

**RESIDENTIAL PROPERTY TRIBUNAL SERVICE  
SOUTHERN RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL**

S.s 26(1) & 27 Leasehold Reform, Housing & Urban  
Development Act 1993



**DECISION AND REASONS**

Case Number: CHI/00ML/OCE/2006/0033

Property: 23 Montpelier Place  
Brighton  
East Sussex  
BN1 3BF

Applicants: P Lobo & H P Bucknall  
L C Pound  
C M Whiteoak  
J P Spooner

Represented by: Martin A Ross (Solicitor)

Respondent: A J Hammoud

Witness: C N Basley FRICS IRRV

County Court Application: 21 February 2006

County Court Order: 24 March 2006

Date of Hearing: 18 September 2006

Tribunal Members: Mr B H R Simms FRICS MCIArb (Chairman)  
Mr J N Cleverton FRICS (Valuer Member)  
Mr R T A Wilson (Legal Member)

Date of Decision: 8 November 2006

**SUMMARY OF DECISION**

(The Decision can be found starting at paragraph 34.)

The nominee purchaser, 23 Montpelier Place Management Co Ltd, is to pay the price of £3,981 (three thousand nine hundred and eighty one pounds).

The transfer should incorporate amongst other things the provisions set out in the draft transfer annexed to this Decision.

## **APPLICATION**

1. This application was commenced on 21 February 2006 by Martin Ross Solicitor for the Applicant in Brighton County Court for an Order dispensing with service of an initial notice under S.13 of the Leasehold Reform, Housing & Urban Development Act 1993 (the 1993 Act) and an Order vesting the freehold in the nominee purchaser under S.26(1) of the 1993 Act, upon such terms and at such price as may be determined by a Leasehold Valuation Tribunal under S.27 of the 1993 Act.

## **BACKGROUND**

2. By an Order dated 24 March 2006, District Judge Gamba confirmed that the Applicants were entitled to an Order vesting the freehold interest of the Respondent as registered at HM Land Registry under title number SX150448 in the nominee purchaser, 23 Montpelier Place Management Co Ltd, and transferred the decision on the terms of the vesting order to this Leasehold Valuation Tribunal.
3. Directions were issued on 5 June 2006 requiring the production of documents and a valuation and subsequently further Directions were issued on 8 June 2006 setting a target date for the hearing and requiring copies of the valuer's report.
4. Mr C M Basley FRICS IRRV supplied a valuation report to Martin Ross Solicitor on 22 September 2004 and subsequently provided a further report dated 21 August 2006 to the Tribunal.
5. A hearing was held at Hove Town Hall on 18 September 2006.

## **INSPECTION**

6. Prior to the hearing members of the Tribunal inspected the property accompanied by Mr Basley and some of the Applicants. The Tribunal was able to inspect flats on the basement floor, ground floor, second floor and third floor.
7. The property is a middle terrace, five storey house, originally constructed as a single dwelling but now converted into five self-contained flats, leading from a common hallway and staircase.
8. The building is situated on the north side of Montpelier Place facing south. The area is predominantly of mixed quality residential properties.
9. The property is mid Victorian and is constructed of brick with cement rendered elevations and a bay at the front. The roof is of pitched design covered with slate.
10. Each flat has a living room, kitchen and bathroom and either one bedroom (basement, first and second floor flats) or two bedrooms (ground floor and third floor flats).

## **LEASES**

11. Each lease is for a term of 125 years from 24 June 1976, subject to ground rents payable with fixed increases as follows:

Basement Flat and First Floor Flat each

12. £25 per annum to 24 June 1981  
£40 per annum to 24 June 1986  
£50 per annum to end of lease

Ground Floor Flat

13. £25 per annum to 24 June 2001  
£40 per annum to 24 June 2026  
£55 per annum to 24 June 2051  
£70 per annum to 24 June 2076  
£85 per annum to end of lease

Second Floor Flat and Third Floor Flat each

14. £30 per annum to 24 June 2001  
£40 per annum to 24 June 2026  
£50 per annum to 24 June 2051  
£60 per annum to 24 June 2076  
£70 per annum to end of lease

VALUATION DATE

15. Mr Basley had erroneously been advised that the date of the valuation would be the date of the hearing and he therefore prepared his valuation on the basis of the leased having 95 years unexpired. Arguably this was the situation prior to the Commonhold & Leasehold Reform Act 2002 (CLRA 2002).
16. At paragraph 3(1) of schedule 6 of the 1993 Act, the date of the valuation is to be at "the relevant date". These words were substituted by CLRA 2002 with effect from 28 February 2005. The relevant date is the date of the application to court which in this case is 21 February 2006. The valuation date is therefore 21 February 2006.

**EVIDENCE**

17. Mr Ross outlined the background and explained that efforts had been made to trace the landlord unsuccessfully. The court had therefore agreed to grant a vesting Order, subject to the Leasehold Valuation Tribunal fixing the price and the terms of the transfer.
18. Mr Basley addressed the Tribunal and explained his valuation. He explained that up to now the lessees had been faced with undertaking works of repair and decoration themselves as the landlord had not been involved with the property.

