

DETERMINATION OF THE LEASEHOLD VALUATION TRIBUNAL
UNDER S27 OF THE LEASEHOLD REFORM HOUSING
AND URBAN DEVELOPMENT ACT 1993

Reference: LON/ENF/1607/05

Property: 34 Shandon Road, London SW4 9HR

Applicant: 34 Shandon Road Limited (Nominee Purchaser)

Represented by: H C L Hanne & Co, Solicitors

Respondent: Ms E A Shorey (Missing Landlord)

Tribunal Members: Mr A Andrew LLb
Ms M Krisko BSc (Est. Man), FRICS

Application
to Court: 14 June 2005

Court Order: 5 August 2005

Directions: 12 September 2005

Determination: 15 November 2005

Draft transfer
Submitted: 22 November 2005

Decision: 8 December 2005

BACKGROUND

1. The application was made under the provisions of Sub-sections 27(3) and (5) of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act"). The Applicant sought our approval of the proposed form of transfer and our determination of the price to be paid into Court for the collective enfranchisement of the Property. The application was made pursuant to Orders of the Wandsworth London County Court dated 5 August 2005 under Section 26(1) of the Act. The qualifying tenants were Mr S C Wontner (ground floor flat) and Mr B J W Lee (upper maisonette).
2. On 12 September 2005 the Tribunal issued standard directions, which informed the Applicant that we would reach our decision on consideration of the documents alone, unless it requested a hearing. No such request was made and we considered the documents and reached our determination on the price on 15 November 2005. Following a request from us the Applicant's solicitors submitted a draft transfer for our consideration on 22 November 2005.
3. The Property consists of two flats: one the ground floor and the other on the first and second floors. We had a copy of the lease of the upper flat and understood that the lease of the lower flat was in a similar form. We also had copies of the entries on the registers of the freehold and both leasehold titles. Both leases are for terms of 99 years from 29 September 1974 and reserve a ground rent of £30 per year payable in advance by equal instalments on 25 March and 29 September in each year.
4. The Nominee Purchaser submitted a valuation prepared by Mr N L Lee FRICS of Housecheck Ltd, Chartered Surveyors. His valuation was dated 1 November 2005 and valued the Property at 20 April 2005, the date of his inspection. Mr Lee had put the extended lease value of the ground floor flat at £315,000 and that of the upper maisonette at £306,000. He had applied a yield of 9% to capitalise the ground rents and defer the reversion. He proposed an enfranchisement price of £10,200.50 for the

ground floor flat and £9,913.80 for the upper maisonette: £20,114.30 in total.

DECISION

Enfranchisement price

5. The correct valuation date was 14 June 2005, the date of the application to the Court.
6. Mr Lee supported his extended lease values by a table of sale prices obtained for comparable properties. His comparables ranged from £250,000 to £360,000 with three similar flats in Shandon Road at £290,000, £306,000 and £350,000. Making allowances for the value of the apparent refurbishments of these flats and with our own knowledge of values in this area, we had no difficulty with his proposed extended lease value for the ground floor flat of £315,000. However we considered that he had undervalued the upper maisonette. He had correctly disregarded the tenant's extension into the second floor (which was included in the demise) and had relied on a sale of a first floor flat at 22 Shandon Road at £306,000. However his table of comparable sales included a sale of a first floor flat at 41 Shandon Road for £315,000. Taking both these comparables into account we considered a value of £310,000 more realistically reflected the value of the upper maisonette with the potential to extend.
7. In calculating the existing lease values of both flats Mr Lee relied on a number of settlements and LVT decisions that, he considered, showed that extended lease values were some 6.5% higher than similar existing lease values. Although he did not put it in these terms that would indicate a relativity of about 93.90%. We did not consider it appropriate to have regard to decisions of other tribunals when the evidence upon which they were based was not before us. The settlement evidence indicated a lower relativity than that suggested by Mr Lee. Three settlements with existing lease terms of 69 years indicated an increase in value of 8% rather than

the 6.50% suggested by Mr Lee. This would produce a relativity of 92%, which we considered more appropriate.

8. Again Mr Lee based his yield on a mixture of settlement evidence and LVT decisions and for the same reasons we discounted the later. The settlement evidence indicated yield within a range of 8% to 9%. We considered that a yield of 9% overstated the risk for an investment such as this. The Property, situated in Clapham, is in a desirable residential location where there is significant growth potential. We considered that a lower yield of 8.50% more appropriately reflected the risk.
9. In order to calculate the value of the landlord's reversion an addition to the extended lease values was required to give the value of the landlord's interest with vacant possession at the expiry of the existing leases. Although not included in Mr Lee's calculation we considered that a small adjustment in value was necessary to reflect the additional value that an unencumbered freehold interest would have over and above the extended lease values that, although including a share of the freehold, would still be subject to the terms of the leases. We considered that a 1% uplift was required to reflect the difference in value. We therefore determined the value of the freehold interest with vacant possession at £631,250 (£318,150 and £313,100).
10. On the basis of the above we determined an enfranchisement price of £13,284 for the ground floor flat and £13,274 for the upper flat: £26,558 in total. A copy of our valuation is attached to this decision.

