



**First-tier Tribunal  
Property Chamber  
(Residential Property)**

<b>Case Reference</b>	:	<b>CAM/00KF/OCE/2016/0016</b>
<b>Property</b>	:	<b>7 Quebec Avenue, Southend-on-Sea, Essex SS1 2DE</b>
<b>Applicants</b>	:	<b>Martin Derek Hopson, Richard John Hopson and Ismael Mohamed Tageldin</b>
<b>Represented by</b>	:	<b>Michael Stapleton FRICS</b>
<b>Respondents</b>	:	<b>Steven Paul Duckett and Donna Starkey (not represented)</b>
<b>Date of Application</b>	:	<b>21<sup>st</sup> July 2016</b>
<b>Type of Application</b>	:	<b>To determine the terms of acquisition of the enfranchisement of the property where the landlord cannot be found (sections 26 &amp; 27 of the Leasehold Reform Housing and Urban Development Act 1993 (“the 1993 Act”))</b>
<b>Tribunal</b>	:	<b>Bruce Edgington (lawyer chair) Stephen Moll FRICS Gerard Smith MRICS FAAV</b>
<b>Date and place of hearing</b>	:	<b>13<sup>th</sup> October 2016 at the Court House, 80 Victoria Avenue, Southend-on-Sea SS2 6EU</b>

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**DECISION**

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1. The amount to be paid into court for the freehold of the property is £15,500 calculated in accordance with the Schedule attached to this decision. The Tribunal notes that the vesting order allows a deduction to be made in respect of costs. However this does not form part of the valuation exercise by the Tribunal to ascertain the appropriate amount to be paid into court in accordance with subsection 27(5) of the 1993 Act. There is no power under the 1993 Act to make any such deduction.
2. The remaining terms of the transfer are as set out in the document in the bundle provided to the Tribunal by the Applicant's solicitors as approved by the Tribunal subject, of course, to (a) any reasonable requisitions which may be raised by the Land Registry, (b) the correct recital for the amount

to be paid into court rather than being paid to the Respondent and (c) the insertion of that amount.

## Reasons

### Introduction

3. This application is for the Tribunal to determine the terms (including the price) of the collective enfranchisement of the freehold of the property consisting of two flats following a vesting order made by Deputy District Judge Reardon on the 6<sup>th</sup> July 2016. The existing freehold owners cannot be found.
4. The said order does not actually dispense with the service of an Initial Notice but as a vesting order was clearly made, this is of no concern to the Tribunal. A combination of the effects of sections 1(8) and 27(1)(b) of the **Leasehold Reform, Housing & Urban Development Act 1993** ("the Act") and the terms of the said order mean that the valuation date is 14<sup>th</sup> June 2016.
5. The freehold title is subject to 2 leases namely:-
  - (a) 7 Quebec Avenue (first floor), let on a lease for 99 years from the 24<sup>th</sup> June 1987 with a ground rent of £50 per annum for the term,
  - (b) 7A Quebec Avenue (ground floor), let on a lease for 99 years from 24<sup>th</sup> June 1987 with a ground rent of £50 per annum for the term.

### The Inspection

6. The members of the Tribunal inspected the property in the presence of the expert witness of the Applicants namely Mike Stapleton FRICS. His report had been sent to the Tribunal before the inspection. The location is in a central position close to Southend town centre and is in reasonably close proximity to 2 railway stations with commuter trains into 2 central London stations. It is a converted mid terraced house of brick construction under an interlocking concrete tiled pitched roof built in the late 19<sup>th</sup> or early 20<sup>th</sup> century and with mostly uPVC windows.
7. Through the front door is a small hallway off which are doors to each flat. The ground floor consists of a large lounge at the front; then a double bedroom with a door to the rear; then a second reception room leading to the large/diner kitchen off which is the bathroom. There is a door to a small yard.
8. The first floor flat is reached by a staircase off the hall which goes up to a landing off which is a large lounge/diner at the front; then a double bedroom which had room for a cot; then a bathroom; then a small kitchen. At the rear is a room which could be another double bedroom with a door to the rear which consists of a balcony covered in a Perspex roof and a staircase down to a medium sized garden at the rear. There is gas fired central heating with radiators to both flats.
9. The outside was in reasonable decorative order. Neither flat appeared to have been improved enough to require specific allowances in the price.

### The Law

10. The price to be paid on collective enfranchisement is calculated in accordance with the provisions of Schedule 6 of the 1993 Act. The price includes (a) the value of the freeholder's interest if sold on the open market calculated in accordance with the assumptions in Paragraph 3 of the Schedule (b) the freeholder's share of the marriage value and (c) any compensation payable to the freeholder under Paragraph 5 of the Schedule.

### **The Hearing**

11. The hearing was attended only by Mr. Stapleton. The members of the Tribunal had been able to discuss the evidence after the inspection but before the hearing and had determined that Mr. Stapleton's basic figures would be accepted. However, the Tribunal noted that there was an error in the calculations because the wrong unexpired term had been used. This was partly due to an error in the Land Registry charges register which describes the commencement of the term for 7 Quebec Avenue as being 24<sup>th</sup> June 1989 rather than 24<sup>th</sup> June 1987 which is what the lease says.
12. There was also a slight error in the report as Mr. Stapleton had said that the capitalisation rate for ground rent should be 7.5% rather than the 7% used in the calculation. The Tribunal agreed that 7% was correct.
13. There was a brief discussion about whether there was any development potential for the roof void. Both Mr. Stapleton and the Tribunal members agreed that it probably had no real value. Finally, the Tribunal enquired of Mr. Stapleton whether he knew of the layout of 15 Quebec Avenue which was one of the comparables used. He said that he couldn't be sure but he had been in several of the properties in this road and they were all basically the same.
14. Mr. Stapleton readily agreed to correct the errors and he then helpfully provided an up to date calculation with which the Tribunal agreed.

### **Conclusions**

15. As has been said, the revised figures supplied by Mr. Stapleton were agreed by the Tribunal.
16. As far as the draft transfer is concerned, the Tribunal determined that it was agreed save for the matters set out in the decision above.

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**Bruce Edgington**  
**Regional Judge**  
**18<sup>th</sup> October 2016**

## **ANNEX - RIGHTS OF APPEAL**

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.



## Collective Enfranchisement Valuation

Property: 7 Quebec Avenue, Southend-on-Sea SS1 2DE  
 Prepared By: M W Stapleton FRICS  
 Date: 15/6/18

Assessment of premium to be paid for a collective enfranchisement valuation, in accordance with Schedule 6 of the Leasehold Reform & Housing and Urban Development Act 1993 (as amended by Housing Act 1996) and Commonhold & Leasehold Reform Act 2002.

Years Remaining 70.02	Extended £272,500
Yield 7.00%	Relativity 92.50%
Marriage Rate 50.00%	Existing £252,083

### First Term

Ground Rent				£100.00	
Years Purchase	70.02	years @	7.00%	14,160.00	
				£1,416.00	£1,416.00

### Reversion

Virtual Freehold Value				£272,500	
Present Value £1 in	70.02	years @	5.00%	0.0328	
				£8,946	
Freeholders existing interest					£10,362.22

### b) After

Rent (peppercorn)				£0.00	
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### Calculation of Marriage Value

Extended Lease				£272,500	
Freeholders present interest				£10,362	
Existing lessee's interest		rate @	92.50%	£252,083	
Marriage Value				£10,075	
Freeholders share of marriage value		50%			£5,037.64

### c) Compensation

Compensation					£100
					£15,499.88
Premium payable by Lessee				Say,	£15,500.00