

**Y Tribiwnlys Eiddo Preswyl**

**Residential Property Tribunal Service (Wales)**

**Leasehold Valuation Tribunal (Wales)**

**Welsh Tribunals Unit, Oak House, Cleppa Park, Celtic Springs, Newport, NP10 8BD**

**E-mail: rpt@gov.wales**

**Premises: 1 Broadwalk, Caerleon, NP18 1NP**

**RPT ref: LVT/0017/07/21**

**Applicants: Joseph and Andrea Hayden**

**Respondent: Missing landlord**

**Tribunal: Mr JE Shepherd – Judge**

**Mr Roger Baynham FRICS - Surveyor member**

**DECISION AND REASONS OF LEASEHOLD VALUATION TRIBUNAL**

**ORDER**

The price to be paid into court by the Applicant for the freehold interest of the property is **£110**

## **Background.**

1. This case concerns the valuation of the appropriate price to be paid by the Applicant for the freehold reversion of the property.
2. The Applicant made an application via Part 8 of the Civil Procedure Rules to Pontypridd County Court, pursuant to s.27 of the Leasehold Reform Act 1967 (as amended) (“the Act”) for the purchase of the freehold reversion of the property. The case was transferred to Cardiff County Court from where it was transferred to the Tribunal to assess the value of the freehold.
3. 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 20th May 2021 (“the valuation date.”)
4. 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 provides for an application to the court and sets out the procedure to be followed where the landlord cannot be found as here.
5. 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 a valuation upon a number of different bases, depending upon which category the property and the lease fall into.
6. In the case of a property with a low rateable value outside of London, that is less than £500 on the 31 March 1990, the valuation methodology is the s.9(1) valuation, which applies here.
7. 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.
8. 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. In accordance with the Tribunal directions, the Applicant has filed a valuation report from William Graham FRICS.

## **Inspection.**

12. The Tribunal's surveyor attended the property alone due to the Covid 19 restrictions on the morning of the 7th December 2021. One of the Applicants, Mr. J. Hayden was present.
13. The property comprises a semi-detached house in a popular area of Caerleon within easy reach of local shops and amenities and all other facilities are available in the nearby city of Newport.
14. The house, which is in excellent condition, has recently been extended and modernised and is conventionally constructed having brick exterior walls which have been cement rendered and a slate roof and plastic rain water goods. The windows and external doors are double glazed uPVC units. The property has the benefit of full gas central heating.
15. The accommodation on the ground floor comprises a large entrance porch, entrance hall, front room, through lounge / dining room, large kitchen with fitted units, an inner hallway leading to a study area, utility room and a cloakroom with a wash hand basin and a w/c.
16. On the first floor there is a landing, 3 double bedrooms, one with an ensuite having a bath with shower over, wash hand basin and a w/c, and a further single bedroom. There is a separate shower room consisting of a shower, wash hand basin and a w/c.
17. The front garden is laid in tarmacadam with a shrub border and leads to a single integral garage. The rear garden, which is of good size is laid in lawn with a paved patio and enclosed by wooden fencing.

## **Determination.**

18. Although the Tribunal was informed that the house was constructed in 1928 the lease is for a term of 999 years from 1905 at a ground rent of £5.50 per annum.
19. The Applicants have, unusually, provided 2 valuations from differing surveyors. The first one, dated the 30th April 2021 was from Leonard D Morgan and valued the reversion at a figure of £1,500 whereas the second valuation dated the 23rd September 2021 was from Graham & Co which assessed the value of the freehold at £116.00. It would appear that the first valuation was prepared before the Tribunal issued directions requiring relevant information and comparables.
20. The valuation from Leonard D Morgan did not provide any detail or evidence to support the figure of £1500 whereas the valuation from Graham & Co complied with the Tribunal's directions and provided details of a comparable and a methodology of reaching a figure of £116.00 for the premium. In the circumstances the Tribunal considered that the valuation report from Graham & Co. to be more relevant.
21. The valuation from Graham & Co refers to a relatively similar calculation in respect of 2 St. Andrews Close. Mayals, Swansea ( LVT/0028/10/20 ) where, in that matter, the term was for a period of 999 years at a ground rent of £75.00 which was capitalised at 4.75 %.

