



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

Case Reference : **CAM/00MD/OLR/2020/0147**

HMCTS code : **P:PAPERREMOTE**

Property : **304 Walpole Road Slough SL1 6PP**

Applicant : **Shelagh Clare Jamieson**

Respondent : **Tulsesense Limited**

Type of Application : **Determination of the premium to be paid for a new lease - Leasehold Reform Housing & Urban Development Act 1993**

Tribunal Members : **Mrs M Hardman FRICS IRRV (Hons)**

Date of Decision : **24 March 2021**

DECISION

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Covid-19 pandemic: description of hearing

- A. This has been a remote hearing on the papers which the parties are taken to have consented to, as explained below. The form of remote hearing was P:PAPERREMOTE. A face-to-face hearing was not held because it was not practicable and all issues could be determined on paper.

Decision of the Tribunal

The Tribunal determines that the premium payable for the new lease for the property at 304 Walpole Road Slough SL1 6PP is £11,699.

Background

1. This is an application for a determination of the premium of the new lease under section 48 of the Leasehold Reform Housing and Urban Development Act 1993 (the Act)
2. On 13 March 2020 the Applicant, Shelagh Clare Jamieson, gave notice to the Respondent, Tulsense Ltd under section 42 of the Act seeking a new lease to the Property. The notice of claim under section 42 indicated a proposed premium of £6,000 in respect of the grant of the new lease
3. On 13 May 2020 the Respondent landlord served a counter notice under section 45 accepting the tenant's right to a new lease. They, however, rejected the proposal for the premium, instead suggesting a proposed premium of £16,447.
4. A copy of the Lease dated 25 November 1996 between Fairview New Homes (Slough) Limited and Walpole Road Slough (Phase 2) Management Company Limited and Martin James Webb and Samantha Elaine Woolley for a term of 99 years from 25 December 1995 was provided. The Applicant acquired the lease on 16 March 2018 under title number BK341946.
5. Matters could not be agreed and an application was made to the Tribunal on 12 November 2020 under section 48 of the Act seeking a determination as to the premium to be paid.
6. A directions order was issued by the Tribunal dated 19 November 2020 indicating that the determination would take place based on the submissions from both parties unless either party requested a hearing. There was no request for a hearing.
7. The premium for the extended lease remains in dispute.

The Law

8. The method of calculation of the premium under section 48 of the Leasehold Reform Housing and Urban Development Act 1993 is by reference to Schedule 13 of the Act.

The Property

9. Valuation reports provided by Ian Norris MRICS of Jones Norris Adams, Chartered Surveyors for the Applicant and by Tim Sheridan MRICS of Sheridan's Estates Ltd, for the Respondent describe the property as a ground-floor flat within a three-storey purpose built block of flats known as 302-312 Walpole Road. The building dates from the 1990's. The development is of traditional brick construction with a pitched tiled roof.
10. There are communal gardens and car parking.

11. The accommodation comprises a hall, living room, kitchen, 1 bedroom and bathroom /wc.

Matters agreed

12. The following matters have been agreed
- Property description and accommodation
 - Date of Valuation – 26 February 2020
 - Unexpired term – 74.82 years
 - Ground rent for flat £90pa increasing to £180 pa in 8.83 years and £270 pa in 41.83 years
 - Capitalisation rate – 6%
 - Deferment Rate – 5%

Matters to be determined

13. The matters that could not be agreed and that require to be determined are
- Long Leasehold value of flat
 - Existing Lease Value of flat
 - Relativity

And therefore, the Premium payable for the new lease.

Applicant's Evidence

14. Ian Norris for the Applicant had measured the flat and found it to be 41.63 m² (448ft²). The property was in reasonable condition with a new kitchen and bathroom but was heated mainly by portable electric heaters which was below the standards required in today's market.
15. To arrive at the **long leasehold value**, he had looked at comparable sales in the locality.
16. In terms of comparables he had relied on 6 comparables:

Date	Address	Unexpired	Features	Price	Analysis before/ after adjustments
		Years		£	£
03/20	74 Lowestoft Dr	98	1 bed/1 bath New kitchen (£5000)	190,000	346/337
12/19	310 Walpole Rd	165	1 bed/1 bath Loft storage New kitchen/floor (£7500)	206,000	426/412
12/19	152 Lowestoft Dr	98	1 bed/1 bath Loft storage	200,000	395/397

10/19	280 Walpole Rd	166	1 bed/1 bath Loft storage New kitchen (£5000)	185,000	401/392
07/19	126 Walpole Rd	99	1 bed/1 bath New kitchen & Elect heat (£7500)	185,000	441/423
02/18	252 Walpole Rd	195	1 bed/1 bath Elect heat /white goods (£3500)	196,000	374/363

