



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

Case Reference : **LON/00AM/OLR/2021/0588**

Property : **69C Shrubland Road, Hackney,
London E8 4NL**

Applicant : **Benjamin E.B. Schoder**

Representative : **Nantes Solicitors Ltd**

Respondent : **Sohel Majid**

Representative : **None**

Type of Application : **Determination of premium to
acquire the freehold Section 51 of
the Leasehold Reform, Housing and
Urban Development Act 1993**

Tribunal Members : **Mr D Jagger MRICS (Valuer Chair)**

**Date of Paper
Determination** : **20th October 2021**

Date of Decision : **20th October 2021**

DECISION

Decisions of the Tribunal

- (1) The Tribunal determines that the appropriate sum to be paid into Court for the freehold interest in **69C Shrubland Road London E8 4NL** (‘the property), pursuant to section 51 of the Leasehold Reform, Housing and Urban Development Act 1993 (‘the 1993 Act’), is **£10,300** (Ten thousand three hundred pounds)

1. This has been a paper decision which has been consented to by the applicant. The documents that were referred to are in three bundles prepared by the applicant, plus the tribunals Directions, the contents of which we have recorded. Therefore, the tribunal had before it three electronic/digital trial bundles of documents prepared by the applicant, in accordance with previous directions.
2. The tribunal did not inspect the property as it considered the documentation and information before it in the trial bundle enabled the tribunal to proceed with this determination and also because of the restrictions and regulations arising out of the Covid-19 pandemic.

The application

1. On 11th February 2021, Cherise Luke-Bennett of Nantes solicitors issued a Part 8 Claim in the County Court of Weymouth under claim number H00wy019 seeking a vesting order under section 50(1) of the Leasehold Reform, Housing and Urban Development Act 1993 (‘the Act’). This is therefore the date of valuation and we shall return to this matter later in this decision.
2. On 21st June 2021 District Judge Lacey made an order in the following terms:
 - “1. *The claim is not allocated at this stage.*
 2. *The claim for an order under s49 of the 1993 Act is stayed until the claim for a vesting order under sections 50 and 51 of the 1993 Act has been finally disposed of and the terms of any new lease granted in accordance with s51, following which it will stand as struck out with no order as to costs on the second anniversary of the making of any vesting order, with liberty to apply to lift the stay.*
 3. *The Court makes a vesting order under s51 of the Leasehold Reform, Housing and Urban Development Act 1993, whereby the lease dated 13th January 1995 of the top floor flat, 69 Shrubland Road, London E8 4NL registered at Land Registry*

under Title No EGL332692 is surrendered and is registered and is regranted to the claimant on terms to be determined by the appropriate tribunal.

4 *No order as to costs*

3. The applicants' representatives were unable to locate Mr Sohel Majid although an address in Lahore Pakistan had been provided to them by the managing agents.
4. The application was submitted to the Tribunal and directions were issued on 9th July 2021. These provided that the case would proceed to a paper determination. None of the parties has objected to this or requested an oral hearing. The paper determination took place on 20th October 2021.
5. In accordance with the directions, the applicants' solicitors supplied the Tribunal with three document bundles that contained copies of relevant documents from the County Court proceedings, various title documents, the existing lease and a comprehensive Expert Witness valuation report of Mr Anthony Nigel How FRICS IRRV (Hons) dated 2nd August 2021.
6. The relevant legal provisions are set out in the appendix to this decision.

The background

7. The leasehold interest in the Flat is now registered in name of Benjamin Edward Bruno Schroder by virtue of a transfer made on 18th October 2017 under Title No EGL332692. The freehold of the building has been registered in the name of Sohel Majid under title number 302331 since the 25th July 1994.
8. The property is a mid terrace Victorian property located in an established residential area converted flats. The subject flat is located on the first floor and has been subject to significant internal alterations which will be disregarded. The Tribunal is informed the flat has access to to roof terrace but this is not demised in the current.lease.

The issues

9. The Tribunal is required to determine the premium to be paid for the freehold interest of the 1993 Act and the appropriate sum to be paid into Court pursuant to section 27(1)-(7) of the Act.

