

44

Ref.: LON/LVT 711

Leasehold Reform Act 1967

Housing Act 1980

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN  
APPLICATION UNDER SECTION 21 OF THE LEASEHOLD REFORM ACT 1967

*Applicant:* Iraj Elghanian & Valentin Elghanian (tenant)

*Respondent:* Salome Evelyn Shina, Naomi Kamara & Menashi Mark David Ezekiel (landlord)

*Re:* 43 Arkwright Road, Hampstead, London NW3

*Date of tenant's notice and valuation date:* 6th July 1990

*Date of hearing:* 7th November 1997

*Date of inspection:* 28th November 1997

RECEIVED  
25 MAR 1998

*Appearances:*

Miss A Dorival of Messrs. Davis, Frankel & Mead  
Mr P C Benveniste, FRICS, ACI Arb of Paul C Bennis & Co

*for the tenant*

Mr J Gambles, BSc, ARICS of Messrs. Hamptons  
Mr C Boston, FSVA of Boston, Carrington, Pritchard

*for the landlord*

*Members of the Leasehold Valuation Tribunal:*

Mr B H Hord, CBE, FRICS (Chairman)  
Lady Davies, FRICS  
Mr D J Wills, ACIB

*Date of Tribunal's Decision:* 20 March 1998

## The Facts

1. Despite the fact that the tenant had originally served two notices under section 21 of the Leasehold Reform Act, 1967, both parties agreed that the notice, served on the earlier date of 6th July 1990, was effective and this date was also accepted as the valuation date.
2. 43 Arkwright Road is a three storey substantial double-fronted semi-detached house constructed in about 1890 with the upper storey comprised within a mansard roof. There is a rear single storey annexe and gardens to the front and rear of the house; the former providing off-street parking facilities and the rear extending to a depth of about 100 feet.
3. On the date of the Tribunal's inspection, the property was used as a lodging house and occupied as bed-sitting rooms with shared bathroom facilities and some with shared kitchens.
4. Prior to conversion to its present use, the original house provided the following accommodation:-  
  
Ground Floor: Entrance hall, three living rooms, kitchen, utility room, wc and shower room. Self-contained annexe comprising two living rooms, one with kitchen facilities and a shower room.  
  
First Floor: Five living rooms and bathroom/wc.  
  
Second Floor: Five living rooms and bathroom/wc.  
  
Outside: Former air-raid shelter at rear and off-street car parking.
5. The actual quantum of the effective floor area of the habitable accommodation was not specifically agreed between the parties, which had been estimated at 4,230 sq.feet (392.98 m<sup>2</sup>) and 4,467 sq feet (415.00 m<sup>2</sup>) by the landlord's and tenant's representatives respectively.
6. The subject property is located at the west end of Arkwright Road close to its junction with the main Finchley Road, which has shopping and other facilities and numerous bus services and Finchley Road Underground station nearby.
7. The tenant holds the property on a full repairing and insuring lease, dated 19th November 1896 for a term of 99 years from the 24th June 1894 at a fixed annual ground rent of £25.
8. **It was agreed** that the marriage value should be shared equally and that a capitalisation and deferment rate of 6% should be adopted.
9. **The issues were:-**
  - a) The value of the tenant's improvements.
  - b) The value of the leasehold interest
  - c) The value of the unencumbered freehold interest
  - d) The enfranchisement price
10. The valuation of the enfranchisement price, prepared by Mr Boston for the landlord, (Appendix A), and the calculations of the enfranchisement bid prepared by Mr Benveniste for the tenant,

(Appendices B1, B2 and B3) are attached to this decision. Mr Boston's proposed enfranchisement price is £381,000 and this was based on the retrospective valuation of the unencumbered freehold interest of the subject property, as at July 1990, at £475,000 by Mr Gambles. Mr Benveniste calculates the enfranchisement price at £177,906 when assuming a reversion to a fair rent (Appendix B1), £236,000, if the Lloyd Jones valuation method is accepted using an open market value (OMV) of £325,000 (Appendix B2) and £256,000 using an OMV of £350,000 (Appendix B3).

