



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

Case Reference : BIR/00CB/OCE/2021/0001

Property : 22 & 22A Sandymount Drive, Wallasey, Merseyside, CH45 0LL

Applicants : Donald Matchett and Peter & Iris Carter

Representative : Burd Ward Solicitors

Respondent : Doreen Heggie (Missing)

Representative : None

Type of Application : Application to determine the price of the freehold interest payable into Court under Section 27(5) of the Leasehold Reform Housing & Urban Development Act 1993 pursuant to an Order of Liverpool County Court dated 12th October 2020 by Claim No.F30LV570

Tribunal Members : I.D. Humphries B.Sc.(Est.Man.) FRICS
V. Ward B.Sc. FRICS

Date and Venue of Hearing : None. Determined by paper submission

Date of Decision : **7 May 2021**

DECISION

Introduction

- 1 This is an application to determine the price payable into the Court by Lessees to purchase the freehold interest in a residential property let on two long leases under section 27(5) of the Leasehold Reform Housing and Urban Development Act 1993 ('the Act').
- 2 The Lessees had been unable to locate the freeholder to serve Notice to acquire and applied to the County Court for a Vesting Order by Claim No.F30LV570. The application was made 18th September 2020 which is the valuation date.
- 3 The Claim was adjourned on 20th October 2020 pending determination of the price by the First-tier Tribunal (Property Chamber). The case was referred to the Property Tribunal in Manchester but transferred to the Birmingham Office due to conflict of interest where it was received on 5th February 2021. Directions were issued 10th February and the Tribunal held a preliminary Hearing on 11th March.
- 4 Unfortunately the Applicants' information was incomplete, the Tribunal requested further submissions and the case was heard 13th April 2021. The Tribunal determines as follows.

The Law

- 5 There are three interests in the property:

Freehold – Nos. 22 & 22A

Owned by Doreen Heggie. Mrs Heggie's whereabouts are unknown and enquiries by the Applicants' Solicitors have proved unsuccessful.

Leasehold – Ground Floor No.22

The lease of the ground floor apartment known as No.22 Sandymount Drive is vested in Donald Matchett who holds a Lease dated 16th March 1984 for 120 years from 1st January 1984 at ground rent of one peppercorn p.a. The lessee is responsible for internal repairs and required to contribute to the cost of external repairs. Mr Matchett is in occupation.

Leasehold – First Floor No.22A

The lease of the first floor apartment known as No.22A Sandymount Drive is vested in Peter and Iris Carter who hold a Lease dated 22nd December 1982 for 120 years from 1st January 1982 at ground rent of £20 p.a. The lessees are responsible for internal repairs and required to contribute to the cost of external repairs. Mr and Mrs Carter are in occupation.

- 6 The Tribunal is required to determine the price under Section 27(5) and Schedule 6 to the Act. This sets out the basis of valuation and requires the price to be based on the landlord's loss of ground rent for the term and future possession of the property together with a share of any marriage value arising from sale. In this case, there is no Marriage Value as the unexpired terms of the leases exceeded 80 years at the valuation date which is excluded by paragraph 4(2A) of Schedule 6.
- 7 Paragraph 5 to Schedule 6 also allows a landlord to claim for any diminution in the value of other land retained in their estate due to a sale of part, but in this instance the Tribunal is unaware of any adjoining property owned by the missing landlord and due to the built-up character of the area there is unlikely to be any loss arising from the lost prospect of redevelopment for the foreseeable future.

Facts Found

- 8 The Tribunal has been unable to inspect the flat due to Government Covid Regulations and relies on the Submissions of the Applicants' agent, D.H.Thomas B.Sc., FRICS.
- 9 According to the Submissions, the property comprises a double fronted semi-detached house built around 1910 in a well established residential area. It has been converted to create two self-contained apartments comprising:

Ground Floor – 22

Vestibule, hall, two bedrooms, living room, kitchen, bathroom and separate w.c.

First Floor – 22A

Ground floor entrance at the side of the house leading to first floor landing, two receptions, kitchen, bedroom, bathroom and second bedroom in converted attic at second floor level.

- 10 There is parking to the front of the house and a shared garden to the rear.

Issues

- 11 The Court Order dated 12th October 2020 requires the Tribunal to determine the value of the freehold interest under the Act.

Applicants' Submission

- 12 Mr Thomas valued the freehold at £2,928 based on:

Ground Rent

£0

Term

82 years.

