

4604



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

Case Reference : LON/00AK/OCE/2018/0100

Property : 130 Brownlow Road, London N11 2BP

Applicant : Mr Ndubuisi David Okele

Representative : Duncan Lewis

Respondent : Ms Joan Vayda (missing landlord)

Representative : None

Type of Application : Enfranchisement

Tribunal Members: Judge Robert Latham
Mr Duncan Jagger MRICS

Date and venue of Hearing : Paper determination on 30 May 2018 at
10 Alfred Place, London WC1E 7LR

Date of Decision : 30 May 2018

DECISION

(1) The Tribunal determines that price to be paid into court in respect of purchase of the freehold of 130 Brownlow Road, London, N11 2BP is £77,623.

(2) The Tribunal approves the draft proposed transfer in form TR1 which has been submitted by the Applicant.

Background

1. On 29 January 2018, District Judge Davies, sitting at the Edmonton County Court, made an order pursuant to Section 26 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") vesting the freehold title in 130 Brownlow Road, London, N11 2BP (the "Property") in the Applicant's Nominee Purchaser, namely Tentacles Freehold Limited
2. The District Judge ordered that the matter be transferred to this Tribunal to determine the terms upon which the Nominee Purchaser shall be entitled to acquire the Property.

Evidence

3. We have been provided with a valuation report by Mr Brian Sullivan MRICS dated 26 March 2018. He computes the premium to be £79,300.

Lease details

4. The Respondent missing landlord is the lessor of the premises which comprises a two storey turn of the century semi-detached house which has been converted into two flats. Brownlow Road is a busy main road subject to high volumes of traffic during peak hours. There are two stations within 0.3 miles of the Property.
 - (i) The Ground Floor flat has a reception room and two bedrooms. One bedroom has an en-suite shower room. There is also a family bathroom. A patio door leads out from a main bedroom into the rear garden.
 - (ii) The First floor flat also has a reception room and two bedrooms. A third bedroom is described as a box room.

Valuation date

5. The valuation date is 13 November 2017, namely the date of the application to the Court (s.27 (1) (b)).

Hypothetical Unimproved Freehold Value of the Flats

6. Mr Sullivan has regard to three comparables, 121 Brownlow Road, 50 Elveden Road, N13 and Flat 4, Zircon Court, Park Road, N11. The rate per square foot is respectively £462, £505, and £528. He adopts a figure of £504 psq for the Ground Floor Flat which has the benefit of a garden and derives a valuation of £342,500; and a figure of £493 psf for the First Floor Flat and derives a valuation of £377,000.
7. Mr Sullivan suggests two further adjustments. He suggests a spot figure of £10,000 for the first floor flat having the benefit of a roof space. We agree with this. He also identifies a number of tenants' improvements, including double glazing and new central heating.

8. Mr Sullivan takes an average of the three properties. He notes that 121 Brownlow Road and 50 Elveden Road were both in need of refurbishment. He therefore makes no adjustment for the tenants' improvements. On the other hand, Flat 4, Zircon Court a flat in a modern block which is reflected in its higher psf. Mr Sullivan again makes no adjustments for tenants' improvements.
9. The comparables at 121 Brownlow Road and 50 Elveden Road reflect the Tribunal's knowledge of the market in this locality. It is in the landlord's interest to include Flat 4 Zircon Road in the basket of comparables and that no downwards adjustment is made for the unimproved condition of the two flats in the Property.
10. The Tribunal accepts Mr Sullivan's valuations, subject to two minor adjustments. First, Mr Sullivan does not seem to have added the spot value of £10,000 for the roof space to the first floor flat. This would increase the valuation to £387,000. Secondly, he has not made the traditional adjustment of 1% to arrive at the unimproved freehold value of the flats. We therefore arrive at unimproved freehold values of £345,960 for the ground floor flats and £390,900 for the first floor flat.

Capitalisation Rate

11. Mr Sullivan has adopted a capitalisation rate of the ground rent of 7%. We are happy to approve this.

Deferment Rate

12. We approve the "Sportelli" rate of 5% for deferment which Mr Sullivan has adopted.

Relativity Rate

13. in the absence of any evidence of local transactions, Mr Sullivan has taken an average of the five RICS Greater London and England relativity graphs and derives figures of 84.02% for the ground floor flat (57.92 years remaining unexpired) and 84.07% for the first floor flat (57.97 years remaining unexpired). We approve this approach.

Calculation of the Premium

14. The Tribunal computes the value of the freehold interest in the Property is £77,623, namely £36,454 for the ground floor flat and £41,169 for the first floor flat. We annexe a copy of our valuation to our decision.

Judge Robert Latham
30 May 2018

RIGHTS OF APPEAL

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.

APPENDIX A

The Tribunal's Valuation

Ground floor flat 130 Brownlow Road N11 2BP

Components

Valuation date:	13 th November 2017	
Deferment rate:	5%	
Capitalisation rate:	7%	
Freehold value (plus 1%):	£345,960	
Long lease value	£342,500	
Existing leasehold value	£290,675	
Relativity	84.02%	
Unexpired Term	57.92 years	
Ground rent currently receivable	£45	
Capitalised @ 7% for 25 years	11.6536	£524
Ground rent currently receivable	£60	
Capitalised @ 7% for 33 years	12.7538	
PV £1 in 25 years @ 7%	0.18425	<u>£141</u>
		£665
Reversion to:	£345,960	
Deferred 58 years @ 5%	0.05902	£20,418
		£21,083
Marriage Value		
Value of Proposed Interests		
Extended leasehold interest		£342,500

Value of Existing Interests

Landlord's existing value	£21,083	
Existing leasehold value	<u>£290,675</u>	<u>£311,758</u>
		£30,742

Freeholders share @ 50% **£15,371**

LEASE EXTENSION PREMIUM £36,454

First floor flat 130 Brownlow Road N11 2BP

Components

Valuation date:	13 th November 2017	
Deferment rate:	5%	
Capitalisation rate:	7%	
Freehold value (plus 1%):	£390,900	
Long lease value	£387,000	
Existing leasehold value	£328,630	
Relativity	84.07%	
Unexpired Term	57.97 years	

Ground rent currently receivable	£45	
Capitalised @ 7% for 25 years	11.6536	£524
Ground rent currently receivable	£60	
Capitalised @ 7% for 33 years	12.7538	
PV £1 in 25 years @ 7%	0.18425	<u>£141</u>
		£665

Reversion to:	£390,900	
Deferred 58 years @ 5%	0.05902	£23,071

£23,736

Marriage Value**Value of Proposed Interests**

Extended leasehold interest £387,000

Value of Existing Interests

Landlord's existing value	£23,505	
Existing leasehold value	<u>£328,630</u>	<u>£352,135</u>
		£34,865

Freeholders share @ 50% **£17,433**

LEASE EXTENSION PREMIUM £41,169