tenant to the Freeholder in respect of the grant of a new lease, pursuant to s.48 and Part II Schedule 13 of the Act.

Inspections:

- 6 Immediately prior to the hearing, we inspected the Flat, the common parts and the exterior of Development. We also looked at the exterior of similar flats at numbers 56, 94 and 76 Southcrest Road, relevant to comparable flats introduced.

Jurisdiction:

- 7 We and the parties accept that the qualifying conditions for the Tenant's entitlement to a new lease under the Act have been met and that we have the jurisdiction to determine the application before us.

The hearing:

- 8 The Tenant, **Ms J Phillips**, appeared in person and we had received prior written representations from her solicitor. **Mr M A Fell**, a director of the Landlord company, appeared and had, prior to the hearing, provided written representations.

The valuations:

- 9 Neither Ms Phillips nor her solicitor provides a valuation by the general accepted method. However, Ms Phillips, in written representations, says she believes the value of the Flat with an extended lease is £85,000 and her solicitor says £3,500 is the appropriate price; we are also referred to the circumstances in which Ms Phillips purchased her current interest in the Flat. We take no account of the circumstances as they do not assist us to derive the premium payable and we attach no significant weight to the opinion of the value with an extended lease nor the premium payable as no expert evidence is adduced. Mr Fell says his company specialises in investment in freehold ground rents and he has five years' specialised experience of lease extensions and the applicable law. He provides a written valuation which adopts the constituent parts (set out in part II Schedule 13 of the Act) and the route to derive the premium payable.
- 10 To avoid unnecessary repetition and for ease of explanation we do not set out their two valuations. Our Valuation (at the end of this determination) determines the issues before us and the premium payable. We include numbering to the lines of Our Valuation and refer to the relevant part of it in our reasons for our determination. References to the numbered lines are in square brackets.
- 11 Mr Fell's valuation and our valuation to derive the price payable are:

	Mr Fell	Our valuation
Premium payable by Tenant	£ 10,886	£ 7,790
Value of Tenant's new/extended lease excluding tenant's improvements	£ 94,450	£ 91,000
Value of Tenant's existing Lease	£ 78,000	£ 78,000
Deferment rate	6.25%	7%

The valuation principles:

- 12 In the case before us the premium payable is:

- 13 The total, rounded to the nearest pound [21], of: (A) the diminution in value of the Freehold/Landlord's interest [12] comprising (i) the value of the Term [9] and (ii) the value of the Reversion [11]; and (B) the Freeholder's share [19] of the marriage value [18]. It is common ground that no compensation under para 5 Part II Schedule 13 of the Act is payable.
- 14 For the marriage value - the marriage value (para 4(2) Part II Schedule 13 to the Act) is the difference between: (a) the open market value of the Tenant's interest under the new/extended lease [14]; and (b) the total of (i) the open market value of the Freehold/Landlord's interest [15] and (ii) the open market value of the Tenant's existing Lease [16].

Common ground:

- 15 Our Valuation includes the undisputed matters which we accept are consistent with the provisions of the Act.

Understanding the valuation issues:

- 16 As explained at the hearing we, as an expert tribunal, have a duty to arrive at a fair and just result. However, we cannot conduct the case for Ms Phillips, as an unrepresented party, but we should seek to ensure she understands, as far as possible in a complex valuation, the matters which affect the valuation. We explained such matters to her and pointed out to both her and Mr Fell that, despite Mr Fell's evidence not being contested by expert evidence, we may be minded to reject it if it falls short of establishing the contention in support of which it is given.

The issues:

- 17 There are three probative issues before us, namely:
- 18 Issue (i) The value of the Tenant's new/extended leasehold interest in the Flat [10, 14].
- 19 Issue (ii) The value of the Tenant's existing leasehold interest in the Flat [16].
- 20 Issue (iii) The deferment rate for the valuation of the Reversion and the yield rate for the Term [9, 11].

As to Issue (i):

- 21 Below are Mr Fell's contention on value and our decision.

	Mr Fell	Our valuation
Value of Tenant's new/extended lease excluding tenant's improvements	£ 94,450	£ 91,000

- 22 Mr Fell acknowledges he has no direct evidence on the value of the extended lease but says a sale of no. 78 Southcrest Road is agreed subject to contract at £95,950; and while nos. 56 and 94 are also for sale the circumstances are such that the asking prices are not helpful. Adopting £95,950 as the value with tenant's improvements including central heating, he deducts £1,500 as the value of the tenant's improvements (to be ignored in the valuation), resulting in £94,450 as the value of the Tenant's extended lease.
- 23 We disclosed to the parties that we are aware that a sale of no. 96 is provisionally agreed which has an asking price of £99,950.

