

406

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

Ref: BIR/00CN/OAF/2006/0030

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

Applicants: Mr. A. Salim and Mrs. A. Azmi (leaseholders)

Respondent: Unknown (freeholder)

Subject property: 84 Portland Road
Edgbaston
Birmingham
B16 9QU

Relevant Valuation Date: 4 August 2005

Application to the LVT: 7 February 2006

Hearing: 10 April 2006

Appearances:

For the Applicants: Miss. S.L. Abel MSc MRICS

For the Respondent: The Respondent is unknown

Members of the LVT: Mr. A.P. Bell MA LLB
Mr. S Berg FRICS
Mrs. C.L. Smith

Date of determination: 02 MAY 2006

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 Mr.A. Salim and Mrs. A. Azmi, the leaseholders of the house and premises at 84 Portland Road Edgbaston Birmingham B16 9QU ("the subject property"). The application is under section 21(1)(a) of the 1967 Act for the determination of the price payable under section 9 of the 1967 Act for the freehold interest in the subject property.
2. The relevant valuation date in respect of the Applicants' claim to acquire the freehold interest in the subject property under the terms of the 1967 Act was 4 August 2005 being the date of the application to the Birmingham County Court by the Applicants.
3. The Tribunal accepts that the qualifying conditions for enfranchisement under the 1967 Act are satisfied.

Subject property

4. The subject property is held under a Lease dated 7 September 1938 for a term of 90 years from 24 June 1938 at an annual rent of £10. The unexpired term at the relevant valuation date was $22\frac{3}{4}$ years.
5. The subject property comprises a three storey detached house of brick construction with a tiled roof house built in 2004 by the Applicants which replaced the severely dilapidated house that previously stood on the site when the Applicants purchased this in May 2003. The subject property is situated in an established residential area in Edgbaston on an average sized plot. The site of the subject property has a road frontage of 11metres (12 yards) and an area of 602 square metres (720 square yards).
6. The accommodation comprises a hall, two living rooms, a kitchen and a shower room/wc on the ground floor and five bedrooms (two with an ensuite bathroom) and a separate bathroom/ wc on the first floor. The Tribunal were informed at the inspection that the second floor had not been completed internally but a dormer window, roof light and a fixed staircase accessed from the landing has been incorporated thus making it possible to fit out the second floor as habitable rooms at a moderate cost. However, the Tribunal were not able to inspect the third floor as the door leading to this was locked.

Inspection and hearing

7. The Tribunal inspected the subject property on 10 April 2006 in the presence of Mr. A.

Salim, one of the Applicants and also the Applicants' representative, Miss. S.L. Abel

8. The subsequent hearing was attended by Miss. Abel representing the Applicants. The Respondent is unknown as is evidenced by an order of the Birmingham County Court dated 22 September 2005.

Representations of the parties

9. Miss. Abel referred the Tribunal to two other properties in Portland Road which she felt were comparable to the subject property. The first of these was No. 25 Portland Road which sat on a site which had a wider road frontage than the subject property and consequently had a higher market value, having recently been sold for £325,000. The other was No.52 Portland Road which had been on the market for around 8 months at an asking price of £269,950 with a best offer of £250,000 having being rejected by the seller. Miss. Abel acknowledged that the sales particulars attached to her submission did not, in fact, relate to No. 52 Portland Road in consequence of incorrect information that she had been given by the agents. In the light of these comparables and her own experience Miss. Abel submitted that a figure of £300,000 reflected the entirety value of the subject property. She submitted that the appropriate percentage to apply in calculating the site value on the standing house basis was 33½ % as the subject property was built on an averaged sized plot which had a frontage more in keeping with a semi-detached house. Finally Miss. Abel explained that the capitalisation yield rate she had applied was 7% (by way of keeping to "the convention") and the deferment yield rate she had applied was 6½% in consequence of the recent decision of the Lands Tribunal in respect of the Cadogan Estate.
10. Mrs. Abel's valuation in accordance with section 9(1) of the 1967 Act was as follows:

Term:

Ground Rent :	£10 per annum	
YP 22¾ years @ 7%:	11.711	£117

Reversion:

Entirety value:	£300,000	
Site apportionment @ 33½%	£100,020	
Section 15 modern ground rent @6½%:	£6,501.30	
YP in perpetuity deferred 22¾ years @ 6½%:	3.6732	<u>£23,881</u>
		£23,998

Decision

11. The Tribunal agrees with Miss. Abel that the entirety value is £300,000 and that the appropriate percentage to be applied to the standing house value in calculating the value of the site should be $33\frac{1}{3}\%$. The Tribunal have discounted the evidence in respect of No. 52 Portland Road for the reason explained in paragraph 9 above.
12. The Tribunal consider that the same rate of interest should be adopted for capitalisation and deferment in the absence of any evidence to the contrary.
13. Adopting the yield rate of $6\frac{1}{2}\%$ and applying figures of Years Purchase from Parry's Valuation Tables the Tribunal calculates the price payable as follows:

Term:

Current Ground rent:	£10 per annum	
YP $22\frac{3}{4}$ years @ $6\frac{1}{2}\%$	1.7111	£117.00

Reversion:

Entirety value:	£300,000	
Site apportionment @ $33\frac{1}{3}\%$:	£100,000	
Section 15 modern ground rent @ $6\frac{1}{2}\%$:	£6,500	
YP in perpetuity deferred $22\frac{3}{4}$ years @ $6\frac{1}{2}\%$:	3.6732	<u>£23,875.80</u>
		£23,992.80

Say £23,993

14. Accordingly the Tribunal determines the price payable by the Applicants under section 9 of the 1967 Act for the freehold interest in the subject property at £23,993. In reaching its determination the Tribunal has had regard to the relevant law, their inspection of the subject property and the relevant comparables, the representations of the attending party and the Tribunals' own knowledge and experience as an expert tribunal, but not any special or secret knowledge.
15. The Tribunal find that no amount is payable by the Applicants in respect of rent arrears under section 27 (5) of the 1967 Act because the landlord has not furnished the Applicants with a notice under section 46(1) of the Landlord and Tenant act 1987.

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A P Bell
Chairman
Dated

2006