

2017



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **LON/00AP/OLR/2013/0489**

Property : **62A Abbotsford Avenue London N15
3BS**

Applicant : **Hayley Anne Kruger**

Representative : **Mr A Cohen BSc FRICS IRRV**

Respondent : **Regisport Ltd**

Representative : **Mr T Harrison-Moore**

Type of Application : **S.48 Leasehold Reform Housing and
Urban Development Act 1993**

Tribunal Members : **Mrs F J Silverman Dip Fr LLM
Mr N Martindale FRICS**

**Date and venue of
Hearing** : **12 November 2013.
10 Alfred Place, London WC1E 7LR**

Date of Decision : **13 November 2013**

DECISION

**The Tribunal determines that the price to be paid by the Applicant for an extended lease of the property is £20,946.
The Terms of the new lease are approved in the form presented to the Tribunal at the hearing.**

Reasons

1. The applicant seeks a determination pursuant to s.48 Leasehold Reform Housing and Urban Development Act 1993.
2. The hearing of this matter took place before a Tribunal sitting in London on 12 November 2013 at which Mr A Cohen represented the Applicant tenant and Mr T Harrison-Moore represented the Respondent landlord .
3. On behalf of the Applicant the Tribunal heard evidence from Mr Cohen FRICS and for the Respondent evidence was given by Mr Harrison-Moore .
4. The issue which the Tribunal was asked to determine was the price of acquisition of an extended lease of the property . The Tribunal's approval was also sought to the terms of the lease which had been negotiated between the parties and which was included in the agreed bundle of documents placed before the Tribunal for its consideration. The parties had agreed that the deferment rate should be 5%.
5. The Tribunal did not consider it necessary to inspect the subject property and was not asked to do so by the parties .
6. The subject property is a two bedroomed purpose built maisonette on the upper floor of a two storey centre terrace building facing on to Abbotsford Avenue. This is an established one-way residential road in Tottenham conveniently situated within reach of local shops and transport . The building comprising two maisonettes , one on each floor was probably built in the Edwardian era and is similar to other property in this road and the surrounding streets. The building is of conventional brick and tiled pitched roof construction with a small rear garden to which both maisonettes have access, the subject property via an outside staircase at the rear of the building. There is no private garage or parking but on-street parking is available subject to the possession of a parking permit.
7. Mr Cohen for the Applicant is a qualified surveyor experienced in leasehold valuation work. He practices close to the locality of the subject property and has knowledge and experience both of the local market and of the area . The Tribunal consider it proper to give weight to that experience in considering the evidence. He had inspected the subject property prior to preparing his evidence for the Tribunal and had carried out further investigations after having received Mr Harrison-Moore's statement which contained facts and issues with which Mr Cohen did not agree . Mr Harrison-Moore had no surveying or legal qualifications and had not inspected either the subject property or his cited comparables before preparing his valuation for the Tribunal.
8. Mr Cohen had assessed the capitalisation rate at 7%, considering this to be a benchmark starting point for non-central London properties. Mr Harrison-Moore argued that the rate should be 6% based on his citation of four first

instance Leasehold Valuation Tribunal decisions (one of which was a paper decision where no live evidence was heard) and his analysis of 196 auction transactions involving long leases. The Tribunal is not convinced that the four cases cited by Mr Harrison-Moore establish a case for saying that 6% should be adopted in the present case . The auction evidence lacked detail in relation to lengths of term and leases terms and was singularly unhelpful in assessing the capitalisation rate in the present case. In the absence of any reliable evidence to the contrary the Tribunal therefore accepts Mr Cohen's conclusion that the capitalisation rate should be 7%.

