



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

Case Reference	:	LON/00AK/OCE/2017/0087
Property	:	42, Fairfield Road, Edmonton, London, N18 2QJ
Applicants	:	Kyriacos Balassis & Bibi Haseena Udin
Representative	:	Horizon Law Limited
Respondent	:	Onyewumu Naborogwu Akomas
Representative	:	None (missing landlord)
Type of Application	:	S27 Leasehold Reform, Housing and Urban Development Act 1993 (the Act)
Tribunal Members	:	Mrs H C Bowers – Valuer Chair
Date and venue of Determination	:	2 August 2017 at 10 Alfred Place, London WC1E 7LR
Date of Decision	:	2 August 2017

DECISION

- **The Tribunal determines that the price payable for the collective enfranchisement of 42, Fairfield road, Edmonton, N18 2QJ (the subject property) shall be £54,950.00.**
 - **No sums are payable under section 27(5)(b) of the Leasehold Reform, Housing and Urban Development Act 1993.**
 - **The terms of the draft transfer are accepted.**
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REASONS

BACKGROUND

1. By an order made by District Judge Dias dated 28 February 2017 in the County Court at Edmonton in claim number C01ED005 (“the Order”) between the parties named on the front page of this decision, the matter was remitted to this Tribunal. The original claim was issued on 22 April 2016. The Tribunal is required to determine the terms of acquisition and the form of conveyance pursuant to sections 27(5) and 34 and Schedule 7 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”) in respect of 42, Fairfield Road, Edmonton, N18 2QJ (the subject property).
2. The Court Order required the Tribunal to determine the terms as at 30 March 2010, this was stated to be the issue of the proceedings. However, the issue of the claim form, as indicated above, was 22 April 2016.
3. The Tribunal issued Directions on 12 April 2017 and these were subsequently varied on 28 April 2017. The case was reviewed by a Procedural Judge on 20 June 2017 and it was identified that the incorrect valuation date had been adopted.
4. The Tribunal had before it a bundle prepared by the Applicants’ solicitors. These papers included the Claim Form with a Witness Statement from Steve Zavros and supporting documentation; the Court Order of 28 February 2017, copies of the freehold and leasehold registers of title and the leases of the two flats in the subject property. The freehold interest is under title number MX186566. The lease for the Ground Floor Flat (title number NGL255990) is dated 3 January 1975 and is for a term of 99 years from 25 December 1974. The lease for the First Floor Flat (title number NGL270918) is dated 22 September 1975 and is for a term of 99 years from 25 December 1974.
5. Additionally, the Tribunal was provided with a copy of a valuation report of Mr Timothy John Henson BSc MRICS of Clarke Hillyer Limited that was dated 12 May 2017. As a consequence of the review of the case a revised valuation report dated 11 June 2017 was submitted. The Tribunal were also provided with a copy of the proposed draft transfer and a schedule of ground rents owed to the freeholder.
6. The valuation report describes the subject property as house dating from approximately 1900 and converted into two maisonettes in about 1974/75. The Ground Floor Flat has a GIA of 60 sq m (646 sq ft) and is a two-bedroom flat (two doubles) with reception room, kitchen and bathroom with WC. This flat has the front garden and a two-storey garage/mews building of approximately 40 sq m, this is accessed from Cornwall Road and at the time of the inspection was disused and boarded up. The First Floor Flat has a GIA of 60 sq m (646 sq ft) and is

a two-bedroom flat (one double and one single) with reception room, kitchen and bathroom with WC. This flat is accessed by an external metal staircase from the rear garden. This flat has an off-road parking area that is accessed from Cornwall Road and is described as being disused. Both flats share the rear garden/courtyard.

