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

Case Reference : CHI/00MS/OAF/2017/0008

Property : 166 Middle Road, Sholing, Southampton, SO19 8FS

Applicants : Luke Anthony Bennett
Susan Janet Roberts and
Elizabeth Gomme

Representative : Abels Solicitors

Valuer : Mr C Evans MRICS Shore Residential Ltd

Respondent : Persons Unknown

Representative : None

Type of Application : To determine the price to be paid for the Freehold
interest pursuant to sections 9(1)(a) and 27
of the Leasehold Reform Act 1967.

Tribunal Members : Mr R. T. Brown FRICS

**Date of consideration
on paper** : 29th January 2018

Date of Decision : 31st January 2018

DECISION

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1. The Tribunal determines the value of the Freehold interest in accordance with the provisions of the Leasehold Reform Act 1967 at **£167.00**.
2. This decision is referred back to the County Court under reference number DooTA267.

Background

3. This application, made on the 13th December 2017, asks the Tribunal to determine the purchase price of the Freehold interest in a house pursuant to sections 9(1)(a) and 27 of the Leasehold Reform Act 1967 ("the Act").
4. The Applicants hold the long leasehold interest in the subject property. The Applicants wish to purchase the Freehold but have been unable to trace the Freeholder. Accordingly they applied to Taunton County Court for it to be transferred to them as joint tenants under section 27 of the Act which sets out the procedure to be followed where a landlord is missing.
5. The Order was granted by District Judge Prigg on 2nd November 2017 which requires the price to be paid for the Freehold to be determined by the First-tier Tribunal (Property Chamber). As identified in the Directions the order was granted under the Leasehold Reform and Urban Development Act 1993 and not the Leasehold Reform Act 1967 which applies in this case.
6. The Tribunal did not inspect the property and the matter was considered, in accordance with Directions, on the basis of the papers submitted notwithstanding the fact that the application to the County Court was made under the incorrect legislation (Leasehold Reform, Housing and Urban Development Act 1993 as opposed to the Leasehold reform Act 1967).

The Lease

7. The Applicants hold a Lease granted for a term of 1000 years from 24th June 1853. At the valuation date, which was the date of application to the County Court, about the 1st September 2017 (The actual date, which forms part of the valuation, was not identified in the papers submitted to the Tribunal), there were approximately 855 years unexpired. The annual fixed Ground Rent is £10.00 per annum.

The Law

8. Section 27 of the Act sets out procedural formalities. Section 9 sets out the valuation criteria to be adopted which are the same for missing landlord cases as cases where a landlord's identity is known.

Facts Found

8. By reference to Google Maps the property is located on the Eastern side of Southampton approximately 3 miles by road from the city centre.
9. By reference to the photographs and documents supplied by the Applicants the property is a detached house standing on a substantial corner plot which extends to over 1 acre.
10. Details of the number and size of rooms was not supplied to the Tribunal nor does it appear in the expert's report however from sales details found on Rightmove the property was identified as a three bedroom detached house in brick with tile roof .

Basis of Valuation

11. Section 9 of the Act requires the Valuer to assess the value of the Freeholder's interest for the duration of the present lease, followed by a notional 50 year lease extension at a modern ground rent, and finally to the reversionary value of the existing house or its site value if the house is assumed to have been demolished by that date. The valuation inputs are set out below.

Consideration

12. There was no hearing requested in this case and accordingly the Tribunal considered the matter by reference to the papers submitted.
14. Mr Evans MRICS submitted a report and based his valuation of the following factors:

Freehold Vacant Possession Value £315,000.00
Site Value Percentage 40.00%
Capitalisation of Existing Ground Rent 6.00%
Deferment Rate 5.50%
Remaining Term of Lease 855 years approx at the date of his valuation 23rd November 2017.
15. Applying those factors to his valuation Mr Ross calculated the value of the Freehold to be £167.00.
16. The Tribunal noted that the valuation date used by Mr Evans was incorrect, it should have been the date of the application to the County Court. From the papers the Tribunal was able to identify that the date of the application was around the 1st September 2017. Given the length of the unexpired term the effect on the valuation is minimal and the valuation date is assumed to be 1st September 2017.

17. Similarly the Tribunal might have taken issue with some of the constituent parts of the valuation. However, again, given the length of the unexpired term and the overall effect those issues would have on the valuation the Tribunal decided that it was inappropriate to pursue such matters further.
18. The Tribunal noted that no proposal or calculation had been made of the amount of outstanding Ground Rent which might be payable. The Tribunal find, given the amount of the Ground Rent (£10.00), that such arrears would be minimal and therefore makes no decision on this point.

Tribunal's Valuation

19. The Tribunal, having considered the information provided, including the substantial unexpired term of the lease, concluded that no benefit would be derived from challenging Mr Evans on the constituent parts of his valuation or the ground rent arrears. The Tribunal confirms Mr Evans valuation as being an appropriate amount to pay for the Freehold interest in the subject property.

Appeal Provisions

1. If either party is dissatisfied with this decision they may apply to this Tribunal for permission to appeal to the Upper tribunal (Lands Chamber). Any such application must be received within 28 days after these written reasons have been sent to the parties (rule 52 of The Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013).
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.

Robert Brown FRICS
Chairman