19. His approach to the valuation had been to capitalise the ground rents received over the residue of the term which he had undertaken at a yield of 7½%.
20. When it came to the reversion, Mr Basley had considered the value of the flats with long leases to be the same as the current values, bearing in mind the long length of the lease term. As evidence of comparable sales he had considered the sale of a first floor, one bedroom flat by Fox & Sons in the building to the west of the subject premises at £148,500 in August 2004 and at the same time, the sale of a second floor, two bedroom flat, subject to contract, at £175,000.
21. It became apparent that there was a sale of one of the flats in the subject premises but Mr Basley was not aware of the details.
22. Consequently Mr Basley had valued the flats as follows:
 

Basement	£137,500
Ground Floor	£192,500
First Floor	£165,000
Second Floor	£192,500
Third Floor	£181,500
Total	£869,000
23. Following questioning by the Tribunal, Mr Basley confirmed that he had made an adjustment from the original prices of a total of £1,000 in order to take account of the improvements that had been added to the property. His figures were therefore on an unimproved basis as required by the Act.
24. His yield for the reversion was 8%, ½% higher than for the term as he considered that this part of the investment was less secure. He considered that the 7½% used for the valuation of the term was a tried and tested formula which had been used in other LVT cases.
25. His adjustment to values, to take account of the comparable sales having been in 2004 and the valuation being required in 2006, had been to make a 10% broad brush addition to the 2004 figures.
26. CLRA 2002 provides that when calculating the price payable, no account is to be taken of any marriage value where leases have an unexpired term in excess of 80 years. Mr Basley had therefore made no addition for marriage value.
27. As far as Mr Basley was aware the freeholder owned no other property and therefore there would be no need for any additional compensation for loss sustained by the freeholder resulting from the disposal of this freehold interest.

#### **TERMS OF TRANSFER**

28. Mr Ross could not provide the Tribunal with his proposed terms for the transfer. It was therefore agreed that these details would be provided within 14 days and

they would be considered by the Tribunal and any observations made to Mr Ross within 7 days.

29. The transfer in the form of document TR1 was provided to the Tribunal. The form of transfer was generally acceptable except that the consideration is to be paid into Court and more details of the relevant part of the Act are required. A copy of the amended TR1 showing the terms of the transfer was sent to Mr Ross.

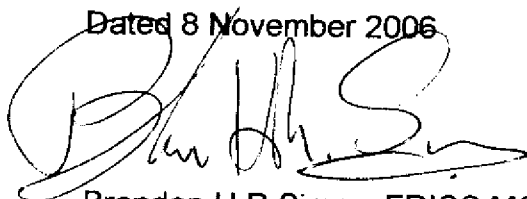
## CONSIDERATION

30. The valuation of the price payable has to be undertaken at the proper valuation date in February 2006 at which time the leases would have had 94.75 years unexpired. This new term has to be factored into the valuation and amends both the valuation of the ground rents and the reversion.
31. We considered that the valuation of the flats by Mr Basley was slightly flawed and that it would have been preferable to know the details of the sale of the first floor flat in the subject premises. Also we felt that the adjustment of £1,000 for all the flats was insufficient to take account of the improvements, particularly to the various kitchens and bathrooms, that had been undertaken by the tenants. Having said this, the effect on the final valuation would be materially insignificant and we therefore decided that there would be nothing gained by altering Mr Basley's figures and these have been used in the valuation.
32. It is usual in good valuation practice when considering the reversion to use the same percentage yield as would be used when valuing the ground rents. We therefore considered that Mr Basley's variation by an increase of  $\frac{1}{2}\%$  was inappropriate and our valuation is based upon a reversionary yield of  $7\frac{1}{2}\%$ .
33. Although there has been much said about yields in enfranchisement cases of this type being reduced to take account of the strength of the financial markets, recent Land Tribunal decisions have related to properties in prime central London. This Tribunal has not detected any significant movement in yields for premises such as the subject property which is outside the area of prime central London and a rate of  $7\frac{1}{2}\%$  appears appropriate in this case.

## DECISION

34. The Tribunal determines that the amount payable for the freehold interest in the property at 23 Montpelier Place, Brighton, East Sussex, BN1 3BF is £3,981 (three thousand nine hundred and eighty one pounds). The calculation of this value is attached to this decision.
35. The transfer of the property should incorporate amongst other things the provisions set out in the draft transfer annexed to this Decision.

