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Our Ref: M/EH 2546c

MIDLAND 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 Gibbs
Respondent: Mansel Securities Ltd
Re: 20 Raford Road, Erdington, Birmingham, B23 5PE
Date of Tenants Notice: 18 June 2002
RV as at 1.4.73: £195.00
Application dated: 14 October 2002
Heard at: The Panel Office
On: 17 December 2002

APPEARANCES:

For the Tenant: Mr A Brunt
For the Landlord: Not Represented

Members of the Leasehold Valuation Tribunal:

Mr N R Thompson FRICS (Chairman)
Mr J H Dove
Mrs N Jukes

Date of Tribunals decision:

16 JAN 2003

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER SECTION 21 AND 21 (1) (ba) OF
THE LEASEHOLD REFORM ACT 1967
IN THE CASE
OF
GIBBS V MANSAL SECURITIES LIMITED**

**20 RAFORD ROAD
ERDINGTON
BIRMINGHAM
B23 5PE**

BIR/OOCN/OAF/2002/0061 & BIR/OOCN/oc6/2002/0038

Background

This is a determination under Section 9 of the Leasehold Reform Act 1967 (as amended) as to the price to be paid for the freehold interest in respect of a semi-detached house, 20 Raford Road, Erdington, Birmingham B23 5PE. The Lessee, Mr. R A Gibbs holds the property by way of an Underlease dated 10th January 1955 for a term of 99 years (less 6 days) from 25th March 1938 at a yearly ground rent of £7.50. The Tenant's Notice of Claim to acquire the freehold interest was dated 18th June 2002, when approximately 35 years of the term remained unexpired. The Tribunal accepted that the qualifying conditions for entitlement to enfranchise under the Act had been fulfilled.

Property

The Tribunal carried out an inspection on 17th December 2002 in the presence of Mr. & Mrs. Gibbs. The property comprises a two storey semi-detached house of brick and tile construction fronting onto a road of largely similar properties in a well established residential area some five miles north east of Birmingham City Centre.

The property has been extended during the thirty nine years the Tenant has been in occupation, and it has the benefit of central heating and double glazed UPVC windows (apart from the rear window of the main Living Room).

The accommodation comprises an Entrance Porch; Hall; Through Living Room and (extended) Kitchen on the ground floor, with three Bedrooms and a combined Bathroom/W.C. on the first floor. Externally the property has both front and rear gardens as well as a detached rear Garage and Workshop, accessed via a vehicular right of way from Raford Road. The property occupies a sloping site with the first floor rooms of the house being on approximately the same level as the rear Garage/Workshop(at the back) and with the roofs of the houses on the opposite side of Raford Road (at the front).

Hearing

At the Hearing the Lessee was represented by Mr A W Brunt of Anthony Brunt & Co. The Landlords were not represented but had submitted written representations in the form of a letter and valuation from their valuer, Mr S J M Laing FRICS. In that letter, Mr Laing declared an interest in the Landlord company.

The Hearing commenced with Mr. Brunt introducing his case on behalf of the Lessee by submitting details of the property and the following valuation:-

Term

Annual Ground Rent :	£7.50	
YP 35 years @ 7%	<u>12.948</u>	
		£ 97.11

Reversion

SHV	:	£70,000	
Site 33%	:	£23,100	
Rent @ 7%	:	£ 1,617	
YP in perp deferred 35 years @ 7% :		<u>1.338</u>	
			<u>£2,163.55</u>
			£2,260

In support of his Standing House Value ("SHV"), Mr. Brunt referred to the sale in June of this year of two comparable three bedroomed semi-detached houses in the same road (albeit on the other side), both within a hundred metres of the subject premises: No. 3 and No. 33 Raford Road. Copies of the agent's sale particulars were tabled.

- No: 3 had been sold for "close to" the asking price of £71,995 and had an extension to the Rear Living Room.
- No: 33 had also been sold for "close to" the asking price of £73,995 and had extensions to both the Living Room and the Kitchen.

