



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

Case Reference : **MAN/00EM/OAF/2022/0004**

Property : **West Wood
Brigwood
Haydon Bridge
Hexham
Northumberland
NE47 6EX**

Applicants : **Robert Richard Mulder
Rebecca Ann Mulder**

Representative : **Mortons Law**

Respondent : **Sir Edward Blacket (Deceased)**

Representative : **N/A**

Type of Application : **Houses and Premises – Leasehold
Enfranchisement: Missing Landlord
S21(1)(cza), S21(2) and S27(5) of the
Leasehold Reform Act 1967**

Tribunal : **Valuer Chair J Fraser FRICS
H Clayton JP**

Date of Decision : **21st November 2022**

DECISION

The Tribunal determines that the total price to be paid for the freeholder interest in West Wood, Brigwood, Haydon Bridge, Hexham, Northumberland, NE47 6EX is £72.75.

REASONS

Background

1. The Tribunal has received an application under sections 21(1)(cza), 21(2) and 27(5) of the Leasehold Reform Act 1967 (“The Act”). The application arises following an application made to the County Court for a Vesting Order in the case of a missing Freeholder. On 11th May 2021 Deputy District Judge Pescod sitting in the County Court at Newcastle ordered that the applicants may apply to the First-tier Tribunal (Property Chamber) for determination of a reasonable premium for the Freehold. This is the sole issue for the Tribunal to determine.
2. Following the application to the Tribunal, on the 30th March 2022, Judge L Bennett gave directions for the Applicants to provide a bundle of documents containing a statement of case; valuation evidence and any other document that the party wishes to rely on. Those documents have been provided. Further, it was directed that the Tribunal considers it appropriate for the matter to be determined by way of a paper determination. No submissions have been received for an oral hearing and subsequently the application has been determined on the papers.
3. The Tribunal has not inspected the property.

The Law

4. Section 27(5) of the Act provides:

The appropriate sum which in accordance with Section 27(3) of the Act to be paid in to Court is the aggregate of:

- a. *Such amount as may be determined by (or on appeal from) the appropriate Tribunal to be the price payable in accordance with Section 9 above; and*
- b. *The amount or estimated amount (as so determined) of any pecuniary rent payable for the house and premises up to the date of the Conveyance which remains unpaid.*

The Property and Lease

5. To support the application the Tribunal is provided with a valuation report prepared by Mr Neil S Foster MRICS of Walhouse Surveyors, dated 11th June 2021. The valuation report is not presented as an Expert Witness Report and does not contain the usual statement of truth and declarations as required by Rule 19 of the Tribunal Procedure (First-tier Tribunal)(Property Chamber) Rules 2013, however at page 1 of the report it confirms that the instruction is to prepare a report for the “purposes of application to the First Tier Tribunal”, and the Tribunal notes its contents.
6. In Mr Foster’s report, he states that West Wood (“The Property”) is a four bedroom semi-detached house located within Haydon Bridge, Northumberland and situated on the river bank. The accommodation is arranged over two storeys and provides four bedrooms, four reception rooms, kitchen, shower room/WC, utility room, pantry and a further bathroom and WC. The accommodation extends to 195 sq. m. (2,099 sq. ft.) on a Gross Internal basis (GIA). Externally are gardens and a garage/car port.
7. The Property is registered with Title Number ND107883 and it is held on a long lease for a term of 500 years from 30th October 1680 at a ground rent of four pence per annum and additionally, a sum of ten shillings payable at the end of every twenty one years during the said term, a full copy of the lease is not available. The Tribunal is provided with a letter dated 19th April 1967 from Matfen Estates confirming that there is no record of the rent having been collected in the 25 years prior to April 1967, a further letter dated 3rd October 2018 from Matfen Estates confirms again that there is no record of any rent having been collected.

The Premium

8. The Tribunal is required to determine the premium payable for the Freehold Interest, calculated in accordance with section 9 of The Act. Section 9 sets out the premium to be paid to enfranchise and the valuation basis to be adopted. As at the valuation date of 17th March 2021 (the date of the application to the County Court), there is a term remaining of 159.61 years. The Tribunal refers to the aforementioned report of Mr Foster who prepares a valuation in accordance with section 9(1) of The Act and confirms that an inspection of the property was carried out by him on the 27th May 2021, the valuation date adopted by Mr Foster is 11th June 2021.
9. Mr Foster states “we are satisfied that the freehold should be valued under the original valuation basis [under section 9 (1)]” albeit does not set out the enquiries made to reach that conclusion, the report does not include any mention as to the rateable value of the property as at the relevant dates. However, lacking an alternative narrative the Tribunal accepts the valuation basis of section 9(1) and considers that given the long lease term remaining, the difference in premium between the

original and special valuation basis (section 9(1A)) would not be significant in the circumstances, namely the long lease term remaining.

10. The valuation inputs adopted by Mr Foster are a term remaining of 159.39 years, £285,000 for the Freehold Vacant Possession Value (FHVP), a deferment rate of 5%, an Entirety Value of £285,000, site value of 33%, the modern ground rent is decapitalised at 5% of the site value and recapitalised at 5% to arrive at a premium of £46.43. The ground rent is shown as nil and no element of premium is attributed to the term.
11. The Tribunal is not presented with any of the comparable evidence relied upon by Mr Foster to arrive at the FHVP value of £285,000. The Tribunal notes that the property transacted following an open market sale for £267,500 on the 22nd June 2017 and applying its own expert knowledge, concludes that a FHVP of £300,000 for a house of this size, accommodation and location would be reasonable. Similarly, there is no narrative as to the considerations made to arrive at an Entirety Value of £285,000. The Tribunal notes that the property appears to be developed in a way commensurate with the plot and adopts £300,000 for the Entirety Value.
12. The deferment rate adopted is 5% and no evidence has been provided by Mr Foster to justify a departure from the rate of 4.75% set out in *Earl Cadogan v Sportelli* [2007] 1 EGLR 153 ("*Sportelli*"). Accordingly, the Tribunal adopt a deferment rate of 4.75%. The Tribunal considers, based upon its own expert knowledge, that a site value equivalent to 33% of Entirety Value and decapitalisation and capitalisation of the modern ground rent at a discount rate of 5% is reasonable.
13. Mr Foster adopts a nil ground rent in his calculation and whilst the lease does provide for a nominal ground rent of 4 pence per annum and a further 10 shillings every 21 years, the Tribunal agrees that capitalisation of the ground rent has no value.
14. The Tribunal adopts the inputs set out at paragraphs 11 and 12 above, and adjusts the term remaining to reflect the correct valuation date to arrive at a premium of £72.75. A copy of the valuation calculation is set out at Appendix 1.

Signed: J Fraser
Valuer Chair of the First-tier Tribunal
Date: 21st November 2022

Appendix 1

Capitalisation of Rent								
								N/A
Section 15 Reversion								
Entirety Value					£300,000			
Value of site	33%				£99,000			
Modern ground rent	5.00%				£4,950			
Years purchase for	50	years	@	5.00%	18.25593	£	90,367	
Deferred for	159.61	years	@	4.75%			0.00061	
								£ 54.86
Ultimate Reversion								
Reversion to Freehold					£300,000			
Vacant Possession Value								
Deferred for	209.61	years	@	4.75%	0.00005964			£ 17.89
								Premium £ 72.75