



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

Case Reference : LON/OOBH/ORL/2015/0407

Property : 161 Huxley Road, Leyton, London, E10 5QX

Applicants : Anthony Aheto and Evelyn Felecia Aheto

Representative : Cavendish Legal Group

Respondent : Robert Bird (missing landlord)

Representative : None

Type of Application : Enfranchisement

Tribunal Members: Judge Robert Latham
Mr Ian Holdsworth, FRICS

Date and venue of Hearing : Paper determination on 8 April 2015 at
Alfred Place, London WC1E 7LR

Date of Decision : 8 April 2015

DECISION

(i) The Tribunal determines that the premium payable by the Applicants in respect of the extension of their lease in respect of 161 Huxley Road, Leyton, E10 5QX is £19,400. Our working calculation is set out in the Appendix.

(ii) The Tribunal approves the Deed of Surrender and Re-Grant provided by the Applicants.

Background

1. On 29 January 2015, by order of District Judge Bell, sitting at Bow County Court, dispensed with the service of the tenant's notice under Section 42 of the of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act") claiming the right to acquire a new lease of their flat at 161 Huxley Road, Leyton, E10 5QX ("the premises") on the ground that the landlord could not be found. He transferred the matter to this Tribunal to determine the terms of the new lease and the premium payable.

Evidence

2. We have been provided with a valuation report by Tim Henson BSc MRICS dated 4 March 2015. He computes the premium to be £18,190. His calculation is at p.9 of his report. We have made a number of adjustments to this.
3. We have also been provided with a Deed of Surrender and Re-Grant. We approve this.

Lease details

4. The Applicants currently hold the property under a lease for a term of 99 years from 26 December 1983. The Valuation Date is 14 November 2014 when the unexpired term is 68.11 years.

Extended Lease Value

5. Mr Henson proposes an extended lease value of £310,000. We are happy to approve this. He considers four comparables. The most relevant is the subject property which is currently under offer for £325,000. He makes a 5% adjustment in respect of improvements to the subject property to reach a figure of £308,750. We note that this is some five months after the valuation date.

Adjustment for Freehold Value

6. We make a 1% adjustment to compute the freehold value, namely £313,100.

Relativity

7. We adopt a figure of 91.29% for relativity. Mr Henson contended for a figure of 92%. There is no evidence of local transactions. Mr Henson states that he has been assisted by the RICS Research paper and has analysed the graphs outside the prime central London area which give a range of 88.87% to 92.24%. He takes the average to be 92%. He has also had regard to the John D Wood analysis of 601 LVT decisions. However, he notes that the John D Wood analysis is distorted by prime central London. We agree.

8. Mr Henson does not indicate the graphs to which he has had regard. We have had regard to the following graphs and have computed the relativity for a lease of 68.1 years to be: (i) South East leasehold: 92.24%; (ii) Nesbitt & Co: 89.86%; (iii) Austin Gray: 91.88% and (iv) Andrew Pridell Associates: 91.17%. We compute the average to be 91.29% and take this as our figure for relativity.

Capitalisation Rate

9. We reduce the capitalisation figure taken by Mr Henson from 7% to 6%. We are satisfied that there is a strong market in ground rents in this area.

Deferment Rate

10. We approve the "Spotelli" rate of 5% for deferment which Mr Henson has adopted.

Other Adjustments

11. We note that the subject property has the potential for a roof space development. We note the "informal conversion via spiral staircase". This is an improvement which we have ignored in our calculation. We make no adjustment for the potential development value. We consider that this has been reflected in the recent sale of the subject property.
12. We make a minor adjustment of £140 to reflect the reversionary interest of the freeholder. The current unexpired term is 68.11 years which will be extended to 158.11 years as a result of the lease extension.

Calculation of the Premium

13. Our calculation is set out in the Appendix. We compute the premium payable to be £19,400.

Robert Latham
Tribunal Judge

8 April 2015

Property: 161 Huxley Road Leyton E10 5QZ
FTT Reference: MR/LON/OOBH/OLR/2015/0407

Lease and Valuation Data

Lease Term:	99 years from 25th December 1983
Lease Expiry date:	December 24, 2082
Unexpired term as at valuation date:	68.1 years
Date of Valuation	14th November 2014
Rent receivable by landlord:	
Payable from 14/11/2014 for 68.1 years	£ 30
Values	
Long Leasehold value	£ 310,000
Notional Freehold	£ 313,100
LHVP	£ 282,988
	Relativity 91.29%

Capitalisation rate	6.00%
Deferment rate	5.00%

Value of Freeholders present interest

Term 1				
Rent passing	£	30		
Present Value at 6% for 68.1 years		16,35152	£	491
Total term value				£ 491
Reversion				
Freehold in vacant possession	£	313,100		
Deferred 68.1 years @ 5%		0.0361	£	11,290
			£	11,290
Total present value				£ 11,780
Value of Freeholders future interest				
Freehold in vacant possession	£	313,100		
Reversion to capital value		0.00045	£	140
Pv of £1 in 158.1 years @ 5%			£	140

Diminution in interest	Total	£ 11,641
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Calculation of Marriage Value

Value of Landlords freehold interest	£	310,000		
Landlords proposed interest	£	140	£	309,860
Less				
Value of Leaseholders existing interest	£	282,988		
Value of Freeholders current interest	£	11,641	£	294,628
Marriage value	Total	£ 15,512		

Division of Marriage Value equally between				
Freeholder			£	7,756
Leaseholder	£	7,756		

Price payable to Freeholder

Value of freeholders current interest	£	11,641
Plus share of marriage value	£	7,756

Total	£ 19,396
Say	£ 19,400