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

Case Reference : LON/00AG/OLR/2015/0946

Property : 83D Goldhurst Terrace, London NW6 3HA

Applicants : AQUILIFER LIMITED

Representative : Ingram Winter Green Solicitors

Respondent : HAZELBRIGHT PROPERTIES LIMITED

Representative :

Type of Application : Lease Renewal, Leasehold Reform,
Housing and Urban Development Act 1993

Tribunal Members : Judge Shaw
Mr D Jagger FRICS

Date of Hearing : 14th June 2016

**Date and venue of
Hearing** : 10 Alfred Place, London WC1E 7LR

Date of Decision : 14th June 2016

DECISION

1. This case involves Aquilifer Limited (“The Applicant”) applying by way of notice, for the grant of a new lease under the provisions of the Leasehold Reform Housing and Urban Development Act (“The Act”) Section 48. The application is made in respect of 83D Goldhurst Terrace, NW6 3HA (“The Property”). The application is made against Hazelbright Properties Limited (“the Respondent”) which is the freehold owner of the property.
2. The notice (proposing a premium of £8,300) was served on 13th October 2014, and the counter notice (proposing £12,500) was served on 23rd December 2014. The application was made on 20th May 2015 and Directions were given on 4th May 2016. There has been some correspondence between the Tribunal and the parties in this case because the Respondent landlord company is apparently in the process of being wound up. Solicitors acting for the Respondent have come off the record, and the Respondent has not complied with the Directions, nor submitted any expert evidence. The Tribunal initially granted a stay, to allow matters to be clarified, but most recently (see letters of 24th and 31st March 2016) has determined that the matter should proceed. The matter came before the Tribunal today, as a paper case, to be determined on the evidence presented by the parties, and in their absence.
3. As indicated, the Respondent submitted no evidence. The Applicant has submitted a report prepared by Mr Justin Bennett BSc (Hons) FRICS ACI Arb, of LBB Chartered Surveyors, dated, 26th May 2016, which report the Tribunal has found helpful.
4. The lease term is 120 years from 25th March 1986, thus the remaining term is 91.44 years. The valuation date is 13th October 2014 and the capitalisation and deferment rates put forward by Mr Bennett are 6.5% and 5% respectively. The uplift to obtain freehold value, after

establishing the extended lease value, is proposed at the standard 1%. These 2 latter rates are perfectly standard and the Tribunal adopts them. In addition the capitalisation rate seems appropriate to the Tribunal, given the nature and location of the property, which the Tribunal will explain below.

5. The property in this case comprises a mid-terraced purpose built block constructed circa 1890's and set out over a lower ground, raised ground and three upper floors. The property in this case is specifically the third floor within the mansard roof. The property is the only purpose built block in the road and the other properties appear to be the original Edwardian redbrick buildings. It is a 2 bedroom flat with other accommodation as described at paragraph 3.16 of the report and an overall floor area of 636 square feet. There is an allocated underground car parking space and use of the garden area at the rear. The property is approached through a communal hallway, with stairs rising to the upper floors and no lift.

6. The Extended Lease Value

The obtaining of comparable evidence in this case has not been assisted by the fact that the property forms part of something of a "one-off" development in this street, as set out above. Mr Bennett has taken as his prime comparable, the sale of the ground floor flat at 83A, which sold in January 2014 for £750,000. He has also analysed some other local sales, as set out in his schedule at Appendix 3 of the report..

7. At paragraph 7 of his report, Mr Bennett makes a series of adjustments (see in particular at paragraph 7.6) in order to bring the sales evidence in line with the subject property. The Tribunal considers these adjustments entirely appropriate. The Tribunal agrees with Mr

Bennett's methodology and with his result of a valuation of the extended lease value of the property at £675, 250.

8. There is no marriage value in this case, the remainder of the lease exceeding 80 years (see Schedule 13 to the Leasehold Reform Housing and Urban Development Act).
9. The Tribunal has considered the draft lease submitted with the Application and approves the terms of the draft.

10. Conclusion

For the reasons indicated above, the Tribunal is satisfied with, and adopts, the valuation of the premium to be paid for the new lease as calculated by Mr Bennett in the sum of £10,000. The detailed valuation is, as indicated, adopted, and attached to this Decision.

Judge Shaw

14th June 2016

Appendix 4 - Lease Extension Valuation

Valuation variables:

Valuation date:			13/10/2014	Unexpired term
Lease expiry:	120 years from	25/03/1986	24/03/2106	91.44
Ground rent (Fixed)	Rent £100 rising to £300		£100 increase each 40 years	
Yield			6.5%	
Deferment rate			5.00%	

	Unexpired term (years)	Relativity	
Existing lease	91.44	93.0%	
Extended Lease	181.44	99%	
Floor area	sqft - improved	636	
Freehold value improved	999.00	£	675,250
Freehold value of improvements	999.00	£	-
Freehold value unimproved	999.00	£	675,250
Existing lease	91.44	£	628,000
Freehold rate improved	£/psf	£	1,062
Premium		£	10,032

Step 1

Diminution in Value of the Freeholder's Interest

1.01 Value of Freeholder's Interest before Extension:

Present Ground Rent Income			£100	
YP	11.44 years @	6.50%	7.900048122	£ 790
Future Ground Rent Income			£200	
YP	40.00 years @	6.50%	14.14552687	
PV £1	11.44 years @	6.50%	0.486496872	£ 1,376
Future Ground Rent Income			£300	
YP	40.00 years @	6.50%	14.14552687	
PV £1	51.44 years @	6.50%	0.039182825	£ 166
Reversion: freehold value of flat before discount for improvements		£	675,250	
less Value of any tenant's improvements		£	-	
Unimproved freehold value of flat		£	675,250	
PV £1	91.44 years @	5.00%	0.011545671	£ 7,796 £ 10,129
less				

1.02 Value of Freeholder's Interest after Extension:

Reversion: freehold value of flat before discount for improvements		£	675,250	
less Value of any tenant's improvements		£	-	
Unimproved freehold value of flat		£	675,250	
PV £1	181.44 years @	5.00%	0.000143015	£ 97 £ 97
Diminution in Value of the Freeholder's Interest				£ 10,032

Step 2

2.01 Freeholder's Share of Marriage Value

N/A >80 years

Step 3

3.01 Premium payable to Freeholder for grant of lease extension

£ 10,032