

Y Tribiwnlys Eiddo Prewl

Residential Property Tribunal Service (Wales)

Leasehold Valuation Tribunal (Wales)

DECISION AND REASONS OF RESIDENTIAL PROPERTY TRIBUNAL

Leasehold Reform Act 1967

Premises: 8 Senghennydd Road, Cardiff CF24 4AG (“the Premises”)

RPT Reference: LVT/0036/12/22

Hearing: 8th March 2023

Applicant: Najeem Khan

Respondent: Unknown – missing landlord

Tribunal: Tribunal Judge R Phillips
Mr A Weeks, Surveyor member

ORDER

The value of the premium payable by the Applicant for the freehold of the Premises is assessed in the sum of £17,371.81

INTRODUCTION

1. The Applicant issued on 28th June 2022 a Part 8 Claim in the County Court at Cardiff under Claim Number J00CF879 seeking an order under s.27 of the Leasehold Reform Act 1967 (“the Act”) that the freehold interest in the Premises be vested in him.
2. The Defendant is referred to in the Part 8 claim as being Person(s) Unknown.

4. The Property has been owned by the Applicant since the 26th June 1985 according to his witness statement filed on his behalf in the Part 8 proceedings and also according to the date in the Land Registry title to the Property WA306666.
5. The Applicant confirmed in his application to the Tribunal that he agreed to the application being determined without an oral hearing.
6. Accordingly, the matter has been determined between the Tribunal members using the Tribunal's remote hearing platform.
7. Inspection of the Property was undertaken by Mr Weeks, the Surveyor Member, alone, on the morning of 8th March 2023.

THE LAW

8. The Act enables tenants of long leases let at low rents to acquire the freehold interest on terms. One part of the procedure requires the Tribunal to determine the correct purchase price in accordance with the methodology set out in Section 9 of the Act.

DESCRIPTION OF THE PROPERTY

9. The Property comprises a mid-terrace house currently used as a House of Multiple Occupation (HMO) with six letting bedrooms. The building is a mid-terrace of traditional brick construction finished in render to the rear beneath a pitched roof of slate tiles and a single storey rear extension with concrete tile covering. It has a dormer roof extension to the rear.
10. Windows are uPVC framed double-glazed casements. Rainwater goods are also of uPVC.
11. Internally the Property features a mix of parquet timber, tile and carpet floor coverings. Walls and ceilings are painted skim plaster.
12. The kitchen features fitted base and wall units, laminate worktops, electric oven, gas hob, space for dishwasher, stainless steel sink and drainer with tiled splashbacks. Bathrooms are tiled.
13. The Property is very well located in the heart of Cathays where it is well-placed to attract demand from student tenants, being located directly opposite several buildings belonging to Cardiff University. For this reason, it is considered one of the best streets in Cathays for HMO accommodation.
14. Internally the Property provides a basic standard of rental accommodation. During our inspection Mr Weeks noted there are several areas of condensation damp and black mould affecting the walls and ceilings in the lounge and shower room. There was a large crack in the plaster in the stairwell and missing plaster to the corner of one door jamb. The patio doors to the rear ground floor bedroom do not close properly and require adjusting or replacing in order to maintain air tightness and security.

VALUATION REPORT

15. The Applicant relies upon the Valuation Report of Adrian James MRICS dated 14th January 2023. Mr James concluded that the price to be paid for the freehold interest amounted to the sum of £25,350.
16. The Valuation Report of Mr James contained evidence of one comparable property at 16 Senghennyd Road, Cardiff with an asking price of £349,950. The property is said to have an unusual layout, one less bathroom and an EPC rating of E rather than D for the Property.
17. Mr Weeks, had obtained evidence of comparables of other 6-bedroom HMOs in Cathays as follows:
 - 9 Mundy Place - sold November 2022, £395,000
 - 47 Thesiger Street - sold November 2022, £362,000
 - 2 Letty Street - sold December 2021, £400,000
 - 1a Catherine Street - sold October 2021, £395,000
18. In the light of this the Tribunal was satisfied that the correct figure to be applied for the Entirety Value of the Property assuming it is modernised, fully developed and in good condition is £400,000.

DETERMINATION

19. When considering the appropriate capitalisation and deferment rates the Tribunal has applied a deferment rate of 5.0% in line with the case law and other decisions of this Tribunal and in our opinion produces a fair assessment of the Modern Ground Rent attributable to the Property.
20. As a general rule the Tribunal consider it is correct to add 0.25% to the *Sportelli* rate of 4.75% giving a deferment rate of 5% to account for the deterioration factor and without substantial evidence relating to the growth factor are unable to justify adding a further 0.50%
21. In calculating Stage 1 of the Determination, the Tribunal has applied a higher ground rent capitalisation rate than Mr James of 6.5% which is in line with other decisions of this Tribunal.
22. In calculating Stage 2 of the Determination, the Tribunal agrees with Mr James's opinion of site value @ 30% of the Entirety Value. Mr James has used a decapitalisation rate of 7.0% to arrive at his opinion of Modern Ground Rent. The Tribunal has applied a decapitalisation rate of 5.0% in line with other decisions of this Tribunal to arrive at a Modern Ground Rent of £6,000 per annum.

23. When the Modern Ground Rent is recapitalised at the same rate of 5.0% and deferred to lease expiry, the Tribunal's opinion of the value of Stage 2 is £13,116 which is lower than Mr James's opinion.
24. In calculating Stage 3 of the Determination the Standing House Value, the Tribunal has applied a lower figure of £380,000 due to the current condition of the property, in particular the damp and items of disrepair as noted during our inspection.
25. Due to the length of the unexpired lease term the Tribunal has not made any deduction for Schedule 10 rights.
26. The Tribunal has again used a deferment rate of 5.0% so that the value of the reversion (Stage 3) is £3,968.
27. Taken together it is the Tribunal's opinion that the value of the freehold interest is £17,371.81.

The calculations are attached.

Dated this 5th day of April 2023
Tribunal Judge R Phillips

8 Senghenydd Road Cardiff CF24 4AG

Stage 1

Ground Rent	£20 pa	
Y.P for 43.5 years at 6.5%	14.39063	£287.81

Stage 2

Entirety Value	£400,000	
Site Value at 30%	£120,000	
Modern Ground Rent	£6,000	
Y.P for 50 years at 5%	18.2559	
Deferred 43.5 yrs @ 5.0%	0.11974	£13,116.00

Stage 3

Standing House Value	£380,000	
Less Schedule 10 at 0%	£0	
P.V of £1 in 93.5 years at 5%	0.010442	£3,968.00

Total **£17,371.81**