17. He had regard to the Nationwide House price index for the Outer Metropolitan area and adjusted for time using this but felt that the sales of flats with long leases close to the valuation date were the best evidence.
18. The value of the subject property was on the basis of ignoring the effect on value of any tenant's improvements and therefore he had made an adjustment to the comparables to reflect this. He had also adjusted to reflect the lack of central heating in the subject property and had discounted the comparables where there was loft storage which he believed to be of considerable benefit.
19. Having made adjustments to the comparables to arrive at his analysis of price per square foot he had then weighted them in terms of evidential value and placed most weight on 310 Walpole Road, less weight on 74 Lowestoft Road, 152 Lowestoft Drive, 126 Walpole Road and 252 Walpole Road and some weight on 280 Walpole Road.
20. The average of all six transactions as adjusted was £387 per ft² whilst the transaction to which he had attached most weight was £412 per ft². However, he considered all the comparables superior to the subject property and taking everything into account he had arrived at a price per ft² of £380 giving an extended lease value of £170,278.
21. To arrive at the freehold value, he had applied the usual 1% adjustment to the extended lease value and arrived at a freehold value of £171,998
22. In arriving at the **existing lease value**, he had had regard to the decision in *Deritend Investments(Birkdale) Limited and Ms Kornelia Treskonova(2020)* and had considered whether there was any transactional evidence.
23. He had identified sales of 3 flats in Kinnaird Court, Slough with 163 years unexpired in June – September 2018 and when comparing the average price of these with a sale of a flat with 73.5 years expired in October 2017 the relativity was 95.14%.
24. He had also acted on behalf of the tenants in lease extensions on two flats in Kinnaird Court in October 2019. The leases had 71.5 years unexpired and he had agreed a relativity of 93.3% for each.
25. He had also had regard to sales of 4 flats in a nearby development known as Oppidan on Huntercombe Lane North where the leases had 84 years unexpired and a further sale of a flat in the same development with a new 125 years lease. Whilst the Savills

and Gerald Eve graphs suggested relativities of 91.5% and 92.35% respectively the sales prices were similar, notwithstanding the difference in lease length.

26. Having regard to these factors he had adopted a relativity of 95.75% of the unimproved freehold value to arrive at a value of the subject property with the existing lease of £164,688.
27. Capitalising the ground rent at the agreed rates and adding the marriage value derived from the values he had adopted he had arrived at a lease extension price of **£7,096**.

Respondent's evidence

28. Mr Sheridan for the Respondent had not inspected the property but had assumed it to be in good repair. He agreed that the original kitchen and bathroom fittings had been replaced. He felt that the subject block occupied a 'preferable location' on the estate. It had more extensive external communal grounds than other blocks and was less impacted by passing.
29. In terms of comparables for the **long leasehold value** he had regard to the same sales as Mr Norris, as set out in paragraph 16 above, with the exception of 252 Walpole Road. Whilst not tabulated in his evidence a summary of his conclusions is set out by the tribunal below. He had adjusted for time using the Land Registry House price index (LRHPI) for Slough.

Date	Address	Unexpired Years	Features	Price £	Adjustments	Adjusted price
12/19	310 Walpole Rd	160+	1 bed New kitchen New bath Same layout	206,000	LRHPI Kitch £4000 Bath £2000	£203,187
12/19	152 Lowestoft Dr	98	1 bed New kitchen New bath Same layout	200,000	LRHPI Kitch £4000 Bath £2000 Lease £4,500	£201,594
03/20	74 Lowestoft Dr	98	1 bed New kitchen Slightly larger	190,000	LRHPI Kitch £4000 Lease £4,500	£188,367
10/19	280 Walpole Rd	160+	1 bed New kitchen Same layout	185,000	LRHPI Kitch £4000 Bath £2000	£175,792
07/19	126 Walpole Rd	98	1 bed New kitchen New bath Smaller	185,000	LRHPI Kit/bath £4000 Lease £4,400	£175,434

30. He explained that he had made upward adjustment to reflect the value of the retained interest on those leases with 98 years remaining. He felt that such leases were not as valuable as a statutory lease extension and so had calculated the value of the lease

for each by capitalising the ground rent using a 6% yield and a reversionary yield to FHVP value.

31. He believed that the most reliable evidence was 310 Walpole Road as similar to the subject property and with the benefit of a statutory lease extension. He also felt that 152 Lowestoft Drive was strong evidence and associating more weight to these transactions he has adopted an unimproved long leasehold value for the subject property of £200,000.
32. He had analysed many transactions on the subject estate and was not aware of any recent short leasehold transactions or indeed historic sales (more than 2 years previous).
33. However, the subject property was purchased by the current leaseholder in December 2017 at £195,000. He had adjusted this for time using the LRHPI for Slough and for tenant's improvements and arrived at an unimproved short leasehold value of £177,937.
34. He appreciated that this evidence was over 2 years old but considered it a useful guide when used as a 'cross check' and at 88.08% was broadly in line with the 2016 Gerald Eve (87.77%) and Savills (86.96%) graphs.
35. He had had regard to various recent Upper Tribunal decisions in respect of relativity including *Deritend Investments(Birkdale) Limited and Ms Kornelia Treskonova (2020)*, *Re Judith Reiss and Ironhawk Limited (2018)*, *Oliyide and Elmbirch Properties PLC (2019)* and *Trustees of Barry and Peggy High Foundation and Claudio Zucconi and Mirella Zanre (2019)* . He was of the opinion that the Gerald Eve 2016 and Savills Unenforceable Graph should be taken into account
36. He had adopted a leasehold value of £176,505 in line with the average of the two graphs.
37. As part of his conclusion he referred to the sale of the subject property in December 2017 at £195,000 which he had adjusted to £177,937 which equated to a relativity of 88.08%. This allowed a 'cross check' to support the graphs adopted.

