



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

**Case Reference** : LON/00BB/OCE/2021/0013

**HMCTS** : V: CVPREMOTE

**Property** : 48-50 Ling Road, London, E16 4AL

**Applicant** : Happy Honest Homes Limited

**Representative** : Colin Horton BSc (Hons) AssocRICS

**Respondent** : Bickenhall Engineering Company Limited

**Representative** : Richard Clarke (Counsel)  
**Type of Application** : Enfranchisement

**Tribunal Members** : Judge Robert Latham  
Marina Krisko FRICS

**Date and venue of Hearing** : 15 June 2021 at  
10 Alfred Place, London WC1E 7LR

**Date of Decision** : 21 June 2021

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**DECISION**

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The Tribunal determines that the premium payable by the Applicant in respect of the enfranchisement of 48-50 Ling Road, London, E16 4AL is £95,734.

**Covid-19 pandemic: description of hearing**

This has been a remote video hearing which has not been objected to by the parties. The form of remote hearing was V: CPVEREMOTE. A face-to-face hearing was not held because it was not practicable and all issues could be determined in a remote hearing. The parties have provided a Bundle of Documents for the hearing which totals 219 pages. No index has been provided.

## **Introduction**

1. On 18 January 2021, the Applicant issued its current application for the Tribunal to determine the premium to be paid and the terms of acquisition of their collective enfranchisement of 48-50 Ling Road, London, E16 4AL pursuant to section 24 of the Leasehold Reform, Housing and Urban Development Act 1993 (“the Act”).

## **The Hearing**

2. The hearing of this application took place on 15 June 2021. The Applicant, nominee purchaser, was represented by Mr Colin Horton BSc (Hons). He is an associate of the RICS. He was accompanied by Ms Anya Olirya, who is a director of the Applicant company.
3. The Respondent, landlord, was represented by Mr Richard Clarke (Counsel) who was instructed by Altermans Solicitors. He adduced evidence from Mr Stephen Jones BA (Hons) MRICS. Both provided written reports and gave evidence.
4. The parties have agreed to the following:
  - (i) Relevant Date for Valuation: 3 September 2020;
  - (ii) 48 Ling Road (first floor):
    - (a) Lease Date: 19 August 1977 for a term of 99 years from 24 June 1976.
    - (b) Ground rent: £22 pa.
  - (iii) 50 Ling Road (grounds floor):
    - (a) Lease Date: 27 June 1986 for a term of 99 years from 24 June 1976.
    - (b) Ground rent: £40 pa, to increase to £80 pa from 24 June 2042.
  - (iv) Unexpired terms: 54.8 years;
  - (v) Relativity: 74.43%
  - (vi) Deferment Rate: 5%.
  - (vii) Capitalisation Rate: 6%
  - (viii) There should be a 1% to the long lease value to determine the FVPV.
5. The following issues are in dispute, the first three of which are linked:
  - (i) The long leasehold value: (a) Mr Horton (in his revised valuation) contends for £227,034 for Flat 48; and £260,000 for Flat 50; (b) Mr Jones argues for £301,505 for Flat 48; and £303,138 for Flat 50.
  - (ii) The notional freehold value: (a) Mr Horton contends for £229,304 for Flat 48; and £260,000 for Flat 50; (b) Mr Jones argues for £304,550 for Flat 48; and £306,200 for Flat 50.

(iii) The short lease value: (a) Mr Horton contends for £225,573 for Flat 48; and £260,000 for Flat 50; (b) Mr Jones argues for £226,677 for Flat 48; and £227,905 for Flat 50. We have computed Mr Horton's short lease values on the basis of the agreed relativity of 74.43%.

(iv) The value of the "other property": (a) Mr Horton contends that the value is zero; (b) Mr Jones argues for £1,000.

(v) The premium. Mr Horton for £81,726 (namely £37,947 + £43,977 + £0); Mr Jones for £100,900 (namely £49,794 + £50,070 + £1,000: £100,864).

