

**RESIDENTIAL PROPERTY TRIBUNAL SERVICE**

Leasehold Valuation Tribunal  
of the  
Northern Rent Assessment Panel

Leasehold Reform Act 1967

Property: 19 New Court Drive Egerton Bolton BL7 9XA  
Applicants: Carl and Karen Sudworth

Respondent: Metrolands Developments Limited represented by  
Mr Horrocks

The Tribunal: Mr G C Freeman  
Mrs E Thornton- Firkin  
Dr D J Howell

Date of Determination: 17 August 2006

This is the decision of the Tribunal

**DECISION**

**The Tribunal's determination of the price payable under section 21 (2) of the Leasehold Reform Act 1967 is £200.00.**

**Background**

1. The Applicants served a notice on the Respondents by recorded first class mail on 21<sup>st</sup> April 2006, seeking to acquire the freehold interest in the Property under the above Act.
2. The Respondents did not reply within the required period of two months stating whether or not it admitted the right of the Applicants to enfranchise. In fact the Respondent did not reply at all.
3. The Applicants submitted an application dated 3<sup>rd</sup> July 2006 to the Leasehold Valuation Tribunal for a determination of the price payable under section 21 (2) of the Leasehold Reform Act 1967 for the freehold interest in the Property.
4. On 17 July 2006 the Leasehold Valuation Tribunal made Directions in the matter.

- 5 The Applicants' interest in the Property is the residue of a term of 999 years from 1 May 1969 created by a Lease dated 19 February 1973 and made between Metrolands (Property Finance) Limited of the one part and Evan Ceredic Lloyd Hughes and Patricia Ann Hughes of the other part. The yearly rent reserved by the Lease is £20.00 payable in two half yearly instalments on the 1<sup>st</sup> May and 1<sup>st</sup> November in each year. The rent cannot increase.

### **Inspection**

- 6 The Tribunal inspected the property during the morning of 17 August 2006 in the presence of the Applicant. Mr Horrocks, a Director of the Respondent Company, also attended and was invited to inspect by the Applicants but he left the property before the inspection finished.
- 7 The Property comprises a three bedroomed detached dwelling house. It has an integral garage. It has been extended since it was built. It has a front and rear garden. The rear garden is on three levels which slope down towards a valley below the estate of which the property forms part. The property is situated in a well maintained residential area comprising similar detached houses. There are shops and bus services close by.

### **Hearing**

- 8 At the hearing at Bolton Library at 11.30am on the same morning, the Applicants attended. Mr Horrocks also attended on behalf of the Respondent.
- 9 The Chairman asked both parties why they had not complied with the Tribunal's directions. The Applicants stated they were happy to abide by the Tribunal's decision. They stated they valued the house at £240000, with vacant possession with a leasehold tenure. They based their valuation of the freehold reversion on the sum they said their friends had been asked to pay for the freehold of a house on the same estate but with a different Landlord, with a ground rent of £8.00 per year for 999 years, which was £250.00
- 10 In response to a question on behalf of the Respondent as to whether they were content to forego the Landlord's powers of management in the Lease, if they acquired the freehold, the Applicants queried the nature of the powers of management contained in the Lease. Mr Horrocks was asked to define these powers but declined to do so. He stated that the Company wished to be sure its interests were protected. At this point Mr Horrocks on behalf of the Respondent left the hearing.

### **Decision**

- 11 The date on which the valuation should be made is the date of the claim by the

Applicant to the Respondent. This is 21<sup>st</sup> April 2006.

- 12 The method of calculating the capital value of the right to receive the sum of £20.00 per annum is set out in section 9 (1) of the Act. The Tribunal considered that a buyer and a willing seller would normally adopt the number of years purchase formula for the right to receive £20.00 per annum for the foreseeable future. It considered that the current investment rate of return as neither party had put forward any evidence from the property market. The income received from the property was very secure. It was highly unlikely that a Tenant would fail to pay the annual rent and thus face the prospect of forfeiture of the Lease.
- 13 The Tribunal had also to take into account that the Lease contained a provision for the rent of £20.00 to be collected half yearly. A rent of £10.00 probably already exceeded the cost of collection and would probably continue to do so during the remaining term of the Lease. The other provisions of section 9 of the Leasehold Reform Act 1967 which exclude the tenant's bid and envisage the sale on its own and not as part of a parcel of ground rents would also reduce any return an investor could make.
- 14 The Lease allows only a fee of One pound one shilling when notifying the Landlord of an assignment transfer assent mortgage charge underlease or devolution (Clause 2 (14)).
- 15 The tenant is responsible for insurance of the house (clause 2 (3)).
- 16 In view of the length of term of the Lease still unexpired the Tribunal considered the value of the reversion to be nil.
- 17 The Tribunal took into account earlier Tribunal decisions in *Yates v Bridgewater Estates Limited* (1982) and *Williams v Walsh and Others* (1983) and decided, following the decision in *Yates*, that in the open market this house and premises, subject to the terms of the Applicant's long lease might be expected to realize no more than a negligible or nominal sum.
- 18 The Tribunal therefore considers the maximum justifiable sum for the freehold purchase price of 19 New Court Drive is £200.00

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G C Freeman  
Chairman  
23 August 2006