



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

Case Reference : CHI/45UG/OLE/2015/0038

Property : 8-14 Walnut Park, Haywards Heath RH16
3TG

Applicant : All leaseholders

Representative : Coole & Haddock, Solicitors

Respondent : Meridian Housing Association Ltd
(missing)

Representative :

Type of Application : Leasehold Reform Housing and Urban
Development Act 1993 (Missing Landlord)

Tribunal Member : Mr D Banfield FRICS

Date of Decision : 4 November 2015

DECISION

Summary of Decision

The enfranchisement price determined for the freehold interest in the property comprised of title number WSX99672 is **£51,900**

The TRI requires amendment in accordance with paragraph 16 below.

Background

1. Following an application made by the Applicants issued 13 July 2015 Deputy District Judge Ashley-Smith sitting at the County Court at Brighton made an order dated 19 August 2015 paragraph 2 of which states: "The interest of the freeholder in the Premises under title number WSx99672 shall vest in the Claimants jointly, upon such terms and at such price as may be determined by the First-tier Tribunal (Property Chamber) to be appropriate, and in such a form approved by the said Tribunal in accordance with section 27 of the Leasehold Reform, Housing and Urban Development Act 1993 (the Act), upon payment into court of an amount calculated as follows:
 - a. Such amount as may be determined by the First-tier Tribunal (Property Chamber) to be the price which would be payable in respect of the Defendant's freehold interest in the Premises in accordance with Schedule 6 of the Act if the interest were being acquired in pursuance of a notice under section 13 of the Act, in accordance with section 27(5)(a) of the act; and
 - b. Any amount or estimated amounts determined by such a tribunal as being, at the time of execution of the conveyance, due to the Defendant from the Claimants as all of the Premises in accordance with section 27(5)(b) of the Act
2. Paragraph 3 of the Order states that the Claimants' solicitors shall be entitled to execute the conveyance on behalf of the Defendant.
3. Directions were made by the Tribunal on 29 September 2015 indicating that the matter would be dealt with on the papers already received unless an objection was received within 28 days. No objection was received and the matter is therefore determined on the basis of the written information supplied with the application and the valuation report of Mr Julian Wilkins MRICS dated 21 October 2015.
4. An inspection of the property has not been made.

The Premises

5. The property comprises a two storey purpose built block of six flats each with similar accommodation comprising lounge, kitchen, bedroom and bathroom with WC. The lease of each flat also includes a parking space and part of the forecourt area.

The Leases

6. Each flat is held on a lease for 99 years from 25 March 1985 at ground rents of £30 per annum for the first 33 years, £40 per annum for the next 33 years and £50 per annum for the last 33 years.

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. Schedule 6 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.

Evidence and Decision

9. In a valuation report dated 21 October Mr Julian Wilkins MRICS determined that the value of the freehold interest for the purposes of Section 27 of The Act as at the date of his valuation is £51,900.
10. The constituent parts of Mr Wilkins' valuation are:-
 - a. A capitalization rate of 7% which he supports by reference to *Nicholson v Goff* [2007] which sets out the influencing factors to be considered. With a 33 year pattern and with modest increases he considers that 7% is the appropriate return required.
 - b. A deferment rate of 5% in accordance with the guidelines set by *Cadogan v Sportelli* [2007] 1 EGLR.
 - c. Relativity of 91.75% based on an analysis of 3 long lease and 2 short lease sales averaging 91.7%. He then took 5 of the graphs from the RICS Research Report the average of which was 91.8%. He then averaged the two averages and arrived at 91.75%.
 - d. A market value of £143,000 for each flat which he supported by reference to 3 comparables with long leases which averaged £145,666. From this he considered that the long leasehold values were £145,500 excluding leaseholders' improvements.

- e. Mr Wilkins then deducted £2,500 in respect of ongoing disrepair of the boundary walls to the site the cost of repairs being the responsibility of the lessees. This resulted in a per flat value of £143,000 and £858,000 for the total.
 - f. He added a further £10 as the value of the appurtenant land comprising the communal grounds.
 - g. Mr Wilkins makes no uplift to reflect the difference between the long leasehold interest and freehold.
11. Employing the components referred to in paragraph 9 above he produced the valuation attached at Appendix 1 producing a total enfranchisement price of £51,900.

Decision

12. The Tribunal has considered the evidence provided by Mr Wilkins and accepts his component parts and the resultant valuation.
13. The Tribunal does not consider that there are any further amounts payable in accordance with S.27 (5) (b).
14. The enfranchisement price determined for the freehold interest in the property comprised of title number WSX99672 is **£51,900**
15. The following alterations should be made to the TR1;
- | | |
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| Box 8 | Delete existing paragraph and add “The sum of £51,900 (fifty one thousand nine hundred pounds) has been paid into Court pursuant to an Order made under section 26(1). |
| Box 9 | the transferee transfers with limited title guarantee |
| Box 12 | The execution clause of the Transferor should state;
“Signed as a Deed by Jonathan Peter Everett, partner at Coole and Haddock Solicitors as directed by the Court and nominated to execute this deed on behalf of Meridian Housing Association Ltd in accordance with the Order of the Court dated 19 August 2015.” |

D Banfield FRICS

4 November 2015

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.