

RESIDENTIAL PROPERTY TRIBUNAL SERVICE

LEASEHOLD VALUATION TRIBUNAL

LEASEHOLD REFORM ACT 1967

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL

Case No: CHI/46UB/OAF/2009/0004

Property: 48 Andover Road
Ludgershall
Andover
Hampshire
SP11 9NA

Applicant: Mrs Doreen Lilian Roper

Respondents: Henry Knighton)
Thomas Bulpitt) Missing Landlords
Robert Bunny)

Members of the Tribunal: D L Edge FRICS (Chairman)
D Lintott FRICS

Date decision issued: 7 August 2009

48 ANDOVER ROAD, LUDGERSHALL, ANDOVER, HAMPSHIRE SP11 9NA

Background

1. This is an application made pursuant to an order made by District Judge Carney in the Basingstoke County Court under Section 27 of the Leasehold Reform Act 1967 ("the Act") on 24 April 2009, amended by order made also by District Judge Carney on 18 May 2009 dispensing with the service of a Notice under the Act with a view to issuing a vesting order under Section 27 of the Act.
2. Section 27(5) of the Act provides that a Leasehold Valuation Tribunal is to determine the "appropriate sum" to be paid into Court as the price payable in accordance with Section 9 of the Act.
3. The Applicant is Mrs Doreen Lilian Roper the long leaseholder of the detached bungalow 48 Andover Road, Ludgershall, "the Property".
The Respondent freeholders are 1. Henry Knighton and 2. Thomas Bulpitt and Robert Bunny, who cannot be traced and are 'missing landlords'.
4. Following the application to the County Court dated, we are told by the Applicant's solicitor, 17 July 2008, seeking an order pursuant to Section 27 of the Act, the District Judge issued the order and will make a vesting order when the Tribunal has determined the premium to be paid under Section 9 of the Act.
5. The property is held under a lease for a term of 400 years from 2 April 1685. There is no ground rent payable.

Inspection

6. The Tribunal inspected the property both internally and externally on the morning of 30 July 2009.
It comprises a detached bungalow built about 1930, and traditionally constructed with cavity brick walls beneath a pitched roof covered with asbestos slates. There is a lean-to kitchen extension at the rear with cavity brick walls beneath a mono pitched roof covered with corrugated asbestos cement sheeting. Stained timber casement windows fitted sealed double glazed units.
The site is rectangular in shape, with frontage to the busy main road through Ludgershall. The accommodation briefly comprises: - Hall, 2 bedrooms, lounge/dining room, kitchen, Shower room/WC. There is night storage electric heating. Mains electricity, water and drainage are connected.
Outside there is a sectional concrete and asbestos single garage, and a few dilapidated sheds.
Internal decorations are tired and external decorations are fair only.

Valuation

7. The Applicant provided a bundle of documents including a valuation report from Mr R.E.Meason MRICS of Dreweatt Neate dated 27 June 2008, with an additional later

valuation dated 23 June 2009 and a copy of his valuations are attached as Appendix B and Appendix C.

8. Mr Meeson said that he had valued the freehold interest in the property with vacant possession by reference to sold prices of comparable bungalows in the Ludgershall area, taking into account variables such as size, condition and location. He did not provide details of any sold properties, but at the hearing, Mr Bull, the Applicant's solicitor informed the Tribunal that the property was currently on the market at an asking price of 'about £150,000 and had been on the market since around February of this year. There was one possible purchaser, but they were waiting for the outcome of this application for the purchase of the freehold. In the light of this evidence, the Tribunal was able to confirm Mr Meeson's value of the freehold at £150,000.
9. Mr Meeson had adopted a capitalisation rate of 7% for the 'nil' ground rent, with which the Tribunal agreed.

The Tribunal also agreed with Mr Meeson's site value of £80,000 and with his 7% yield rate on site value to give a modern ground rent of £5,600 per annum.

The Tribunal was also in agreement with Mr Meeson's capitalisation rate of 7% for the modern ground rent for the extended 50-year term.