Other amounts

11. Sub-section 27(5)(b) provides that there should be added to the enfranchisement price: *"any amount or estimated amounts determined by such a tribunal as being, at the time of execution of the conveyance, due to the transferor from any tenants of his of premises comprised in the premises in which that interest subsists (whether due under or in respect of their leases or under or in respect of agreements collateral thereto)"*.

12. Mr S C Wontner had purchased his flat just over six years ago whilst Mr B J W Lee had purchased his on 20 April 2000. It was apparent from the documents provided to us that neither had paid any ground rent since their respective purchases. The Missing Landlord would, on demand, be entitled to recover six years' arrears ground rent of £180 from Mr Wontner and that sum should be added to the enfranchisement price to be paid into court.
13. Mr Lee would only be liable, under his covenant for payment, for arrears accruing from the date of his purchase. Consequently a sum should be added to the enfranchisement price equal to the ground rent payable by Mr Lee in respect of the period 20 April 2000 to the date of the completion of the transfer to the Nominee Purchasers, apportioned on a daily basis. The appropriate sum would have to be calculated at the date of the payment into court and added to the enfranchisement price.

Transfer

14. A copy of the draft transfer submitted by the Applicant's solicitors is annexed to this decision. There should be included in the transfer, to comply with Subsection 34(10) of the Act, a statement in these terms:
"This transfer is executed for the purposes of Chapter 1 of part 1 of the Leasehold Reform, Housing and Urban Development Act 1993". We also understand that the execution clause should read *"Signed as a deed by the officer of the Court nominated to execute this deed on behalf of Euphine Augusta Shorey in accordance with the Order of the Court dated"*. Subject to that and to the insertion of the price and the completion of the stamp duty panel the draft transfer is approved pursuant to Subsection 27(3) (a) of the Act.

CHAIRMAN:..........(A J Andrew)

DATED: 8 December 2005

VALUATION – 34 SHANDON ROAD, LONDON, SW4

Valuation, in accordance with S.32 and Schedule 6 of the Leasehold Reform, Housing and Urban Development Act 1993, as amended, as at 14th June 2005, the date of the Applicant's application to court.

Ground Floor Flat

Lease	99 years from 29 th September 1974.
Remaining term	68¼ years
Yield	8.5%
Existing leasehold value	£290,000
Extended leasehold value	£315,000
Relativity	approx. 92%

A. Value of the freehold interest (Schedule 6, para.3):

Ground rent 14.06.05 – 28.09.2073	£ 30 p.a.	
Y.P. 68¼ years @ 8.5%	11.7198	£ 352
Reversion to freehold with vacant possession, excluding the value of any tenants' improve- ments 101% of the leasehold interest after enfranchisement		
	£318,150	
PV £1 68¼ years @ 8.5%	0.00382	<u>£ 1,215</u>
Value of landlord's interest		£ 1,567

B. Marriage value (Schedule 6, para.4)

Value after enfranchisement:		
Value of landlord's interest	Nil	
Value of leasehold interest, excluding value of any tenants' improvements	<u>£315,000</u>	
Less		
Value before enfranchisement:		
Value of landlord's interest	£ 1,567	
Value of leasehold interest, excluding value of tenants' improvements (92% approx.)	<u>£290,000</u>	
Marriage value	£ 23,433	
	50%	<u>£11,717</u>
		<u>£13,284</u>

First Floor Flat

Lease	99 years from 29 th September 1974
Remaining term	68¼ years
Yield	8.5%
Existing leasehold value	£285,000
Extended leasehold value	£310,000
Relativity	approx. 92%

A. Value of freehold interest (Schedule 6, para.3)

Ground rent 14.06.05 – 28.09.2073	£30 p.a.	
Y.P. 68¼ years @ 8.5%	11.7198	£ 352

Reversion to freehold with vacant possession,
excluding the value of any tenants' improve-
ments 101% of the leasehold interest after
enfranchisement £313,100

P.V. £1 68¼ years @ 8.5%	0.00382	<u>£ 1,196</u>
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Value of landlord's interest	£ 1,548
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B. Marriage value (Schedule 6, para.4)

Value after enfranchisement:	
Value of landlord's interest	Nil
Value of leasehold interest, excluding value of tenants' improvements	<u>£310,000</u>

Less

Value before enfranchisement:	
Value of landlord's interest	£ 1,548
Value of tenants' interest, excluding tenants' improvements (92% approx.)	<u>£285,000</u>

Marriage value	£ 23,452
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50%	<u>£11,726</u>
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£13,274

Transfer of whole of registered title(s)

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.* LN197432

3. Property 34 Shandon Road Clapham

4. Date

5. Transferor *Give full names and company's registered number if any.* EUPHINE AUGUSTA SHOREY

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

34 SHANDON ROAD LIMITED (COMPANY NUMBER 05463152)

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.*

34 Shandon Road London SW4 9HR

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 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* This transfer is in consideration of the sum of £ paid into Wandsworth County Court
- ☐ The transfer is not for money or anything which has a monetary value

10. The Transferor transfers with *Place "X" in the box which applies 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 Provision(s) *Insert here any required or permitted statements, certificates or applications and any agreed covenants, declarations, etc.*

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 and Delivered by:

A District Judge of the County Court
on behalf of Euphine Augusta Shorey pursuant
to an order dated

In the presence of:

Signature of Witness:.....

Name of Witness:.....

Address of Witness:.....