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LONDON RENT ASSESSMENT PANEL

DECISION OF THE LEASEHOLD VALUATION TRIBUNAL ON AN
APPLICATION UNDER SECTION 26 OF THE LEASEHOLD REFORM,
HOUSING AND URBAN DEVELOPMENT ACT 1993

Case Reference: LON/00AP/OCE/2011/0238

Premises: 22 Wakefield Road, London N15 4NL

Applicants: Ms E Nightingale
Mr M Loten

Representative: Harter & Loveless solicitors

Respondent: Mr A Fuller

**Leasehold Valuation
Tribunal:** Mr NK Nicol
Mr P Casey MRICS

Date of decision: 23rd January 2012

Decision of the Tribunal

- (1) The Tribunal determines that the sum of £17,400 is payable by the Applicants in respect of the premium for the freehold of the property in accordance with the calculation in the Appendix to this decision.
- (2) The transfer is approved in the form submitted to the Tribunal.

The application

1. The Applicants are the lessees of two one-bedroom flats in a two-storey converted house in north London. On 9th May 2011 they issued proceedings in the Clerkenwell & Shoreditch County Court for an order vesting in themselves as Nominee Purchaser the Respondent's freehold interest because they were unable to locate him. The court made the order requested subject to this Tribunal determining the terms, including the premium to be paid.

The background

2. The relevant background details are:-
 - a) Valuation date: 9th May 2011
 - b) Details of leasehold interests:
 - (i) Date of leases: 26th June 1986
 - (ii) Term of leases: 99 years from 24th June 1986
 - (iii) Ground rents: £50pa (for first 33 years), rising to £100 and £150 for each of the next periods of 33 years respectively
 - (iv) Unexpired terms: 74.13 years
 - c) There are no intermediate interests.
 - d) Nominee purchaser's proposed premium: £13,950

The law

3. Schedule 6 to the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") provides that the price to be paid by the nominee purchaser for the freehold interest shall be the aggregate of the value of the freeholder's

interest, the freeholder's share of the marriage value, and compensation for any other loss.

4. The value of the freehold interest is the amount which at the valuation date that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.
5. Paragraph 4 of the Schedule, as amended, provides that the freeholder's share of the marriage value is to be 50%, and that any marriage value is to be ignored where the unexpired term of the lease exceeds eighty years at the valuation date.

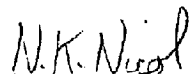
The Applicants' valuation

6. The Applicants relied on a valuation dated 7th July 2010 by Mr S Garfinkel MRICS of Currell Chartered Surveyors. The Tribunal accepted his evidence and his calculation of the value of the freehold interest save as follows:-
 - a) Mr Garfinkel assumed a valuation date of 24th July 2010, 289 days short of the actual valuation date of 9th May 2011.
 - b) From its expert knowledge and experience, the Tribunal were not satisfied that the relativity between the values of the leases and the freehold was as high as the 95% he suggested, particularly in the light of the additional time which had passed between the two valuation dates. In the Tribunal's opinion, relativity should be put at 93%.

The Tribunal's valuation

7. With the above-mentioned changes, the Tribunal has determined that the premium payable is £17,400, in accordance with the detailed calculation set out in the Appendix.

Chairman:



NK Nicol

Date:

23rd January 2012

APPENDIX for 22 Wakefield Road, N15

Valuation date: 9th May 2011

PARTICULARS

Ground floor flat

lease term		99
from		24/06/1986
years unexpired		74.13
relativity		93%
value of flat unimproved proposed	£175,000	
value of flat unimproved existing	£162,750	

ground rent	Until 24/6/2019	£50
	33 yrs to 6/2052	£100
	33 yrs to 6/2085	£150

First floor flat

lease term		99
from		24/06/1986
years unexpired		74.13
relativity		93%
value of flat unimproved proposed	£160,000	
value of flat unimproved existing	£148,800	

ground rent	Until 24/6/2019	£50
	33 yrs to 6/2052	£100
	33 yrs to 3/2085	£150

Capitalisation rate	7%	
Deferment rate	5%	

CALCULATIONS

Ground floor flat

landlord's existing interest

term to 23/6/2019		£50	
yp 8.13 yrs @	7%	6.04	£302
term to 23/6/2052		£100	
yp 33 @	7%		
pv 8.13 yrs @	7%	7.35	£735
term to 23/6/2085		£150	
yp 33 @	7%		
pv 41.13 yrs @	7%	0.79	£118
reversion to capital value 24/6/2085		£175,000	
def'd 74.13 @	5%	0.027	£4,725 £5,880

landlord's share of marriage value

tenant's proposed interest	£175,000	
landlord's proposed interest	£0	£175,000
less:		
tenant's existing interest	£162,750	
landlord's existing interest	£5,880	£168,630

marriage value at 50%			£6,370	£3,185
subtotal				£9,065

First floor flat

landlord's existing interest

term to 23/6/2019 yp 8.13 yrs @	7%	£50 6.04	£302	
term to 23/6/2052 yp 33 @ pv 8.13 yrs @	7% 7%	£100 7.35	£735	
term to 23/6/2085 yp 33 @ pv 41.13 yrs @	7% 7%	£150 0.79	£118	
reversion to capital value 24/6/2085 def'd 74.13 @	5%	£160,000 0.027	£4,320	£5,475

landlord's share of marriage value

tenant's proposed interest	£160,000	
landlord's proposed interest	£0	£160,000
Less:		
tenant's existing interest	£148,800	
landlord's existing interest	£5,475	£154,275

marriage value at 50%			£5,725	£2,863
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subtotal				£8,338
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Other compensation				£0
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TOTAL				£17,403
				say <u>£17,400</u>