

**LEASEHOLD VALUATION TRIBUNAL OF THE MIDLAND RENT ASSESSMENT
PANEL**

**Decision on an application for a determination of the price payable under
Section 21 (1) a and on the determination of reasonable costs under section 21 (1)
(ba) Leasehold Reform Act 1967**

Applicants: Mr D J Phillips and Ms S Winwood

Respondent: Mr S Prescott

Property: 42 Marlborough Road
Castle Bromwich
Birmingham
B36 0EH

**Date of Notice exercising the right to
acquire the freehold:** 8 June 2004

Hearing: 18 January 2005

Appearances: Neither party appeared
Mr Brunt FRICS represented the applicant

**Members of the Leasehold Valuation
Tribunal:** Miss T N Jackson BA Law (Hons) (Chair)
Mr M Williams FRICS
Mr D Underhill

Date of Determination:

1. Background

- 1.1 This is a decision on two applications, namely an application under Section 21(1)(a) of the Leasehold Reform Act 1967 for the determination of the price payable under Section 9 of the 1967 Act for the freehold interest in the subject property and an application under section 21 (1) (ba) of the Act for the determination of the landlord's reasonable costs.
- 1.2 The subject property is held under a lease dated 9 June 1955 for a term of 99 years from 25 March 1952 at an annual ground rent of £18.

2. Subject Property

- 2.1 The property comprises a two storey detached brick and tile dwelling house constructed in the early 1950's. The plot has a building line of 35ft and 1inch and is located in an established suburb of Birmingham. The accommodation comprises on the ground floor, a porch, entrance hall, cloakroom, dining room, rear lounge, fully fitted breakfast kitchen, conservatory and utility room. Upstairs there are three double bedrooms, one with an en-suite bathroom and there is a main house

bathroom. The property is fully gas central heated and UPVC double glazed through out. The property has a loft conversion. Outside there is a garage and an outside store. The property has a rear garden and a forecourt which is laid out for parking.

3. Inspection and Hearing

- 3.1 The Tribunal inspected the subject property on 18 January 2005 in the presence of Mr Phillips and Ms Winwood. The subsequent hearing held on the same day was not attended by the respondent or his representative. The applicant did not appear but was represented in written submission by Mr Brunt. Mr Brunt had advised that due to illness he was not well enough to attend but wished the hearing to proceed in his absence.

4 Evidence and submissions on behalf of the applicant leaseholder

4.1 Entirety Value

Mr Brunt submitted that the entirety value of the subject property was £240,000. He submitted details of comparables including the sales particulars of 10 Marlborough Road, a four bedroomed detached house with extended conservatory and three ground floor reception rooms which had been sold subject to contract in August 2004 for £289,000. He also provided details of the sales particulars of 44 Marlborough Road, the neighbouring property to the subject property, which was a four bedroomed detached house with two reception rooms, fitted kitchen/ breakfast room which had sold in August 2004 for £235,000.

4.2 Yield Rates

Mr Brunt submitted that the appropriate percentage yield rate to be applied in decapitalising the ground rent and in decapitalising and recapitalising the site value for the purposes of the valuation formula should be 7%. Mr Brunt submitted that that rate followed the pattern of previous cases.

4.3 Site Apportionment

Mr Brunt submitted that the appropriate site apportionment was 35% which followed the pattern of previous cases.

4.4 Landlord's Costs

Mr Brunt submitted that legal fees of £300, plus VAT if applicable would be reasonable and that in this particular case no valuation fee was payable.

5. Determination

The Tribunal gave full consideration to the evidence and submissions of the applicant. Using its general knowledge and experience (but no special knowledge) of property prices in the locality of the subject property, and taking into account the positive and negative features of the subject property with all other relevant factors and considerations, the Tribunal determines the standing house value of the subject property on the relevant date was £240,000.

- 5.1 The Tribunal accepts the submissions in relation to the yield rates and site apportionment at 7% and 35% respectively.
- 5.2 Adopting the figures in relation to the entirety value and the respective percentage yield rates and applying figures of years purchase from Parry's valuation tables, the Tribunal calculates the price payable as follows:

(i) Capitalisation of existing ground rent to termination of lease

Ground rent payable	£18 per annum	
Years purchase	46.75 years at 7% = 13.6812	<u>£246.26</u>

(ii) Modern ground rent

Standing house value of the subject property: £240,000
 Percentage attributable to site at 35%: £84,000
 Section 5 annual equivalent at 7% £5880

(iii) Capitalisation of modern ground rent

Modern ground rent (above)	£5880	
Years purchase at 7% in perpetuity deferred for 46.75 years: 0.604505		
Capitalised modern ground rent: [5880 x 0.604505] =		<u>£3554.49</u>
		£3800.75
		(say £3800)

- 5.3 The addition of the capitalised existing ground rent of £246.26 and the capitalised modern ground rent of £3554.49 produces a figure of £3800 rounded down to the nearest pound.
- 5.4 Accordingly, the Tribunal determines the price payable under section 9 of the 1967 Act for the freehold interest in the subject property at £3800.
- 5.5 The Tribunal determines that legal fees of £300, plus VAT if applicable, are reasonable landlord costs.

N. Jackson

N Jackson (Chair)