Comparable Sales Evidence

Mr Thomas' initial valuation contained no comparable sale information but in response to further Directions from the Tribunal the second Submission referred to the following:

- 1 2A Dudley Rd., Wallasey
A two bedroom converted flat within half a mile of the subject property.
Sold 27.2.07 for £115,000 and re-sold 23.2.20 for £90,000. This demonstrates a fall in market values from 2007 to 2020.
- 2 193 Mount Pleasant Rd., Wallasey
A three bedroom converted flat within half a mile of the subject property.
Sold 23.7.07 for £124,950 and re-sold 20.9.20 for £92,000. This demonstrates a fall in market values from 2007 to 2020.
- 3 196 Seaview Rd., Wallasey
A three bedroom maisonette sold 25.11.19 for £88,995.
- 4 7A Ennerdale Rd., Walasey
A three bedroom converted flat sold 17.6.19 for £102,000.

In response to comparables identified by the Tribunal of its own enquiry, Mr Thomas commented as follows:

- 5 16 Nicola Court
A flat in a modern purpose built block sold 19.6.20 for £90,000. Mr Thomas said most of these flats included a garage or parking space and submitted that this supported his valuation of £80,000 for the Sandymount flats.
- 6 8 Cavendish Court, Fowell Rd.
A flat in a modern purpose built block sold 19.9.20 for £121,000. Mr Thomas said the sale post-dated the valuation date but the Tribunal notes this was by only 1 day. However, Mr Thomas advised the flat was better as it had a garage and sea view.
- 7 52c Warren Drive
A converted flat sold 9.11.20 for £105,000. Mr Thomas said the sale post-dated the valuation date and was in a better area with sea views.
- 8 41 Groveland Rd.
A flat in a purpose built block sold 3.12.20 for £120,000. Mr Thomas said the sale post-dated the valuation date and was in a better position opposite Wallasey golf club.

Improvements

Although not quantifying their value, Mr Thomas submits all the comparables will have been improved over the years whereas the subject flats have to be valued in original 1982 condition, assuming they had been kept in repair. Accordingly, some reduction should be made to reflect this in the values of the subject flats.

Value of Each Lease on Statutory Basis

£80,000. No difference between the value of the ground and first floor flats.

Deferment Rate

5%

Marriage Value

Nil.

Tribunal Decision

- 13 The Tribunal has considered the points raised by Mr Thomas and finds as follows:

Ground Rent

£20 p.a.

The flats are held on different terms and although the rent of Flat 2 is only a nominal £20 p.a., it cannot be ignored because otherwise the Tribunal would have to decide in future cases the level at which it should be taken into account. The Tribunal therefore includes it for consistency.

Term Unexpired

Flat 22 had 83 years unexpired, Flat 22A, 81 at the date of valuation. The difference has no material impact on the valuation due to the long range deferment but for present purposes the Tribunal averages the unexpired term at 82 years.

Comparable Sales Evidence

Having analysed the comparable evidence from its own research and information provided by Mr Thomas, the Tribunal finds the present values of the flats including their improvements at

£94,000. We agree with Mr Thomas that the comparative advantages of the ground and first floor accommodation are balanced, and find no difference in their values.

Improvements

The Tribunal agrees some allowance needs to be made to reflect the value of the tenant's improvements compared to the comparables for which it deducts £6,000 from the value of each lease.

Value of Each Lease on Statutory Basis

£94,000 less £6,000 for improvements leaves a value of £88,000 on the statutory basis.

Valuation

Based on the above, the Tribunal finds the value of the freehold interest as follows:

Term

Ground Rent	£ 20.00	
Years Purchase 82 years 6%	<u>16.5265</u>	£ 330
 <u>Reversion</u>		
Current value of leases, 2 x £94,000	£ 188,000	
Less value of tenant improvements	<u>£ 12,000</u>	
	£ 176,000	
Present Value £1, 82 years @ 5.00%	<u>0.01830</u>	<u>£ 3,220</u>
Premium		£ 3,550

Summary

14 The Tribunal finds the price of the freehold interest in accordance with the Court Order and statutory provisions to be £3,550 (Three Thousand Five Hundred and Fifty Pounds).

Any other sums payable by the Claimants under Schedule 6 to the Act

15 The Tribunal finds no ground rent due as no demands have been sent in accordance with statutory requirements.

16 The Tribunal finds no professional fees due as none has been demanded.

I.D. Humphries B.Sc.(Est.Man.) FRICS
Chairman

Date 7 May 2021

Appeal to the Upper Tribunal

Any appeal against this decision must be made to the Upper Tribunal (Lands Chamber). Prior to making such an appeal the party appealing must apply, in writing, to this Tribunal for permission to appeal within 28 days of the date of issue of this decision (or, if applicable, within 28 days of any decision on a review or application to set aside) identifying the decision to which the appeal relates, stating the grounds on which that party intends to rely in the appeal and the result sought by the party making the application