



ACQ/82/2006

LANDS TRIBUNAL ACT 1949

COMPENSATION – Compulsory Purchase – dwelling house – absent owner – valuation of freehold interest – fire damage and disrepair – compensation determined at £255,000

IN THE MATTER OF A NOTICE OF REFERENCE

BETWEEN

**ALHAJA TAIBAT ABAKE ADEYEMI
and
ALHAJA GANIAT ADEOLA ADEYEMI**

Claimants

and

**THE MAYOR AND BURGESSES OF
THE LONDON BOROUGH OF LAMBETH**

**Acquiring
Authority**

**Re: 28 Rattray Road
Brixton
London SW2 1BD**

**Determination on the basis of written representations under Rule 27 of the
Lands Tribunal Rules 1996 (as amended)**

by

A J Trott FRICS

No cases are referred to in this decision

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DECISION

Introduction

1. This is a reference to determine the amount of compensation payable in respect of the compulsory purchase of the dwellinghouse known as 28 Rattray Road, Brixton, London SW2 1BD. The property was acquired under The Mayor and Burgesses of the London Borough of Lambeth (28 Rattray Road, London SW2 1AA) Compulsory Purchase Order 2004 by means of a general vesting declaration dated 14 April 2005. The property was vested in the acquiring authority on 16 May 2005, which is the valuation date. The acquiring authority has subsequently resold the property.

2. The acquiring authority tried but failed to contact the owners of the property, Alhaja Taibat Abake Adeyemi and Alhaja Ganiat Adeola Adeyemi, who are understood to have purchased the house in 1979. Consequently no representations were submitted by the claimants.

Evidence

3. Hilary Clark MRICS of the London District Valuers Office of the Valuation Office Agency submitted an expert valuation report on behalf of the acquiring authority.

4. 28 Rattray Road is situated in a predominantly residential area approximately 0.5 kilometres south of Brixton Underground and main line stations and located parallel with, and midway between, Effra Road and Railton Road. It is a 19th century Victorian mid-terrace, two-storey house with a bay window to the ground floor front elevation. As at the valuation date the property had been damaged by fire and was the subject of a dangerous structure notice. It was unsafe to enter and was boarded up. Ms Clark was therefore unable to view the interior of the premises at the date of her inspection on 16 January 2006. She believed that the accommodation comprised “possibly up to seven rooms and a kitchen and bathroom”. The gross external area was estimated to be 145 sq m.

5. Externally the property was in disrepair having been damaged by the fire. The roof was in poor condition with part of the roof covering missing. The guttering was destroyed, the windows lacked glazing and were partially boarded and the windowsills and openings were cracked. The bay window roof had collapsed. The front elevation was cracked and damp whilst there was fire blackening to the brickwork and lintels.

6. Ms Clark concluded from her inspection that the property required extensive refurbishment and repair (both internal and external) to bring it up to a good mortgageable standard. She estimated the cost of this, upon the advice of a building surveyor from District Valuer Services, to be £100,000 as at the valuation date including fees.

7. Ms Clark gave brief details of the sale of five similar size mid-terrace houses, four in Rattray Road and one in Bankton Road, which leads off Rattray Road. The sales took place between 28 October 2004 and 6 April 2005. These comparables included the neighbouring house to the reference property, No.30 Rattray Road, which was the earliest sale evidence and which sold for £350,000. 32 Rattray Road was sold in December 2004 for £374,450. The other sales ranged between £315,000 to £390,000 (Bankton Road). Ms Clark concluded that the value of 28 Rattray Road in good condition and following complete refurbishment would be in the region of £380,000 as at the valuation date.

8. Ms Clark discounted this price to reflect the anticipated costs of refurbishment. She also stated that this type of property would have had a limited market. The purchaser would have been a cash buyer and the property was likely to have been of interest to a small building firm or investor, both of whom would have required a return upon their investment. She deducted £100,000 for the costs of refurbishment and a further £30,000 in respect of risk and profit to give a figure of £250,000 as the open market value of the reference property as at the valuation date.

Conclusions

9. The evidence of open market values of comparable properties in reasonable repair supports Ms Clark's valuation of £380,000 for the reference property when refurbished and I accept this figure.

10. The estimate of £100,000 for the cost of refurbishment was made without the benefit of an internal inspection of the property and is therefore speculative as to the extent of the works required. It seems probable, however, given the external evidence of fire damage, that the required works would be comprehensive. The external site inspection was made 8 months after the valuation date and there may have been further deterioration of the property over that time given the nature of the damage and want of repair described by Ms Clark. However there is no evidence before me that such deterioration would have added materially to the costs of refurbishment and I therefore accept Ms Clark's figure.

11. The allowance of £30,000 for risk and profit represents a return of approximately 8.5% on total costs, ie. the cost of acquisition plus the cost of refurbishment. I accept the assumption made by Ms Clark that the property is most likely to be of interest to cash buyers such as small building firms who would want a return on their investment. The allowance of £30,000 is, however, 30% of the cost of the works estimated by Ms Clark. This is a refurbishment (albeit a major one) and not a redevelopment and the risk is predominantly associated with the building costs. There is no planning risk and indeed the land value may be underpinned by the possibility of converting the property into flats. There is also the possibility that a cash purchaser would be an owner-occupier who would not require a return for risk and profit. I therefore consider the allowance for risk and profit to be slightly too high and I believe a figure of 25% of the refurbishment costs would be appropriate, ie £25,000.

12. I therefore determine that the open market value of the freehold interest in 28 Rattray Road as at the valuation date is £255,000, being £380,000 less costs and profit of £125,000. I award compensation accordingly.

Dated 7 November 2007

A J Trott FRICS