

MR/LON/OOAE/2009/0505

**DECISION OF THE LEASEHOLD VALUATION TRIBUNAL
ON AN APPLICATION UNDER THE LEASEHOLD REFORM HOUSING
AND URBAN DEVELOPMENT ACT 1993 SECTION 48**

PROPERTY: 27B HILLSIDE KINGSBURY LONDON NW9 0NE

APPLICANT: MS MONIQUE NELSON & MS LOUISE COX

RESPONDENT: DAVID CANNON PROPERTIES LIMITED
Represented by: Mr L Nesbitt BSc FRICS of Nesbitt & Co

Date of Hearing: 26th January 2010

TRIBUNAL

Mrs T I Rabin JP Chairman
Mr R Shaw FRICS

Date of Tribunal's decision: 26th January 2010

27B HILLSIDE KINGSBURY LONDON NW9 0NE

INTRODUCTION

1. By a notice dated 23rd March 2009 and served by Ms M Nelson and Ms L Cox ("the Applicants"), the long leaseholders of 27b Hillside Kingsbury London NW9 0NE ("the Flat") the Applicants gave notice to David Cannon Properties Ltd ("the Respondent ") of their desire to exercise their right to acquire an extended lease of the Flat from the Respondent under Section 42 of the Leasehold Reform, Housing and Urban Development Act 1993 ("the Act"). The Flat was held under the terms of a lease ("the Lease") dated 26th August 1981 for a term of ninety nine years from 24th June 1980 (the Term") at a ground rent of £30 per annum throughout the term.
2. The claim was admitted by a counter notice from the Respondent dated 12th May 2009 and the Applicants subsequently made an application to the Leasehold Valuation Tribunal ("the Tribunal") for the determination of the price payable for the extended lease pursuant to the Act.

REPRESENTATIONS

3. At the hearing before the Tribunal on 26th January 2010, the Applicants were not represented but attended themselves. The Respondent was represented by Mr L Nesbitt BSc FRICS. Mr Nesbitt presented the application both as advocate and as expert witness.
4. The following matters were agreed between the Applicant and the Respondent
 - The valuation date of 23rd March 2009
 - Unexpired lease term of approximately 70.25 years
 - Capitalisation rate at 7%
 - Deferment rate is 5%
 - The value of the freehold is £150,000
5. The following matter remains in dispute between the Applicant and the Respondent:
 - Relativity rate
 - Applicants contends for 93.5%
 - Respondent contends for 91%
6. The Appellants' valuation by Mr W Dunsin MRICS of Dunsin Surveyors put to the Tribunal was £7,493 and Mr Nesbitt contended for £9,400. Copies of both valuations are attached as Appendix 2.

EVIDENCE

7. The only issue between the parties was the relativity rate. The Applicants relied on Mr Dunsin's report which based the relativity on the RICS Relativity Graph, in particular the graph prepared from the LEASE website which was based on LVT decisions from 1994 to 2007 which gave a figure of 93.5%. Mr Nesbitt also relied on the RICS Relativity Graph, in particular the graph his firm had prepared

based on settlements conducted under the terms of the Act and LVTs where he had appeared which gave a figure of 91%.

THE TRIBUNAL'S DECISION

8. The Tribunal carefully considered the evidence produced regarding the calculation of the relativity rate. The Tribunal prefers not to rely on LVT decisions, as they do not reflect the negotiations in the open market. The Tribunal noted that Mr Nesbitt's graph was one of five representing Greater London and England and showed the lowest figure. The Tribunal is not satisfied that this reflects the totality of the evidence to be considered. In principle, the Tribunal prefers evidence of settlements and consider that a true reflection of the relativity for Greater London would be reached by taking the average of the five relevant graphs.
9. The Tribunal considered the level of relativity for a lease with 70 years unexpired in the five relevant graphs. The graphs considered were Beckett & Kay at 92.8%, South East Leasehold at 93%, Nesbitt & Co at 91%, Austin Gray at 93.46% and Andrew Pridell Associates Ltd at 92.5%. The average relativity was 92.5% and this is the figure which the Tribunal will adopt.

CONCLUSION

10. The resulting premium, all other aspects of the valuation having been agreed between the parties is **£8,250**, as per the valuation at Appendix 1.

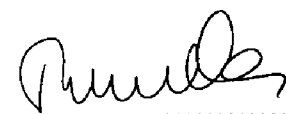
TERMS OF THE LEASE

11. A draft lease was produced to the Tribunal. There appears to be no dispute as to the terms of the new lease between the parties and, accordingly the terms are approved.

COSTS

12. There was no application in relation to the legal costs payable to the Respondent under Section 60(1) of the Act. If the costs cannot be agreed, it is open to the parties to revert to the Tribunal for a determination of the reasonableness of the Respondent's costs payable by the Applicant.

CHAIRMAN.....



