



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

**Case Reference** : **BIR/41UB/OAF/2017/0013**

**Property** : **89 Hednesford Road, Rugeley,  
Staffordshire WS15 1JS**

**Applicants** : **Timothy Stanley Burton  
Catherine Mary Hancock**

**Representative** : **Adcocks solicitors**

**Respondents** : **Persons unknown**

**Type of Application** : **Leasehold Reform Act 1967  
Section 27(5)**

**Members of Tribunal** : **Judge D Jackson  
JA Turner FRICS**

**Date of decision** : **15 September 2017**

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**Decision**

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## Decision

1. For the purposes of section 27(5) of the Leasehold Reform Act 1967 (“the Act”) the appropriate sum to be paid into court under section 27(3) is:

- a) £5441 being the price payable in accordance with section 9 of the Act.
- b) The amount of any pecuniary rent payable for the Property which remains unpaid is nil.

## Inspection

2. We inspected the Property on the morning of 24<sup>th</sup> August 2017.
3. The Property is incorrectly referred to in the application as an end of terrace house. The Property is, in fact, a two storey semi-detached house built in the 1960's.
3. The ground floor accommodation comprises porch and hallway, through lounge/dining room together with fitted kitchen and a pantry.
4. Upstairs there are 3 bedrooms and a bathroom.
5. The Property has UPVC double glazing throughout and gas fired central heating.
6. The frontage comprises front garden and driveway.
7. The Property has a rear garden.
8. There is an attached single storey garage with access from the kitchen to a rear extension comprising a utility area.

## Reasons

9. The Applicant made a CPR Part 8 Claim for a Vesting Order pursuant to section 27 of the Act in the County Court at Walsall. The Issue date was 6<sup>th</sup> March 2017. Accordingly under section 27(1)(b) of the Act the valuation date is 6<sup>th</sup> March 2017.
10. The Applicant's leasehold title is registered at HM Land Registry under Title No: SF488755. The Property is held under the terms of a Lease (“the Lease”) dated 11<sup>th</sup> October 1961 and made between Business Assistance Company Limited (1) and David Larden(2) whereby the Property was demised for a term of 99 years from 25<sup>th</sup> March 1961 reserving a yearly rent of £15.
11. Accordingly as at date of issue of the Claim the unexpired term was 43 years (and not 44 years as contended by the Applicants' Valuer).
12. On 24<sup>th</sup> April 2017 District Judge Rouine sitting at the County Court at Walsall directed the Applicant to make application to the Tribunal for determination of the appropriate sum payable for the freehold interest.
13. In reaching our decision we have considered a Valuation dated 25<sup>th</sup> March 2017 (revised 19<sup>th</sup> July 2017) prepared on behalf of the Applicant by Geoffrey Bates FRICS.
14. Following **Clarise Properties Limited (167 Kingshurst Road)** [2012] UKUT 4 (LC) Mr Bates has correctly carried out a three stage valuation.

15. The first stage requires capitalisation of the ground rent for the term. We find a capitalisation rate of 7% is entirely appropriate having regard to the small ground rent of £15 per annum and the disproportionate collection costs.
16. The second stage requires the Tribunal to determine and capitalise a section 15 modern ground rent. This requires the Tribunal to determine Entirety Value, Site Apportionment and deferment rate.
17. In relation to Entirety Value Mr Bates has produced evidence of 7 transactions within his Valuation.
18. We adopt Mr Bates' analysis and valuation of £125,000 and determine Entirety Value of £125,000.
19. Mr Bates' adopts a figure of 32.5% Site Apportionment. We have inspected the Property. The house stands on a good plot with a wide frontage. It is a semi-detached house with room for a single storey attached garage at the side of the house itself. We therefore find that the appropriate figure for Site Apportionment is 33%.
20. We adopt deferment rate of 5.25% following **JGS Properties Ltd v King and others** [2017] UKUT 0233 (LC).
21. At the third stage we have to value the reversion to a standing house on the expiry of the 50 year lease extension. It is necessary to value the tenant's right to remain in possession after the 50 year lease extension under Schedule 10 of the Local Government and Housing Act 1999.
22. Mr Bates has not distinguished between entirety value (modernized, in good condition and fully utilizing the potential of the site) and standing house value (the value of the property in its existing form). He has however assumed that the value of the eventual reversion is equivalent to 85% of the current market value to reflect Schedule 10 rights and the unexpired term of 43 years.
23. Having regard to what was said in **Clarise** (where the unexpired term was only 28.5 years) we find that the deduction to reflect Schedule 10 rights of 85% of standing house value is too great. We determine that the value of the ultimate reversion is 95% of standing house value to reflect Schedule 10 rights.
24. There is no unpaid rent. There has been no demand for rent. The provisions of sections 47 and 48 of the Landlord and Tenant Act 1987 and section 166(1) Commonhold and Leasehold Reform Act 2002 (requirement to notify long leaseholders that rent is due) have not been complied with. A tenant is not liable to make payment of rent under a lease unless the Landlord has given him notice relating to the payment.

## Valuation

Term 43 Years

Ground Rent £15 p.a

YP for 43 years @7% 13.5070 £203

### First Reversion to new 50 year lease

Entirety Value £125,000

Site Apportionment @33% £41,250

Section 15 Rent @5.25% £2,166

YP for 50 years @5.25% 17.5728 £38,063

PV of £1 in 43 years @5.25% 0.1108 £4,217

### Second Reversion deferred 93 years

Entirety Value @ 95% £118,750

PV of £1 in 93 years @5.25% 0.0086 £1,021

**Price £5,441**

D Jackson  
Judge of the First-tier Tribunal

Either party may appeal this decision to the Upper Tribunal (Lands Chamber) but must first apply to the First-tier Tribunal for permission. Any application for permission must be in writing, stating grounds relied upon, and be received by the First-tier Tribunal no later than 28 days after the Tribunal sends this written Decision to the party seeking permission.