11. On 28th November 1997, the Tribunal inspected the exterior and interior of the subject property and also inspected the exterior of nine of the comparable properties submitted by the parties.

## **Decision**

### **a) The Value of the Tenant's Improvements.**

12. It was not disputed that the tenants had effected a number of improvements. Mr Benveniste stated that the tenant had spent £8,000 on the gas-fired central heating and hot water system, comprising two boilers in 1987, £5,000 on the bulk of the fitted kitchen, £5,000 on the conversion of the rear ground floor annexe into a self-contained unit (granny flat) with shower and kitchen facilities, £3,000 on a new bathroom, £3,500 on new fireplaces, £7,000 on electrical re-wiring, respecting the fact that there was no electricity in 1895. The total cost amounted to £31,500 and Mr Benveniste calculated that the value of the tenant's improvements, including the provision of the original electrical installation, is £40,000.

13. Mr Gambles, having noted the tenant's list of improvements, together with a value of £55,000 in an earlier tenant's assessment of the enfranchisement bid at £179,936, had made an internal inspection of the subject property. Mr Gambles felt that the value of central heating reflects the effectiveness and spread of the heating system, the kitchen is not of 'notable' quality, the 'granny flat' was already in existence, the bathrooms are 'most rudimentary'; but an additional bathroom would cause some uplift in value. He considered £15,000 better reflected the value of the tenant's improvements.

14. In the Tribunal's view, Mr Benveniste had overstated the value at £40,000, despite a previous tenant's valuation of the tenant's improvements at £55,000. It had been accepted at the hearing that the tenant would have installed the original electrical service but the presence of surface electrical wiring would, in the Tribunal's view, serve to reduce the value of this improvement. The Tribunal felt that the standard of the bathrooms and the works to the annexe were not consistent with calibre of a NW3 residence and that the central heating and hot water installation, with its two boilers appeared to be designed for commercial use, rather than a less demanding domestic heating requirement. It is the Tribunal's view that there would have been fireplaces in situ at the time of the granting of the lease and respecting the tenant's full repairing obligations, it is uncertain as to whether the fireplaces installed by the present tenant would have been of superior quality and therefore the market value would not likely to be increased, having regard to the relevant circumstances. It is considered that Mr Gambles had not sufficiently respected the value of the tenant's improvements, particularly in regard to the fact that the tenant had borne the cost of providing the electricity service.

15. The Tribunal is required to leave out of account any increase in the market value of the property of the tenant's improvements, as opposed to the costs that the tenant incurred, and it is the Tribunal's view that the gas fired central heating system, the fitted kitchen, the conversion of the ground floor annexe, works to the bathrooms and the original provision of the electricity service are all improvements. The Tribunal decided that the value of the improvements is fairly represented in the

sum of **£30,000**, which amount will be left out of account as required by the Leasehold Reform Act 1967.

#### **b) Value of the Leasehold Interest**

16. No helpful evidence was submitted on the question of the open market rental value of the leasehold interest, in possession, as at July 1990. At that date the tenant had the benefit of the profit rental for the unexpired term, as well as the benefit of the value of the right of hold-over on a tenancy regulated by the Rent Act 1977. The Tribunal's estimate of value of this interest, taking account of all the circumstances, is in the sum of **£50,000**

#### **c) The Value of the Unencumbered Freehold Interest**

17. Mr Benveniste said that there was little comparable evidence relating to sales of similar properties in July 1990 and he had tried to obtain sales sheets from property agents with little success. He had obtained information regarding No. 47 Arkwright Road NW3, which had been the subject of a probate valuation by Mr P Berger FRICS of Barrett Firrell Limited. Mr Berger had stated that the Nos. 43 and 47 are 'almost identical'; No. 43 is semi-detached and No.47 detached. He had valued No. 47 for probate purposes in October 1990 at £300,000 and he was later informed by his instructing solicitors that No. 47 was sold on the open market for £290,000. Mr Berger had dealt with the sale of 8 Nutley Terrace NW3, a detached house, at £320,000 in May 1990 and the probate valuation of 11 Nassington Road NW3, a large semi-detached house valued at £325,000 in June 1990.