10. The Tribunal did not consider that an inspection of the flat was necessary under current circumstances, nor would it have been proportionate to the issues in dispute.
11. Having studied the various documents in the applicant's bundle, the Tribunal has made the determination set out below.

The sum to be paid into court

12. We determine that the premium payable under the 1993 Act is **£10,300** (Ten thousand three hundred pounds) and this is the appropriate sum to be paid into Court under section 27(1). Our reasons are set out as follows.
13. In his report, Mr How valued the freehold premium at £9,800. This was based on a freehold value of the flats at £707,000, a capitalisation rate of 7%, and a deferment rate of 5%. For reasons unknown to this Tribunal Mr How used the 29th May 2020 as the valuation date which provided an unexpired term of 95.53. This is incorrect. The relevant date for valuing the lease extension is the date of the Court application, pursuant to section 51(8)(a) of the 1993 Act.
14. At that date, the lease had 94.2 years unexpired and a revised valuation has been prepared in Appendix A attached. The Tribunal agrees, in view of the fact, the lease has an unexpired term greater than 80 years no marriage value is deemed to exist.
15. Having carefully scrutinised the valuation, including the comparable evidence, the Tribunal agrees the capitalisation and deferment rates and long lease value.
16. The Tribunal examined the three comparables provided in the report, Two of the comparables had only one bedroom and the one remaining comparable, 18a Shrubland Road was a three bedroom duplex ground and first floor flat. This is considered the 'key comparable' It would good practice on behalf of the Valuer to provide the unexpired term of the leases for each comparable and to prepare a schedule which makes valuation adjustments in order to provide a precise methodology. Such adjustments would take into account location, internal specification, onsite parking, private garden and indexation for time lapse in comparison with the valuation date. No such schedule was provided by Mr How, however, despite these minor misgivings, based upon the comparable evidence the Tribunal agrees with the long lease value at £700,000. The Tribunal was also mindful that the applicant acquired the flat for £740,000 in October 2017.
17. There was no evidence of any ground rent or service charge arrears for the Flats. In the absence of such evidence, the Tribunal

determines that no additional sums are payable under the 1993 Act. It follows that the appropriate sum to be paid into Court is £10,300 and the Tribunal has prepared a revised valuation which forms Appendix A of this decision.

Name: Mr D Jagger MRICS

Date: 20th October 2021

RIGHTS OF APPEAL

1. If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber) then a written application for permission must be made to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application for permission to appeal must arrive at the Regional office within 28 days after the Tribunal sends written reasons for the decision to the person making the application.
3. If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed despite not being within the time limit.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal, and state the result the party making the application is seeking.

Appendix of relevant legislation

Appendix of relevant legislation

Leasehold Reform, Housing and Urban Development Act 1993 (as amended)

Section 50 (1)-(3)

- (1) Where –
 - (a) a qualifying tenant of a flat desires to make a claim to exercise the right to acquire a new lease of his flat, but
 - (b) the landlord cannot be found or his identity cannot be ascertainedthe court may, on the application of the tenant, make a vesting order under this subsection.

- (2) Where –
 - (a) a qualifying tenant of a flat desires to make such a claim as is mentioned in subsection (1), and
 - (b) paragraph (b) of that subsection does not apply, but
 - (c) a copy of a notice of that claim cannot be given in accordance with Part 1 of Schedule II to any person to whom it would otherwise be required to be so given because that person cannot be found or his identity cannot be ascertained,the court may on an application of the tenant, make an order dispensing with the need to give a copy of such a notice that that person.

(3) The court shall not make an order on any application under subsection (1) or (2) unless it is satisfied –

(a) that on the date of the making of the application the tenant had the right to acquire a new lease of his flat; and

(b) that on that date he would not have been precluded by any provision of this Chapter from giving a valid notice under section 42 with respect to his flat.

Section 51

(1) A vesting order under section 50(1) is an order providing for the surrender of the tenant's lease of his flat and for the granting to him of a new lease of it on such terms as may be determined by the appropriate tribunal to be appropriate with a view to the lease being granted to him in like manner (so far as the circumstances permit) as if he had, as the date of his application, given notice under section 42 of his claim to exercise the right to acquire a new lease of his flat.

