

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL
LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0006/05/16

In the Matter of Number 18 Glenview Court, Pentwynmawr, Newbridge, NP11 4HW (the Property)

In the Matter of an Application under Section 21(1)(a) of the Leasehold Reform Act (as amended)
(the Act)

TRIBUNAL P H Williams, Chairman
NFG Hill FRICS

APPLICANTS Mr J H Stredwick and Mrs L M Stredwick

RESPONDENT Tounack Investments Ltd

Attendee Mr Martin Cotsen FRICS

DECISION

INTRODUCTION

1. We convened as a Leasehold Valuation Tribunal under the provisions of the Act at the offices of the Tribunal in Cardiff on the 16th August 2016.
2. The Tribunal had to decide on an Application made by the Applicants on the 29th April 2016 to determine the price payable by the Applicants for the purchase of the freehold reversion of the Property.
3. Prior to the hearing the Tribunal inspected the Property in the presence of the Applicants.

INSPECTION

4. The Property is a semi-detached two storey house of traditional construction with cavity walls under a pitched tiled roof. The ground floor is solid and the first floor is of suspended timber on joists. The original casement windows have been replaced with double glazed UPVC frames and all rainwater goods are in plastic. There is a single storey extension to the front of the house to enlarge the living room, linked to an external garage and the creation of an entrance porch. The original Bathroom has been altered to include a shower, wash hand basin and water closet with fully tiled floor and walls. The Kitchen has also been redesigned, closing off the original entrance from the hall and re-fitting to a high standard.
5. The Property is in an elevated position above the town of Newbridge and is fronted by an estate road. Pentwynmawr is a typical valley village with easy access onto the A472 which eventually leads to Newport and Cardiff. Newbridge is a small town with most urban amenities.

6. The accommodation is detailed in the Report of Mr Cotsen dated the 19th May 2016.

PRELIMINARY ISSUES

7. The Respondent has raised the issue of service of documents including the Notice of Leaseholders' Claim and the said Application as they were forwarded to the Respondent at The Chestnuts, Porth y Rhyd, Carmarthenshire and not to its registered office at Little Grange, Hascombe Road, Hascombe, Godalming, Surrey. In support it has referred the Tribunal to Section 1139 of the Companies Act 2006 which provides for service at registered offices. We consider that Section 1139 is applicable to matters of Company Law and procedure, and that service in Tribunal matters is governed by The Leasehold Valuation Tribunals (Procedure) (Wales) Regulations 2004 (the Regulations). Regulation 23 (1) provides that a Tribunal may serve Notices to a person's usual or last known address but does not deal with Notices inter parties. Regulation 16 (2) states :- " At a hearing, if a party has not previously received a relevant document or a copy of, or sufficient extracts from or particulars of, a relevant document then unless :-

(a) That person consents to the continuation of the hearing or

(b) The tribunal considers that the person has a sufficient opportunity to deal with matters to which the document relates without an adjournment of the hearing the tribunal shall adjourn the hearing for a period which it considers will give that person a sufficient opportunity to deal with those matters "

It seems evident from the Regulations that the Tribunal may serve Notices to the usual address of the party, irrespective of whether that is the registered address, and that the Tribunal has the right to adjourn proceedings if a party has not received documents in order to rectify matters. In this matter the Respondent has confirmed to the Tribunal in correspondence (and in its Written Submissions) that it has received all documents including the Notice of Claim and the Application. Although we have no direct evidence on the point, given that the Applicants were not in attendance, it seems evident that the Carmarthenshire address is connected to the Respondent. It seems highly likely that it is the address from which ground rent demands are issued; but in any event correspondence has been passed to the Respondent. Had the Respondent not received the relevant documents then we would have applied Regulation 16 (2) and granted an adjournment. We do not consider that there has been insufficient service and the Respondent has certainly not been prejudiced. In taking this point the Respondent has shown that its main purpose was to cause delay and additional cost to the Applicants, as there is no other advantage to either party in the Hearing not proceeding. Accordingly, we have determined that the Hearing shall proceed.