18. Mr Benveniste described the subject property and referred the Tribunal to the description and details as set out in Mr Berger's report and valuation. A set of colour photographs of both the exterior and the interior were provided to the Tribunal, which served to record the condition of the property in November 1990.

19. Having seen the exterior of the landlord's comparables, Mr Benveniste considered that the best was 20 Belsize Avenue NW3. The sale price of £450,000 in September 1990 had been adjusted by Mr. Gambles to £470,000 to respect difference in type, location, size and the valuation date. Mr Benveniste said that this property had a full basement used as a separate flat, is located in a thoroughfare where the houses were still family residences and there were no parking restrictions. He submitted that No. 20 Belsize Avenue is 25% larger than the subject and that an appropriate comparable sale price for the subject, at that time, would be £350,000 namely 75% of the adjusted sale price of £468,000 for No. 20 Belsize Avenue.

20. It was also submitted by Mr Benveniste that the freehold vacant possession value of properties at the west end of Arkwright Road would be adversely affected by 'squatting' at No. 41 Arkwright Road from about 1987 to 1996 and this had been an on-going nuisance. For this reason the value of the subject should be fixed at £325,000 as submitted by Mr Berger.

21. In regard to No.47 Arkwright Road, Mr Benveniste stated that the probate value would have acknowledged its 'rundown' state, that it was in need of refurbishment at an estimated cost of £50-60,000 and that the value of this property in good order, as a family residence, would give a value of £375-400,000. When compared with the subject, and respecting No. 47 is detached, a figure of £350,000 is relevant for No.43.

22. On behalf of the landlord, Mr Gambles stated that evidence of sale prices of houses in Hampstead during the period January 1990 to September 1991 had been obtained from the Hamptons' Hampstead

office and a copy of the relevant sales ledger from the Hamptons' Hampstead office was provided to the Tribunal. A schedule of extracts from these sales ledgers comprising eight properties with sale prices in the range £380,000 - £700,00 was also submitted by Mr Gambles, who then produced a series of adjusted values equating to the value as at July 1990, which utilised Savills' indices of prime residential property and other data to relate the sales evidence to July 1990 values. These values were then adjusted for other variables, namely type, location and size to arrive at a derived value for each of eight properties. When the highest and lowest figures were removed from the spread, the range was £460,000-500,000 with a mean of £475,000.

23. The property at 20 Belsize Avenue was considered by Mr Gambles to be the most useful comparable but it is in a better location than 43 Arkwright Road; it is close to Belsize Park Underground station but it had no off-street parking.

24. Mr Gambles also considered 47 Arkwright Road and he had been made aware that this was marketed in mid 1991 at an asking price of £395,000. At that time the property was 'totally unmodernised' and had a lapsed planning consent for three flats; if purchased by a developer, a 20% profit element would have to be added to the developers' costs. Mr Gambles did not consider that No. 47 Arkwright Road was a 'valid' comparable. He said that the probate valuation was not necessarily agreed with the District Valuer; probate valuations are generally on the low side and it had not been tested. The reference to a sale of 47 Arkwright Road at £290,000 did not have a sale date and it seemed that the property required 'total refurbishment'. He said that it was 'imprudent' for Mr Berger not to carry out an internal inspection of the subject property and he considered the description to be poor.

25. In regard to 8 Nutley Terrace, Mr Gambles said that he would have liked to have seen some proof of a sale. He said it was much smaller, next to a playground and not comparable. He understood that it had sold for £320,00 in May 1990.

26. The probate valuation on 11 Nassington Road referred to by Mr Berger had not been supported by evidence. Mr Gambles believed this property to have been in poor condition and it was in a less good location than the subject.

27. In reminding the Tribunal that the tenant had acquired the lease of the subject property in 1987, with only six years unexpired, for £200,000, Mr Gambles said that there had been an increase of 24% in residential sale prices in the three years to 1990. He could not accept that the cost of bringing the property up to the standard as shown in the photographs submitted by Mr Benveniste would only have cost £50,000 and that 1990 building prices would have generated a cost of between £111,000 and £178,000. He said that the totality of these costs serve to generate very substantial values and that £575,000 would have been a fair price for the freehold in good condition in 1992 having regard to the fact that 14 Arkwright Road, a single dwelling in good condition, was sold by Hamptons for £900,000 in September 1992.

