

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

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

Applicant: 126 Palmerston Road Ltd

Respondent: Ms M Brown

RE: 126 Palmerston Road, London, N22

Application to Tribunal by Mr R Bartram dated 12 July 2005

Members of the Leasehold Valuation Tribunal:

Mrs C Lewis FCI Arb (Chairman)
Mrs E Flint DMS FRICS IRRV

Leasehold Valuation Tribunal's determination: £9,100

Date of Tribunal's decision: 18 OCT 2005

126 Palmerston Road, N22 8RD

PRELIMINARY

The Tribunal was making a determination in respect of the terms of the transfer and the price payable for the freehold enfranchisement of 126, Palmerston Road. The property comprises Flats A, B, and C, and the application to The Tribunal had been made by the nominee purchaser 126, Palmerston Road Ltd. The tenant of Flat A was non-participating.

The leases had been granted for terms of 99 years from 29 September 1984, and there were approximately 78 years remaining. The ground rent reserved in each of the leases was £75 pa for the first 24 years, rising to £150 pa for the next 25 years, £250 pa for the next 25 years, and £350 pa for the residue of the term.

An Order had been made by the Barnet County Court dated 21 June 2005 vesting the subject property into the name of the nominee purchaser, and it was ordered that the matter be transferred to the Leasehold Valuation Tribunal for the valuation of the freehold, the Judge being satisfied that the landlord could not be traced.

Directions were issued by the Tribunal, and written representations were received from the Nominee purchaser. The Tribunal found that while these representations provided background evidence relating to the condition of the property and typical levels of value in the area, specific valuation evidence was required, and further Directions were issued requesting an expert valuation. This was subsequently received by the Tribunal and a hearing took place on the basis of written submissions only on 13 September 2005.

HEARING

At the paper hearing on 13 September 2005, the submissions made by Mr Bartram Flat B, received on 9 August 2005 and the valuation documents prepared by Mr C Stone, FRICS of Prickett and Ellis dated 30 August 2005 were considered by the Tribunal.

Mr Bartram stated that essential work to the roof had been carried out at the property at a total cost of £13,160. The tenants had taken on the landlord's obligations under the lease in this respect, although the tenant of Flat A had not contributed and the sum had been divided between Flats B and C only. He suggested that Flat A's proportion of the total expenditure should be set against the premium payable to the freeholder.

Mr Stone, described the property and dealt with the valuation under the following headings:-

A) Open Market Value

(1) 17B Berners Road, N22

1 bedroom 1st floor converted flat in Edwardian building. Lease with an unexpired term of 83 years. Large rooms and in satisfactory condition. Sold for £155,000 in April 2005.

(2) 175, Whittington Road, N22

A 2 bedroom converted flat in late Victorian building. Lease with an unexpired term of 89 years. Typical property in satisfactory order. Asking price of £195,000 with an offer of £190,000 not yet agreed.

(3) 135, Palmerston Road, N22

1 bedroom 1st floor flat in late Victorian building with share of the freehold. Sale agreed at £157,000.

(4) 118, Palmerston Road, N22

1 bedroom ground floor converted flat with sole use of garden in late Victorian building. Lease with an unexpired term of 76 years. Very unusual and attractive flat. Exchanged contracts at £175,000. Completing September 2005.

(5) 138C Palmerston Road, N22

3 bedroom 1st floor converted flat in late Victorian building. Lease with an unexpired term of 74 years. Excellent condition. Exchanged contracts at £222,000. Completed September 2005.

Relativity

- (1) 29 Belmont Road, N15. LON/ENF/1114/04. 12 January 2005. 78 Years remaining. 97.56%.
- (2) 32 Studley Grange, W7. LON/ENF/1161/04. 4 January 2005. 79 years remaining. 97.09%.
- (3) 89 South Worple Way, SW14. LON/ENF/1155/04. 23 November 2004. Section 26 application. 77 years remaining. 98.04%.
- (4) 150 Hoopers Road, N21. LON/ENF/1138/04. 79 years remaining. 97.09%.

