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

Case Reference : LON/00BB/OCE/2013/0170

Property : 61 and 61A Ridley Road
Forest Gate, London E7 0LU

Applicants : Abu Jafar Choudhury
Sayeeda Nargif Choudhury
James Mark Emmerson
Stephanie Lise Holland

Representative : Nationwide solicitors

Respondent : John Stephen Cooper

Type of Application : Collective enfranchisement –
missing landlord

Tribunal Members : NK Nicol
D Jagger MRICS

Date of Decision : 24th September 2013

DECISION

1. The Applicants are the lessees of the two flats at 61 and 61A Ridley Road, Forest Gate, London E7 0LU, a converted two-storey end-terrace house. The Respondent is the freeholder but cannot be found, despite efforts on behalf of the Applicants. On 14th March 2012 the Applicants applied to the Bow County Court for a vesting order so that they could pursue a collective enfranchisement under the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”).

2. On 1st March 2013 Deputy District Judge Jones granted the order sought by the Applicants and directed that the value of the freehold interest be determined by the Leasehold Valuation Tribunal. By letter dated 14th March 2013 from their solicitors, the Applicants applied accordingly to the Tribunal.
3. The Tribunal issued directions on 13th August 2013. In accordance with those directions, the Applicants provided a bundle of relevant documents, including a valuation report dated 6th September 2013 from Mr Richard Murphy Dip Surv MRICS.
4. Schedule 6 of the Act provides that the price to be paid by the nominee purchaser for the freehold interest shall be the aggregate of the value of the freeholder's interest, the freeholder's share of the marriage value, and compensation for any other loss.
5. The value of the freehold interest is the amount which at the valuation date (being, in these circumstances, the date of application – see section 27) that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.
6. Paragraph 4 of the Schedule provides that the freeholder's share of the marriage value is to be 50%, and that any marriage value is to be ignored where the unexpired term of the lease exceeds eighty years at the valuation date.
7. Mr Murphy's report is careful and comprehensive and the Tribunal found no reason to fault his valuation. The Tribunal adopts the reasoning in his report and his schedule summarising the valuation is incorporated into this decision as an Appendix (subject to the correction of one typographical error – the percentage in section 2 should be 5%, not 0.00%).
8. Therefore, the amount to be paid into court in respect of the value of the freehold interest is £20,600.

Name: NK Nicol

Date: 24th September 2013

APPENDIX

Collective Enfranchisement Valuation

Address	61/61a Ridley Road, Forest Gate, London, E7 0LU							
	Valuation of Flat on assumption of Share of Freehold					£326,000		
	Ground Rent Capitalisation Rate					7.00%		
	Deferment Rate					5.00%		
	Relativity Between Share of Freehold and an Existing Short Lease		91.34%			297766		
1	Capitalised Ground Rent							
	Ground Rent					£ 50.00		
	YP for	67.27	years	deferred	0	Years		
PLUS							707	
							0	
							707	
	Total Capitalised Ground Rent							707
2	Reversion in 67.27 years							
	Reversion to Share of Freehold Value with no tenant improvements					£326,000		
PLUS	PV in	67.27	years	at	5.00%	0.037549		
							£12,241	
							12241	
	Reversion in 67.27 years							12241
	Freehold Interest before Extension (exco Marriage Value)							12948
3	Freeholders Share of Marriage Value							
	Value of Interest after Marriage							
	Value of Extended Lease/Share of Freehold Lease					£326,000		
	Landlords interest after Freehold Sold					£0		
	Leasehold Interest before Marriage							
	Value of Extended Lease with Share of Freehold					£326,000		
	Relativity of Long Lease					91.34%		
LESS	Short Leasehold Relativity Value						297766	
LESS	Freehold Interest before Extension						12948	
	Current Value of both Interests						310716	
LESS	Difference Between Future Combined Values and Current Value of Each Interest i.e. Marriage Value						15284	
	Landlords Share at 50%						0.50	
	Freeholders share of Marriage Value							7642
	Compensation to Landlord for Extending Lease/Enfranchisement plus Reasonable Professional Fees							20590
4							Say	£20,600