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LVT 7 (3/94)

Ref LON/LVT/613

LEASEHOLD VALUATION TRIBUNAL FOR THE LONDON RENT ASSESSMENT PANEL

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF LEASEHOLD VALUATION TRIBUNAL

ON AN APPLICATION UNDER S21 OF THE LEASEHOLD REFORM ACT 1967

Applicant Mr M J Gordon

Respondent Mr A T L Richards

RE: 379 HIGH ROAD, WOODFORD GREEN, ESSEX

Date of Tenant's Notice: 1 December 1995

Application to Tribunal dated: 22 May 1996

Heard: 27 November 1996

Appearances: Mr N R Bone FRICS, Clarke Hillyer

for the Tenant

Mr M J Gordon - landlord in person  
Mr K F Davis FRICS

for the Landlord

Members of the Leasehold Valuation Tribunal:

Lady Fox QC MA

(Chairman)

Mr P A Copland BSC FRICS

Mr A Selman Dip Arch FRIBA

Date of Tribunal's decision: 18 December 1996

1. This decision is made on an application by the landlord, Mr M J Gordon, pursuant to section 9(1) of the Leasehold Reform Act 1967, as amended, for the determination of the price to be paid for the freehold interest in the house and garden at 379 High Road, Woodford Green, Essex (hereinafter called the subject premises). The tenant, Mr A T L Richards held under an under lease dated 9th September 1918 for a term of 99 years less 7 days, commencing on the 24th June 1897; at a ground rent of £12.50 per annum.

2. Notice to enfranchise the subject premises was served by the tenant on 1st December 1995 and admitted by the landlord on 29 March 1996. Accordingly the date of valuation of the freehold interest is 1st December 1995, at which date the unexpired term was approximately 7 months.

3. Valuation of Mr K F Davis FRICS on behalf of the landlord

Ground Rent	£12.50 pa	
YP 7/12th year @ 7%	-	Nil
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Standing House Value	£145,000.00	
& 10% End Terrace Uplift	<u>£ 14,500.00</u>	
	£159,500.00	
Site Value 37½%	£ 59,812.50	
Modern Ground Rent 6.5%	£ 3,887.81	
YP for 50 years @ 6.5%	14.72	
PV of £1 deferred 50 7/12th years @ 6.5%	<u>.98</u>	£56,084.02
Revert to Standing House Value	£159,500.00	
PV of £1 @ 6.5% deferred 50 7/12th years	<u>.0444</u>	£ 7,081.80
		<u>£63,165.82</u>
	Say	£63,165.00

4. Valuation of Mr N R Bone FRICS on behalf of the tenant

A. Term Remaining

6 months at £12.50 per annum

12.50

YP for 6 months at 7%            x 0.4673            5.84125

B. Reversion to Modern Ground Rent

Standing House Value            £ 14,500            (sic)

Site Value at 30%                £ 43,500

Section 15 Ground Rent at 7%    £ 3,045

YP in perp at 7%                14.2857            £43,499.9505

TOTAL    £43,505.79

5. Mr K F Davis FRICS presented his valuation on behalf of the landlord. He gave particulars of his experience with property firms since qualifying in 1969, being, since 1992, in practice in the Midlands on his own account, dealing in residential investment, sale of ground rents and applications to Leasehold Valuation and Lands Tribunals. He explained that he arrived at his entirety value by applying the sale price achieved for the adjacent similar property with a 10% addition for the end of terrace property. He applied a yield rate of  $6\frac{1}{2}\%$  and requested the tribunal to capitalise the ultimate reversion separately from the 50 year statutory term, in view of the shortness of the existing lease at the date of valuation.

6. Appearing on behalf of the tenant, Mr N R Bone FRICS, senior partner in Clarke Hillyer said he had specialised in valuation, and sale of all forms of residential property since joining the firm in 1971 and advised various leading institutions, investment companies and property developers throughout East and North London, Southern Essex and Hertfordshire. He adopted the standing house approach and put forward transactions at 381 High Road (where his firm acted) and 9 The Terrace, Broadmead Road, on the opposite side of the main road, to support his entirety figure of £145,000. He derived his site value of 30% by reference to the limited frontage of 14' approximately, valuations undertaken with regard to development of luxury detached houses for a prominent local Essex contractor and a maximum offer of £120,000 for a site at 17 Little Plucketts Way, Buckhurst Hill, Essex. He put forward his valuation, including a yield rate of 7%, on the basis of his knowledge and experience

of the locality and general practice.