28. Mr Boston thought that the Tribunal should carefully consider the evidence, particularly that which related to 20 Belsize Avenue, where reference to lack of parking had been mentioned. He said that in 1990 that property had had no parking restrictions.

29. The Tribunal duly noted the 1990 sales evidence submitted by Mr Gambles but felt that this lacked detail in order to assist the full and proper assessment of the comparables. No schedules of accommodation, floor areas or references to the condition of the comparables were provided. Mr Benveniste relied on evidence from Mr Berger, who apparently had not inspected of the interior of the

subject property and had based his valuation of the open market value in July 1990 on probate valuations for 47 Arkwright Road and 11 Nassington Road as well as the sale of 8 Nutley Terrace in May 1990.

30. Apart from inspecting the subject property both internally and externally, the Tribunal inspected the exterior of the following comparables submitted:- 21, Frognal Lane, 2 Eldon Grove, 8 Wedderburn Road, 6 Alvaney Gardens, 20 Belsize Avenue, 15 Maresfield Gardens, 50 Belsize Avenue, 47 Arkwright Road and 8 Nutley Terrace. 11 Nassington Road was considered to be too far removed from the subject property.

31. The Tribunal came to the conclusion that the probate and other evidence on 47 Arkwright Road submitted by Mr Benveniste was inconclusive and of little practical assistance. Both parties agreed that the evidence of the sale of 20 Belsize Avenue in September 1990 was the most helpful and the derived value to allow for time, property type, location and size at £470,000 was generally accepted; albeit with reservations on the part of Mr Benveniste.

32. No detailed information on the respective floor areas of both the subject and 20 Belsize Avenue was put forward by the parties but there was a view that 20 Belsize Avenue had a 25% greater floor area than the subject property and it was agreed that Belsize Avenue has a superior location to Arkwright Road. The former property had no on-street parking restrictions in 1990 but the subject had the benefit of some off-street parking.

33. Mr Gambles submitted an open market valuation at £475,000 and Mr Benveniste submitted, firstly, an open market value of £325,000 based on Mr Berger's valuation and, secondly, a revised open market value of £350,000.

34. The Tribunal had noted the costs that the tenant had incurred in the original acquisition of the leasehold interest in 1987 as well as the incidence of refurbishment work that had been undertaken subsequently by the tenant. Whilst this situation revolved around the change of use from a lodging house to a private residence, it did give an indication as to the value that the tenant had placed on the subject property immediately prior to the valuation date.

35. The Tribunal agreed that the sales information on 20 Belsize Avenue was the most helpful evidence and respecting the background situation pertaining to the tenant's acquisition of the leasehold interest and reflecting the larger area and more desirable location of 20 Belsize Avenue, the Tribunal concluded that the open market value of the freehold interest on the valuation date should be determined at **£420,000**.

#### **d) The Enfranchisement Price**

36. There is agreement between the parties as to a yield rate of 6% for this valuation and a 50% marriage factor.

37. In valuing the freehold reversion, Mr Benveniste proffered one valuation (Appendix B1), which calculated the landlord's reversion by way of capitalizing the estimated fair rent so as to respect the provisions of Part 1 of the Landlord and Tenant Act 1954. In support of this contention, Mr Benveniste had produced an extract from an opinion of Mr Mathew Caswell, Counsel, dated 21st November 1990, regarding the effect of this Statute which would require the value of the 'fair rent' to be determined. Mr Benveniste had calculated an enfranchisement bid of £177,906 presuming that a reversion to a 'fair rent' under the Rent Act 1977 would operate upon the expiry of the lease. He

stated that this enfranchisement value would change if the 1981 decision of the Lands Tribunal in *Lloyd-Jones v The Church Commissioners for England* was followed. [ Tribunal's note. The Tribunal agree that the tenant would have had the right of overholding on a Fair Rent tenancy but the law, in this respect, is now contained in the Housing and Local Government Act 1989].