MRS T I RABIN

26. 1. 2010

APPENDIX 1
VALUATION BY THE TRIBUNAL

Ms Monique Nelson,

27b Hillside, Kingsbury, London, NW9 0NE

LEASE EXTENSION VALUATION

In accordance with the Leasehold Reform, Housing and Urban Development Act 1993 (as amended)
27b Hillside, Kingsbury, London, NW9 0NE

Valuation Date: 23rd March 2009 ✓
Lease Expiry Date: 23rd June 2079 ✓
Unexpired Term: 70.25 years ✓
Ground Rent: £30 per annum. ✓
Capitalisation Rate: 7% ✓
Deferment Rate: 5% ✓
Relativity: 93.5%

Difference between flat with share of freehold and flat with extended lease: N/A
Value of flat with share of freehold: £150,000
Value of flat with extended lease: £150,000
Value of flat with existing lease (in the 'No Act' World): £140,250

1. Value of Freeholder's interest before Lease Extension

i Ground Rent

Term 30
YP for 70.25 years @ 7% 14.1625 425

ii Reversion to Freehold

Reversion to Freehold Value 150,000
Deferred 70.25 years @ 5% 0.03247 4,870 5,295

2. Value of Freeholder's interest after Lease Extension

i Ground Rent

0

ii Reversion to Freehold

Reversion to Freehold Value 150,000
Deferred 160.25 years @ 5% 0.00040 60 60

Diminution in Value

5,235

3. Marriage Value

i Interests after Marriage

Freeholder's interest 60
Leaseholder's interest 150,000 150,060

ii Less interests before Marriage

Freeholder's interest 5,295 144,045
Leaseholder's interest 138,750 ~~140,250~~ 145,345

Marriage Value

Landlord's share of Marriage Value @ 50% 4,515 3,408

6015 ~~2,258~~

4. Compensation

N/A

5. Price Payable

~~£7,493~~

8,243

50% 8,250

APPENDIX 2
VALUATIONS ON BEHALF OF THE APPLICANT AND THE
RESPONDENT

VALUATION:

THE LEASEHOLD REFORM, HOUSING URBAN AND DEVELOPMENT ACT 1993

DATE: 08/05/2009

PROPERTY

27b Hillside, Kingsbury, London, NW9

Valuation Date

23/03/2009

LEASE DETAILS

Commencement

24/06/1980

5.00%

Reversionary rate %

Term

99

7.00%

Capitalisation rate %

Expiry date

23/06/2079

Unexpired term

70.25

Rent receivable by landlord

£30.00

VALUES

FHVP

£150,000

Extended lease value

differential

100%

£150,000

LHVP

£136,500

91.00%

Differential

DIMINUTION IN VALUE OF FREEHOLDER'S INTEREST

TERM 1

LOSS OF RENT

£30.00

x YP

70.25

years @

7.00%

14.1625

£425

REVERSION

FHVP

£150,000

x PV

70.25

years @

5.00%

0.032

£4,870

£5,295

Less Value of Freeholders proposed interest

£150,000

x PV

160.25

years @

5.00%

0.000

(Existing term plus 90 years)

£60

Lessors' Interest £5735

CALCULATION OF MARRIAGE VALUE

Tenant's Extended Lease Value

£150,000

Landlords' Extended Lease Value

£60

Sum of Proposed Extended Lease Interests

£150,060

Less

Landlords' Present Interests

£5,295

Lessee's Present Interest

£136,500

£141,795

Marriage Value

£8,265

Take

50%

Marriage Value £4133

Continued...../

PREMIUM PAYABLE TO FREEHOLDER

	Total of	
	Diminution in Freehold Interest	£5,235
Plus	Freeholders Share of Marriage Value	£4,133

Total Premium £9,367

Say £9,400

CONCLUSION

Ms Monique Nelson,

27b Hillside, Kingsbury, London, NW9 0NE

LEASE EXTENSION VALUATION

In accordance with the Leasehold Reform, Housing and Urban Development Act 1993 (as amended)
27b Hillside, Kingsbury, London, NW9 0NE

Valuation Date: 23rd March 2009

Lease Expiry Date: 23rd June 2079

Unexpired Term: 70.25 years

Ground Rent: £30 per annum.

Capitalisation Rate: 7%

Deferral Rate: 5%

Relativity: 93.5%

Difference between flat with share of freehold and flat with extended lease: N/A

Value of flat with share of freehold: £150,000

Value of flat with extended lease: £150,000

Value of flat with existing lease (in the 'No Act' World): £140,250

1. Value of Freeholder's interest before Lease Extension

i Ground Rent

Term	30		
YP for 70.25 years @ 7%	<u>14.1625</u>	425	

ii Reversion to Freehold

Reversion to Freehold Value	150,000		
Deferred 70.25 years @ 5%	<u>0.03247</u>	<u>4,870</u>	5,295

2. Value of Freeholder's interest after Lease Extension

i Ground Rent

0

ii Reversion to Freehold

Reversion to Freehold Value	150,000		
Deferred 160.25 years @ 5%	<u>0.00040</u>	<u>60</u>	<u>60</u>

Diminution in Value

5,235

3. Marriage Value

i Interests after Marriage

Freeholder's interest	60		
Leaseholder's interest	<u>150,000</u>	150,060	

ii Less interests before Marriage

Freeholder's interest	5,295		
Leaseholder's interest	<u>140,250</u>	<u>145,545</u>	

Marriage Value

4,515

Landlord's share of Marriage Value @ 50%			<u>2,258</u>
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4. Compensation

N/A

5. Price Payable

£7,493