



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

Case Reference : **MI/LON/00AZ/OLR/2014/0523**

Property : **Flat B, 14 Kemble Road, Forest Hill,
London SE23 2DJ**

Applicant : **Miss Rachel Louise Gaskin**

Representative : **Samble, Burton & Worth, Solicitors**

Respondent : **Ms Maria Sullivan**

Representative : **Not represented**

Type of Application : **For the determination of the
premium payable on a leasehold
extension**

Tribunal Members : **Judge Goulden
Mrs S Redmond BSc MRICS**

**Date and venue of
Hearing** : **19 May 2014
10 Alfred Place, London WC1E 7LR**

Date of Decision : **19 May 2014**

DECISION

Introduction

- 1 The Tribunal is required to assess the value of the premium payable for a lease extension of the first floor flat known as Flat B, 14 Kemble Road, Forest Hill, London SE23 2DJ (“the property”) by Miss Rachel Gaskin the lessee of the property pursuant to Section 48 of the Leasehold Reform (Housing and Urban Development Act) 1993 (“the Act”).
- 2 The Applicant holds a lease of 99 years from 1 January 1990 with approximately 75 years unexpired at a ground rent of £100 per annum for the first 33 years, £200 per annum for the next 33 years and £300 per annum for the remainder of the term.
- 3 The lease of the property was acquired on 5 November 1990. The original lessees were Neil David Gillespie and Wendy Ann Hamblett. The remainder of that lease was assigned to the Applicant by the then lessee, Karen Stephens, on 10 June 2005. The then lessee advised the Applicant that the landlord had been absent when she purchased on 22 December 1994.
- 4 The Applicant’s solicitors attempted to serve a Notice under the Act but the letter was returned. It was subsequently discovered that the landlord could not be traced.
- 5 A vesting order was made by Derby County Court on 21 February 2014 and the matter remitted to the Tribunal for assessment of the premium payable.
- 6 There has been submitted to the Tribunal a valuation report dated 2 May 2014 from Mr Roger A Armstrong FRICS of Westburys, Chartered Surveyors.

The Evidence

- 7 As the proceedings in the county court were issued on 10 October 2013, that is the valuation date as prescribed by Section 51 of the Act, rather than 25 October 2013 as stated in the valuation. In view of the slight discrepancy in the dates, the Tribunal will accept Mr Armstrong’s valuation as submitted.
- 8 In his valuation, Mr Armstrong described the property as a converted self contained first/second floor flat in a residential area within a two storey semi detached Victorian house located on the west side of Kemble Road. The building had been converted into three self contained flats, “*probably around 1990*” and the subject flat was within the first floor rear extension with the loft space above.
- 9 The first floor flat consists of one bedroom, kitchen, living room and bathroom/wc, with the bedroom being on the loft floor. The

Tribunal did not inspect the property but has taken the description from Mr Armstrong's report with the accompanying photograph of the exterior and plans.

- 10 Mr Armstrong has considered 3 comparable sales, completed prior to the valuation date, for one bedroom converted flats located close to the subject property.
- 11 His comparables were as follows:-
 - (a) Flat 2, 43 Sunderland Road, SE23 2PS (a one bedroom first floor converted flat with a separate rear garden) sold on 24 September 2013 for £230,000.
 - (b) 30 Elsinore Road SE23 2SL (a one bedroom ground floor converted flat with front and rear gardens) sold on 26 July 2013 for £232,000.
 - (c) Flat 2, 28 Woolstone Road SE23 2SG (a one bedroom ground floor converted flat with a rear garden) sold on 26 July 2013 for £215,000.
- 12 Mr Armstrong said that the average sale price was around £225,000 and the subject property did not have a garden and was within the rear extension with a very small kitchen and the bedroom in the loft area. From these comparables he assesses the value of the extended lease as at the valuation date £200,000.
- 13 The valuer has taken a relativity of 93% for the value of the existing lease, a 5% deferment value in accordance with the guidance of the Upper Tribunal in **Sportelli** and a capitalisation rate of 7%.
- 14 Applying these figures to the valuation he has arrived at a figure of £9,800 for the premium. As this is a missing landlord case the evidence is unopposed.

The Tribunal's decision

- 15 Mr Armstrong did not explain the source of his comparables. The Tribunal would have expected sales particulars or other information. No adjustments had been made for passage of time, but it is noted that the sales were within only a few months of the valuation date, and therefore his extended lease value was accepted.
- 16 It appears from Mr Armstrong's valuation that, although not referred to in his report, he has applied an uplift of 1% to his freehold value which resulted in a freehold value of £202,020.

- 17 Mr Armstrong did not explain the reasoning behind his appropriation of 7% as the capitalisation rate, although the Tribunal accepts that this percentage is appropriate.
- 18 Mr Armstrong's valuation, taking into account the component parts is that there should be a premium of £9,761, which he rounded up to £9,800.
- 19 This is a statutory valuation and the Tribunal therefore determines a premium of £9,761.
- 20 In respect of the new lease, the Tribunal has not been specifically requested to comment thereon. However, the Tribunal has noted several typographical errors therein (including the commencement of the term of the existing lease) and the execution on behalf of the missing landlord cannot be by a solicitor acting on behalf of the Applicant but must be by an appropriate signatory of the Court in accordance with statute.

Name: J Goulden

Date: 19 May 2014