8. The second issue is the fact that the Respondent only submitted its Written Submissions one working day prior to the Hearing. This gave insufficient time for either the Tribunal or the Applicants- and particularly their Surveyor- to consider the submissions. Directions were issued on the 6th May 2016 and the parties were given until the 16th June 2016 to exchange and provide the Tribunal with their Valuation Reports. The Applicants complied with the Directions. The Respondent did not even give a reason for the late submission. This Matter commenced in January of this year and the Application was made in April and we consider that this late submission is both unacceptable and inexcusable. The Respondent has certainly left the Tribunal with the strong impression that the late submission was deliberate and an attempt to delay matters further and to cause the Applicants additional expense. It is particularly unpleasant for

the Applicants to only discover the Respondent's calculation of the price on the day before a Hearing. Given the breach of the Directions, and irrespective of the reasons behind the late submission, we determine that the Written Submissions shall not be taken into evidence. They were delivered unacceptably late and so we do not consider that an adjournment is appropriate. Neither the Applicants nor their Surveyor have had an opportunity to consider their response and, it would be potentially prejudicial to the Applicants to allow this evidence.

HEARING

9. At the Hearing we explained to Mr Cotsen that there were two preliminary issues for the Tribunal to consider regarding service and late submission and that we would decide these issues in our decision. As regards service he considered it likely that the address used by the Applicants and their Solicitors probably related to an address from which ground rent demands were issued; but that he had no evidence to support his belief. As regards the Written Submissions of the Respondent he stated that he had had very little time to consider same and that, in any event, he did not believe that their calculation of the price had any merit as the Respondent had simply taken all the ground rent payable until the end of the term and then discounted same in a manner that he did not understand and, in his opinion, was not based on any known valuation principles. He also stated that he did not understand some of the actual calculations and was unsure of the price that the Respondent was seeking as it appeared to give alternative figures.
10. As regards his own Valuation he stated that the loss of ground rent was the main compensation factor; but that he had calculated the Reversionary element using a term of 200 years, which was the maximum period provided for in Parry's Valuation Tables and that he had used the 7th Edition. He confirmed the Valuation Date as being the 11th January 2016 and that the unexpired term was accordingly 951 years. As regards the ground rent calculation he accepted that the Years Purchase in Perpetuity range he had considered was between 5 and 6.5% and that he had opted for the higher percentage because of the collection and administration costs for a modest ground rent figure of £15.75p. Mr Cotsen then stated that he had researched the value of the Property and concluded that it was £180,000.00p. He had then taken the Present Value at 5%, which in his view was relatively standard and, as mentioned calculated same over a 200 year period. He then argued that Marriage Value was not relevant as the term was in excess of 80 years, which was the usual relevant period.

CONSIDERATION

11. The Price to be paid for the Freehold Reversion
Section 9(1) of the Act states that we have to determine "the amount which at the relevant time the house and premises, if sold in the open market by a willing seller (with the tenant and members of his family not buying or seeking to buy) might be expected to realise....."
12. We have considered the Valuation Report of Mr Cotsen and his oral submissions at the Hearing.
13. It is clear that the costs of administration and collection could erode the amount of ground rent received, namely £15.75p. Using our own knowledge and expertise, we consider that an investor in the open market would require a return of 6% given the current low interest rates. This is slightly less than the 6.5% used by Mr Cotsen. This produces a valuation of £262.50p (15.75 x 16.6667).

14. We accept Mr Cotsen's argument that there is no Marriage Value given the length of the unexpired term.
15. Mr Cotsen has valued the Reversionary aspect at £4.00p. We are not entirely convinced that there is any reversionary value given that we are obliged to disregard any potential bid by the leaseholder and family, coupled with an unexpired term of 951 years. However, as Mr Cotsen has made a calculation we are prepared to accept a minimal amount. We were not able to agree his actual calculation based on our consideration of the later 9th Edition of Parry's Valuation Tables. Page 76 of that edition sets out the formula which we have applied as follows :-

Present Value of £1 receivable in 100 years at 5% is .0076045

Present Value of £1 receivable between 101 to 200 years at 5% is .0076045

Then multiply the two figures of .0076045 and .0076045 and this equals .00005783

We agree with Mr Cotsen's valuation of the Property at £180,000.00p and accordingly we multiplied 180000 by .00005783 and this gave us a figure of £10.41p for this element.

We accordingly calculate the Price at £272.91p (262.50 + 10.41), which we have rounded up to £273.00p.

DETERMINATION

16. **We determine that the Price payable for the freehold reversion of the Property, in accordance with Section 9 of the Act is £273.00p.**
17. We record that this Tribunal made its decision on the 16th August 2016.

Dated this 23rd day of August 2016



Chairman