22. The Tribunal are also aware of the premium paid in relation to 3 Dewsland Road, Newport (LVT/0026/09/18) where, again, the term was for 999 years but the ground rent was £5.50 per annum - similar to the subject property.
23. The Tribunal take the view that an investor would pay slightly more for a ground rent return of £75.00 per annum compared to the subject property ground rent of £5.50 and consequently consider that a 5.00 % return is appropriate in this instant, which is similar to 3 Dewsland Road.
24. The Tribunal therefore assesses the value of the freehold reversion at £110.00 (One hundred and ten pounds) being the ground rent of £5.50 capitalised at 5.00 %. A further sum of £33 needs to be paid being 6 years ground rent at £5.50 per annum.

**Dated this 6<sup>th</sup> day of January 2022**

**Judge Shepherd**

**APPENDIX**  
**GRAHAM AND CO**  
**VALUATION REPORT**

# GRAHAM&CO.

Established 1830

## CHARTERED SURVEYORS

William Graham FRICS Registered RICS Valuer

114 COMMERCIAL STREET  
NEWPORT SOUTH WALES  
NP20 ILW

Telephone: (01633) 254825

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**VAT: 282 6207 58**

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### **RESIDENTIAL PROPERTY TRIBUNAL SERVICE (WALES)**

#### **) LEASEHOLD VALUATION TRIBUNAL (WALES)**

Reference: LVT/0017/07/21

In the Matter of 1 Broadwalk, Caerleon, Newport NP18 1NP

In the matter of an application under the Leasehold Reform Act 1967 Section 27 (S)(a)

#### **APPLICANTS RESPONDENT VALUER'S REPORT**

Mr Joseph Hayden & Mrs Andrea Hayden Unknown missing landlord

The report and valuation was carried out by Mr AW Graham, FRICS who became a Fellow of the Royal Institution of Chartered Surveyors in 1979. He is experienced in local valuation matters of this particular kind and has carried out many valuations of similar freehold reversions.

- (a) Graham and Co Chartered Surveyors have acted as managing agents for a number of freehold estates in the city and have disposed of a large number of freehold reversions of recent years.
- (b) The property comprises a semi -detached, two-storey dwelling house with integral garage and lat er side and rear extension, being traditionally constructed of brickwork, cement - rendered externally, under a slated roof covering .

We understand the property was built in 1928.

The dwelling house occupies a reasonably-sized building plot in an established popular residential district, close to the centre of the historic village of Caerleon.



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### ACCOMMODATION

At the time of our inspection on 20<sup>th</sup> September, the following accommodation was afforded.

#### Ground Floor:

- Porch
- Entrance hall
- Living room
- Dining room
- Kitchen with sink unit
- Utility room with sink unit
- Cloakroom with WC and wash-hand basin

) • Pantry

- Larder

#### First Floor:

- Landing
- Four bedrooms
- Shower room with shower, WC and wash-hand basin
- Bathroom with bath, WC and wash-hand basin, en-suite to main bedroom

#### Outside:

- Garden to front and rear
- Single integral garage

### SERVICES

All main services.

### CENTRAL HEATING

Full gas-fired central heating.

### GENERAL REMARKS

The property comprises a semi-detached, four-bedroomed dwelling house having replacement UPVC coated double-glazed windows and doors, situated in a popular residential district and well maintained both internally and externally

The property has a current energy designation of D59.

The enclosed photograph was taken at the time of our inspection

- (c) Please find enclosed a copy of the Land Registry Title Plan under Title Number CYM 206266D

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- (d) My valuation is as at the date of my inspection which was the 20<sup>th</sup> September 2021
- (e) In support of my valuation, the rate percent chosen reflects the long-established acceptance of the case of Cadogan v Sportelli (2007). I was also strongly influenced by the decision of the Leasehold Valuation Tribunal in RPT reference LVT/0028/10/20.
- (f) The property is held on a lease for a term of 999 years from 1905 at an annual ground rent of £5.50. The rent is fixed throughout the term and there are not any fixed rental increases or rent reviews contained within the original lease.

My opinion of the value of this freehold reversion is simply based on capitalizing the annual rent of £5.50 using years purchase in perpetuity at 4.75%, 21.05263158, which results in a rounded-up figure of £116.00 (one hundred and sixteen pounds).

### CONFLICT OF INTEREST

I confirm that I do not have any conflict of interest of any kind and I would confirm that, between the date of this report and the final hearing, if there is any change in circumstances in relation to the issue of conflict of interest, I would make full disclosure to the Tribunal.

### STATEMENT OF TRUTH

I confirm that I, Arthur William Graham, understand my duty to the Tribunal and that I have complied with that duty.

I confirm that I have made clear which facts and matters referred to in this report are within my own knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

As given under my hand this 23<sup>rd</sup> day of September 2021.



William Graham FRICS  
Registered RICS  
Valuer

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