38. Mr Boston had indicated his strong contention, that subsequent to the 1981 Lands Tribunal decision of *Lloyd-Jones -v- Church Commissioner for England*, there is a general presumption that the landlord's reversion should respect the fact that the tenant would exercise the right to enfranchise but that a 10% allowance should be made for the small degree of risk that the tenant would 'hold over'. His valuation incorporated a 10% discount on his assessment of the unencumbered freehold value after deduction for tenant's improvements and calculated an enfranchisement price of £381,000.

39. Mr Benveniste, in his second and third calculations of the unencumbered freehold value (Appendices B2 and B3), like Mr Boston, also adopted a 10% discount to arrive at values of £236,000 and £256,000 respectively for the enfranchisement price.

40. The Tribunal is of the view that there is no evidence to suggest that the decision in *Lloyd-Jones -v- Church Commissioner for England* is not appropriate in this case and concurred with Mr Boston in the manner that the value of the unencumbered freehold should be treated.

### **Determination**

41. The Tribunal determine the enfranchisement price, the premium to be paid by the tenant for the freehold of 43 Arkwright Road, NW3, of **£317,500** (three hundred and seventeen thousand, five hundred pounds) in accordance with the Tribunal's valuation, which is attached to this decision as Appendix C.

### **APPLICATION FOR COSTS**

42. In a letter dated 2nd December 1997, Mr Ezekiel, the landlord, enclosed documents and other data supporting the request made at the hearing by Mr Boston, on behalf of the landlord, for leave to make an application for costs, in accordance with section 9(4) of the Leasehold Reform Act 1967, which may be determined by the Leasehold Valuation Tribunal under the powers conveyed to the Tribunal by section 115 of the Housing Act 1996.

43. The landlord further stated that the application for costs of the valuer's fee accounts was in respect of a fair proportion of the landlord's valuer's fees relating to the valuation advice alone. Reimbursement of the legal costs relating to the tenant's claim and the conveyance was also sought, together with Counsel fees and a search fee. In regard to the valuer's costs, the landlord understood that the rate for advice is generally equivalent to 0.25% on the unencumbered freehold plus 1% on the price payable, excluding disbursements and VAT; such basis being accepted by the Leasehold Valuation Tribunal (LVT) in *Huff v Trustees of the Sloane Stanley Estate* (Ref LON/NL/117), an application under Section 91(2)(d). The landlord stated that the issue in that case was whether the above percentages should be payable in respect of valuation costs and it was contended that the LVT on that occasion accepted that they should.

44. The Tribunal was requested by the landlord to issue a determination on the following basis:-

	£
Letter from Bernard Oberman & Co. re legal fees	1,000.00
Copy Counsel's Fee Note	450.00
Valuation Fee (0.25%) of unencumbered freehold (based on £475,000)	1,187.50
Disbursements	204.00
Valuation Fee (1% of enfranchisement price, based on £381,000)	3,810.00
Disbursements	75.00
	-----
Sub Total	6,726.50
VAT	1,177.14
Local Authority Search	100.00
	-----
GRAND TOTAL	£ 8,003.64
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45. By a letter dated 18th December 1997, Messrs. Davis Frankel & Mead, solicitors for the tenant, responded to the landlord's claim for fees and made the undermentioned comments:-

a) That there is an overriding statutory provision that only the **reasonable** costs of or incidental to the matters stated in Section are recoverable.

b) The landlord's solicitors' charge for investigating the tenant's right to acquire the freehold is totally unjustified. There was never any question that the tenant's rights fell within the provisions of the Act and the validity of the notice was never challenged or in dispute. The debate regarding the valuation date was discussed between the surveyors.

c) There was some correspondence in relation to extraneous matters appertaining to the title, which had no bearing on the Leasehold Reform Act proceedings and it was not felt that any charge is justified other than perhaps a most nominal fee for advising on the receipt of the Notice and its implications. It was contended that there was no room for any advice from Counsel.

d) The value of costs was considered to be excessive and the tenant's solicitors had no comment on the case quoted nor were they aware of a statutory formula but having discussed the matter with a number of surveyors, they understood that there is a scale of fees, a copy which was enclosed. The Tribunal was invited to consider that item (ii) of the scale is relevant to the subject application and the actual amount will ultimately be dependent upon the valuation determined by the Tribunal. The relevant section of the aforementioned scale stated:

"(i) For advice on the validity of a claim: time based fees.