Dated 8 November 2006



Brandon H R Simms FRICS MCIArb  
Chairman

## LEASEHOLD VALUATION TRIBUNAL CALCULATION

### 23 Montpelier Place, Brighton

#### Facts used

Total value of flats	£869,000				
Valuation date	21/02/06				
yield	7.5%				
Unexpired term at valuation date	94.75	yrs			
<u>Basement and 1st Floor flats</u>					
Ground Rent (2 x £50))	£100.00	for	94.75	yrs	
<u>Ground, 2nd &amp; 3rd Floor flats</u>					
Ground Rent (3 x £40)	£120.00	for	19.75	yrs	
increasing to (2 x £50 + £55)	£155.00	for	25	yrs	
increasing to (2 x £60 + £70)	£190.00	for	25	yrs	
increasing to (2 x £70 + £85)	£225.00	for	25	yrs	

#### Value of landlord's interest

##### Capitalise ground rents for current term

##### Basement and 1st Floor flats

				Ground rent	£100.00		
YP	7.5%	94.75 years			<u>13.31924</u>	£1,331.92	
<u>Ground, 2nd &amp; 3rd Floor flats</u>							
				Ground rent	£120.00		
YP	7.5%	19.75 years			<u>10.13722</u>	£1,216.47	
				Increase to	£155.00		
YP	7.5%	25 years			11.14695		
xPV	7.5%	19.75 years			<u>0.23971</u>	<u>2.67204</u>	£414.17
				Increase to	£190.00		
YP	7.5%	25 years			11.14695		
xPV	7.5%	44.75 years			<u>0.03931</u>	<u>0.43819</u>	£83.26
				Increase to	£225.00		
YP	7.5%	25 years			11.14695		
xPV	7.5%	69.75 years			<u>0.00645</u>	<u>0.07190</u>	<u>£16.18</u>
							£3,062.00

<b>Plus Landord's reversion to long lease in possession</b>				£869,000			
	xPV	7.5%	94.75 years		<u>0.001057</u>	<u>£918.53</u>	
<b>Value of landlord's existing interest</b>						£3,981	
<b>Marriage value</b>						nil	
<b>Compensation</b>						nil	
<b>Price payable</b>						<u><u>£3,981</u></u>	

**Transfer of whole  
of registered title(s)**
**Land Registry**
**TR1**

*If you need more room than is provided for in a panel, use continuation sheet CS and attach to this form.*

**1. Stamp Duty**

*Place "X" in the appropriate box or boxes and complete the appropriate certificate.*

- ☐ It is certified that this instrument falls within category ☐ in the Schedule to the Stamp Duty (Exempt Instruments) Regulations 1987
- ☐ It is certified that the transaction effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value or the aggregate amount or value of the consideration exceeds the sum of **£125,000.00**
- ☐ It is certified that this is an instrument on which stamp duty is not chargeable by virtue of the provisions of section 92 of the Finance Act 2001

**2. Title Number(s) of the Property** *Leave blank if not yet registered.*  
 SX150448

**3. Property**

23 Montpelier Place, Brighton BN1 3BF

**4. Date**
**5. Transferor** *Give full names and company's registered number if any.*

Ahmad Jamil Hammoud by Order of Brighton County Court (6BN00870)

**6. Transferee for entry on the register** *Give full name(s) and company's registered number, if any. For Scottish companies use an SC prefix and for limited liability partnerships use an LL prefix before the registered number, if any. For foreign companies give territory in which incorporated.*

23 Montpelier Place Management Company Ltd (company no. 03010516)

*Unless otherwise arranged with Land Registry headquarters, a certified copy of the Transferee's constitution (in English or Welsh) will be required if it is a body corporate but is not a company registered in England and Wales or Scotland under the Companies Acts.*

**7. Transferee's intended address(es) for service (including postcode) for entry on the register** *You may give up to three addresses for service one of which must be a postal address but does not have to be within the UK. The other addresses can be any combination of a postal address, a box number at a UK document exchange or an electronic address.*

23 Montpelier Place, Brighton BN1 3BF

**8. The Transferor transfers the Property to the Transferee**
**9. Consideration** *Place "X" in the appropriate box. State clearly the currency unit if other than sterling. If none of the boxes applies, insert an appropriate memorandum in the additional provisions panel.*

- ☐ The Transferor has received from the Transferee for the Property the sum of *in words and figures*
- ☐ Insert other receipt as appropriate.
- ☐ The transfer is not for money or anything which has a monetary value

19.

10. The Transferor transfers with Place "X" in the appropriate box and add any modifications.

☐ full title guarantee ☒ limited title guarantee

11. Declaration of trust Where there is more than one Transferee, place "X" in the appropriate box.

☐ The Transferees are to hold the Property on trust for themselves as joint tenants  
☐ The Transferees are to hold the Property on trust for themselves as tenants in common in equal shares  
☐ The Transferees are to hold the Property Complete as necessary

12. Additional provisions Insert here any required or permitted statements, certificates or applications and any agreed covenants, declarations, etc.

This Transfer is executed under the provisions of the Leasehold Reform Housing and Urban Development Act 1993, as amended

13. Execution The Transferor must execute this transfer as a deed using the space below. If there is more than one Transferor, all must execute. Forms of execution are given in Schedule 9 to the Land Registration Rules 2003. If the transfer contains Transferee's covenants or there is more than one Transferee (e.g. for a restriction), it must also be executed by the Transferee (all of them, if

Signed as a Deed  
 By a District  
 Judge under Order of  
 Brighton County  
 Court made on 24<sup>th</sup>  
 March 2006