

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

**SOUTHERN RENT ASSESSMENT PANEL &
LEASEHOLD VALUATION TRIBUNAL**

Case Number: CHI/21UG/OCE/2007/0032

RE: 32 ST JAMES ROAD, BEXHILL-ON-SEA, EAST SUSSEX

THE PARTIES

Diane Foord; Sarah Croft;
David Prince & Robert Rumary - The Applicants

&

Peppercorn Property Investment Limited - The Respondents

Date of application: 24th May 2007
Date of Hearing 14th August 2007
& determination:
Date of Reasons: 3rd September 2007

DECISION: The price payable for the freehold is £360.00.

Members of the Tribunal

Mr D M Nesbit JP FRICS FCI Arb – Chairman
Mr J N Cleverton FRICS

RE: 32 ST JAMES ROAD, BEXHILL-ON-SEA, EAST SUSSEX TN40 2DF

Introduction

1. This case is an application for enfranchisement following an application under Section 24, Leasehold Reform, Housing & Urban Development Act 1993 (“The Act”).
2. The Applicants are the lessees of the four flats in the property. The freeholders and Respondents are Peppercorn Property Investments Limited.
3. The Respondents could not be traced and by Order in the Hastings County Court dated 26th April 2007, an Order was made transferring the freehold interest to the RTE Company, known as the Right to Enfranchise Limited. The matter of assessment of the consideration payable for the transfer was passed to the Leasehold Valuation Tribunal.

Inspection

4. The Tribunal inspected the property, accompanied by two lessees, Mrs D Foord and Mr Rumary. The property is a detached two storey block of purpose built flats constructed in the late 1950’s and arranged as four flats. The property is of brick construction with a tiled roof. There is a communal rear garden. There is no parking or garaging or vehicle access. The Tribunal was able to make an inspection of a first floor flat – 32D.

Hearing

5. Mr Rumary, the lessee of Flat 32A was present, Mrs Foord, the lessee of Flat 32B was present and accompanied by Mrs L James. The lessees and the Enfranchisement Company were represented by Mr I Ashley-Smith, Legal Executive with Donaldson Dunstall, solicitors.
6. Mr Ashley-Smith introduced a bundle, including a copy of the standard lease for the building, copy documents relating to the initial Notice and subsequent Court proceedings, and documents confirming the completion of registration of the Right to Enfranchise Limited issued by the Land Registry.

7. The bundle included letters from David Foster Associates, to which we later refer.
8. The leases for the flats were granted for a term of 999 years from 25th December 1956 at a ground rent payment fixed throughout the term of six pounds six shillings, £6.30p payable half yearly on 24th June and 25th December.
9. In respect of the consideration payable, Mr Ashley-Smith referred to letters from Mr D A Foster FRICS, David Foster Associates, Chartered Building Surveyors of Battle, East Sussex. The Tribunal considered two letters from Mr Foster dated 27th June and 7th August 2007.
10. In answer to questions from the Tribunal, Mr Ashley-Smith confirmed that his firm had instructed David Foster Associates for reports and valuations on similar matters because of their local experience. Mr Ashley-Smith also confirmed the Transfer approved by the Court, signed and dated 28th June 2007, and the only issue outstanding was the payment to be made for the freehold.

Consideration

11. The Tribunal reviewed the case papers, their inspection notes and the evidence submitted at the Hearing, and noted that only the consideration payable was a matter for determination.
12. We noted the requirements of the Act set out in Section 32 and Schedule 6, Part 11 of the Act.
13. In reviewing the statements made by Mr Foster, these were in letter form only, there being no formal valuation or which complied with the requirements for Experts providing evidence to a Tribunal. Further, we noted that Mr Foster was a Chartered Building Surveyor and we had no direct evidence of his valuation knowledge and experience. Mr Foster was not called to give evidence and was not present at the Hearing, and the Tribunal had no opportunity for cross-examination.
14. The first letter dated 27th June from Mr Foster is no more than a negotiating suggestion that the freeholder be offered £250 for each of the four flats – a total of £1,000.

15. The letter dated 7th August indicates that Mr Foster has considered the elements that make up the price to be paid stating –
- a) there was no compensation payable for severance as adjoining property was not in the same ownership
 - b) that there was no marriage value payable in accordance with the lease as there were more than 80 years unexpired
 - c) the total market value was £1,000, £250 per flat, with a low ground rent fixed for the whole term.
16. The Tribunal determines that there is no element for compensation and that there is no marriage value with an unexpired term of 948 years. Further, the low ground rent with a half year collecting requirement is a depreciating asset and produces a total of £25.20p per annum for the building, and where the costs for recovering payment would likely exceed that amount.

Determination

17. The Tribunal undertook a valuation based on their extensive knowledge and experience and having regard to the terms of the lease and evidence submitted. On the basis of a 7% return, which the Tribunal felt was an appropriate rate for an interest of this nature, the price payable was £90 per flat, a total of £360.
18. The Tribunal's formal valuation is attached.


D M NESBIT JP FRICS FCIARb
Chairman

32 ST JAMES ROAD, BEXHILL-ON-SEA, EAST SUSSEX

Valuation

Lease: 999 years from 25th December 1956

Freehold interest

Ground rent income @ £6.30 p.a. x 4 flats	-	£25.20 p.a.
YP perp @ 7%		14.285
		<hr/>
		£359.98

Marriage Value

- 948 years unexpired

NIL

Compensation

NIL

TOTAL £359.98

say £360.00