7. Inspection The Tribunal inspected the subject premises on the day of the hearing and found them to be one of a pair of semi-detached houses, the other side of the pair having been built adjoining its immediate neighbour, No 383 High Road; which is a good quality, double fronted, Georgian House standing in well designed and maintained gardens. The subject property stands back from a major road with its heavy traffic; the site has a row of mature chestnut trees and a narrow service slip-road dividing it from the main road. The front outlook, across the main road, is to an open cricket ground. At the rear, the shortened garden now has a brick wall boundary onto the car park of the nearby public house.

The house is of brick construction with a slate roof, built on 3 floors plus a cellar. The approach to the entrance door is over a very uneven, crazy-paved path and up 4 steps.

On the ground floor are one through-room, converted from the original 2 reception rooms, and what was a kitchen/diner, which currently has no fittings, and has only newly plastered walls and ceiling. On the first floor are 3 rooms and a large bathroom/wc with basic fittings only. On the second floor are two rooms, both of which are lit by dormer windows and have head-height severely restricted by the roof slope.

The house has clearly been neglected for many years and a partial start has been made on refurbishment in one or two areas.

## 8. Decision and Reasons

In this case both surveyors adopted the standing house approach. Mr Bone referred to an offer which has been made for a larger building plot some three miles distance in a quieter better residential location, but accepted it had little relevance. The better transaction on which to base the vacant possession value of the subject premises was the completed sale in September 1996 at the adjacent property, No 381 High Road for the sum of £145,000. Both parties accepted this as relevant. Although it was evidently in a much better state of repair than the subject property, and had been modernised and fully refurbished prior to sale, for the purposes of our valuation, we have to assume the subject property to be in like condition. Accordingly we find the entirety value to be £145,000; we do not accept that there should be any addition, for end-of-terrace position. As to site value, Mr Davis, on behalf of the landlord, urged us to adopt a proportion of  $37\frac{1}{2}\%$ , placing particular reliance on a single decision of the Lands Tribunal, Windsor Life Assurance Co Ltd v Buckley LRA/5/1994, relating to a property in Solihull, which used  $33\frac{1}{3}\%$ . The subject site was set back on a slip road from a busy main thoroughfare, having a restricted frontage and small rear garden, backing onto a car park of the public house which is an inhibiting factor. Apart from some restructuring of the attic rooms, the site is fully developed. Having regard to these factors and the general tone of decisions relating to enfranchisement in outer suburbs of London, and the lack of any market evidence of any other proportion, we saw no reason to depart from  $32\frac{1}{2}\%$ .

Mr Davis referred to the fact that the term of the lease had virtually expired, and submitted that in these circumstances, it was appropriate to capitalise in two stages, namely capitalise the modern ground rent for a period of 50 years and the reversion to full vacant possession value of the standing house. He cited the Lands Tribunal decision in Haresign v St John The Baptist College, Oxford (1980) 255EG 711 in support, and argued that the building would be continuously modernised by the notional leaseholder. In view of the 7 month term and the nature of the building, and its proximity to a fine Georgian house, we accepted this exceptional approach.

Mr Davis argued for a yield rate of  $6\frac{1}{2}\%$ , again relying on the Lands Tribunal decision of Buckley v Windsor, but we preferred the 7% advanced by Mr Bone, which is supported by general practice and decisions of tribunals.

9. After taking all the above factors into account and applying the tribunal's knowledge and experience the tribunal's valuation is as follows:-



379 High Road, Woodford Green.

Valuation date 1/12/95

Unexpired Term at that time - approx 7 months.

<u>Term</u>	Gross Rent	£12.50	
YP 7 months @ 7% say		<u>0.5</u>	
		Say	5

Reversion to Section 15 Rent

Standing House value	£145,000
Site Value @ 32½%	£ 47,125

Therefore Section 15 rent @ 7%	£3299
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YP 50 years @ 7% =	13.80
PV of £1 in 7 months @ 7%	<u>0.97</u>

13.39

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Ultimate Reversion to Standing House @	£145,000
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PV of £1 in 50 ½ years @ 7%	0.033	<u>4785</u>
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Enfranchisement Price		48963
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Say	<u>£48950</u>
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10. Accordingly, the Tribunal determines the price payable for the freehold interest in 379 High Road, Woodford Green, Essex pursuant to section 9(1) of the Leasehold Reform Act 1967 as amended is £48950 (forty eight thousand nine hundred and fifty pounds only).

CHAIRMAN ..... *Hazel Fox* .....

DATE ..... *18 December 1996* .....