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LONDON RENT ASSESSMENT PANEL

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
PURSUANT TO AN APPLICATION MADE UNDER SECTION 50 & 51
OF THE LEASEHOLD REFORM, HOUSING AND
URBAN DEVELOPMENT ACT 1993**

Case Reference:	LON/00AE/OLR/2012/0342
Premises:	Ground Floor Flat 79 London Road Wembley Middlesex HA9 7ET
Applicants:	(1) NICOLA ANN PRINN (2) ERIC LOUIS WEBSTER
Representative:	Mayfield Law Solicitors David C Cooper (BA Hons) (BSC Hons) MRICS of David Cooper Associates, Chartered Surveyors
Respondents:	(1) MAQSOOD AHMED (2) ARSHA AHMED
Representative:	
Date of Transfer from County Court	14 th March 2012
Date of Receipt of Directions	28 th March 2012
Date of Paper Determination	13 th September 2012
Appearance for Applicant(s):	Paper Determination
Appearance for Respondent(s):	Paper Determination
Leasehold Valuation Tribunal:	Mr S. Shaw LLB (Hons) MCI Arb Mr R Shaw FRICS

DECISION

Introduction

1. This case involves a matter transferred to the Tribunal by order of the Central London County Court dated 14th March 2012. An application was made to the County Court for the making of a vesting order in relation to the Ground Floor Flat, 79 London Road, Wembley, Middlesex HA9 7ET (“the Property”), and also providing for the surrender of the existing lease and the grant of a new lease on terms to be determined by this Tribunal. In the event, an order was made by the County Court to the effect that the question of valuation be referred to this Tribunal, in order for the Tribunal to determine the premium and any other sums payable to the Defendants and the terms of the new lease under section 50 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”). In fact this case is a missing landlord case, in that for reasons which this Tribunal need not now go into, it has been impossible to trace the freehold owners, namely Maqsood Ahmed and Arsha Ahmed (“the Respondents”).
2. Directions were given by the Tribunal on 28th March 2012 and, consequent upon those directions a report by way of valuation was supplied to the Tribunal dated 19th April 2012 and prepared by Mr David Cooper of David Cooper Associates Chartered Surveyors. In fact there were some delays before the matter came before the Tribunal because of concerns that some of the Tribunal's directions had not completely been complied with. However suffice it to say that the initial report prepared by Mr Cooper dated 19th April 2012 has been supplemented by a further report dated 25th July 2012 and submitted to

property but the Tribunal notes that although a different route has been taken, Mr Cooper's valuation and calculation of the premium payable results in both cases in the sum of £7,636. The property is a relatively small flat with a gross internal area including halls and bathroom of 54.74 square metres or 589 square feet including the conservatory. Excluding the conservatory the measurement is 46.53 square metres or 501 square feet. In the circumstances and for the reasons clarified in Mr Cooper's most recent report, although a different route is taken (which seemed more appropriate to the Tribunal on the last occasion bearing in mind the information it had before it) the same valuation is justifiably arrived at in the particular circumstances of this case.

4. Insofar as the valuation is concerned, Mr Cooper has dealt with this as from paragraph 5 of his most recent report. He has used a capitalisation rate of 7%. He bases himself on his own experience in respect of work of this kind and also settlement evidence and LVT decisions. The Tribunal is satisfied that this is an appropriate rate to use in this case.

5. As for the value of the freehold interest with vacant possession (and, in effect the long lease value) Mr Cooper has had reference to various comparables referred to at paragraph 5.2 of his report. It is not proposed to enumerate these comparables in the context of this Decision. They are all local properties which provide relatively recent sale evidence and drive Mr Cooper to the opinion at paragraph 5.2.11 of his report that the long lease value in this case is £180,000 and by adding a further 1% to that figure the freehold valuation is arrived at of £182,000. For the reasons given by Mr Cooper in that section of his report and

by reference to the comparables he has used, and his allowance given for the deduction of the value of improvements, the Tribunal is satisfied that his conclusions are well made out and the Tribunal approves this part of the valuation.

6. Mr Cooper has dealt with relativity at paragraph 5.4 of his report. He has effectively taken an average of the RICS published graphs mentioned at that paragraph, and the result for a lease with a remaining term of 74 years, amounts to 94%. The Tribunal is again satisfied that that is a sustainable and reasonable basis upon which to deduce the relativity to be applied and the resultant value of the existing short lease of £171,000 thereby produced is again approved by the Tribunal.
7. So far as the deferment rate is concerned, Mr Cooper has adopted the principle established in the *Sportelli* case and used 5%, which again the Tribunal approves in this case.
8. The Tribunal has considered the valuation calculation produced by Mr Cooper at paragraph 6 of his report and is satisfied that the figures referred to above have been correctly adopted and the correct formula used in producing the price to be paid for the leasehold extension. That price is, as indicated, £7,636 and the Tribunal is content to adopt that figure and the valuation which is appended to this Decision.

Conclusion

9. For the reasons indicated above the Tribunal is satisfied that the report now produced is reliable and produces an accurate figure for the premium to be paid in this case and the Tribunal determines the premium payable as £7,636 in accordance with the valuation annexed to this Decision.

10. Further, the Tribunal approves the terms of the draft new lease, which are included at Tab 6 of the bundle prepared for the purposes of this determination, with the comment that obviously the figure now determined for the premium should be inserted in the box LR7.

Legal Chairman: S. Shaw

Dated: 13th September 2012

	£	£	£
1. <u>Value of Freeholder's Interest</u>			
(i) Ground rent until March 2086		100	
YP 74 years @ 7%		<u>14.19</u>	1,419
Reversion in 74 years (unimproved freehold value)		182,000	
PV £1 in 74 years @ 5%		<u>0.027</u>	<u>4,914</u>
			6,333
Less: Value of freeholder's retained interest			<u>61</u>
Diminution in freeholder's interest			6272
2. <u>Marriage Value</u>			
Value of Tenant's proposed interest (164 year lease) - unimproved value		180,000	
Value of Freeholder's proposed interest		<u>61</u>	
			180,061
Value of Tenant's existing interest (94%)	171,000		
Value of Freeholder's existing interest	<u>6,333</u>	<u>177,333</u>	
Marriage Value		2,728	
50% share to Freeholder			<u>1,364</u>
			7,636
3. PREMIUM PAYABLE			<u>£7,636</u>