



ACQ/535/2007

**LANDS TRIBUNAL ACT 1949**

*COMPENSATION – compulsory purchase – dwelling house in poor condition – open market comparables in good condition – cost of necessary works – compensation awarded £29,000.*

**IN THE MATTER OF A NOTICE OF REFERENCE**

**BETWEEN**

**LORNA ANN JAMOUS**

**Claimant**

**and**

**TRAFFORD COUNCIL**

**Acquiring  
Authority**

**Re: 34 Railway Road  
Stretford  
Manchester  
M21 ORZ**

**DECISION ON THE BASIS OF WRITTEN REPRESENTATIONS**

**by**

**N J Rose FRICS**

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## **DECISION**

### **Introduction**

1. This is a reference to determine the compensation payable by Trafford Council (the acquiring authority) to Mrs Lorna Ann Jamous for the long leasehold interest in a dwelling house known as 34 Railway Road, Stretford, Manchester, M21 ORZ. That property was compulsorily acquired under the Borough of Trafford (Railway Road, Stretford) Compulsory Purchase Order 2000 made by the acquiring authority on 15 December 2000 under section 290 of the Housing Act 1985 and the Acquisition of Land Act 1981. The CPO was confirmed by the Secretary of State for the Environment, Transport and the Regions on 29 June 2001. A General Vesting Declaration was made on 10 September 2001 and the property vested in the acquiring authority on 12 October 2001, which is the valuation date. The compensation claimed is £65,000 and the figure put forward by the acquiring authority is £29,000.

2. With the agreement of the parties the reference was conducted on the basis of written representations.

### **Facts**

3. In the light of the evidence I find the following facts. The subject property comprised a two-storey, brick built, bay-fronted semi-detached dwelling house with slate roof, single glazed casement windows and a basement, probably constructed between 1900 and 1910. The accommodation consisted of an entrance hall, lounge, dining room and kitchen on the ground floor and three bedrooms plus bathroom/wc on the first floor. The house had a small front garden and a rear garden sloping down to a railway line. There was no garage or parking space. The subject property was in poor condition and suffered from serious structural problems. Gas-fired central heating was installed.

4. The claimant owned a leasehold interest in the subject property jointly with her former husband, Mr A A Jamous, who apparently cannot now be found. The lease was for a term of 999 years less 10 days from 22 December 1906 at a rent of £4.50 per annum.

### **Case for the acquiring authority**

5. The acquiring authority submitted a valuation report prepared by Mr Paul Adshead MRICS, whom it employs as a Principal Estates Surveyor.

6. In Mr Adshead's opinion, if the subject property had been in a good state of repair it would have been worth approximately £66,000 at the valuation date. He supported this view by reference to the sale of 5 Railway Road with similar accommodation to the subject property in February 2002 for £66,000. He produced the selling agent's particulars, which described 5

Railway Road as “a much improved semi-detached house which benefits from uPVC double glazing including windows and front and back doors, an alarm system and gas central heating having individual thermostats to radiators except the bathroom.”

7. At the public local inquiry into the CPO the acquiring authority estimated that the cost of works required at the subject property was in the order of £55,000. Mr Jamous informed the inspector that he had obtained a tender price of approximately £38,000 for the necessary underpinning and repair works. This price had been given before the contractor had had a chance to inspect the premises internally. Having regard to its condition and the cost of the works required, Mr Adshead considered that the value of the subject property was in the region of £29,000.

8. He added that, in February 2001, the acquiring authority had acquired 66 Milton Road, Stretford under section 17 of the Housing Act 1995. This property was dilapidated and unfit for human habitation, but was not suffering from serious structural problems. It was subsequently offered for sale on the open market, with a covenant requiring it to be fully renovated by the purchaser and re-occupied within an agreed time scale. 66 Milton Road was in a better location than the subject property and sold for £37,000 in June 2001. Mr Adshead considered that this sale added support to his valuation.

9. Finally, Mr Adshead said that the compensation payable for the other three properties within the CPO had been settled at £29,000 in each case. The owners of Nos. 36 and 38 had been represented by Messrs Peter Cunliffe and Co, chartered surveyors of Sale and the owner of No. 40 by Messrs David Barlow, independent estate agents and valuers of Stretford.

### **Case for the claimant**

10. In support of her claim, Mrs Jamous produced a valuation report prepared by Mr Colin Broadbent FRICS of Fletcher Broadbent Partnership, consulting structural engineers and surveyors of Urmston. Mr Broadbent inspected the subject property on 5 December 2001. He reported with his opinion of “the current open market value with the benefit of vacant possession to be somewhere in the region of £65,000.”

11. Mrs Jamous also produced a schedule of prices paid for three bedroom semi-detached houses in Railway Road, which she had obtained from a property management company in Manchester. It showed that the following figures had been achieved:

No.58	£ 67,000	March 2001
No.52	£ 75,000	September 2002
No.28	£ 77,000	January 2003
No.68	£ 93,000	November 2003
No 56	£100,000	March 2004
No.42	£140,000	September 2007

12. In addition Mrs Jamous referred to an external valuation of the subject property, prepared in May 2002 by a surveyor instructed by the mortgagee, who reported a value in the region of £52,000. She said that the surveyor “had taken into consideration the poor cosmetic state of the property as the property had been broken into and had smashed windows which were boarded up by the Council.”

