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

Case Reference : LON/00BA/OLR/2014/0559

Property : 18A Norfolk Road, London SW19
2HE

Applicant : Mr Hanni Awad
Mr Elaine Awad

Representative : McMillan Williams Solicitors

Respondent : Mr Peter Heathcote

Representative : Not applicable

Type of Application : Missing Landlord – s.48 Leasehold
Reform, Housing and Urban
Development Act 1993

Tribunal Members : Judge F Dickie
Mr D Jagger, FRICS

Date of Decision : 27 August 2014

DECISION

Decisions of the tribunal

- (1) The tribunal determines that the premium to be paid for the extended lease is £11,370, in accordance with the attached valuation at Appendix 1.
- (2) The tribunal determines the terms of the new lease as set out in the Deed of Variation attached at Schedule 2. Note in particular that paragraph

LR6 of the Prescribed Clauses shall provide that the extended term is 189 years from 25 December 1984, reflecting a lease extension of 90 years, and paragraph LR7 shall reflect the premium as determined by the tribunal.

- (3) The appropriate sum under section 51(5) includes £25 in respect of unpaid ground rent.

The application

1. The Applicants wish to extend their lease under the provisions of Part of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act").
2. The Applicant is the tenant of the subject premises as under a lease dated 20 September 1985 for a term of 99 years from 25 December 1984. There are no intermediate leases. A notice of claim under the Act could not be served on the missing landlord. No ground rent has been paid by the Applicants since March 2013. On 9 September 2013 the Applicant made a claim to the County Court for a vesting order pursuant to section 50 of the Act. On 19 March 2014 District Judge Hay sitting at the Croydon County Court made a vesting order that the Claimant be granted a new lease of the Premises in the form to be approved by the Leasehold Valuation Tribunal [now the First Tier Tribunal] upon payment into Court of the appropriate sum to be determined by the tribunal under the provisions of section 50(1) of the Act.
3. Pursuant to the application now before the tribunal, the Applicant has obtained an expert valuation report on the subject premises, and produces a draft new lease.

The Valuation

4. The valuation report was prepared by Mr M C Chittenden MRICS and is dated 14 July 2014 after an inspection on 14 February 2014. The valuation date is 9 September 2013, the date of the County Court claim.
5. According to the inspection report, the subject premises are a first floor converted flat forming part of a two storey semi detached building constructed around 1900. A parking space and a small piece of garden are demised in the lease, there is a rising ground rent, and the valuer raises no concern about usual terms in the lease.

Long Lease Value

6. Mr Chittenden considered and produced a summary of details of comparable sales in the near vicinity in reaching his opinion as to value.

7. *69a Robinson Road, Colliers Wood, London SW17*

8. A converted one bedroom ground floor flat in a period building with communal gardens. It is slightly smaller than the subject flat and has central heating, modern kitchen and double glazing. Sold March 2013 at £184,000, with an index based on LB Merton Land Registry data provides £194,000.

(i) *50a Warren Road, London SW19*

A converted 1 bedroom flat within a period building. In average condition, sold April 2013 at £226,000. Using the above index this provides a value of £232,000.

(ii) *87 Myrna Close, London SW19*

A purpose built one bedroom flat with communal garden and off street parking with a share of freehold, refurbished kitchen and bathroom fittings. Sold July 2013 for £204,000.

(iii) *30 Robinson Road, London SW17*

A converted 1 bedroom first floor flat in a period building with modern kitchen and bathroom. Sold October 2013 for £229,750.

(iv) *67b Robinson Road, London NW17*

A converted 1 bedroom flat in a period building with a "fairly modern" kitchen and bathroom. Sold September 2013 for £173,000.

(v) *10b Clive Road, London SW19*

A 1 bedroom converted flat in a period building with a share of freehold. Sold October 2013 for £225,000.

9. Based on these comparable sales, Mr. Chittenden's opinion as to the value of a long lease of the subject premises is £200,000. He considers there are no tenant's improvements in respect of which a deduction needs to be made.

10. Mr Chittenden fairly did not rely overly on the lowest valuation. Mr Chittenden's approach to valuation appears reasonable and supported by sufficient justification and reflects the condition of the property, and the tribunal accepts his evidence which is based on his experience and expert knowledge.

Relativity

11. To reach the existing lease value, Mr Chittenden has taken a figure for relativity as an average of four relevant graphs from the RICS 2009 published guidance on relativity, the range of relativities for which were between 91% and 93%, and the average being 92.5%. The tribunal is content to adopt his approach as reasonable.

Capitalisation and Deferment

12. The tribunal agrees with Mr Chittenden's view of 7% as the appropriate rate of capitalisation for this class of property, and concurs with him that there is no need in the present case to depart from 5% (the Sportelli deferment rate).

Conclusion

13. Accordingly, the tribunal determines the premium at £11,370 according to his attached valuation on page 7 and 8 of his amended report and valuation, a copy of which is attached to this decision.
14. The draft lease terms accompanying the application are approved, subject to the amendments attached and set out in the summary at the head of this decision.
15. By virtue of section 51(5)(c) the appropriate amount includes any unpaid ground rent, which the tribunal estimates at £25 in the present case.

Name: F Dickie

Date: 27 August 2014

18a Norfolk Road, London SW18 2HE

Assessment of premium for a new lease (an additional 90 year term at a peppercorn ground rent) in accordance with Schedule 13 of the Leasehold Reform Housing and Urban Development Act 1993, as amended by the Housing Act, 1996 and the Commonhold and Leasehold Reform Act, 2002.