### **The Extended Lease Value**

6. The subject property at 48-50 Ling Road, London, E16 4AL is a mid-terrace two storey terraced property which was constructed with flats. Each flat has its own door. There is a communal path and front garden leading to the front door of each flat.
7. 48 Ling Road is located on the first floor and comprises a ground floor entrance lobby with a staircase leading to the first floor flat which consists of three bedrooms, reception room, kitchen, bathroom and part of the rear garden. Its GIA is 65 square metres (700 sq ft). The lease of this flat is dated 19 August 1977. Happy Honest Homes Limited acquired the leasehold interest at auction on 28 January 2020 for £179,000. There was a staircase leading down to the rear garden. This sees to have removed prior to the auction.
8. 50 Ling Road is located on the ground floor and comprises an entrance hall, two bedrooms, reception room, kitchen, bathroom and part of the rear garden. Its GIA is 62 square metres (667 sq ft). The lease of this flat is dated 27 June 1986. Ms Anita Gzelezis acquired the leasehold interest on 21 June 2006 for £141,500.
9. In June 2020, Mr Jones visited the property. No.48 had been recently refurbished. However, the garden to the rear was in an extremely neglected state (see photo at p.193). No.50 was undergoing complete refurbishment. The Tribunal must ignore any tenant's improvements in considering its valuation. The leases were granted a number of years ago. It is unclear who removed the steps down to the rear garden. The tribunal must value the flat on the basis that it is still in place.

### **The Submissions of the Parties**

10. Mr Horton asks us to take the short lease value of the sale of Flat 48 at auction in January 2020 for £179,000 and apply the Savills Enfranchisable graph percentage of 80.74% to compute a long lease value

of £221,096. For Flat 50, he asks the Tribunal to have regard to a number of comparables. Two of these are short leases, namely (i) 17 Carson Road, which sold on 19 June 2020 for £223,000 with a lease length of 56 years; (ii) 73 Cambus Road which sold on 20 March 2020 for £223, 000 with a lease length of 68 years. It is to be noted that both of these sales suggest that the price paid for Flat 48 was an “outlier”. In any event, there is ample evidence of comparable flats sold on long leases. It is therefore unnecessary to make refined and artificial adjustments to flats sold on short leases to assess a long lease value.

11. Mr Horton also refers to three comparables, namely 139 Denmark Street (a sale for £250,000 in February 2020; (ii) 149 Carson Road (£256,500 in August 2020; and (iii) 139 Carson Road (£236,000 in March 2021). He does not provide full sale details for these properties. 139 Denmark Street is some distance from the subject flat and is in a different design. He described 139 Carson Road as “an absolute wreck”. The information relating to this sale had been provided by Savills. He did not include any comparable in Ling Road.
12. We did not find Mr Horton to be a satisfactory expert. His report did not contain the normal declaration that he understood his duty to the tribunal as an independent expert. He did not satisfy us that he understood this obligation. His report included the statement “We struggle to see any value above £260,000 for each subject flat”. The Applicant’s Solicitor included Mr Horton’s initial Valuation Report in the Bundle (at p.124-9). This included comparables at 69 Ling Road (a sale for £319,000 in January 2020) and 4 Ling Road (a sale for £285,000 in November 2019). Mr Horton was unable to explain why these had not been included in his final report, save that he had prepared his report in a hurry. He uses the House Price Index for Waltham Forest, rather than that for Newham, the borough in which the subject flat is situated. There were errors in both his Valuation Report and a revised Valuation Report which he provided to the Tribunal.
13. The Tribunal has no hesitation in preferring the expert evidence of Mr Jones. In computing the long lease value for 50 Ling Road, he has regard to six comparables. We do not have regard to 85 Ling Road as the lease length was 87.94 years. We find the following comparable to be relevant all of which are ground floor flats with two bedrooms:
  - (i) 4 Ling Road: This sold for £285,000 in November 2019 on a 165-year lease. Adjusted for time using the Land Registry Index for Newham, Mr Jones suggests a valuation of £288,992. The sale particulars are at p.200-202. We are satisfied that this is the best comparable and that no adjustments are required.
  - (ii) 69 Ling Road: This sold for £319, 000 in January 2020 on a 120-year lease. Mr Jones adjusts this for time to give a valuation of £321,451. He makes no adjustment for condition. The sale particulars are at p.196-7.

These state that the property has been refurbished and refer to a “stylish kitchen area”. There is a modern bathroom. It has sole use of the rear garden. We make a £20,000 for these factors and an adjusted figure of £301,451.

(iii) 101 Ling Road: This sold for £311,214 in March 2021 with a share of the freehold. Mr Jones adjusts this for time to give a valuation of £311,214. We make a further 1% reduction to reach a long lease value of £308,102. Mr Jones makes no adjustment for condition. The sale particulars at p.201-2. These refer to the flat being “beautifully presented”, a description which is confirmed by the photos. It has sole use of the rear garden. We make a £20,000 for these factors and an adjusted figure of £288,102.

(iv) 124 Ling Road: This sold for £277,500 in November 2019 for £277,500 on a 99-year lease. The sale particulars are at p.198-9. Mr Jones has applied a 1% uplift to reflect repair work to the kitchen ceiling, revising the sale price to £280,275 and adjusting for time to £284,201. He then makes a further adjustment for lease length which we do not consider to be necessary. We therefore take the adjusted figure of £284,201.

