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LEASEHOLD VALUATION TRIBUNAL
OF THE
MIDLAND RENT ASSESSMENT PANEL

Ref: BIR/00CN/OLE/2005/0002

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER SECTION 15 OF THE LEASEHOLD REFORM ACT 1967

Applicant: City & Country (Properties) Estates Ltd (freeholder)

Respondent: Mr. H.S. Powar (leaseholder)

Subject property: 12 Beeton Road Winson Green Birmingham B18 4QD

Date of tenant's notice: 18 March 2003

Application to the LVT: 27 June 2005

Hearing: 27 October 2005

Appearances:

For the Applicant: Mr .K.F.Davis FRICS

For the Respondent: Mr. A.I. Shepherd FRICS

Members of the LVT: Mr. A. P. Bell MA LLB
Mr. M. Williams FRICS
Mr. D. Underhill

Date of determination: 15 NOV 2005

Introduction

1. This is a decision on an application under the Leasehold Reform Act 1967 ("the 1967 Act") made to the Leasehold Valuation Tribunal by City & Country Properties Ltd, the Applicant, of the house and premises at 12 Beeton Road Winson Green Birmingham B18 4QD ("the subject property"). The application is under section 15 of the 1967 Act for the determination of the terms of the new lease.
2. The subject property was held under a Lease dated 18 January 1905 for a term of 99 years (less 3 days) from 25 March 1904 which expired on 24 March 2003.
3. The Respondent by the tenant's notice dated 18 March 2003 claimed an extended lease from 25 March 2003 for a term of 50 years at a modern ground rent subject to review after 25 years.
- 4.. The Applicant made the present application on 27 June 2005.

Subject property

5. the property comprises an early 1900's end terraced house of a brick construction and with a pitched tiled roof . The accommodation comprises two living rooms and a kitchen on the ground floor and two bedrooms and a combined bathroom/wc on the first floor. There is a small garden to the front and a larger garden to the rear with pedestrian access to this.

Inspection and hearing

6. The Tribunal inspected the subject property on 27 October 2005 in the presence of the Respondent and his representative, Mr. A. I. Shepherd and Mr.K.F.Davis, the representative of the Applicant. At the suggestion of the parties' representatives the hearing was held at the subject property at the end of the inspection.

Representations of the parties

- 7.. Mr. Davis stated that the only item that was in dispute was the determination of the rent to be paid under the new lease since the parties had agreed both the percentage of the standing house value of the site at 30% and yield rate of 6.5 % to be applied in the calculation of the modern ground rent which only left the Tribunal to determine the value of the subject property on the date of the tenant's notice which was 18 March 2003. Mr. Davis submitted details of five sales of properties in Beeton Road between July 2002 and April 2005 with prices ranging between £41,000 and £97,500. Mr. Davis pointed out that the only sale completed before the date of the tenant's notice was a sale of 26 Beeton Road in July 2002 at a price of £41,000, which he had adjusted down to 25 March 2003 by using the Nationwide House Price Calculator for the period from July 2002 to March 2003, which gave an adjusted figure of £49,782. Mr.

Davis said that he could not give any explanation for the variance in prices realised on the sales of 34 Beeton Road on three occasions in the space of less than a year, namely at a price of £46,000 in July 2003, £68,000 in November 2003 and £78,000 in April 2004. Mr. Davis valued the subject property at the date of the tenant's notice at £49,000.

7 On the basis of these figures Mr. Davis submitted the following valuation:

Value of house ;	£49,000
Site apportionment @ 30%	£14,700
Modern Ground rent @ 6.5%	£955.50

8. Mr Shepherd submitted details of five sales in Beeton Street between July 2003 and 2005 varying from £46,000 in July 2003 to £95,000 in 2005. However, Mr. Shepherd said that he also was at a loss to explain the very sharp rise in the sale prices of 34 Beeton Road between July 2003 and April 2004, one possible explanation being that house was in a very poor condition when it was sold in July 2003 for £46,000 since only four months later the price obtained for the same house was £68,000. Mr. Shepherd did express the view that house prices had risen significantly during the period in question. Mr. Shepherd valued the subject property at £65,000.

9 On the basis of those figures Mr. Shepherd submitted the following valuation:

Value of house ;	£65,000
Site apportionment @ 30%	£19,500
Ground rent @ 6.5%	£1,267

Decision

10. The Tribunal have reached the conclusion that the sale price of £46,000 realised for 34 Beeton Road in July 2003 was totally out of line with the other comparables put forward by the representatives of both parties, and can only surmise that this was as a result of some unknown factor at that time, such as the poor condition of that house, or the purchase being by a sitting tenant, or a private sale without the seller obtaining a proper professional valuation, or the like. In consequence the Tribunal have had to rely on its general knowledge and experience (but no special knowledge) of property prices in the locality of the subject property in March 2003, and, taking into account the positive and negative features of the subject property and all other relevant factors and considerations, the Tribunal determines that the standing house value of the subject property at 25 March was £55,000.

11. The Tribunal agrees with the parties' representatives that the appropriate percentage to be applied to the standing house value in calculating the value of the subject property should be 30% and also that the percentage yield rate to be applied in calculating the ground rent should be 6.5% in the absence of any evidence being produced that would justify a different rate.

Adopting those figures the Tribunal calculates the rent payable as follows:

Value of house ;	£55,000
Site apportionment @ 30%	£16,500
Ground rent @ 6.5%	£1,072

Summary

12.. The Tribunal determines the modern ground rent payable by the Respondent for the subject property at £1,072. per annum with effect from 25 March 2003.

AP. Bell

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A P Bell
Chairman

Dated ~~19 5 NOV 2003~~