



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

Case reference	:	DD/LON/00BJ/OCE/2016/0053
Property	:	9 & 9A Renmuir Street, London SW17 9SR
Applicant	:	Pradip Morarji Savjani, Chintan Savjani, Vasant Kumar Nagji, Claire Elizabeth Saunders and Victor James Tuhill Roffey
Representative	:	Hetheringtons Solicitors
Respondent	:	Farooq Khan (missing landlord)
Representative	:	None
Type of application	:	Collective Enfranchisement
Tribunal member(s)	:	P M J Casey, MRICS
Date and venue of Hearing	:	Paper Hearing determined on 23 March 2016 at 10 Alfred Place, London WC1E 7LR
Date of Decision	:	4 April 2016

DECISION

- (1) The Tribunal determines that the price to be paid into court in respect of purchase of the freehold of 9 and 9A Renmuir Street is £5,000.
- (2) The Tribunal approves the draft proposed transfer in form TR1 which has been submitted by the applicants.

capitalization of the ground rent for the term of the lease, the deferment of the freehold reversion in the flat to the end of the lease and an addition for development value.

8. He again adopts a yield of 7% to capitalize the ground rents and whilst it could be argued a lower rate might be used to reflect the more dynamic rent review pattern compared with No 9 this is not outside the range of appropriate capitalization rates for such an investment. However his rounding down of the figures for years purchase and present value of £1 are rather generous to the applicants and he undervalues the ground rents by some £100.
9. For the freehold reversion he adopts a vacant possession value of £395,000 though he says comparables are hard to find and only one sale is referred to in the report, 54 Pitcairn Road sold for £399,500 in November 2015 though in January 2015 it was being marketed at £385,000. No 9A had been on the market itself in 2014 but despite over 100 viewings the only offer made was £415,000 which was rejected. Mr Morehen allows £20,000 as the effect on value of improvements said to include the installation of PVCU windows, gas fired central heating and modern kitchen fittings. He adopts an unimproved value of £395,000. Whether or not the improvements truly are such and not merely repair or renewal unless very recently undertaken they are unlikely to have the impact claimed on value but even if £415,000 were adopted as the value of the reversion and a more accurate deferment factor than Mr Morehen's rather generously rounded down figure using, correctly, a 5% deferment rate the resulting valuation of the reversion is not understated by more than £200.
10. The third element of the valuation is the addition of a sum of £500 to reflect development value. In March 2014 planning consent was obtained for a second floor extension to provide two further bedrooms and a bathroom. The roof space is already included in the demise and whilst the consent of the lessor would be required to carry out the works it cannot be withheld unreasonably. The planning consent was extant when the offer of £415,000 was made and given the extent of the demise it is hard to understand why any sum need be added to the value of the freehold interest. However this addition does offset the slightly understated values in the other elements.
11. Looked at overall the tribunal accepts that the total purchase price of £5,000 calculated by Mr Morehen is an appropriate amount to be paid into Court on the vesting of the freehold interest.
12. The draft transfer document (TR1) included in the hearing bundle is also approved.
13. In the circumstances of this case the tribunal does not propose to produce its own valuation but a copy of Mr Morehen's is appended.

Name: PATRICK M J CASEY

Date: 4 April 2016

Calculation of Valuation

My calculation of a reasonable premium that the lessees should pay to purchase the freehold interest is as follows:-

Ground Floor Flat

Lease : 30 June 2006 for 999 years
Ground Rent: 30 June 2006 – 29 June 2039 - £50 per annum
30 June 2039 – 29 June 2072 - £100 per annum
30 June 2072 for remainder of lease term - £150 per annum

Valuation

Term

Ground Rent	£50 pa		
YP 24.17 years at 7%	11.5		
			£575
Ground Rent	£100 pa		
YP 33 years at 7%	12.75		
PV £1 24.17 years at 7%	0.19		
			£242
Ground Rent	£150 pa		
YP 133 years at 7%	14.28		
PV £1 57.17 years at 7%	0.02		
			£43
			<u>£860</u>

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First Floor Flat

Lease : 29 September 2002 for 125 years
Ground Rent: 29 September 2002 – 28 September 2027 - £100 per annum
 29 September 2027 – 28 September 2052 - £200 per annum
 29 September 2052 – 28 September 2077 - £300 per annum
 29 September 2077 – 28 September 2102 - £400 per annum
 29 September 2102 – 29 September 2127 - £500 per annum

Valuation

Term

Ground Rent	£100 pa		
YP 12.4 years at 7%	8		
			£800
Ground Rent	£200 pa		
YP 25 years at 7%	11.65		
PV £1 12.4 years at 7%	0.4		
			£932
Ground Rent	£300 pa		
YP 25 years at 7%	11.65		
PV £1 37.4 years at 7%	0.07		
			£245
Ground Rent	£400 pa		
YP 25 years at 7%	11.65		
PV £1 62.4 years at 7%	0.01		
			£47
Ground Rent	£500 pa		
YP 25 years at 7%	11.65		
PV £1 87.4 years at 7%	0.003		
		£17	£2,041

Reversion

To Vacant Possession value	£395,000		
PV £1 112.4 years at 5%	0.0041		
			£1,619
			£3,660

Allowance for Development Value £500

Brought forward – Ground Floor Flat £860

TOTAL FREEHOLD VALUE	£5,200
SAY	<u>£5,000</u>