Original Term Lease Length:	99.00
From date:	25/12/1984
Date of Valuation:	09/09/2013
Unexpired Term:	Unexpired term 70.29 years

A. DIMINUTION IN VALUE OF LANDLORD'S INTEREST**A1 Ground Rents Receivable**

4.29 years @ £50		50.00	
YP 4.29 years @ 7%		3.5990	£180
33 years @ £100		£100	
YP 33 years @ 7%	12.7538		
PV of £1 in 4.29 years	0.7481	9.5408	£954
33 years @ £200		£200	
YP 33 years @ 7%	12.7538		
PV of £1 in 37.29 years	0.0802	1.0231	£205

A2 Reversion to freehold in possession:

Virtual Freehold		£200,000	
PV of £1 in 70.29 years @ 5%		0.03240	£6,481
Freeholders' Present Interest:			£7,820

A3 Landlord's interest after grant of new 160.29 year lease

Virtual Freehold	£200,000	
PV of £1 in 160.29 yrs @ 5%	0.00040	(£80)
Diminution thus:		£7,740

B. CALCULATION OF MARRIAGE VALUE

Value of proposed interest after grant of new 160.29 year lease

Landlord's:	£80	
Tenant's:	£200,000	£200,080

LESS

Value of existing interests

Freehold	£7,820		
Leasehold (92.5% x 200,000)	<u>£185,000</u>	<u>£192,820</u>	
Marriage Value thus:		£7,620	
50% attributable to Landlord			<u>£3,630</u>
TOTAL			£11,370

Prescribed Clauses

LR1. Date of Lease	
LR2. Title number(s)	<p>LR2.1 Landlord's title number(s) SY175978</p> <p>LR2.2 Other title numbers None</p>
LR3. Parties to this Lease	<p>Landlord Peter Heathcote of 5c Morat Street, Kennington, London, SW9 0RJ</p> <p>Tenant Hanni Samuel Awad and Elaine Adib Awad both of 209 Sellincourt Road, London, SW17 9SD</p>
LR4. Property	18a Norfolk Road, Colliers Wood, SW19 2HE and parking space.
LR5. Prescribed statements etc.	<p>LR5.1 None</p> <p>LR5.2 None</p>
LR6. Term for which the Property is leased	This term is as follows: 189 years from 24 th Dec 1980
LR7. Premium	£ None
LR8. Prohibitions or restrictions on disposing of this lease	This lease contains a provision that prohibits or restricts dispositions
LR9. Rights of acquisition etc.	<p>LR9.1 Tenant's contractual rights to renew this lease, to acquire the reversion or another lease of the Property, or to acquire an interest in other land None</p> <p>LR9.2 Tenant's covenant to (or offer to) surrender this lease None</p>
LR10. Restrictive covenants given in this lease by the Landlord in respect of land other than the Property	None
LR11. Easements	<p>LR11.1 Easements granted by this lease for the benefit of the Property SCHEDULE 2</p> <p>LR11.2 Easements granted or reserved by this lease over the Property for the benefit of other Property SCHEDULE 3</p>

LR12. Estate rentcharge burdening the Property	None
LR13. Application for standard form of restriction	None
LR14. Declaration of trust where there is more than one person comprising the Tenant.	Not Applicable

THIS DEED is made the

Two Thousand nine hundred and fourteen

BETWEEN **Peter Heathcote** of 5c Morat Street, Kennington, London, SW9 0RJ (hereinafter called "the Lessor") of the one part and **Hanni Samuel Awad and Elaine Adib Awad** of 209 Sellincourt Road, London, SW17 9SD (hereinafter called "the Lessee") of the other part.

WHEREAS:

- (1) This Deed of Variation is supplemental to a Lease relating to 18a Norfolk Road, Colliers Wood, SW19 2HE aforesaid dated the 20th September 1985 and made between Peter Heathcote of the one part and Don Trante and Caroline Anne Snelling of the second part (hereinafter called "the Lease").
- (2) The benefit of the said Lease is vested in the Lessees and the benefit of the reversion of the said Lease is now vested in the Lessor.
- (3) The parties hereto are desirous of altering the terms of the Lease in manner hereinafter appearing:

NOW THIS DEED WITNESSETH as follows:

1. **IN CONSIDERATION** of the rents covenants and conditions hereinafter reserved and contained and on the part of the Lessees to be paid observed and performed the Lessor HEREBY DEMISES unto the Lessees ALL AND SINGULAR the premises comprised in and demised by the Lease with the same exceptions and reservations as are therein expressed TO HOLD the same unto the Lessees from the 24th June 1989 for a term of 159 years SUBJECT TO the payment of a yearly rent of peppercorn (if demanded).
2. The Lease shall continue in full force save as modified hereby.
3. The Lessor and the Lessee HEREBY MUTUALLY COVENANT that they will respectively observe and perform the said covenants and conditions in the Lease as fully as it the same had been repeated in full with such modifications only as are necessary to make them applicable to this demise.
4. The parties hereby apply to the Chief Land Registrar to make such alterations to the register of the title above affected as shall give effect to the provision hereof.
5. This Lease is not entered into pursuant to any agreement or an agreement for lease.
6. IT IS HEREBY CERTIFIED that the transaction hereby effected does not form part of a larger transaction or of a series of transactions.

IN WITNESS whereof the parties have executed these presents as a Deed the day and year first before written.

SIGNED as a Deed by the said)

Hanni Samuel Awad)

In the presence of)

Witness:

Address:

SIGNED as a Deed by the said)

Elaine Adib Awad)

In the presence of)

Witness:

Address:



SIGNED as a Deed by the said)

Peter Heathcote)

In the presence of)

Witness:

Address:

