



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

Case Reference : CHI/29UN/OCE/2018/0031

Property : 21 Artillery Road, Ramsgate, Kent CT11 8PT

Applicant : Rossina Harris and Mary Strachan

Representative : Gaby Hardwicke Solicitors

Respondent : George Satanas (Whereabouts unknown)

Representative :

Type of Application : Collective Enfranchisement (Missing Landlord) S.26 and 27 Leasehold Reform Housing and Urban Development Act 1993

Tribunal Member : Mr D Banfield FRICS

Date of Decision : 28 November 2018

DECISION

Summary of Decision

- **The Tribunal has determined for the reasons set out below that the appropriate sum to be paid is £3,391.98 being a price of £11,833 less total costs of £8,441.02.**
- **The draft TR1 is approved subject to the amendments referred to below.**

Background

1. Deputy District Judge Adams sitting in the County Court at Canterbury made an order dated 23 August 2018 directing that the First-tier Tribunal (Property Chamber) should;
 - a. Approve the form of conveyance
 - b. Determine the price which would be payable for the Defendant's freehold interest in the Premises in accordance with Schedule 6 of the 1993 Act if the interest was being acquired in pursuance of a notice under section 13 of the 1993 Act, in accordance with Section 27(5)(b) of the 1993 Act
 - c. Any amounts due in accordance with section 27(5)(b) of the 1993 Act.
2. Directions were made on 12 October 2018 indicating that the application would be dealt with on the papers unless an objection was received.
3. No objection has been received and the matter is therefore determined on the bundle provided by the applicant which includes an expert report dated 6 November 2018 from Jeremy Parkin MRICS which values the premium to be paid at £6,000.
4. The Tribunal has not inspected the property.

Evidence

Valuation

5. Mr Parkin's expert report describes the property as a four-storey end of terrace house which has been converted to provide 3 self-contained flats as follows;
 - a. Not inspected but the accommodation is assumed to be the same as Flat 2 with one bedroom. In addition, there is an external amenity area comprising a courtyard.
 - b. A ground floor flat with access from the communal entrance hall. Hallway, kitchen/lounge/diner 4.8mx3.0m, bedroom 3.1m x 2.5m with doors to a balcony, bathroom 2.8m x 1.4m.

- c. Accessed from the communal hallway via stairs leading to the first-floor landing. Lounge/kitchen/diner 4.2m x 3.1m with en-suite shower room 2.6m x 0.7m. half landing, utility room 1.0m x 0.7m. Second floor landing, bedroom 3.9m x 2.1m, bathroom 2.1m x 1.9m.
6. There is no garage or off-street parking.
 7. The three leases are on similar terms and are all for 125 years from 1 January 2006 each with an initial ground rent of £100 per annum increasing by £100 per annum every 25 years.
 8. Mr Parkin says that he has been informed that Flat 2 has had the kitchen upgraded, a new shower installed and new electric heaters within the two years since June 2016. In addition, the balcony was installed. To reflect these improvements, he makes an allowance of £5,000.
 9. He is also advised that Flat 3 has had similar improvements together with the creation of an en-suite shower room. To reflect these improvements, he allows £7,500.
 10. As he has been unable to inspect Flat 1 he makes no allowance for improvements.
 11. Mr Parkin refers to the following comparables;
 - 1 Bedroom flats
 - a. Flat 1, 44 Hardres Street, Ground floor, 125-year lease, sold STC for £121,000
 - b. Flat 4, Gina Court, 22 Victoria Road, Ground floor, 99 years remaining, sold STC for £115,000
 - c. 97 King Street, top floor, 99 years remaining, sold STC £107,000
 - 2 Bedroom flats
 - d. Flat 1,65-67 King Street, Ground floor, 83 years remaining, sold STC £102,000
 - e. 20 Loughborough Court, Sussex Street, second floor, 88 years remaining, sold STC £118,000
 - f. 18 Dormans Yard, Victoria Road, en suite bathroom, first floor, 115 years remaining, sold STC £125,000
 - Freehold sales
 - g. Barber Court, 14-16 Harold Rd Cliftonville. 8 flats with ground rents of £250 each rising by £250 every 25 years sold at auction on 29 October 2018 for £36,000 reflecting a yield of 5.56%
 - h. 103 High Street, Herne Bay. Three flats producing £350 per annum sold at auction on 20 September 2018 for £7,000 reflecting a yield of 5%.

