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

Case Reference : **LON/OOBB/OCE/2013/0267**

Property : **240 Strone Road, Manor Park,
London E12 6TP**

Applicants : **Salih Mehmet, Cenk Mehmet, Paul
Alexander Munden and Susan Jane
Munden**

Representative : **Ringley Legal Services LLP**

Respondents : **Pauline Gwendoline Brown and
Deborah Pauline Grimes**

Representative : **None**

Type of application : **To determine the terms on which
the freehold is to be acquired
where the landlord is missing**

Tribunal members : **Angus Andrew
Alan Manson FRICS**

Date of determination : **22 January 2014**

DECISION

1. This is an application under section 26 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") to determine the price to be paid for and other terms of acquisition of the freehold of 240 Strone Road, Manor Park, London E12 6TP. The property comprises two single storey flats, one on the ground floor and the other on the first floor. Both flats are of modest proportions although the ground floor flat has the benefit of the rear garden. Each is held on a lease for a term of 99 years from 25 March 1980 and both reserve an annual ground rent of £20.
2. We assume that the applicants' assertion in their particulars of claim that they served a claim notice on the respondents on 9 April 2013 is wrong because District Judge Sarah Davies on 19 November 2013 made her order under section 26 of the Act that applies to applications where the landlord cannot be found rather than under section 25 of the Act that applies to applications where the landlord fails to give a counter-notice. Certainly we have proceeded on the basis that this is a missing landlord case and we have determined the terms of acquisition of the freehold in accordance with sections 26 and 27 of the Act.
3. The applicants rely on a valuation report prepared by David Field FRICS of Ringley, chartered surveyors. He has inspected the property and describes it as being in a primary residential location. It was built in approximately 1900 as a two storey terraced house and was subsequently converted into two self-contained flats.
4. Mr Field concludes that ground floor flat with the garden has an extended lease value of £155,000 and that the first floor flat has an extended lease value of £125,000. He has based those values on a number of comparable transactions the most relevant being the sale of a ground floor flat at 269 Strone Road in November 2013 for £125,000 with a new 125 year lease. He then uplifts the extended lease values by 1% to arrive at freehold values for each flat of £156,550 and £126,250 respectively. Thus he values the freehold of the property on the valuation date at £282,800.
5. Mr Field takes 19 November 2013 as the valuation date. The date of the application to the county court is the correct valuation date (see section 27(1)(b) of the Act) and the application was made on 10 September 2013. Consequently at the valuation date the unexpired term of each lease was 65.5 years rather than the 65.35 years adopted by Mr Field. However for the purpose of calculating the existing lease values the difference is immaterial. We accept the relativity of 88.50% adopted by Mr Field, which is taken from a basket of common

relativity graphs. Thus we agree with Mr Fields' existing lease values of £137,175 and £110,625: £247,800 in total.

6. Mr Fields has applied a capitalisation rate of 8%, which we consider to be appropriate for the very low ground rents that are not subject to upward review. Equally we agree with the deferment rate of 5% adopted by Mr Field, which is consistent with Sportelli. However the application of the correct valuation date results in slightly lower deferred freehold values.
7. In calculating the marriage value the value of the existing interests should be deducted from the freehold rather than the extended lease values. This results in a total marriage value of £22,923.23 rather than the £20,040 calculated by Mr Field. Taking these adjustments into account and rounding the valuation to the nearest pound we find that the price to be paid for the freehold interest is £23,538 of which £13,017 is attributable to the ground floor flat and £10,521 to the first floor flat. Our revised valuation is attached to this decision.
8. We are asked to approve the form of transfer. We are content with the draft form TR1 which has been submitted at pages 200 to 2002 of the document bundle, which is approved as drawn.

Name: Angus Andrew

Date: 22 January 2014

240B Strone Road, Manor Park, London E12 6TP

valuation date 10.09.2013

Lease 99 years from 25.03.80 65.5 years remaining
Ground Rent £20

Capitalisation 8.00%
Deferment 5%
Relativity 88.50%
Unimproved Extended Lease Value £125,000
Freehold Reversionary Value (UEL+1%) £126,250

Future Value of Leasehold Interest £126,250
Future Value of Freehold Interest £0
Total Value of Future Interests £126,250.00

Present Value of Leasehold Interest £110,625

Present Freehold Value

Ground Rent £20
YP 65.5 12.4191
£248.38

Reversion to £126,250
PV 65.5 0.0409477
£5,169.65

Total £5,418.03

Total Value of Present Interests £116,043.03

Marriage Value £10,206.97
50% £5,103.49
Add diminution in Freehold Value £5,418.03
Total **£10,521.51**

Flat A £13,016.87 55.30%
Flat B £10,521.51 44.70%

Total **£23,538.38** 100%

240A Strone Road, Manor Park, London E12 6TP

valuation date 10.09.2013

Lease 99 years from 25.03.80 65.5 years remaining
Ground Rent £20

Capitalisation 8.00%
Deferment 5%
Relativity 88.50%
Unimproved Extended Lease Value £155,000
Freehold Reversionary Value (UEL+1%) £156,550

Future Value of Leasehold Interest £156,550

Future Value of Freehold Interest £0

Total Value of Future Interests £156,550.00

Present Value of Leasehold Interest £137,175

Present Freehold Value

Ground Rent £20
YP 65.5 12.4191
£248.38

Reversion to £156,550
PV 65.5 0.0409477
£6,410.36

Total £6,658.74

Total Value of Present Interests £143,833.74

Marriage Value £12,716.26
50% £6,358.13
Add diminution in Freehold Value £6,658.74
Total **£13,016.87**