Yield

- (1) 29 Belmont Road, N15. LON/ENF/1114/04. 9%. Area of lower demand than subject premises.
- (2) 102/A Turnpike Lane, N8. LON/ENF/1100/04. Section 26 application. 9%. Area of lower demand than subject premises.
- (3) Barrington Court, Colney Hatch Lane, N10. LON/ENF/1204/04. Area of higher demand than subject premises. 8%.
- (4) 150 Hoppers Road, N21. LON/ENF/1138/04. Section 26 application. Area of higher demand than subject premises but more suburban. 9%.
- (5) 86 Falkland Road, N8. LON/ENF/1152/04. Section 26 application. Similar character area to subject premise. 8.5%.
- (6) Bounds Green Road. LON/ENF/1067/04 Section 26 Application. Similar area and close to subject premises. 8.75%.

B) Valuation

The consideration payable for the freehold interest is, in most cases, the value of the freehold as an investment plus, in the case of leases with an existing unexpired term of less than 80 years, 50% of the marriage value realized. In the present case it was considered that the consideration payable under the terms of the Act for the freehold reversion was £8,656.

INSPECTION

The Tribunal made an external inspection of the subject property on the day of the hearing, and also the comparable properties referred to above. The subject premises are situated in a tree lined road of Victorian house and more modern blocks of flats. They comprise a substantial two storey end terrace house with gardens to the front and rear and 2 car parking spaces. The house and the car parking spaces are accessed via Belsize Avenue. The roof has been replaced with mock slate, and the house is generally in fair order.

The comparables were useful, the most helpful being 138C Palmerston Road, which was situated at the opposite end of the same terrace as the subject property. Externally however this comparable with it's original roof, rotten woodwork and general air of neglect was in poor condition by comparison with the subject property.

DETERMINATION AND VALUATION

The Tribunal is ordered to determine the purchase price payable by the applicants in accordance with section 27 of the Act. The Terms of Transfer were submitted to the Tribunal and are approved.

With regard to the valuation date, the Tribunal determines that it shall be the date of the hearing, that is 13 September 2005, being the date on which all terms other than the price was agreed. Section 27(1)(b) of the Act states that an order should provide for the vesting of such interest "on such terms as may be determined by a Leasehold Valuation Tribunal to be appropriate with a view to the interests being vested ..." This leads this Tribunal to conclude that the interests are not vested unconditionally until all terms are determined by the Leasehold Valuation Tribunal. Further Schedule 6, Part 1 (1) of the 1993 Act states that "the valuation date means the date when the interest in the specified premises which is to be acquired by the nominee purchaser from the freeholder is determined either by agreement or by a Leasehold Valuation Tribunal ...". In the view of this Tribunal there can be no agreement where

there is an absentee landlord, an the valuation date cannot therefore be earlier than the hearing date.

The Tribunal have noted that as no notice has been served by the freeholder under Section 48 of the Landlord and Tenant Act 1987, no ground rent is due and there is no evidence of costs incurred by the landlord.

In regard to the expenditure by the tenants of flats B and C to the roof in the absence of the landlord, the Tribunal took the view that under the terms of the Act they are required to value the freehold of the property, and have no jurisdiction to reimburse the sum incurred by the tenants of flats B and C on behalf of the tenant of flat A by making an adjustment to the statutory valuation.

The Tribunal is of the opinion that the appropriate values to be applied to the individual flats are as shown in the valuation at Appendix A. Having arrived at the existing lease values by reference to the comparables the Tribunal adjusted the figures to arrive at the extended lease value. On the basis of the evidence provided and in the light of its knowledge and experience it is of the opinion that the existing lease value is of the order of 97.5% of the extended lease value and uplifted the figures accordingly.

The Tribunal accepted Mr Stone's opinion that the appropriate yield for this type of investment was 8.5%. In reaching its decision the Tribunal was mindful that yields in outer London have not remained static but have been reviewed over the years that the Act has been in force.

The Tribunal determines that the premium payable on enfranchisement is £9,100, arrived at as shown in the Tribunals Valuation at Appendix A.