- 24 The Date of valuation is 8 February 2005. We find and hold we should attach little or no weight to post-dated evidence (post-dated by many months) of asking prices: save that it may be evidence supporting a general level of value. Mr Fell dismisses the evidence of 56 and 94 on the grounds that there are unusual surrounding circumstances. We have no confirmation of the circumstances of 78 nor 96 and find we should not infer there are no unusual circumstances. We find, also taking account of what we saw at our inspection, that £94,450 is not supported by any reliable evidence and that the value of the Tenant's extended lease is more fairly represented at £92,500 from which we deduct £1,500 as the value to the Tenant's improvements to be ignored, resulting in £91,000.

As to Issue (ii):

- 25 Below are Mr Fell's contention on value and our decision.

	Mr Fell	Our valuation
Value of Tenant's new/extended lease excluding tenant's improvements	£ 78,000	£ 78,000

- 26 Mr Fell refers us to a recent lease extension decision of the LVT in respect of a similar flat at 108 Southcrest Road, in which £78,000 was adopted as the value of the existing lease. In the absence of evidence of a sale of a comparable existing lease we find, as a matter of judgment, that £78,000 is a fair figure.

As to issue (iii):

- 27 Below are Mr Fell's contention on the deferment rate and yield and our decision.

	Mr Fell	Our valuation
Value of Tenant's new/extended lease excluding tenant's improvements	6¼%	7%

- 28 Mr Fell says 6¼% is supported by the recent five *Cadogan* cases (heard together), inferentially *Earl Cadogan v Dorrit Moussaieff* [2005] LRA/8/2005 (LT) (re: 8 Cadogan Square) as the only one of the five relating to an extended lease. A 4¼% deferment rate was decided and, to reflect the location and unexpired term of the Flat (54 years compared with 20 years in *Moussaieff*), 6¼% is appropriate; previously the 'conventional' difference in rates was 1% lower for prime London property but, erring on the side of caution, 1½% difference is appropriate. In any event, says Mr Fell, the 'conventional' rate of 7½% adopted by LVTs in the Midland region is too high as that would create a 2¾% difference between the Midlands (7½%) and prime London (4¾%). Mr Fell also adopts 4¾% as the yield rate to derive the value of the term.
- 29 The Members, in *Moussaieff*, reduced the 'conventional' 6% (in London) to 4.75%, made up as: (a) 2% (reflecting index-linked gilts as a genuine risk-free yield); plus (b), in respect of general risks, (i) 1% (to reflect comparative illiquidity to gilts) and (ii) 1½% (to reflect the difference in risk between a freehold interest in property and index-linked gilts); plus (c) ¼% (to reflect greater management problems with flats than houses and a better prospect of growth in value of a house compared with a flat). The Members, in

Cadogan, emphasise (at paras 115 and 116) that LVT decisions on questions of fact or opinion should be given little or no weight but a LT decision may be referred to where general guidance has been given on valuation principles or procedure.

- 30 We accept, as guidance, that in the absence of dependable evidence in the property market - we have none in the case before us - the starting point for the applicable deferment rate is the yield on a risk-free investment which, in the absence of contrary evidence, was 2% on the Date, derived from index-linked gilts.
- 31 We accept, as guidance and in the absence of contrary evidence, that an allowance for comparative illiquidity (as part of the risks inherent in a freehold residential investment) should be made; we find 1% is appropriate.
- 32 We accept, as guidance, that an allowance should be made for greater management problems with flats than houses and a better prospect of growth in value of a house compared with a flat. We note $\frac{1}{4}\%$ was allowed in *Cadogan*. However, while $\frac{1}{4}\%$ may well be a fair a just allowance in a prime London location, we find that on the facts before us in Birmingham it is too low and find $\frac{1}{2}\%$ is more inherently likely.
- 33 We note that the properties, in *Cadogan*, are high value (relative to the Flat) and situated in one of the best residential areas within the Prime Central London Residential Area, although 32 Rosemary Gardens is somewhat less well regarded. The Members point out locational differences - which we infer relate to differences between the Cadogan Estate and Rosary Gardens (on the Brompton Estate) - would reflect themselves in capital values as opposed to deferment rates but a different deferment rate may result from a difference in security of the investment, namely a greater comparative risk of obsolescence or greater volatility in value or reduced growth rates. We find that, in respect of location, there is greater risk in respect of the Flat than may be inferred in London generally and especially in the Prime Central London residential area (with which *Cadogan* and *Moussaieff* are concerned). To achieve a fair and just result, we find an allowance of $3\frac{1}{2}\%$ (to include requisite management, the risk of destruction and possible expensive costs of realisation at the end of the term); and in so doing we take account of the unexpired term of the Lease, the quality and attractiveness of the Flat and the size of investment.
- 34 The resultant deferment rate for the Flat is 7%.
- 35 On the question of the difference between London and the Midlands region, referred to by Mr Fell (saying it should be $1\frac{1}{2}\%$ resulting in a $6\frac{1}{4}\%$ deferment rate for the Flat), we find we should attach no significant weight to a difference as (a) a 'convention' would be implied which is contrary to the guidance given in *Cadogan* and (b) Tribunal decisions on questions of fact should be given little or no weight.
- 36 The question of the yield rate (for the valuation of the Term) was not argued nor decided in *Cadogan*. Mr Fell adopts $6\frac{1}{4}\%$ (consistent with the deferment rate for the reversion). We find no reason on the facts before us not to adopt the same yield rate as the deferment rate and we adopt 7%.