- (2) If the appropriate tribunal so determines in the case of a vesting order under section 50(1), the order shall have effect in relation to property which is less extensive than that specified in the application on which the order was made.

- (3) Where any lease is to be granted to a tenant by virtue of a vesting order under section 50(1), then on his paying into court the appropriate sum there shall be executed by such person as the court may designate a lease which –
 - (a) is in a form approved by the appropriate tribunal, and (b) contains such provisions as may be so approved for the purpose of giving effect so far as possible to section 56(1) and section 57 (as that section applies, in accordance with subsections (7) and (8) below; and that lease shall be effective to vest in the person to whom it is granted the property expressed to be demised by it, subject to and in accordance with the terms of the lease.

- (4) In connection with the determination by the appropriate tribunal of any question as to which the property to be demised by any such lease, or as to the rights with or subject to which it is to be demised, it shall be assumed (unless the contrary is shown) that the landlord has no interest in property other than the property to be demised and, for the purpose of excepting them from the lease, any minerals underlying that property.

- (5) The appropriate sum to be paid into court in accordance with subsection (3) is the aggregate of –
 - (a) such amount as may be determined by the appropriate tribunal to be the premium which is payable under Schedule 13 in respect of the grant of the new lease;
 - (b) such other amount or amounts (if any) as may be determined by such a tribunal to be payable by virtue of that Schedule in connection with the grant of that lease; and
 - (c) any amounts or estimated amounts determined by such a tribunal as being, as the time of execution of that lease, due to the landlord from the tenant (whether due under or in respect of the tenant's lease of his flat or under or in respect of any agreement collateral thereto).

- (6) Where any lease is granted to a person in accordance with this section, the payment into court or the appropriate sum shall be taken to have satisfied any claims against the tenant, his personal representatives or assigns in respect of the premium and any other amounts payable as mentioned in subsection (5)(a) and (b).

- (7) Subject to subsection (8), the following provisions, namely – (a) sections 57 to 59, and

(b) section 61 and Schedule 14,

8

shall, so far as capable of applying to a lease granted in accordance with this section, apply to such lease as they apply to a lease granted under section 56, and subsections (6) and (7) of that section shall apply in relation to a lease granted in accordance with this section as they apply in relation to a lease granted under that section.

(8) In its application to a lease granted in accordance with this section

- (a) section 57 shall have effect as if –
 - (i) any reference to the relevant date were a reference to the date of the application under section 50(1) in pursuance of which the vesting order under that provision was made, and
 - (ii) in subsection (5) the reference to section 56(3)(a) were a reference to subsection (5)(c) above; and

- (b) section 58 shall have effect as if –
 - (i) in subsection (3) the second reference to the landlord were a reference to the person designated under subsection (3) above, and
 - (ii) subsections (6)(a) and (7) were omitted.

**Flat 69C Shrubland Road London E8 4NL
The Tribunal's Valuation**

APPENDIX A

**Assessment of premium for Enfranchisement
In accordance with the Leasehold Reform, Housing and Urban
Development Act 1993
VG/LON/00AM/OLR/2021/0588**

Components

Valuation date:	11/02/2021	
Deferment rate:	5%	
Capitalisation rate:	7%	
Freehold value:	£707,000	
Long lease value	£700,000	
Unexpired Term	94.2 years	
Ground rent currently receivable	£200	
Capitalised @ 7.0% for 24.62 years	11.585	£2,317
Rising to:	£200	
Capitalised @ 7.0% for 25 years	11.653	
Deferred 24.62 years @ 7.0%	0.1890	£661
Rising to:	£400	
Capitalised @ 7.0% for 25 years	11.653	
Deferred 49.62 years @ 7.0%	0.0348	£162
Rising to:	£500	
Capitalised @ 7.0% for 25 years	11.653	
Deferred 73.29 years @ 7.0%	0.007	<u>£38</u>
		£3,178
Reversion to freehold value:	£707,000	
Deferred 73.29 years @ 5%	0.019009	<u>£7,134</u>
		£10,312

LEASE EXTENSION PREMIUM rounded to: £10,300