7. The ground rent for each of the flats is £25 per annum, fixed for the duration of the term. At the valuation date of 22 April 2016 there is an unexpired term of 57.67 years for both leases. Mr Henson has adopted a capitalisation rate of 7% and has valued the capitalised ground rent for the two flats at a total of £700.00.
8. It is noted that each flat has double glazing and that the kitchen and bathroom fittings are relatively modern. Mr Henson makes no allowance for any improvements and suggests that any works would coming within the repairing obligations within the lease.
9. Mr Henson provided details of comparable properties within a 0.25 mile radius of the subject property. He states adjustments were made to reflect the differences in size, style and location. Time adjustments are made by utilizing the Land Registry Indices for flats in the London Borough of Enfield. The comparables are as follows:
 - 10, Regal Court, N18 2XU. This property is described as an inferior style, two-bedroom, purpose built flat with an unexpired term of 22 years. It sold for £163,500 on 15 September 2015. The adjusted price at the valuation date is £176,650.
 - 41A, Fairfield Road, N18 2QP. This property is described as a conversion, two-bedroom flat similar to the two subject flats, with an unexpired term of 86 years. It is noted that the sale price is £200,000 as at January 2016, but it is unclear whether this is the sale price or a guide price for auction purposes. The adjusted price to the valuation date is £208,175.
 - 4, Station House Mews, N18 2QP. This property is described as a conversion, two-bedroom flat in a larger building and being of a superior style, with an unexpired term of 103 years. The sale price is £255,000 as at 23 September 2015 and the adjusted price to the valuation date is £275,500.
 - 59, Moree Way, N18 2UL. This property is described as an ex-local authority, two-bedroom flat, with an unexpired term of 98 years. It is noted that the sale price is £222,000 as at 23 March 2016, the adjusted price to the valuation date is £225,600.
 - 117, Moree Way, N18 2UW. This property is described as an ex-local authority, two-bedroom flat, with an unexpired term of 113 years. It is noted that the sale price is £242,000 as at 31 March 2016, the adjusted price to the valuation date is £245,950.
10. From these comparables, Mr Henson concluded that the value of each flat would be in the region of £230,000 to £250,000. He then suggests

that given the original condition of the flats, having fittings dating from the 1970's that the average value would be £240,000. He then considers the benefit of the mews/garage and concludes that this would increase the value of the Ground Floor Flat by an additional £5,000.

11. Mr Henson makes a 1% differential between the long lease values and the freehold values.
12. There is only one piece of short lease evidence, but as the unexpired term is 22 years, Mr Henson places no reliance upon this. Therefore he relied on the default position of using the 2009 RICS Report on Relativities. He used the five non-Prime Central London (non-PCL) Graphs for an unexpired term of 57.67 years. The relativities ranged from 81.6% to 87.67%, with an average of 83.8%, which is adopted.
13. Mr Henson adopts a deferment rate of 5%. He concludes that the value of the appurtenant land is £250. By inputting these variables into a recognised valuation formula, Mr Henson calculated the premium to be £54,700, presumably with an addition of £250 for the appurtenant land.
14. The Tribunal comments on these submissions in the findings section below.

FINDINGS.

15. In essence the Tribunal is happy to adopt the capitalisation rate proposed by Mr Henson. The ground rent is very low and with no growth potential. The detailed calculations for the capitalisation of the ground rents have been fully set out. The adoption of 5% as a deferment rate is standard and in line with relevant case law and is accepted by the Tribunal.
16. In respect of the long lease values for the two flats, the comparables provided are useful and Mr Henson has made the appropriate time adjustments. Although not detailed, he has considered the other features of the comparables and it appears to the Tribunal has adopted an appropriate valuation range for the two flats, given the original condition of the two flats. The Tribunal therefore adopts the figures of £245,000 for the value of the long lease interest in the Ground Floor Flat and £240,000 as the long lease value of First Floor Flat.
17. As to the issue of relativity, it is accepted that due to the lack of any short lease evidence the use of the relativity graphs would be appropriate in this case. Mr Henson takes the average of five of the non-PCL graphs. There are a number of criticisms could be made of any of the graphs and the Tribunal agrees that the preferred approach is to take an average of the five non-PCL graphs. Therefore, the Tribunal takes an average of the five non-PCL graphs for an unexpired term of 57.67 years as at the valuation date at a relativity of 87.67%.

18. The Tribunal has checked all these variables and the valuation and confirms a premium of £54,700.00. To this must be added the sum of £250 for the appurtenant land, giving a total premium payable of £54,950.00.
19. The Tribunal is also required to determine any other sums payable under section 27(5)(b) of the Act. It would appear that no ground rents have been demanded and there are no details as to whether any service charges have been demanded. However, if the Respondent landlord has not served any rent or service charge demands in the statutory form no arrears of service charges are payable and therefore no sum is therefore payable into court under section 27(5)(b) of the Act.
20. The TR1 form as included in the bundle is approved by the Tribunal.

Helen Bowers
Valuer Chair

2 August 2017

ANNEX - RIGHTS OF APPEAL

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office, which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking