

RESIDENTIAL PROPERTY TRIBUNAL (WALES)

LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0013/06/17

In the Matter of: 95 Taillwyd Road, Neath Abbey, Neath, SA10 7DY (“the Premises”)

In the Matter of an Application under Section 21 of the Leasehold Reform Act 1967 (as amended)

TRIBUNAL David Foulds (Lawyer chair)
Mark Taylor (Surveyor member)

APPLICANT Miss Rhian Williams

RESPONDENT Persons Unknown

Date of Hearing 17th October 2017

Date of Decision 20th October 2017

DECISION

The Tribunal determines that the appropriate sum as provided for by section 27 (5) of the Leasehold Reform Act 1967 (“the Act”) is £6,350.00

REASONS

The Application

1. The Applicant is the Claimant in proceedings in the County Court at Cardiff in claim number CO1CF110. Those proceedings originated by way of a claim form issued on 29 June 2017 requesting the court to make a vesting order vesting the freehold of 95 Taillwyd Road, Neath Abbey, Neath, SA10 7DY (“the Premises”) in the Claimant.
2. An Order was made by the Court on 10 August 2016 requiring the Claimant to obtain a certificate of the value of the purchase price and the freehold from a Leasehold Valuation Tribunal under section 9 of the Leasehold Reform Act 1967.

Inspection

3. The Tribunal inspected the Premises on 17th October 2017.
4. The Premises comprise a detached three bedroom bungalow of cavity brick construction with partly rendered elevations with a timber framed roof clad with concrete tiling. The property is estimated to have been built circa 1970.
5. The property comprises a small entrance hall with a lounge to the left along the front and dining room and kitchen to the rear of the property. To the right of the entrance hall there are 2 double bedrooms, 1 single bedroom and a bathroom/WC. There is a small front garden with hardstanding for up to 2 vehicles. There is a rear alleyway with a gate to the front and leading along the back to a small garden. There is an attached garage.
6. The property was in a good tenantable condition.

Hearing

7. By the nature of the proceedings the Respondent was not represented within the Tribunal proceedings.
8. By way of a letter from those representing the Applicant dated 29 September 2017 the Applicant confirmed that she was content for the Tribunal to decide the matter from the papers and in consequence the Applicant did not attend the hearing.

Evidence

9. By way of directions issued by the Tribunal on 21 July 2017 the Tribunal directed that a valuation of the freehold reversion be prepared by a suitably qualified surveyor as at the relevant valuation date being 29 June 2016 giving full details of all calculations and with reference to and supported by comparable evidence. It was further directed that such valuation shall contain a statement of truth and comply with the requirements of the protocol of the valuer's professional body.
10. Further to the above direction the Tribunal had the benefit of a valuation report prepared by Mr Robert N. Cowley F.R.I.C.S. who is a fellow of the Royal Institution of Chartered Surveyors and being a current RICS Registered Valuer. The Tribunal was satisfied from the information given in the report that Mr Cowley was a suitably qualified person to compile the report.

Basis of Valuation

11. The Tribunal was satisfied that the correct basis of valuation was that set out in section 9 (1) of the Act.

The Valuation

Capitalisation of the Ground Rent:

12. The existing ground rent is £15 per annum for the remainder of the term (48 years). The Tribunal has applied a capitalisation rate of 6.5% resulting in a figure of £220 for capitalised ground rent.

Section 15 ground rent:

13. The Tribunal issued directions on 18 September 2017 requiring more detailed submissions and information on the comparables used in section 2.6.2 of Mr Cowley's report dated 14 August 2017. Mr Cowley had placed a capital value of £150,000.00 on the Premises.
14. The Tribunal carried out a walk by inspection of 47, 56, 57, 60, 67 and 71 Brookfield Neath being the comparables supplied by Mr Cowley. The Tribunal noted No 47 was sold for £204,000.00 on 16 December 2016. However the property was on an attractive corner plot with garden to front and side and with an apparent garage conversion which therefore would have commanded a higher selling price. The Tribunal considered 67 and 71 Brookfield as the closest comparables, both being of similar size to the Premises and 3 bedroom properties. No 67 was however once again on an attractive corner plot and sold on 16 September 2011 for £169,950. No 71 sold on 7 October 2016 for £168,000. Taking the comparables in to account the Tribunal considered an appropriate valuation for the Premises to be £160,000.00.
15. Taking account of the size of the plot, the Tribunal considered a site percentage of 35% to represent the value of the plot as being reasonable. Thus the site value is $£160,000.00 \times 35\% = £56,000.00$.
16. The Tribunal applied a de-capitalisation rate of 5% in line with the decision of the Lands Tribunal in the case of *Re Mansal Securities Limited and others* (2009) 20EG104.
17. The Tribunal therefore determined the appropriate section 15 ground rent to be £2,800.00 ($£56,000.00 \times 5\%$). The years purchase of this ground rent for 50 years deferred 48 years is £4,914.00.

Deferment of value of property with extension period of 50 years:

18. In line with previous decisions of this Tribunal, the Tribunal applied a deduction of 10% to take into account the rights of the leaseholder under

schedule 10 of the Local Government Act 1989. The resultant capital value of £144,000.00 (£160,000.00 less aforesaid 10%) has been adjusted to reflect its present value by applying a de-capitalisation rate of 5% and the Tribunal determines that the deferred value of the Premises for the remaining term plus 50 years extension is £1,207.00.

Determination

18. The Tribunal therefore determines that the appropriate sum as provided for by section 27 (5) of the Act is £6,350.00.

Dated this 20th day of October 2017

A handwritten signature in black ink, appearing to read 'DM Foully', written in a cursive style.

CHAIRMAN

APPENDIX 1

95 Taillwyd Road Neath

Ground Rent	£15	
YP 48 yrs @ 6.5%	14.6359	
	<u>£219.54</u>	<u>£220</u>

Reversion MGR

Capital value	£160,000	
Site Value @35%	£56,000	
MGR @5%	£2800	
YP50 yrs @5%	18,2559	
PV £1.00 48 yrs	0.0961421	
	<u>1.75516</u>	<u>£4914</u>

Reversion

Capital value	£160,000	
Less 10%	£16,000	
Adjusted Value	£144,000	
PV £1.00 98yrs @ 5%	<u>0.0083840</u>	<u>£1207</u> <u>£6341</u>
But say	£6350.00 plus costs	