Summary of our decisions on the three Issues:

- 37 Issue (i) The value of the new/extended lease is £91,000.
38 Issue (ii) The value of the existing Lease is £78,000.
39 Issue (iii) 7% is the deferment rate for the valuation of the reversion and the yield rate for the term.

Conclusion on the premium/amount payable:

- 40 We determine that, pursuant to Part II Schedule 13 of the Act, in respect of the grant of a new lease (at a peppercorn rent for a term expiring 90 years after the term date of the existing Lease) the premium payable by the Tenant to the Freeholder is £7,790 (Seven thousand seven hundred and ninety pounds).
41 Our valuation, from which we derive the premium payable by the Tenant, is attached.

Costs:

- 42 In default of agreement over the amount of any costs payable under s.60 application may be made under the provisions of s.91(2)(d) to the Leasehold Valuation Tribunal for a determination of such costs.

DATE 20 JAN 2005

T F Cooper
Chairman



[Continued with Tribunal's valuation]

Our Valuation to determine the premium payable

It is common ground that:

- 1 By s. 134 CLR Act, the valuation Date is 8 February 2005.
- 2 The central heating in the Flat is a Tenant's improvement to be disregarded in the valuation.
- 3 Once the new lease is granted, the value of the Landlord's interest in the Flat is nil.
- 4 For valuation purposes the unexpired term of the Lease is 54 years.
- 5 As the Notice is after 25 July 2002, the Freeholder's share of the marriage value is, by s.135 CLR Act, 50%.
- 6 There is no compensation payable to the Freeholder under para 5 Part II Schedule 13.
- 7 The price payable is not rounded.

Diminution in value - Freehold interest

Term

8	Ground rent receivable	£	16 pa		
9	YP 54 years (the unexpired term) @ 7%			13.9157	£ 222.65

Reversion

10	Value of new/extended lease	£ 91,000			
11	PV £1 in 54 years @ 7%			0.0258986	£ 2,356.77

12	<u>Value of Freehold interest</u>			[A]	£ 2,579.42
13	To which we add, to derive the price payable, the Freeholder's proportion of the marriage value [B]				

Marriage value

14	Value of new/extended lease	£91,000			
	Less:				
15	Freehold value (A)	£ 2,579.42			
16	Value of Tenant's existing Lease	<u>£78,000.00</u>			
17		<u>£80,579.42</u>			
18	Marriage value				£10,420.58
19	<u>50% share marriage value</u>			[B]	£ 5,210.29
20	Total premium payable by the Tenant (A + B)				£ 7,789.71
21				Say	£ 7,790

Leasehold Reform Housing and Urban Development Act 1993

DETERMINATION OF THE LEASEHOLD VALUATION TRIBUNAL

on an application under sections 91 and 48 to determine, pursuant to Part II Schedule 13 of the Act, the premium payable by the Tenant to the Landlord in respect of the grant of a new lease (at a peppercorn rent for a term expiring 90 years after the term date of the existing lease) of

102, Southcrest Road, Lodge Park, Redditch B98 7HZ

Applicant Tenant: Julie Phillips
Respondent Landlord and
the Freeholder: Coolrace Limited

Applicant's Application dated: 8 August 2005

Date of Tenant's Notice
of claim exercising the right
to acquire a new lease: 8 February 2005

Date of Counter-notice: 7 April 2005

Heard at: The Panel Office
On: 2 December 2005

APPEARANCES:

For the Tenant: The Tenant in person
For the Freeholder: Mr M A Fell

Members of the Leasehold Valuation Tribunal:

Mr T F Cooper BSc FRICS FCI Arb (Chairman)
Mr J H Dove, Solicitor
Mr D Underhill

Date of Tribunal's determination: ~~20~~ JAN 2006

Determination: The premium payable is £7,790

Definitions:

The 'Act'	- Leasehold Reform Housing and Urban Development Act 1993.
The 'CLR Act'	- Commonhold and Leasehold Reform Act 2002.
The 'Development'	- The two storey block of 8 flats at Southerest Road, Lodge Park, Redditch B98 7HZ of which the Flat forms part.
The 'Flat'	- No 102 (first floor maisonette, hall and staircase), within the Development, together with an area of rear garden.
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Background:

- 1 The Development is a purpose two storey brick and tile block of eight flats in an established residential area. The Flat has a ground floor entrance hall, staircase, first floor hall, living room with kitchen off, two bedrooms, bathroom with wc; there is an area of rear garden, not adjacent to the Development but accessible from a walkway around the perimeter of the Development. There is no on-site car parking.
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- 6 Immediately prior to the hearing, we inspected the Flat, the common parts and the exterior of Development. We also looked at the exterior of similar flats at numbers 56, 94 and 76 Southcrest Road, relevant to comparable flats introduced.

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16 As explained at the hearing we, as an expert tribunal, have a duty to arrive at a fair and just result. However, we cannot conduct the case for Ms Phillips, as an unrepresented party, but we should seek to ensure she understands, as far as possible in a complex valuation, the matters which affect the valuation. We explained such matters to her and pointed out to both her and Mr Fell that, despite Mr Fell's evidence not being contested by expert evidence, we may be minded to reject it if it falls short of establishing the contention in support of which it is given.

The issues:

- 17 There are three probative issues before us, namely:
- 18 Issue (i) The value of the Tenant's new/extended leasehold interest in the Flat [10, 14].
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As to Issue (i):

21 Below are Mr Fell's contention on value and our decision.

	Mr Fell	Our valuation
Value of Tenant's new/extended lease excluding tenant's improvements	£ 94,450	£ 91,000

22 Mr Fell acknowledges he has no direct evidence on the value of the extended lease but says a sale of no. 78 Southcrest Road is agreed subject to contract at £95,950; and while nos. 56 and 94 are also for sale the circumstances are such that the asking prices are not helpful. Adopting £95,950 as the value with tenant's improvements including central heating, he deducts £1,500 as the value of the tenant's improvements (to be ignored in the valuation), resulting in £94,450 as the value of the Tenant's extended lease.

23 We disclosed to the parties that we are aware that a sale of no. 96 is provisionally agreed which has an asking price of £99,950.

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As to issue (iii):

- 27 Below are Mr Fell's contention on the deferment rate and yield and our decision.

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- 28 Mr Fell says 6¼% is supported by the recent five *Cadogan* cases (heard together), inferentially *Earl Cadogan v Dorrit Moussaieff* [2005] LRA/8/2005 (LT) (re: 8 Cadogan Square) as the only one of the five relating to an extended lease. A 4¾% deferment rate was decided and, to reflect the location and unexpired term of the Flat (54 years compared with 20 years in *Moussaieff*), 6¼% is appropriate: previously the 'conventional' difference in rates was 1% lower for prime London property but, erring on the side of caution, 1½% difference is appropriate. In any event, says Mr Fell, the 'conventional' rate of 7½% adopted by LVTs in the Midland region is too high as that would create a 2¾% difference between the Midlands (7½%) and prime London (4¾%). Mr Fell also adopts 4¾% as the yield rate to derive the value of the term.
- 29 The Members, in *Moussaieff*, reduced the 'conventional' 6% (in London) to 4.75%, made up as: (a) 2% (reflecting index-linked gilts as a genuine risk-free yield); plus (b), in respect of general risks, (i) 1% (to reflect comparative illiquidity to gilts) and (ii) 1½% (to reflect the difference in risk between a freehold interest in property and index-linked gilts); plus (c) ¼% (to reflect greater management problems with flats than houses and a better prospect of growth in value of a house compared with a flat). The Members, in

Cadogan, emphasise (at paras 115 and 116) that LVT decisions on questions of fact or opinion should be given little or no weight but a LT decision may be referred to where general guidance has been given on valuation principles or procedure.

