

LEASEHOLD VALUATION TRIBUNAL
FOR
LONDON RENT ASSESSMENT PANEL
DECISION
ON APPLICATION UNDER
SECTION 21 OF LEASEHOLD REFORM ACT 1967

RE: 103 Arlington Drive, Carshalton, Surrey, SM5 2EU

Applicant: Mrs R G Miller (Tenant)
Respondents: Mr R N & Mrs D R N Patel (Landlords)
Application: 11 February 2003
Heard: 10 June 2003
Appearances: Mrs A Rowley of Counsel for Tenant
with Ms M Elbogen of Messrs Stone & Stone Solicitors
and Mr C Avery FRICS of Avery Associates Chartered Surveyors
Landlords did not attend and were not represented

Members of the Leasehold Valuation Tribunal:
PROFESSOR J T FARRAND QC LLD FCI Arb Solicitor (Chairman)
MR P A COPLAND BSc FRICS
MR F W JAMES FRICS

1. The Tenant served a Notice of Claim to acquire the freehold of the property under the 1967 Act on the Landlords dated 4 February 2002. The Landlords' agents served a Notice in Reply admitting the Tenant's right dated 25 October 2002, ie outside the two months time allowed.
2. Then, on 4 November 2002, District Judge Cole sitting at Croydon County Court, having read the two Notices, "ordered by consent" that -
 1. It is declared that the claimant is entitled by virtue of the provisions of part 1 of the leasehold reform act 1967 to acquire the freehold of the house and premises at 103 Arlington drive, Carshalton Surrey.
 2. In the event that the parties cannot agree the value of the said freehold the matter be referred to the leasehold valuation tribunal to value the freehold.
 3. Upon the value being agreed or assessed the defendants do transfer to the said claimant the said freehold upon payment of the agreed or valued consideration.
 4. the defendants do pay to the claimant costs agreed in the sum of £1,193.13 to be deducted from the consideration of the said freehold.
3. Thereafter, by letter dated 15 January 2003, the Tenant's solicitors wrote to the Landlords' agents referring to a valuation made by Mr Avery for enfranchisement purposes and offering the sum of £8,840 for the freehold of the property. After deduction of costs, as ordered, this was a net sum of £7,646.87.
4. Evidently, no reply was received to that letter within the stipulated seven days or at all. Consequently, an Application was made to the Tribunal on behalf of the Tenant, dated 11 February 2003, for determination of the price payable under s.9 of the 1967 Act.
5. In compliance with Tribunal Directions, the Tenant's solicitors submitted a bundle of documents for the purposes of the Hearing, received on 5 June 2003. The covering letter dated (undated) stated it had been copied to the Landlords but that all attempts at contact, directly or via the agents, had been unsuccessful. The bundle included Mr Avery's written evidence setting out his valuation with explanations.
6. At the Hearing the Tribunal questioned Mr Avery about various elements of his valuation. In particular, it was confirmed that the valuation date should be as at the time when the Tenant's Notice of Claim was given (see ss.9(1) and 37(1)(d) of the 1967 Act) which was 4 February 2002.
7. The Tribunal inspected the property internally as well as externally on 11 June 2002 and confirmed Mr Avery's description of it, except as to

area, and of its location. The Tribunal also inspected externally certain other properties in the same road, which had been referred to as comparables.

8. The Tribunal accepted the structure of the valuation put forward by Mr Avery as being appropriate to a property within s.9(1) of the 1967 Act and also the data used, save for the following:-

(a) The unexpired term at the valuation date (4 February 2002) was 32 years and 325 days – say 33 years.

(b) The “entirety value” of the property on the valuation date, having regard to the comparables identified, was £160,000

(c) The gross external area appeared to have been understated at 65 sq m. The Tribunal considered that 75 sq m was a more accurate estimate.

(d) The capitalisation and deferment rate applied to the notional modern ground rent and the ultimate reversion should be 7.5%.

9. Accordingly the Tribunal made the following valuation:-

Present Ground rent	£5.50
YP 33 years @ 7.5%	<u>12.10</u>

£66

Hypothetical lease for 50 years

Capital value of Modern Ground rent pa
for site only payable for 50 years from
25th December 2034

“Entirety value” of house as at 4 th February 2002	£160,000
--	----------

Less Cost of construction 75 sq m @ £1,250	<u>£93,750</u>
---	----------------

Site value	£66,250
------------	---------

De-capitalised @ 7.5%	
Thus Modern ground rent =	£4,968

YP 50 years @ 7.5%	<u>12.97</u>
	£64,435

PV of £ in 33 yrs @ 7.5%	<u>0.0988</u>
--------------------------	---------------

		<u>£6,366</u>
Reversion to vacant possession value in 2084	£160,000	
PV of £ in 83 years @ 7.5%	<u>0.0024</u>	
		<u>£384</u>
<u>Enfranchisement Value</u>		<u>£6,816</u>

10. Accordingly, the Tribunal determined that the gross price payable by the Tenant for acquiring the freehold of the house and premises at 103 Arlington Drive is the sum of £6,816. However, the sum of £1,193.13 must be deducted under the County Court Order (see para.2 above) so that the net sum payable for the enfranchisement is £5,622.87.

CHAIRMAN

Julie Funn

DATE

24th June 2003