13. Mrs Jamous did not agree that the subject property was unfit for human habitation at the valuation date. She said:

“Before we purchased this property [in 1992] we approached the Abbey National for a mortgage, who instructed their surveyors to inspect the property. They detected some slight subsidence and informed us of the work which needed to be carried out before they could release the full funds. This work was carried out and re-inspected by the Abbey’s surveyor who found the property to be structurally safe and sound and suitable security for a mortgage release. The remaining funds were then released which enabled us to go ahead and purchase the property. I am sure if the property was unsafe, and in such bad state, that it warranted a CPO a few years later, the Abbey would have refused us the mortgage on the property”

## **Conclusions**

14. The primary evidence put forward by Mrs Jamous is the report addressed to her and prepared by Mr Broadbent following an inspection in December 2001. By that date the subject property had vested in the acquiring authority, but the report contained no reference to the CPO. I therefore asked Mrs Jamous to provide details of the circumstances in which the report came to be produced. In a letter to the Tribunal dated 17 July 2008 she provided the following explanation:

“I approached Fletcher and Broadbent Partnership to prepare a valuation on the acquired property ... I did explain to them about the CPO but they informed me they did not deal with CPOs but were prepared to do a valuation. I could not afford a large amount of money and for this reason I did not instruct a structural surveyor who dealt with these matters. I did however make enquiries as to how much such report would cost, but as I recall it was way out of my budget ... I had the valuation on the property in the hope that Trafford Council would see sense and offer a reasonable amount of compensation which reflected the true valuation of the property.”

15. In a subsequent letter to the Tribunal dated 14 August 2008 Mrs Jamous said this:

“As I have previously stated Fletcher Broadbent made it very clear that they do not deal with CPOs and they said they normally refer all enquiries of this kind to Peter Cunliffe & Co who I obviously could not approach as they were acting on behalf of the other party. I also could not afford such expense. “

16. It appears from Mr Adshead's evidence that, when he met her at the subject property, Mrs Jamous was extremely upset at losing her home. That is understandable and I am entirely sympathetic to her position. I am, however, unable to accept the figure of value put forward in Mr Broadbent's letter. Firstly, it appears that Mr Broadbent is unable or unwilling to give expert evidence to the Tribunal. Secondly, he did not carry out a structural survey of the subject property. This is highly material in the circumstances of this case. The inspector who held the inquiry found that all four houses included in the CPO

“fail to meet the requirements for structural stability, in my view settlement being progressive, and freedom from serious disrepair”.

17. The acquiring authority estimated that the cost of putting the property into repair was in the region of £55,000. Mr Jamous, in evidence in support of the objection to the CPO, stated that he had received an estimate, based on an external inspection only, in sum of £38,000.

18. On the available evidence I find that Mr Broadbent was instructed to provide, not an objective estimate of value for compensation purposes, but one which would assist the claimant in her negotiations with the acquiring authority. Mr Broadbent made it clear that he would not advise on compensation and he recommended that Peter Cunliffe and Co be instructed. Mrs Jamous said that she did not instruct that firm because she could not afford the expense and they were already acting for another party. I am not persuaded by either explanation. The fact that a firm of surveyors is advising one claimant on the amount of compensation payable does not disqualify them from acting for another claimant. There is no conflict of interest, since each claimant is seeking the maximum compensation reasonably obtainable. Nor is the question of surveyor's fees relevant, since reasonable surveyor's fees would be payable by the acquiring authority.

19. The claimant also relies on a valuation of the subject property in the sum of £52,000, apparently prepared for the mortgagees in May 2002. Although I have not seen a copy of that report it is clear that it was not based on an internal inspection of the building and I obtain no assistance from it.

20. At the CPO enquiry Mr Jamous suggested that the cost of the necessary works was in the region of £38,000. In paragraph 61 of his report, the inspector concluded that

“Underpinning and repair works to No.34 carried out through the owners' insurance company would be likely to result in overall costs of renovation greater than those estimated by the Council [that is, £55,000]”.

21. The onus is on the claimant to substantiate her valuation, including the cost of the works required to put the subject property in repair. That onus has not been discharged. Evidence submitted by the acquiring authority in response to my request supports their assertion that, when it was sold for £37,000 in June 2001, 66 Milton Road was in better condition and in a more valuable location than the subject property. Bearing in mind the Inspector's conclusions on the structural condition of the subject property and the prices achieved for 58 Railway Road

in March 2001, 5 Railway Road in February 2002 and 66 Milton Road in June 2001, I am satisfied that Mr Adshead's valuation is reasonable. I obtain no assistance from the amount of the retention required by the mortgagee some nine years before the valuation date. I determine the compensation payable for the long leasehold interest in 34 Railway Road, Stretford to be £29,000. A letter on costs accompanies this decision, which will become final when the question of costs has been determined.

Dated 11 November 2008

N J Rose FRICS