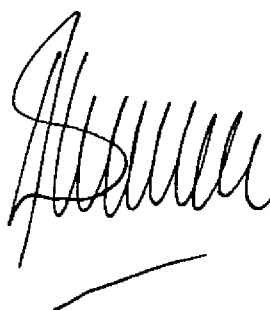
However, the Tribunal did not agree with the deferment rate of 7% adopted by Mr Meeson for the reversion. No explanation was given by Mr Meeson for his proposed departure from the decision in *Sportelli* or for his deferment rate of 7% for premises such as "the Property" should not follow the decision in *Sportelli* as *Sportelli* makes it clear that this is to be an appropriate rate in all enfranchisement calculations unless there are exceptional circumstances. The Tribunal did not consider that there were any exceptional circumstances in this instance, and the Tribunal takes the view that the decision in *Sportelli* should be followed, and will therefore adopt a deferment rate of 4.75%.

10. Mr Meeson had adopted the date of his inspection, 25 June 2008, as the valuation date for his first valuation, and an arbitrary date of 23 June 2009 for his second valuation. Both of these dates are incorrect, the correct date being the date of Application to the Court, namely 17 July 2008. As there is only a 4-week difference between his first date and the correct valuation date, the Tribunal did not consider any adjustment for time was necessary from his first valuation, and also agreed with Mr Meeson's 'rounding' in respect of the unexpired term and reversion.

Decision

11. The Tribunal determines that as at the valuation date of 17 July 2008 the premium to be paid in respect of the enfranchisement of "the Property" is £836.
A copy of the Tribunal's valuation is attached as Appendix A.

Chairman.



D.L.Edge FRICS
1 August 2009

48 ANDOVER ROAD, LUDGERSHALL, ANDOVER, HAMPSHIRE SP11 9NA

LEASEHOLD REFORM ACT 1967: Section 21.

Lease: 400years from 02/04/1685

Lease Expiry Date: 02/04/2085

Ground Rent: £nil

Valuation Date: 17 July 2008 (Date of Application to the Court)

Freehold value of property (unimproved) say £150,000

Unexpired Term at Valuation Date: approximately 77 years

Term 1.

Ground Rent	nil	
YP 77 years @ 7%	<u>14.21</u>	nil

Term 2.*Assumed lease extension for 50 years at a modern ground rent deferred for 77 years*

Value of site -	80,000		
Modern ground rent @ 7%		5,600	
YP 50 years @ 7%	13.80		
PV £1 in 77 years @ 7%	<u>0.00546</u>		
		<u>0.0753</u>	422

Reversion

Freehold value with vacant possession	150,000		
PV £1 in 127 years @ 4.75%		<u>0.00276</u>	
			<u>414</u>
Enfranchisement price			£836

48 ANDOVER ROAD, LUDGERSHALL

a) Term 1

Unexpired term for 77 years

Ground rent	0
Years purchase – 77 years @7%	14.21
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nil

b) Term 2

Assumed lease extension for 50 years at a Modern Ground Rent deferred for 77 years

Value of site say	80,000	
Modern ground rent @7%		5,600 pa
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Years purchase 50 years @ 7%	13.80
Present value of £1 in 77 years @ 7%	0.0055
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0.076

426

c) Reversion

Freehold value with vacant possession	150,000
Present value £1 in 127 years @ 7%	0.00019
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Enfranchisement price**£455**

Appendix C

48 ANDOVER ROAD, LUDGERSHALL

a) **Term 1**

Unexpired term for 76 years

Ground rent	0		
Years purchase – 76 years @ 6%	16.47		
	<hr/>		nil

b) **Term 2**

Assumed lease extension for 50 years at a Modern Ground Rent deferred for 76 years

Value of site say	65,000		
Modern ground rent @7%		4,550 pa	
		<hr/>	
Years purchase 50 years @ 6%	15.7619		
Present value of £1 in 76 years @ 6%	0.01193		
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		0.188	
		<hr/>	855
			<hr/>

c) **Reversion**

Existing bungalow, freehold value with vacant possession	150,000		
Present value £1 in 126 years @ 6%	0.00061		
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			92
			<hr/>
	Enfranchisement price		£947