(ii) For advising on existing lease and freehold values and for proposing quoting prices including (i) above: fees based on the freehold (or improved leasehold) value, with vacant possession, as follows:-

0.2% of the first £500,000

0.15% of the next £500,000

0.1% of the next £1,000,000

0.5% of any residue

(Subject to a minimum fee of £600)"



e) The tenant's surveyors had indicated that their own charges will be based purely on time and that it was anticipated that this will not exceed 18 hours at £90 per hour. The tenant had also paid £300 plus VAT for an independent valuation of the freehold with vacant possession.

46. The tenant expressed the view that the question of costs could be resolved by the Tribunal in conjunction with the main issue and for the landlord's letter of 2nd December, together with the tenant's response, could be treated as written representations.

47. The Tribunal respected the power that was conferred on it by section 115 of the Housing Act 1996 in determining the amount of costs payable under section 9(4) or 14(2) of the Leasehold Reform Act 1967 and concurred with the tenant's solicitors' request to deal with the application for costs by way of the parties' written submissions.

48. The items which the landlord's solicitors considered conformed to section 9(4) of the Leasehold Reform Act 1967 were:-

**(a) Legal Fees -**

49. The Tribunal noted that these related to the fees of Bernard Oberman & Co at a cost of £1,000 plus VAT. The tenant's solicitors maintained that this charge is "totally unjustified" and that a fee of £75 plus VAT was suggested. The Tribunal accepted the landlord's need to investigate the tenant's right to acquire the freehold in accordance with the relevant Statute. (section 9 (4a)) as well as concurring with the responsibilities set out in 4 (b), 4(c), and 4 (d) of the same section. Having regard to all the circumstances and the extent of the period of time involved with regard to the original application, the Tribunal accepted the claim for legal costs at £1,000 plus VAT.

**(b) Counsel's Fee**

50. The landlord had provided a copy of a fee account, tax point - 8th July 1996, in the sum of £450 plus VAT from Counsel (Mr Daniel Barnett), which did not specify the matter of the advice given other than "41 & 43 Arkwright Road, Hampstead, London NW3". It seemed unlikely that this advice related to section 9 (4) (a) of the relevant Act and that the costs involved did not relate to matters set out in section 9 (4). The Tribunal were unable to accept this item.

**(c) Valuation Fee**

51. The landlord had submitted a copy of a fee account rendered by Hamptons in the sum of £1,391.50 plus VAT. This was made up of a fee for the valuation of the unencumbered freehold of 0.25% of £475,000 and the cost of disbursements £204.00 plus VAT relating to photos, plans, print, photography etc. In addition a copy of a fee account from Boston Carrington Pritchard in the sum of £3,885.00 plus VAT was also put forward. This fee was based on 1% of the enfranchisement price, advised at £381,000, and disbursements of £75.00.

52. The landlord had referred the Tribunal to the recent LVT case of *Huff v Trustees of the Sloane Stanley Estate* and had stated that "a reasonable rate for such advice is generally accepted as being equivalent to 0.25% on the unencumbered freehold value plus 1% on the price payable, excluding disbursements and VAT." The landlord also stated that this basis was accepted by the LVT in the above case and whilst that application was under section 91(2)(d), which relates to lease extensions, the issue of the above percentages should be payable in respect of valuation costs in the this matter.

53. The tenant's solicitors considered the landlord's valuation fees to be excessive and submitted a scale of Landlord Surveyors Valuation Fees for Leasehold Reform, Housing & Urban Development Act 1993 but did not indicate its source. The Tribunal was invited to consider item (ii) of the scale and commented on the fact that the tenant's surveyor's fees had a charge out rate of £90 per hour

54. The Tribunal studied the LVT decision of *Huff v Trustees of the Sloane Stanley Estate* but could not trace any statement to the effect that the LVT in that case accepted a valuation fee based on 0.25% of the unencumbered freehold value plus 1% on the price payable.

