

4415



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

Case Reference : **RC/LON/00AP/OLR/2017/0042**

Property : **Ground Floor Flat, 53 Harringay Road, London N15 3HU**

Applicant : **Yaser Maqsud and Saira Jabeen Maqsud**

Representative : **Streathers Highgate LLP**

Respondent : **Moisis Koumi**

Representative : **N/A**

Type of Application : **S50/51 Leasehold Reform Housing and Urban Development Act 1993, Missing Landlord**

Tribunal Members : **P M J Casey MRICS**

Date and venue of Hearing : **Paper hearing on 6 March 2017
10 Alfred Place, London WC1E 7LR**

Date of Decision : **17 March 2017**

DECISION

Decisions of the tribunal

- (1) The tribunal determines that the premium payable on the grant of a new lease of the groundfloor flat at 53 Haringay Road, London N15 3HU (“the property”) is the sum of £7,000.
- (2) The tribunal makes the determinations as set out under the various headings in this decision

The application

1. The applicants seek a determination by the Tribunal pursuant to an order made under the provisions of S50(1) of the Leasehold Reform Housing and Urban Development Act 1993 (“the Act”) by District Judge Manners sitting at the County Court at Edmonton on 19 December 2016 of the premium to be paid into Court and other terms on the grant of a new lease of the property under the relevant provisions of the Act.
2. The order was made in response to a claim made to the Court on 21 July 2016 by Streathers Highgate LLP, Solicitors Ltd on behalf of the applicants in which it was said that the applicants were entitled to acquire a new lease of the property under the provisions of the Act but had been unable to exercise the right by serving the requisite notice under S42 on the landlord, Moisis Koumi, because his whereabouts were unknown.

The hearing

3. In response to the Tribunal’s directions, dated 12 January 2017, which provided for a determination on the papers to be submitted, the applicants’ solicitors provided a bundle of documents including a valuation report dated 30 January 2017 addressed to the Tribunal and prepared by J A Rollings BA (Hons) MRICS of Prickett & Ellis, Surveyors. The report contained the requisite declarations required of a Surveyor acting as an expert witness.
4. The Tribunal considered the hearing bundle on 6 March 2017. No inspection of the property was deemed necessary given the description, plans and photographs included in the report.

The evidence

5. From Mr Rollings’ description of the property it is a two bedroomed converted flat on the ground floor of a detached Victorian house. It has been modernized and maintained to a reasonable standard including gas fired central heating but no tenants’ improvements are claimed.

6. The property is held on a 117 year lease from 23 December 1981 subject, at the valuation date, to a ground rent payment of £50.00 per annum which rises to £75 in 2047.
7. At the Valuation Date, 21 July 2016, the lease had 82.4 years unexpired.
8. Mr Rollings provides market evidence for the extended lease value of the property as at the Valuation Date by reference to five transactions involving similar properties at around that time the details of which are provided in the report. He makes various adjustments to the sale prices achieved by these properties to reflect the differing sale dates, differences in size and location and for the benefit of a garden.
9. From this evidence he says the value of an extended lease in the subject property for a term of 207 years at a peppercorn ground rent and on the lease terms proposed is £350,000. He increases this by 1% to give a virtual freehold value of £353,535.
10. To capitalise the ground rent income for the unexpired term of the existing lease in his valuation of the existing freehold interest in the property he adopts a rate of 7% whilst to arrive at the present value of the freeholder's right to possession on the expiration of the existing lease term he adopts the "Sportelli" deferment rate of 5%.
11. As the unexpired lease term at the valuation date is greater than 80 years no marriage value is payable.
12. His valuation attached to his report produces a premium of £7,000.

The decision

13. Mr Rollings adoption of a capitalization rate of 7% cannot in the present case be faulted where there is a relatively low ground rent and again, in the absence of extensive evidence to the contrary, his adoption of the "Sportelli" deferment rate of 5% is accepted.
14. The comparable sales evidence provided fully supports an extended lease value of £350,000 and the 1% uplift to the virtual freehold value accords with the tribunal's experience of cases involving outer London properties where the extended lease will be for a term exceeding 150 years.
15. As the tribunal approves Mr Rollings' valuation producing a premium of £7,000 does not propose producing its own valuation but a copy of Mr Rollings' is appended.

16. No other sums are payable as no ground rent, service charge or insurance contributions have been demanded for many years.
17. A draft of the Deed of Surrender and Grant of New Lease was forwarded to the Tribunal. The terms of this draft are approved by the tribunal save that at LR5.2 the word "Housing" has been omitted from the title of the Act and at (E) the reference to "company" is not understood. Should this be Court? The draft lease when revised as above and completed with the entry of the premium payable should be referred to the Court for execution.

Name: Patrick M J Casey

Date: 17 March 2017

ADDRESS	53 Harringay Road, London N15 3HU		
VALUATION DATE	20.07.2016		
LEASE TERM	117 years from 25.12.1981	(82.4 yrs unexp.)	
GROUND RENT	£30 rising to £75 per annum		
CAPITALISATION RATE	7%		
DEFERMENT RATE	5%		
VAL OF EXTENDED LEASE	350000		
RELATIVITY	n/a		
VALUE TO LANDLORD IN POSSESSION	353535	360000 x(100/99)	

Years Rate

Diminution in the value of the landlord's interest:

Ground Rent				50	
YP	31.4	7.00		<u>12.5786</u>	629
Revised Ground Rent				75	
YP	51	7.00	13.8325		
PV 1£ Def	31.4	7.00	0.1195	<u>1.6529</u>	124
Value of present reversion:					
Value in possession to the landlord				353535	
PV £1 def	82.4	5.00		<u>0.0179</u>	6345
Deduct value of proposed reversion:					
Value in possession to the landlord				353535	
PV £1 def	172.4	5.00		<u>0.0002</u>	79 7019
<u>Marriage Value:</u>					<u>0</u>
					<u>7019</u>
<u>LEASE RENEWAL PREMIUM</u>				say,	<u>7000</u>