Mr Brunt had therefore adopted a Standing House Value of £70,000 to reflect firstly, the fact that the subject property had a very steeply sloping site and secondly, the persistent problems his clients had suffered of offensive behaviour by youths on the roof of the School to the rear of their house. These were both factors which he considered as having a material impact on the value of the property compared with Nos: 3 and 33 on the opposite side of the road.

The letter from Mr Laing was considered by the Tribunal and Mr Brunt was asked if he wished to comment on any aspect of that submission. The only point with which Mr Brunt felt he could not agree (for the reasons given in his own evidence) was the use by Mr Laing of a Standing House Value of £100,000 as no evidence had been produced to justify that figure.

Mr Laing's valuation was as follows:

Present Ground Rent:	£7.50 pa
YP for 35 years:	12.95.....£ 97
Standing House Value:	£100,000
Site Value at 33%	£33,333
Section 15 Rent at 7%	£2,333pa
YP in perp def 35 years at 7%	1.338..... <u>£3,122</u>
Price (net of proper costs) say	£3,125

In response to a question from the Tribunal, Mr Brunt confirmed that he was aware of the fact that No: 24 Raford Road was currently on the market and according to the agent, the price was £100,000. Mr Brunt indicated however, that the agent had expressed the view to him within only the previous twenty four hours that the property was overpriced. In addition, Mr Brunt advised that his clients had informed him that No: 24 had been on and off the market several times in the last few months and emphasised to the Tribunal that the sale price was only what the owners were asking – not what had been achieved by way of an actual sale.

Costs

On the subject of the Landlord's legal costs, Mr. Brunt suggested a reasonable fee for the conveyancing work involved would be £250 (plus VAT if applicable) and disbursements. The freehold title was registered and he referred to the fact that this figure had been adopted by the Tribunal in numerous previous cases as further authority for the adoption of that figure.

In relation to the Landlords' valuation fees, Mr. Brunt submitted that as there was no evidence to suggest a valuation of the property had been carried out prior to the application to the Tribunal, then the Landlords were not entitled to recover any valuation costs from his clients.

Decision

1 – Freehold

The only area of dispute between the parties was the Standing House Value to be adopted - Mr Brunt contending for £70,000, and Mr Laing contending for £100,000. On the basis of the evidence, the Tribunal considered that the correct figure was £74,000, but in view of the physical characteristics of the site (i.e. its sloping nature), decided that the proportion of that value attributable to the site should be taken at 30%

The Tribunal therefore determined that the price to be paid for the freehold of the subject property should be £2,176 – a figured derived from adjusting both Surveyors' valuations to reflect a Standing House Value of £74,000 and a Site Value of 30% of that amount.

2 – Costs

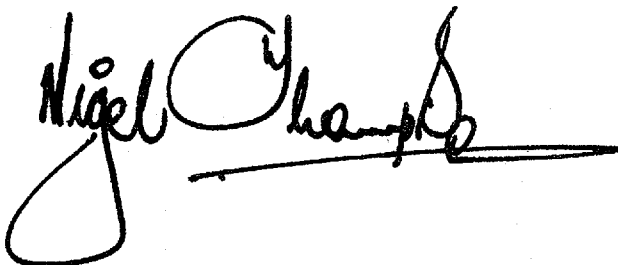
In relation to costs, the Lessee's application for a determination was pursuant to Section 21 (1) (ba) of the Leasehold Reform Act 1967 as the freeholder's reasonable costs payable under Section 9 (4) of that Act and Schedule 22 Part 1 (5) of the Housing Act 1980.

Legal:

In cases of this type the conveyancing is normally of a very straightforward nature which many Solicitors are prepared to undertake on a competitive basis. At the present time, a reasonable charge is considered to be £250 (excluding VAT) plus any Land Registry fee for Office Copies.

Valuation:

In the absence of any evidence that a valuation had been undertaken by or on behalf of the Landlords in consequence of the Tenant's Notice and prior to the date when application was made to the Tribunal for a determination, no valuation costs are payable by the Lessee pursuant to Section 9 (4) (e) of the Act.

A handwritten signature in black ink, appearing to read 'Nigel R Thompson', with a long horizontal flourish extending to the right.

Nigel R Thompson
Chairman

16 JAN 2003