55. Having considered the arguments made by the parties in respect of valuation fees, the Tribunal considered that a valuation fee was payable under section 9(4)(d). The landlord is entitled to valuation advice, sufficient to answer the Notice of Desire. It was felt that it would be more reasonable in this case to quantify the valuation fee by reference to the cost of the professionals' time incurred, rather than for this to be based on a percentage of the quantum of the valuation. It is decided that the reasonable fee to cover the valuation advice, including each part of the necessary valuation formulation required by the Act is as follows:-

	£
15 hours at £90	1,350.00
3 hours at £175	525.00
Disbursements	25.00
	-----
Valuation Fee	£1,900.00
Plus Hamptons' Search Fee	250.00
	-----
Total of valuation fee	£2,150.00

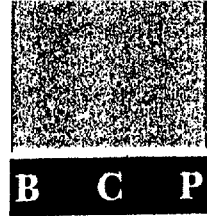
56. The Tribunal considers that the calculation of the costs is as follows:-

	£
Legal Fees	1,000.00
Valuation Fee	2,150.00
	-----
	3,150.00
VAT (17.5%)	551.25
Search Fee	100.00
	-----
<b>Total</b>	<b>£ 3,801.25</b>
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Accordingly the Tribunal determines that the tenant, Iraj Elghanian & Valentin Elghanian, is liable under section 9(4) of the Act to pay, on account of costs, the sum of **£3,801.25**. (Three thousand eight hundred and one pounds and twenty five pence).

Chairman..... *B. D. D. D.*

Date..... *20th March 1998.*



## 5.0 Valuation

Valuation basis : Section 9(1A) of the Leaschold Reform Act 1967

Valuation date: 6th July, 1990

### Term

Ground rent		£25	
Years purchase for	3.0 years at 6.0%	<u>2.67301</u>	
			£67

### Reversion

Open market value of unencumbered freehold		£475,000	
Amount attributable to tenant's improvements		<u>(£15,000)</u>	
Value disregarding tenant's improvements		£460,000	
Discount to reflect risk of tenant holding over at 10%		<u>(£46,000)</u>	
		£414,000	
Deferred for	3.0 years at 6.0%	<u>0.83962</u>	
			<u>£347,602</u>
			£347,669

### Marriage Value

Unencumbered freehold value disregarding improvements		£460,000	
less			
Value of landlord's interest excluding prospects of marriage	£347,669		
Value of tenant's interest excluding prospects of marriage	<u>£46,000</u>		
		<u>(£393,669)</u>	
		£66,331	
Landlord's share of marriage value		<u>50.00%</u>	<u>£33,166</u>
			£380,835

Enfranchisement price, say

£381,000

43 Arkwright Road, London NW3  
Leasehold enfranchisement as at July 1990

APPENDIX D)  
 Ref 823

Value of Freehold

Grand rent	£ 25 pa.	
Y.P. for 3 yrs @ 6%	<u>2.67</u>	667
Reversion to Fair Rent, ignoring improvements	£ 4000 pa	
Y.P. in pop. deferred 3 yrs @ 6%	<u>1399</u>	55960
		<u>£56027</u>

Value of Leasehold

Fair Rent	£4000 pa	
less G.R.	<u>25</u>	
Profit rent	£3975 pa	
Y.P. 3 yrs @ 8%	<u>2.57</u>	£10215

Lease plus Freehold \*

£66242

TENANTS GO FOR FREEHOLD.

O.M.V.		£350.000
less: Tenants' improvements		<u>40.000</u>
		310.000

Lease & freehold as above \*

66 242

Marriage Value

£243 758

Freehold

56 027

50% Marriage Value

121 879

Enfranchisement Bid

£177 906

P.C. BENVENISTE  
 NOV 1997

**B C P**

5.0 Valuation

Valuation basis : Section 9(1A) of the Leasehold Reform Act 1967

Valuation date: 6th July, 1990

Term

Ground rent		£25	
Years purchase for	3.0 years at 6.0%	<u>2.67301</u>	
			£67

Reversion

Open market value of unencumbered freehold		£475,000	325,000
Amount attributable to tenant's improvements		<u>(£15,000)</u>	<u>(40,000)</u>
Value disregarding tenant's improvements		£460,000	285,000
Discount to reflect risk of tenant holding over at 10%		<u>(£46,000)</u>	<u>(28,500)</u>
		£414,000	256,500
Deferred for	3.0 years at 6.0%	<u>0.83962</u>	<u>0.83962</u>
			£347,602 215,363
			£347,669 <u>£215,430</u>