Determination

38. The valuers for the applicant and the respondent have relied on the same set of comparables – with the exception of an additional comparable from the applicant's valuer – 252 Walpole Road – on which Mr Norris says he has placed less weight.
39. Both valuers place most weight on the sale of 310 Walpole Road in December 2019 for £206,000 and whilst Mr Norris favoured 280 Walpole Road as the next most comparable being in the same block and also backing onto the railway line Mr Sheridan favoured 152 Lowestoft Drive as forming part of the same estate and having the same layout as the subject property.
40. The tribunal agrees with the valuers that 310 Walpole Road would appear to be a good comparable, albeit slightly larger and on the top floor as opposed to the ground floor. It also has a new kitchen and flooring. However, I am not convinced from the information provided that the loft space is within the demise.

41. I have also had regard to the other properties that the valuers have suggested are comparable as the sale of 310 would appear to be somewhat at the top end of the range in the vicinity.
42. I am not persuaded by Mr Sheridan's methodology for adjusting for the length of the lease nor that in this vicinity there is any evidence presented that the sales of flats with 98-year leases was significantly different from those with longer leases.
43. Having regard to all of the above, the tribunal determines that the value of the subject property with an extended lease is £195,000 and, after adjusting for tenant's improvements the extended lease value is **£190,000** and the freehold value after applying the agreed 1% upwards adjustment is **£191,900**.
44. Turning to the existing lease value the tribunal has looked first to any comparables transactions put forward by the parties.
45. Mr Norris had advanced a set of sales of 3 long leasehold flats and one short lease (73.5 years) in a nearby development where he had analysed the relativity at 95.14%. He had also acted on behalf of the tenants in lease extensions on two flats in the same development with 71.5 years unexpired where he said he had agreed a relativity of 93.3%. Sales of flats in another development with 84(4 flats) and 125 years (1 flat) outstanding showed no difference in values
46. Mr Sheridan had referenced the sale of the subject property with an unexpired lease of 78 years in December 2017 at £195,000 and arrived at a value of £177,937 after making adjustment for land registry HPI and tenants improvements.
47. I applaud both valuers for seeking to identify transactional evidence as this is far preferable to moving straight to graphs of relativity, however, as they have found it is not always in abundance.
48. Mr Norris's evidence is not totally persuasive as in both instances it compares sales of longer leases against a single short lease with little evidence of how comparable they are, and in respect of his agreement there is no note as to the existing lease/freehold value (and starting point of the analysis) being agreed.
49. I am somewhat persuaded by Mr Sheridan's arguments in respect of the use of the sale of the subject property. I also don't necessarily agree with his adjustments but his adjusted value of £177,937 would suggest a relativity against the tribunals determination of £191,919 of 92.7%.
50. Taking all the evidence into account I determine that the value of the existing lease, discounting for improvements and reflecting the requirement of a 'no act' world is **£174,000**.
51. The Tribunal determines that, on the basis of the elements of the valuation set out above the premium payable for the lease extension of the flat is £11,699. The Tribunals valuation is at Annex 1.

Annex1

Tribunal's valuation

Valuation date	26/02/2020
Unexpired term	74.82
Ground rent at date valuation	£90
Capitalisation rate	6%
Deferment rate	5%
Extended lease value	£190,000
Freehold value	£191,900
Existing Lease value	£174,000

Calculations

Diminution of freehold

Loss of ground rent		£	90	
Years Purchase	8.82 years @	6%	6.6977	£603
Loss of ground rent		£	180	
Years Purchase	33 years @	6%	14.2302	
Present value of £1 in	8.82 years @	6%	0.5981	£1,532
Loss of ground rent		£	270	
Years Purchase	33 years @	6%	14.2302	
Present value of £1 in	41.82 years @	6%	0.0874	£336

Reversion to Freehold

Capital value		£	191,900	
Present value of £1 in	74.82 years @	5%	0.0260	£4,985
				£7,456

Less Freehold reversion after extension

Freehold value			£191,900	
PV £1 deferred 164.82 years	@	5%	0.0003	£58
				£7,398

Marriage Value calculation

Value of proposed interests

Freeholder	£58	
Leaseholder	<u>£190,000</u>	£190,058

Value of existing interests

Freeholder	£7,456	
Leaseholder	<u>£174,000</u>	
Sub-Total		<u>£181,456</u>

Total marriage value		£8,601	
Landlords share @ 50%			<u>£4,301</u>

Enfranchisement Price **£11,699**

ANNEX 2 – 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 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 to 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 (ie 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.