



**Residential
Property**
TRIBUNAL SERVICE

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

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER SECTION 48 OF THE LEASEHOLD REFORM,
HOUSING AND URBAN DEVELOPMENT ACT 1993**

Ref: LON/NL/5053/06

Applicants: Ms Helen Lipscomb & Mr Michael Shaughnessy

Respondents: Fairhold Limited

Re: 133 Vicarage Lane, Stratford E15 4HJ

Hearing date: 15 August 2006

Appearances: Ms Helen Lipsomb
for the applicants

Mr Nick Potnek LLB, Nick Potnek Associates
for the respondent

Members of the Leasehold Valuation Tribunal:

Lady Wilson
Mr F W J James FRICS

Date of Tribunal's decision: 15 August 2006

THE RESIDENTIAL PROPERTY TRIBUNAL SERVICE

**DETERMINATION OF THE LONDON LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER S48 OF THE LEASEHOLD REFORM, HOUSING
AND URBAN DEVELOPMENT ACT 1993**

Property: 133 Vicarage Lane, Stratford, London E15 4HJ

Applicants: Ms Helen Lipscomb and Mr Michael Shaughnessy (tenants)

Respondent: Fairhold Limited (landlord)

Date heard: 15 August 2006

Appearances:

Ms Helen Lipscomb for the applicants

Mr Nick Plotnek LLB, Nick Plotnek Associates, surveyors, valuers and
property managers
for the respondent

Members of the leasehold valuation tribunal:

Lady Wilson

Mr F W J James FRICS

Date of the tribunal's decision: 15 August 2006

1. This is an application under section 48 of the Leasehold Reform, Housing and Urban Development Act 1993 to determine the price to be paid for a new lease of a first floor flat in a two storey late Victorian converted house. The flat is held on a lease dated 21 January 1988 for a term of 99 years from 1 January 1987 at an annual ground rent of £70 for the first 33 years, £150 for the second 33 years and £300 for the remainder of the term. A little over 80 years remained unexpired at the valuation date, 10 December 2005, and there is thus, by virtue of section 136 of the Commonhold and Leasehold Reform Act 2002, no marriage value.
2. At a hearing on 15 August 2006 Miss Lipscomb, one of the tenants, appeared on behalf of them both and the landlord was represented by Mr Nick Plotnek LLB of Nick Plotnek Associates, surveyors, valuers and property managers.
3. The reversionary value of the flat was agreed to be £155,000 and the only issues were the rates to be applied for capitalisation and deferment.
4. Miss Lipscomb contended for rates of 9.5 % for capitalisation and deferment which were the rates which, she said, she had been advised by her surveyor, Mr Owen Grainger FRICS, to propose. She produced two decisions of leasehold valuation tribunals in relation to properties of modest value with leases of over 80 years, one with a valuation date of 18 July 2003, where rates of 11% had been adopted, and one with a valuation date of 16 August 2004, where the rates adopted were 9%. She said that the subject property was in a residential area and opposite a council estate, that it was about ten minutes' walk from a station and that there were schools in the area.
5. Mr Plotnek proposed rate of 7%. He too produced and relied on tribunal decisions. One, with a valuation date of 30 September 2004, determined at rates of 6.75%, and the other, a

missing landlord case, where 7% was adopted in respect of the flats participating in the collective enfranchisement. He agreed that the location of the subject property was not the best, and he agreed that the rates could reasonably vary by half a percentage point either way.

6. Neither of the parties' representatives invited us to inspect the property, and we were satisfied that an inspection was unnecessary.

Decision

7. We have come to the conclusion that the rate for deferment and capitalisation should be 7.5%. No market evidence was put before us, and we accept that tribunal decisions, although admissible, are inconsistent. We have taken into account the general guidance of the Lands Tribunal in *Arbib v Cadogan* (LRA/23/2004) and we accept that property yield rates have reduced in recent years in line with yields in the money market. In our view 7.5% is appropriate for this lower value property in a mixed area, opposite a council estate.

8. We accordingly determine that the premium to be paid for the new lease is £1851 in accordance with the following valuation:

Freehold interest

Ground rent	£70 pa	
YP for 14 years @ 7.5%	<u>8.4892</u>	£594
Revised ground rent	£150 pa	
YP for 33 yrs @ 7.5%: 12.1074		
PV of £1 in 14 yrs @ 7.5%: 0.0334043	<u>4.399</u>	£660

Revised ground rent	£300 pa	
YP for 33 years @ 7.5%: 12.1074		
PV of £1 in 47 yrs @ 7.5%: 0.0334043	0.404	£121
Reversion to freehold	£155,000	
PV of £1 in 80 yrs @ 7.5%	0.00307	<u>£476</u>
<u>Premium</u>		£1851

CHAIRMAN.....

DATE: 15 August 2006