- 30 We accept, as guidance, that in the absence of dependable evidence in the property market - we have none in the case before us - the starting point for the applicable deferment rate is the yield on a risk-free investment which, in the absence of contrary evidence, was 2% on the Date, derived from index-linked gilts.
- 31 We accept, as guidance and in the absence of contrary evidence, that an allowance for comparative illiquidity (as part of the risks inherent in a freehold residential investment) should be made: we find 1% is appropriate.
- 32 We accept, as guidance, that an allowance should be made for greater management problems with flats than houses and a better prospect of growth in value of a house compared with a flat. We note ¼% was allowed in *Cadogan*. However, while ¼% may well be a fair a just allowance in a prime London location, we find that on the facts before us in Birmingham it is too low and find ½% is more inherently likely.
- 33 We note that the properties, in *Cadogan*, are high value (relative to the Flat) and situated in one of the best residential areas within the Prime Central London Residential Area, although 32 Rosemary Gardens is somewhat less well regarded. The Members point out locational differences - which we infer relate to differences between the Cadogan Estate and Rosary Gardens (on the Brompton Estate) - would reflect themselves in capital values as opposed to deferment rates but a different deferment rate may result from a difference in security of the investment, namely a greater comparative risk of obsolescence or greater volatility in value or reduced growth rates. We find that, in respect of location, there is greater risk in respect of the Flat than may be inferred in London generally and especially in the Prime Central London residential area (with which *Cadogan* and *Moussaieff* are concerned). To achieve a fair and just result, we find an allowance of 3½% (to include requisite management, the risk of destruction and possible expensive costs of realisation at the end of the term); and in so doing we take account of the unexpired term of the Lease, the quality and attractiveness of the Flat and the size of investment.
- 34 The resultant deferment rate for the Flat is 7%.
- 35 On the question of the difference between London and the Midlands region, referred to by Mr Fell (saying it should be 1½% resulting in a 6¼% deferment rate for the Flat), we find we should attach no significant weight to a difference as (a) a 'convention' would be implied which is contrary to the guidance given in *Cadogan* and (b) Tribunal decisions on questions of fact should be given little or no weight.
- 36 The question of the yield rate (for the valuation of the Term) was not argued nor decided in *Cadogan*. Mr Fell adopts 6¼% (consistent with the deferment rate for the reversion). We find no reason on the facts before us not to adopt the same yield rate as the deferment rate and we adopt 7%.

Summary of our decisions on the three Issues:

- 37 Issue (i) The value of the new/extended lease is £91,000.
38 Issue (ii) The value of the existing Lease is £78,000.
39 Issue (iii) 7% is the deferment rate for the valuation of the reversion and the yield rate for the term.

Conclusion on the premium/amount payable:

- 40 We determine that, pursuant to Part II Schedule 13 of the Act, in respect of the grant of a new lease (at a peppercorn rent for a term expiring 90 years after the term date of the existing Lease) the premium payable by the Tenant to the Freeholder is £7,790 (Seven thousand seven hundred and ninety pounds).
41 Our valuation, from which we derive the premium payable by the Tenant, is attached.

Costs:

- 42 In default of agreement over the amount of any costs payable under s.60 application may be made under the provisions of s.91(2)(d) to the Leasehold Valuation Tribunal for a determination of such costs.

DATE 28 JAN 2004

T F Cooper
Chairman



[Continued with Tribunal's valuation]

Our Valuation to determine the premium payable

It is common ground that:

- 1 By s. 134 CLR Act, the valuation Date is 8 February 2005.
- 2 The central heating in the Flat is a Tenant's improvement to be disregarded in the valuation.
- 3 Once the new lease is granted, the value of the Landlord's interest in the Flat is nil.
- 4 For valuation purposes the unexpired term of the Lease is 54 years.
- 5 As the Notice is after 25 July 2002, the Freeholder's share of the marriage value is, by s.135 CLR Act, 50%.
- 6 There is no compensation payable to the Freeholder under para 5 Part II Schedule 13.
- 7 The price payable is not rounded.

Diminution in value - Freehold interest

Term

8	Ground rent receivable	£	16 pa		
9	YP 54 years (the unexpired term) @ 7%			13.9157	£ 222.65

Reversion

10	Value of new/extended lease	£	91,000		
11	PV £1 in 54 years @ 7%			0.0258986	£ 2,356.77

Value of Freehold interest

12	To which we add, to derive the price payable, the Freeholder's proportion of the marriage value [B]			[A]	£ 2,579.42
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Marriage value

14	Value of new/extended lease				
	Less:		£91,000		
15	Freehold value (A)	£	2,579.42		
16	Value of Tenant's existing Lease		£78,000.00		
17			<u>£80,579.42</u>		
18	Marriage value				£10,420.58
19	<u>50% share marriage value</u>			[B]	£ 5,210.29
20	Total premium payable by the Tenant (A + B)				£ 7,789.71
21				Say	£ 7,790