

Y TRIBIWNLYS EIDDO PRESWYL

RESIDENTIAL PROPERTY TRIBUNAL (WALES)
LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0051/01/21

In the Matter of an Application under the Leasehold Reform Act 1967 (the Act)

Applicant: Hayley Jane Davies

Respondent: Unknown owner of freehold

Property 10, Heol West Plas, Litchard, Bridgend CF31 1PA

TRIBUNAL AVS Scott Chair
Andrew Lewis FRICS FCI Arb

ORDER AND REASONS FOR THE DECISION OF TRIBUNAL

1. The Tribunal determined that appropriate sum to be paid into Court pursuant to section 27 of the Act for the freehold interest in 10, Heol West Plas, Litchard, Bridgend CF31 1PA (title number WA 250532) is £74.40 (£48.60 being the price payable in accordance with section 9 (section 27(5)(a) of the Act) and £25.80 being the pecuniary rent payable (section 27(5) (b) of the Act).

BACKGROUND

2. The Applicant purchased the leasehold title of the above property (the Property) in April 2007 for the sum of £143,000. The freehold is unregistered. The Property was leased to a William Richards by Frederick William Davies and Ward Davies on 27 October 1931 by a lease for a term of 999 years at a ground rent of £2.43 per annum.
3. On 19 August 2019, the Applicant applied to the County Court in Cardiff to acquire the freehold of the Property pursuant to Section 27 of the Act as the Landlord is absent.
4. On 17 October 2019, District Judge Morgan Ordered that the claimant obtain a certificate of value of the purchase price of the freehold of the Property from a Leasehold Valuation Tribunal under Section 9 of the Leasehold Reform Act 1967. Accordingly, the Applicant applied to the Tribunal. Directions were given on 26 January 2021 for a bundle of documents to be provided, including the documents filed in the County Court and a

valuation report together with a draft transfer complying with relevant statutory requirements. The Applicant was also asked to indicate whether an oral hearing was required.

MISSING LANDLORD

5. As is apparent from the Applicant's witness statement filed in support of the application to the County Court, the Applicant purchased the Leasehold title from Christopher Charles Stuart Taylor, who had owned the Property since 1986. Mr. Taylor was unaware of who the Landlord might be, having never had any communication from any freeholder. Neither had the Applicant had contact from anyone claiming to be the freeholder. Hutchinson Thomas, solicitors instructed by the Applicant, wrote to owners of the adjoining properties in June 2019, seeking information as to the missing landlord. The only person who responded was the owner of No 6, Heol West Plas who indicated that the Property had previously been owned by Sheppard's the vets. The Applicant's solicitors spoke to a Mrs. Sheppard, who indicated that she had never paid rent and did not know who the owner of the freehold was. Another neighbour, now living at No 6 Heol West Plas, also indicated to the Applicant's solicitors that he did not know the freeholder. In the circumstances, the Applicant was unable to suggest any other line of inquiry.
6. In the light of the above steps, the Tribunal was satisfied that the Landlord is a person who cannot be found and whose identity cannot be ascertained and is a missing Landlord within the meaning of the Act.
7. The Applicant, in complying with the Tribunal's Directions, did not indicate that a hearing was required and the Tribunal was satisfied that it could determine the application on the papers.

INSPECTION

8. In the light of the length of the unexpired term of the lease, the Tribunal did not consider an inspection was necessary. The Property was sufficiently described in the valuation report obtained by the Applicant upon the Tribunal's direction.

THE PROPERTY

9. The Property is a detached bungalow in a mature residential area of Litchard in Bridgend, constructed shortly after the Lease was granted in 1931 of conventional cavity masonry construction, with rendered elevations, under a pitched timber roof with interlocking concrete tiles. Windows and doors are uPVC frames. The rear had been extended some years prior to the Applicant's purchase. The Property has three bedrooms and benefits from all mains services. The property is generally maintained and presented to a typical standard for its age, type and location.

DETERMINATION OF PURCHASE PRICE

10. The Act allows a tenant of a long lease to purchase the freehold. The Tribunal had to determine the purchase price on the relevant day, being the date on which the claim in the county court was issued, 19 August 2019, in accordance with section 9 of the Act. The Act determines the procedure to be followed where the Landlord cannot be found. After a Leasehold Valuation Tribunal has determined the appropriate sum which, upon the appropriate sum being paid into court, then the court may designate an appropriate person to execute a conveyance in a form approved by the court and which conveyance shall be effective to vest in the person to whom the conveyance is made the property expressed to be conveyed.
11. The appropriate sum, according to section 27(5) of the Act is (a) such amount as may be determined by the appropriate tribunal to be the price payable in accordance with section 9 of the Act and (b) the amount of any pecuniary rent payable for the house and premises up to the date of the conveyance.
12. Pursuant to section 9 of the Act, the price payable is the amount which at the relevant time, if sold in the open market by a willing seller, might be expected to realize on the assumption that the vendor was selling for an estate in fee simple but on the assumption that there was no right to acquire the freehold. Pursuant to section 9(1), the tribunal has to determine, as at the valuation date, the present value of the ground rent due for the remainder of the lease and thereafter determine the value of the reversion.
13. The Applicant, in accordance with the Tribunal's directions, had obtained a valuation from Mr. Gregson, who valued the reversion as at 18 February 2021, having inspected the property on 15 February 2021. As mentioned above, the valuation date should be 19 August 2019 but in the light of the length of the lease remaining, the Tribunal was of the view there would be little difference in the valuation between those two dates.
14. Mr. Gregson cited 4 comparables of houses sold in Litchard between December 2013 and October 2020 for between £149,000 and £200,000. He put the value of the Property at £150,000.
15. Mr. Gregson calculated the freehold reversion as follows:

Term:

Rent passing 2.43 PA

YP perp @5% 20 48.60

Reversion: nil

Value of freehold interest £48.60

16. The Tribunal agreed with and adopted this calculation. There would be no value to the reversion of a lease with over 900 years remaining. The Tribunal need only consider the capitalized value of the ground rent. A deferment rate of 5% was in line with previous decisions of the Tribunal and appropriate in the circumstances of this case.
17. No ground rent has been paid by the Applicant. Pursuant to section 27(5)(b) of the Act, ground rent is to be added to the appropriate amount. The Limitation Act 1980 section 19 limits the recovery of ground rent to six years.
18. No draft transfer was provided by the Applicant as directed by the Tribunal on 26th January 2021. However, the Court was empowered to make the necessary directions for the conveyance pursuant to section 27 of the Act.

Dated this 16th day of April 2021

Chairman