Marriage Value

Unencumbered freehold value disregarding improvements		£460,000	
less		285,000	
Value of landlord's interest excluding prospects of marriage	215,430		
	£347,669		
Value of tenant's interest excluding prospects of marriage	285,000		
	<u>£46,000</u>		
		(243,930)	
		<u>(£393,669)</u>	
		£66,331 41070	
Landlord's share of marriage value		50.00%	£33,166 20,535
			£380,835 <u>£235,965</u>

Enfranchisement price, say

£381,000

Tenant's Bid if Lhody-Jones Valuation Method accepted.

£236,000

P C BENVENISTE

**B C P****5.0 Valuation**

Valuation basis : Section 9(1A) of the Leasehold Reform Act 1967

Valuation date: 6th July, 1990Term

Ground rent	£25	
Years purchase for 3.0 years at 6.0%	<u>2.67301</u>	£67

Reversion

Open market value of unencumbered freehold	£475,000	350,000	
Amount attributable to tenant's improvements	(£15,000)	<u>(40,000)</u>	
Value disregarding tenant's improvements	£460,000	310,000	
Discount to reflect risk of tenant holding over at 10%	(£46,000)	<u>(31,000)</u>	
	£414,000	279,000	
Deferred for 3.0 years at 6.0%	<u>0.83962</u>	<u>0.83962</u>	
		£347,602	<u>234,254</u>
		£347,669	<u>£234,320</u>

Marriage Value

Unencumbered freehold value disregarding improvements	£460,000		
less	310,000		
Value of landlord's interest excluding prospects of marriage	234,320		
	£347,669		
Value of tenant's interest excluding prospects of marriage	31,000		
	<u>£46,000</u>	(265,320)	
		(£393,669)	
	£66,331	44,680	
Landlord's share of marriage value	50.00%	£33,166	<u>22,340</u>
		£380,835	<u>£256,660</u>

Enfranchisement price, say

£381,000

Tenant's Bid if Hadley Jones Valuation Method accepted.

£ 256,660

P.C. BAVNEAST

**43 ARKWRIGHT ROAD, HAMPSTEAD NW3  
VALUATION BY THE LEASEHOLD VALUATION TRIBUNAL**

*Valuation Date:* 6th July 1990

*Value of Lessee's Improvements:* £30,000

	£	£	£
<b>Lessee's Interest</b> (vide paragraph 16 of the Tribunal's decision)			
<b>Value of Lessee's Interest</b>			<b>50,000</b>
<b>Lessor's Interest</b>			
<u>Unexpired Term</u>			
Ground Rent		25	
YP for 3 years @ 6%		2,673	
		<hr style="width: 50px; margin: 0 auto;"/>	67
<u>Reversion</u>			
Freehold vacant possession value		420,000	
less: value of lessee's improvements		30,000	
		<hr style="width: 50px; margin: 0 auto;"/>	
		390,000	
 <i>Less:</i> amount to reflect risk of holding over (10%)		 39,000	
		<hr style="width: 50px; margin: 0 auto;"/>	
		351,000	
PV of £1 in 3 years @ 6%		.83962	
		<hr style="width: 50px; margin: 0 auto;"/>	294,707
 <b>Value of Lessor's Interest</b>			 <b>294,774</b>
<i>Add: Marriage Value</i>			
Freehold vacant possession value disregarding lessee's improvements		390,000	
<i>Less:</i> Value of lessor's interest	294,774		
Value of lessee's interest	50,000	344,774	
		<hr style="width: 50px; margin: 0 auto;"/>	
		45,226	
 <i>Lessor's share of the marriage value (50%)</i>			 22,613
			<hr style="width: 50px; margin: 0 auto;"/>
			317,387
 <b>ENFRANCHISEMENT PRICE</b>			 <b>say £317,500</b>