- i. Harold Mews, 39 Harold Rd Margate. Ground rent of £1,100 per annum, sold 19 April 2018 for £35,000. Initial yield 3.14% but enhanced by reversions with 71 years unexpired.
 - j. 21 Canonbury Rd, Ramsgate. Four flats with 125-year leases from 1/1/2004 producing £150 per flat. Sold 30 October 2017 for £12,000 reflecting a yield of 5%.
12. Based on his comparable Mr Parkin considers the market values of the long leasehold interests in the flats are;
 - a. £95,000
 - b. £110,000
 - c. £115,000
13. After deducting for the improvements referred to in paragraphs 8 and 9 he arrives at adjusted market values of;
 - a. £95,000
 - b. £105,000
 - c. £107,500
14. Confirming that his valuation is in accordance the Leasehold and Commonhold Reform Act 1993 he capitalizes the ground rent income at 5% though does not give reasons for his choice.
15. On this basis he is of the opinion that the value to the Freeholder of the leasehold interests to the flats are;
 - a. £1,995
 - b. £1,975
 - c. £1,985
16. Worked valuation sheets are provided for each Flat indicating how he arrives at his valuations. In each case he values the “Ground Rent Value” and arrives at sums for Flats 1,2 & 3 of £3,913, £3,955 and £3,965 respectively. He then considers the marriage value which as he values both the unextended and extended leases at the same amounts results in minus figures for marriage value. Adding these minus amounts to the “Ground Rent Values” results in the reduced amounts shown at paragraph 15 above.
17. He then goes on to say that if the property were to be placed at auction it would attract an all risks yield of 5% on the current ground rent income of £300 giving a valuation of £6,000.

Terms of Transfer

18. A draft TR1 is in the bundle at pages 230 to 231.

Costs

19. The Tribunal's directions required a statement regarding the Tribunal's jurisdiction and details of the costs claimed.
20. In the applicant's statement paragraph 3 of the Court's Order of 21 August 2018 is set out

“3. The Defendant do pay the Claimants' costs of this Application summarily assessed by the Court in the sum of £4,805.72, together with the Claimants' reasonable costs of and occasioned by the application or applications to the Leasehold Valuation Tribunal under section 27 of the 1993 Act”

21. The costs occasioned by the application to the Tribunal are said to be £3,635.30 including VAT and disbursements made up as;
 - a. £1,800 in respect of all legal fees invoiced to date
 - b. £780 in respect of all valuation costs invoiced to date
 - c. £705.30 in respect of all unbilled legal costs
 - d. £350 in respect of the anticipated legal costs of lodging the bundle, considering the Tribunal's determination and reporting to the Applicants.
22. Copies of the invoices and time sheets have been supplied which cover the period from 22 August to 21 October 2018 together with projected costs from 22 October onwards.

Decision

Valuation

23. The Tribunal accepts the majority of Mr Parkin's valuation up to the point where he deducts the negative marriage values from the value of the reversions. No reasons are given for this deduction and the Tribunal is not satisfied that it is correct to do so.
24. The Tribunal therefore adopts Mr Parkin's valuations as referred to in paragraph in paragraph 16 above;
 1. £3,913
 2. £3,955
 3. £3,965
 - Total £11,833
25. **The Tribunal therefore determines that the price to be paid for the freehold interest is £11,833.**

Costs

26. The Tribunal is conscious that the Order of Deputy District Judge Adams does not specifically require the tribunal to determine the applicant's costs. However, as the determination of such costs are matters which fall within the Tribunal's regular jurisdiction it has undertaken the task.
27. The Tribunal has considered the evidence of legal and other costs incurred or to be incurred and determines that the appropriate amount is the sum claimed; **£3,635.30**.
28. The net sum to be paid into court is therefore £11,833 less the summarily assessed Court costs of £4,805.72 and the costs of £3,635.30 referred to above. The amount remaining is therefore **£3,391.98**.

TR1

29. The draft TR1 is approved subject to the following amendments;
 - a. Panel 8; Delete the receipt by the transferor and insert "The sum of £3,391.98 (three thousand three hundred and ninety-one pounds and ninety-eight pence) has been paid into Court.
 - b. Panel 12; Add "Signed as a Deed by the officer of the Court nominated to execute this deed on behalf of George Satanas in accordance with the Order of the Court dated 23 August 2018."

D Banfield FRICS

28 November 2018

PERMISSION TO APPEAL

1. A person wishing to appeal the decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.

3. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.