9. Both parties used the lower maisonette as a comparator . This flat had been sold with a long lease about 6 months before the valuation date. The floor area of the ground floor flat was more or less identical to that of the upper maisonette but perhaps had a slight advantage in being able to access its portion of the rear garden directly from the same level as the flat itself. The new long lease of this property had been negotiated by agreement between the parties without recourse to the service of a notice under the Act and was subject to a very high ground rent which was to double every ten years. Provided these differences are taken into account the Tribunal regards this flat as a good comparator.
10. Mr Harrison-Moore asserted that 11 Abbotsford Avenue which had been sold in April 2012 was also a good comparator but the Tribunal considers that this is a less good match to the subject property because the living areas of the flat are patently larger than the subject property. The Tribunal also prefers not to use Mr Harrison-Moore's third comparator in Harringay Road as it is too distant from the subject property and in a more expensive area. Mr Harrison-Moore agreed in evidence that this property probably did not need to be included as a comparator.
11. Similarly, Mr Cohen's comparator at 52a Abbotsford Road would need to be adjusted because this three bedroomed property is significantly larger than the subject property. His other comparators in Langham Road, Glenwood Road and Belmont Road were all in reasonable proximity to the subject property albeit in a slightly better area.
12. Taking these factors into account Mr Cohen concluded that the value of the subject property at the relevant date was £210,000 whereas Mr Harrison-Moore had estimated the figure to be £225,000. The latter had made no adjustment for a new kitchen and double glazing both of which improvements had been factored into Mr Cohen's calculations.
13. In relation to relativity Mr Cohen had averaged a number of different well known graphs which had yielded a figure of 86%. Mr Harrison-Moore had used only the Nesbitt graph giving a figure of 84%. The Tribunal prefers Mr Cohen's approach of analysing figures from a variety of sources and accepts his figure of 86%. Both parties agreed that it was difficult to find any short lease sales to use as comparable evidence .
14. The parties agreed that marriage value was applicable to this case.

The Law

- 16. Schedule 13 to the Leasehold Reform, Housing and Urban Development Act 1993 (The Act) provides that the premium to be paid by the tenant for the grant of a new lease shall be the aggregate of the diminution in the value of the landlord's interest in the tenant's flat, the landlord's share of the marriage value, and the amount of any compensation payable for other loss.
- 17. The value of the landlord's interests before and after the grant of the new lease is the amount which at the valuation date that interest might be expected to realise if sold on the open market by a willing seller (with neither the tenant nor any owner of an intermediate leasehold interest buying or seeking to buy) on the assumption that the tenant has no rights under the Act to acquire any interest in any premises containing the tenant's flat or to acquire any new lease.
- 18. Para 4 of the Schedule, as amended, provides that the landlord's share of the marriage value is to be 50%, and that where the unexpired term of the lease exceeds eighty years at the valuation date the marriage shall be taken to be nil.
- 19. Para 5 provides for the payment of compensation for loss arising out of the grant of a new lease.
- 20. Schedule 13 also provides for the valuation of any intermediate leasehold interests, and for the apportionment of the marriage value.

Premium payable by Tenant on Grant of New Lease

24. The Tribunal determines that the premium to be paid by the tenant on the grant of a new lease, in accordance with section 56 and Schedule 13 of the Leasehold Reform, Housing and Urban Development Act 1993 is £20,946. A copy of the Tribunal's valuation is attached as Schedule A.

Judge F J Silverman

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As Chairman

.....13 November 2013

62a Abbotsford Avenue N15

FLAT - Lease Extension

Long Leasehold value (improved)	£218,000
Long Leasehold value (unimproved)	£215,000
Valuation Date	20-Nov-12
Expiry of existing lease	28-Sep-73
Existing Term unexpired	60.850
Capitalisation rate	7.00%
Deferment rate	5.00%
Relativity	86.00%
Short Leasehold value (unimproved) before extension	£184,900

Diminution of Landlords Interest

Landlords Present Interest

Term

Fixed Present GR		£50	
YP for 30.85 years @ 7%	12.51		£626

Term

Fixed Present GR		£75	
YP for 30 years @ 7%	12.41		£115
PV £1 in 30.85 years @ 7%	0.124		

Reversion

Long Leasehold value		£215,000	
PV £1 in 60.85 years @ 5%	0.0514		£11,051

Marriage Value

Tenants Proposed Interest

Less Tenants Present Interest	£184,900	£215,000	£11,792
Less Landlords Present Interest	£11,792		
Total		£196,692	
Marriage Value		£18,308	
50% share of marriage value			

Lease Extension Premium

£9,154

£20,946