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

Case Reference : CHI/00HC/OAF/2018/0004

Property : 43 Perrymead, Weston-super-Mare BS22 7FB

Applicant : Mr K and Mrs S C Cridge

Representative : Berry Redmond Gordon & Penney, solicitors

Respondent : The successors in title of Catherine Wallop

Representative :

Type of Application : Leasehold Reform Act 1967 (Missing Landlord)

Tribunal Member : Mr D Banfield FRICS

:

Date of Decision : 21 May 2018

DECISION

Summary of Decision

The Tribunal has determined for the reasons set out below that the price payable by the Applicant for the freehold reversion of the property is to be the sum of £7,430 and the amount of unpaid pecuniary rent payable for the property up to the date of the proposed conveyance is nil.

Background

1. By an Order dated 19 December 2017 District Judge Field sitting at the County Court at Weston-super-Mare directed that the First-tier Tribunal (Property Chamber) assess the appropriate sum in accordance with S27(5) of the Leasehold Reform Act 1967.(The Act)
2. Enclosed with the application to the Tribunal was a valuation report prepared by Mr M.T.Ripley FRICS dated 8 February 2018.
3. An inspection of the property has not been made.

The Lease

4. The site is within two Titles; the majority is identified on the HM Land Registry plan edged red under title number AV166600 and is held by way of a lease for a term of 500 years from 1 September 1557 and made between Catherine Wallop and John and Isabel Thomas. The lease is subject to a yearly rent in respect of the whole of the premises of £1 6s 9d.
5. The remainder of the site is land locked amenity land regarded as part of the main site. It is held under title number ST192623.
6. Mr Ripley in his valuation states that no ground rent is paid, the beneficiaries being unknown.

The Law

7. Section 27(5) of the Act provides:
The appropriate sum which in accordance with Section 27(3) of the Act to be paid in to Court is the aggregate of:
 - a. *Such amount as may be determined by (or on appeal from) the appropriate Tribunal to be the price payable in accordance with Section 9 above; and*
 - b. *The amount or estimated amount (as so determined) of any pecuniary rent payable for the house and premises up to the date of the Conveyance which remains unpaid.*
8. Section 9 of the Act sets out in detail the assumptions to be made and the procedure to be followed in carrying out the valuation. The effect of Section 27(1) is that the valuation date is the date on which the application was made to the Court.
9. There are various bases set out in Section 9 of the Act and the Tribunal determines that the appropriate basis is in Subsection 9(1) being that on 31 March 1990 the Rateable value of the house and premises was not above £500.
10. The Tribunal has been referred to and takes account of the following decisions: *Arbib v Cadogan* (2005), *Cadogan Estates Limited v Sportelli* (2006) and *Clarice Properties Limited Appeal* (2012).

The Premises

11. The property comprises a detached two storey house built in the late 1980s.
12. The accommodation is described by Mr Ripley as comprising an entrance hall, cloakroom/WC, lounge/dining room, fitted kitchen, conservatory and former garage now arranged as living accommodation on the ground floor with four bedrooms, en-suite and a bathroom/WC on the first floor. There is a shallow open plan front garden and enclosed rear garden. .

Evidence and Decision

13. In a valuation report dated 8 February 2018 Mr M T Ripley FRICS determined that the value for the purposes of Section 27 of The Act as at 12 December 2017 is £3,935.
14. Mr Ripley made his determination on an open market value of the property of £275,000, a site value proportion of 25% (£68,750) a modern ground rent at 6% (£4,125) and a YP in perp at 7% deferred 40 years. This produced the rounded sum of £3,925.
15. Mr Ripley bases his open market value of £275,000 on the sale of five houses at prices between £239,000 and £295,000;
 - a. 1 Hobbiton Road, sold December 2017 for £268,000
 - b. 2 Gimblett Road, sold September 2017 for £282,000
 - c. 22 Lisle Road, sold August 2017 for £254,000
 - d. 7 Aconite Close, sold August 2017 for £295,000
 - e. 41 Walford Avenue, sold July 2017 for £239,000
16. The Tribunal accepts Mr Ripley's value of £275,000.
17. The Tribunal agrees that the deferment period is 40 years
18. Mr Ripley considers that the deferment rate should be 7% and the modern ground rent calculated on a 6% return. He justifies the departure from the 4.75% rate determined in Sportelli and the adoption of 6% for calculating the modern ground rent for the reasons set out in paragraphs 1 to 5 on page 3 of his report.
19. The Tribunal accepts that there are grounds to depart from the generic deferment rate of 4.75% but considers that a rate of 6% is more appropriate to reflect the differences and therefore applies that figure to the valuation below.
20. The Tribunal accepts a ground rent of 6% and site value proportion of 25%.

21. For the reasons set out in paragraph 6 of his report Mr Ripley considers that the staged approach adopted in Clarice is inappropriate and therefore adopts a single reversionary basis. The Tribunal disagrees and sees no justification for departing from the 3 stage approach.
22. In order to reflect the assumption that Schedule 10, paragraph 4 of the Housing Act 1989 applies to the tenancy and that it will continue until the appropriate notice is served a deduction of 3.85% is made to reflect the possibility that the tenant may obtain an assured tenancy at a market rent.
23. The Tribunal's valuation is therefore;

Value of current term with no rent payable,	£00.00
Value of first reversion;	
S.15 modern ground rent @6%	£4,125
Years purchase 40 years @6%	<u>15.0463</u>
	= £62,065
Present value of £1 in 40 years deferred @6%	<u>0.0972222</u>
	=£6,034
Value of second reversion:	
Entirety value £275,000	
Deduct 3.85%, £264,413	
Present value of £1 in 90 years deferred	
@ 6% = 0.0052780 =	=£1,395
Total:	<u>£7,429</u>

24. The Tribunal determines that the price payable is the rounded sum of £7,430.

25. The Tribunal determines the amount of pecuniary rent to be nil.

D Banfield FRICS
21 May 2018

1. A person wishing to appeal this 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. 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.
2. 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.

3. 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.