(v) 85 Kildare Road: This sold for £300,000 in August 2020 on a 124-year lease. He adjusts this for time to give a valuation of £295,912. He makes no adjustment for condition. The sale particulars at p.194-5. The property had been renovated to a high standard with a fitted kitchen and a modern bathroom. It has sole use of the rear garden. We make a £15,000 for these factors and an adjusted figure of £280,912.

Taking an average of these five figures, we determine a long lease value for 50 Ling Road of £288.732.

14. In computing the long lease value for 48 Ling Road, Mr Jones has had regard to five comparables. We do not have regard to three of these because of the short length of their leases, namely 72 Ling Road (81.47 years); 11 Kildare Road (83.76 years) and 121 Carson Road (78.64 years).

15. We find the following comparable to be relevant, both of which are three bedroom first floor flats:

(i) 86 Ling Road: This sold in April 2020 with a share of the leasehold. The sale particulars are at p.207-8. Mr Jones computes the sale price, adjusted for time, to be £301,823. This was sold in an unmodernised condition. We does not consider it necessary to make any further adjustment. We agree. We merely make an adjustment of 1% to compute a long lease value of £298,805.

(ii) 35 Carson Road: This sold for £310,000 in October 2020 on a 167-year lease. Mr Jones adjusts this for time to give a valuation of £301,823. He

makes no adjustment for condition. We have the sale particulars at p.205-6. The flat is described as “well presented”. This is confirmed by the photos which show a modern kitchen and bathroom. We make an adjustment of £20,000 for condition and reach an adjusted figure of £281,823.

Taking an average of these two figures, we determine a long lease value for 48 Ling Road of £290,314.

16. We note that both experts suggest that Flat 50, which is on the ground floor, is more valuable than Flat 48 on the first floor. Mr Horton seems to suggest that there is a price difference of £33,000. We reach a contrary conclusion, albeit that the price difference is modest. We note that the first floor flat is larger and has a third bedroom.

#### The “Other Property”

17. When the Applicant served its Initial Notice on 3 September 2020, it specified a purchase price of £100 for “Other Property”. In its Counter-Notice, dated 21 October, the Respondent specifies a price of £1,000. We are told that the “other property” relates to the forecourt at the front of the property and the roof space. Neither expert suggested that there was any development value. We are satisfied that a modest sum is payable and assess this at £250.

#### **Conclusion**

18. We make the following determinations on the issues in dispute:

(i) The Long Leasehold Value:

(a) Flat 48: £290,314.

(b) Flat 50: £288,732.

(ii) The Notional Freehold Value:

(a) Flat 48: £293,217.

(b) Flat 50: £291,619.

(iii) The Value of the “Other Property”: £250.

(v) We determine the premium payable to be £95,734 (namely £47,780 + £47,70 + £250).

**Judge Robert Latham**  
**19 June 2021**

### **Rights of appeal**

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

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.

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.

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.

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.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

APPENDIX - TRIBUNAL VALUATION

48 LING ROAD, LONDON, E16 4AL

Date of Valuation: 3<sup>rd</sup> September, 2020

Existing lease value	£218,241	
Extended lease value	£290,314	
Freehold value	£293,217	
Relativity 74.43%		
<u>Ground rent - agreed</u>		£351.62
<u>Reversion</u> 54.8 years @ 5%		
£293,217 0.0690		<u>£20,232</u>
		£20,584
<u>Marriage Value</u>		
Proposed tenant's interest	£293,217	
New landlord's interest	£0	
<u>Less</u>		
Tenant's existing interest	£218,241	
Landlord's existing interest	£20,584	
	£54,392 50%	<u>£27,196</u>
<u>Other land</u>		<u>£125</u>
<u>Premium</u>		<u>£47,905</u>



50 LING ROAD, LONDON, E16 4AL

Date of Valuation: 3<sup>rd</sup> September, 2020

Existing lease value	£217,052		
Extended lease value	£288,732		
Freehold value	£291,619		
Relativity 74.43%			
<u>Ground rent</u> – agreed			£719.20
<u>Reversion</u> 54.8 years @ 5%			
£291,619 0.0690			<u>£20,122</u>
			£20,841
<u>Marriage Value</u>			
Proposed tenant's interest	£291,619		
New landlord's interest	£0		
<u>Less</u>			
Tenant's existing interest	£217,052		
Landlord's existing interest	£20,841		
	£53,726	50%	£26,863
<u>Other land</u>			<u>£125</u>
<u>Premium</u>			<u>£47,829</u>