The Form of Transfer as amended is attached at Appendix B, as approved.

Chairman *CA Lewis*
Date *18 October 2005*

126 Palmerston Road N22 8RD

Appendix A

Flat A (not participating)

Lease 99 years from 29 September 1984

	£	£	£
Present Ground Rent	75		
YP 3 years @ 8.5%	<u>2.554</u>	192	
Next 25 years	150		
YP 25 years @ 8.5%	10.2342		
PV 3 years @ 8.5%	<u>0.7829</u>	<u>10.2342</u>	1,535
Next 25 years	250		
YP 25 years @ 8.5%	10.234		
PV 28 years @ 8%	<u>0.1019</u>	<u>1.0428</u>	261
Next 25 years	350		
YP 25 years @ 8.5%	10.2342		
PV 53 years @ 8.5%	<u>0.01325</u>	<u>0.1356</u>	47
Reversion to	210000		
PV 78 years @ 8.5%	<u>0.001724</u>	<u>362</u>	2,397

Flats B and C

Two leases 99 years from 29 September 1984

Present Ground Rents	150		
YP 3 years @ 8.5%	<u>2.554</u>	383	
Next 25 years	300		
YP 25 years @ 8.5%	10.2342		
PV 3 years @ 8.5%	<u>0.7829</u>	<u>10.2342</u>	3,070
Next 25 years	500		
YP 25 years @ 8.5%	10.2342		
PV 28 years @ 8%	<u>0.1019</u>	<u>1.0429</u>	521
Next 25 years	700		
YP 25 years @ 8.5%	10.2342		
PV 53 years @ 8.5%	<u>0.01325</u>	<u>0.1356</u>	95
Reversion			
Flat B	215000		
Flat C	<u>225000</u>		
	440000		
PV 78 years @ 8.5%	<u>0.001724</u>	<u>759</u>	4,828

Value of Landlord's existing interest

7,225

Marriage Value Calculation

Proposed Leasehold Value		
Flat B	215500	
Flat C	<u>225500</u>	441,000
Less		
Existing freehold value	7,225	
Existing Leasehold Value (97.5%)		
Flat B	210,000	
Flat C	<u>220,000</u>	<u>437,225</u>

Gain on Marriage

3,775

Split 50:50

1,887

9,113

Premium for purchase of freehold

say

£9,100

**Transfer of whole
of registered title(s)**

Land Registry

Appendix B
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
- ☐ 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.*
NGL8048

3. Property
126 Palmerston Road London N22 8RD

4. Date

Margaret Christine Brown acting pursuant to an order made by the Barnet County Court on 13th June 2005

5. 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 OC prefix before the registered number, if any. For foreign companies give territory in which incorporated.*

126 Palmerston Road Limited (company registration no: 5081867

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.*

126B Palmerston Road London N22 8RD

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.*
- ☒ The sum of £9,100, nine thousand one hundred pounds has been paid into court pursuant to an order made under section 26(1) of the Leasehold Reform Housing and Urban Development Act 1993. ~~with S27 of the~~
- ☐

The transfer is not for money or anything which has a monetary value

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.*

7 The Transferees are to hold the Property on trust for themselves as joint tenants

7 The Transferees are to hold the Property on trust for themselves as tenants in common in equal shares

7 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.*

The Transferee hereby covenants with the Transferor henceforth to observe the covenants on the part of the Lessor and the conditions contained in the Leases to which the property is subject and to indemnify the Transferor at all times against any liability costs or expenses arising by reason of any breaches or non observance thereof

This Transfer is executed for the purposes of Chapter 1 of the Leashold Reform Houdsing and Urban Development Act 1993

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 declarations or contains an application by the Transferee (e.g. for a restriction), it must also be executed by the Transferee (all of them, if there is more than one).*

Signed as a deed by)
126 Palmerston Road Limited)
Acting by its directors)

Director

Director

Signed as a deed by _____)
 Who is designated by _____)
 Barnet County Court _____)
 To execute this conveyance _____)
 in the presence of. _____)

Who is designated by
Barnet County Court
To execute this conveyance
in the presence of.