

**Y Tribiwnlys Eiddo Preswyl**  
**Residential Property Tribunal Service (Wales)**  
**Leasehold Valuation Tribunal (Wales)**

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**DECISION AND REASONS OF LEASEHOLD VALUATION TRIBUNAL (WALES)**  
Leasehold Reform Act 1967 s.27

**Premises:** 4 The Crescent, Pontypridd Road, Barry, Vale of Glamorgan  
("the property")

**LVT ref:** LVT/0001/04/15

**Order:** 22 May 2015

**Applicants:** Mr and Mrs D Lewis

**Tribunal:** Mr R S Taylor – Legal Chairman  
Mr C Jones - MRICS

## ORDER

1. The price to be paid into court by the Applicant for the freehold interest of the property is £225.25.

Dated 22 May 2015

A handwritten signature in black ink, appearing to read "Philip Taylor". The signature is written in a cursive, slightly slanted style.

Lawyer Chairman

## Background.

1. This case concerns the valuation of the appropriate price to be paid by the Applicants for the freehold of the property.
2. The Applicants made an application via Part 8 of the Civil Procedure Rules to Cardiff County Court on 20 February 2015, pursuant to s.27 of the Leasehold Reform Act 1967 (as amended) (“the Act”) for the purchase of the freehold reversion of the property.
3. The matter came before Deputy District Judge Cleal sitting in the Cardiff County Court on the 27 February 2015 when she ordered that the application be transferred to the Leasehold Valuation Tribunal to determine the sum to be paid for the freehold interest in the property. Deputy District Judge Cleal determined the pecuniary rent due under s.27(5)(b) as being £55.25.
4. The lease of the property was granted for a term of 999 years from the 15 April 1955. The lease states that the annual ground rent is eight pounds, ten shillings (£8.50) per annum.
5. The Tribunal must determine the purchase price on the relevant day. The relevant day in this case is the date of application to court, namely the 20 February 2015 (“the valuation date.”)
6. The Act enables tenants of long leases let at low rents to enfranchise their properties – in other words to acquire the freehold on terms as set out in the Act. s.27 of the Act which provides for an application to the court and sets out the procedure to be followed where the landlord cannot be found.
7. One part of this procedure requires a Leasehold Valuation Tribunal to determine the purchase price, in accordance with the appropriate valuation methodology as set out in the Act. The valuation methods are set out in s.9 of the Act, which has been amended several times and now provides for valuation upon a number of different bases, depending upon which category the property and the lease fall into.
8. In the case of a property with a low ratable value outside of London, that is less than £500 on the 31 March 1990, the valuation methodology is the s.9(1) valuation. In this case the ratable value of the property would bring the valuation head under s.9(1) of the Act.
9. Under s.9(1) the price payable is the amount which on the valuation date, the site, if sold in the open market by a willing seller (with the tenant and members of his family not seeking to buy, thereby excluding what is called “marriage value”) might be expected to realise on certain assumptions, including the assumption that the tenant has complied with his covenants and disregarding any tenants’ improvements. It is further assumed that the tenant would exercise his right to claim an extended lease under section 14 of the Act. If the lease is extended under s.14 it gives rise to a further statutory term of the lease with the ground rent (known as the modern ground rent) being set by section 15 of the Act. The statutory term is for 50 years, with a review at 25 years.
10. Under s.9(1) the task of the Tribunal is to determine, as at the valuation date, the present capital values of the rent due for the remainder of the term of the lease and thereafter the value of the reversion.
11. However, given the length of the unexpired term of the lease the reality is that a purchaser would only value the ground rent in this case.
12. Mr. Martin Cotsen has prepared a report dated 20 April 2015 in which he has valued £8.50 per annum in perpetuity, using a YP of 5%. This arrives at  $20 \times 8.5 = £170$ .

13. The Tribunal visited the property on 22 May 2015, we agree with Mr. Cotsen's description of the property, namely, "Semi detached two storey house built circa 1955 of traditional cavity brick construction under a pitched tiled roof. The house has attractive gardens to the front and rear with a long paved driveway to a detached brick built garage with matching tiled roof. The property is in immaculate condition with uPVC double glazing windows and door and has been extended at the rear with an additional reception room and an enlarged kitchen. Further improvement has been carried out is a loft extension with a fixed staircase to a room now used as a study." However, given that we agree that it is only the ground rent which has any value here, taking into account the residue of the term and no ground rent review provision, the exact configuration of the property is of little importance.
14. We agree and accept Mr. Cotsen's evidence that £170 is the correct figure for the deferment of the ground rent and when added to figure of £55.25, the resultant figure to be paid into court is £225.25. We have adopted the YP at 5% *only* because this is what Mr. Cotsen has suggested to us in this case. He notes "I would normally use a figure of 6.5% to capitalise the ground rent but as the amount is so small, and to ensure that no criticism can be levied, I have used the lower percentage."

Dated 22 May 2015



Lawyer Chairman