

**Y TRIBIWNLYS EIDDO PRESWL**  
**RESIDENTIAL PROPERTY TRIBUNAL WALES**

**Reference:** LVT/0005/05/23

**In the matter of 6 Bwllfa Road Swansea SA6 5AL**

**And in the matter of an Application under the Leasehold Reform Act 1967 (“The Act”)**

**Tribunal Judge:** T Richards-Clarke

**Surveyor member:** Andrew M Lewis BSc FRICS FCI Arb

**Applicants:** Mr Stephen Robert Morgan

Mrs Fiona Edwina Morgan

**Respondent:** Freehold Landlord Unknown

**Date and Venue of Hearing:** 28 September 2023 on the papers.

**ORDER**

The appropriate sum to be paid into Court under section 27(5) of the Leasehold Reform Act 1967 for the freehold interest in the house and premises at 6 Bwllfa Road Swansea SA6 5AL is £6,650 (six thousand six hundred and fifty pounds).

This sum is made up of £6,530 price payable in accordance with section 9 (section 27(5)(a)) and £120 being the amount of any pecuniary rent payable for the house which remains unpaid (section 27(5)(b)), subject to section 19 of the Limitation Act 1980.

**The Application**

1. The applicants are the registered proprietors of the leasehold title to 6 Bwllfa Road Ynystawe Swansea SA6 5AL registered with the Land Registry under title number WA142978. The Applicants purchased the leasehold interest on or about 2 January 1998.

2. The lease was originally granted on 13 September 1974 for a period of 99 years from 25 December 1969 at a yearly ground rent of £20. The Applicants have never paid ground rent. Up to six years' rent is recoverable under section 19 Limitation Act 1980.
3. On 16 December 2022, the Applicants issued proceedings in the County Court at Port Talbot Justice Centre under the Leasehold Reform Act 1967 (as amended) that the freehold of the property known as 6 Bwllfa Road Ynystawe Swansea SA6 5AL be vested in their names.
4. By order of District Judge Keller dated 14 March 2023, the Court was satisfied that in accordance with section 27 Leasehold Reform Act 1967 the Applicants have a right under Part 1 Leasehold Reform Act 1967 (as amended) to have the freehold of the property known as 6 Bwllfa Road Ynystawe Swansea SA6 5AL vested in their names because the identity of the person to serve with the notice cannot be ascertained. The Court also determined that pursuant to section 27(5) Leasehold Reform Act 1967 that the pecuniary rent payable that remains unpaid is the sum of £500. On 15 March 2023, District Judge Keller ordered that the question of the determination of the fairness of the valuation be transferred to the Leasehold Valuation Tribunal Wales. As a result of the order made on 15 March 2023 this matter was transferred to the Leasehold Valuation Tribunal Wales on 19 May 2023.
5. On 26 May 2023 Tribunal Judge Lloyd gave directions and ordered that the application may be determined on the basis of the documents without an oral hearing. The Applicants have complied with these directions to provide a bundle of documents including valuer's report, documents of title, lease, and schedule of arrears. The Applicants did not request an oral hearing.

## **The Law**

6. The Leasehold Reform Act 1967 enables tenants of long leases let at low rents to acquire the freehold of their leasehold house on terms as set out in the 1967 Act.
7. Section 27 The Leasehold Reform Act 1967 Act sets out the procedure to be followed where the landlord cannot be found. The Leasehold Valuation Tribunal is required to determine the purchase price, in accordance with the valuation methodology as set out in section 9 of the Leasehold Reform Act 1967 Act, as amended.
8. Pursuant to section 9(1) Leasehold Reform Act 1967 the price payable is the amount which, at the relevant time, the house, and premises, if sold on the open market by a willing seller (with the tenant and members of his family not buying or seeking to buy) might be expected to realise based on certain assumptions. The Tribunal must determine the purchase price on the relevant day. The relevant day in this case is the date of the underlying claim; 22 December 2022.

## **The Inspection**

9. On 27 September 2023, the Tribunal Surveyor conducted an inspection of the property.
10. The property is a semi-detached two-storey three-bedroom house fronting a narrow private road. On the ground floor there is an entrance hall, lounge, and kitchen, and on the first floor three bedrooms and a bathroom. The property enjoys the benefit of gas central heating throughout from a combination boiler located on the first floor, and all the window frames have been replaced with double glazed uPVC units. The property was in good condition both internally and externally.
11. To the front and rear there are gardens, but the property lacked off street parking. Within the demised area is a small portion of land beyond the rear garden of the property which we understand was initially intended to be the location for a garage, but due to the gradient of the access from the private road this is not possible.

## **The Valuation**

12. The applicant had obtained a valuation report prepared by Mr Dylan Williams BSc MRICS of Rees Richards and Partners Chartered Surveyors of Swansea. Mr Williams had advanced a valuation of £6,130 for the freehold reversion of the property. In arriving at this figure, he had correctly employed the three-stage approach described by the Land Chamber of the Upper Tribunal in *Re Clarise Properties Limited* [2012] UKUT 4 (LC).

### ***Stage 1 – Capitalisation of the unexpired term***

13. 46 years remained unexpired at the valuation date. The ground rent is fixed at £20.00 per annum which Mr Williams capitalised for 46 years at 6.5%, giving £291, and the Tribunal will employ this value in their Decision.

### ***Stage 2 – Entirety Value***

14. Case law under the 1967 Act requires us to assume that the property has been fully developed when valuing the Entirety Value. The Tribunal considers on this occasion that the property has been developed to its fullest extent.
15. Mr Williams included within his report five comparable transaction, and we consider that the most useful of these was 19 Bwllfa Road Swansea, being located relatively close to the subject property and of a similar period and style semi-detached house, benefiting from off-street parking. This comparable had sold in October 2020 for £150,000, and whilst being historic we noted that Mr Williams advanced a figure of £165,000 for the subject, which the Tribunal considers recognises the increase in values that have occurred since that time, but also takes account of the fact of the off-

street parking of the comparable in contrast to the subject. Accordingly, the Tribunal agrees the figure advanced by Mr Williams, i.e. £165,000 for the Entirety Value.

16. To arrive at the Site Value of the subject, Mr Williams adopted 30% of the Entirety Value, which we consider appropriate, and find accordingly i.e., £49,500. This is decapitalised by Mr Williams at 5% to arrive at the Modern Ground Rent i.e., £2,475 per annum, and the Tribunal agree this figure.
17. Within the valuation prepared by Mr Williams, the Modern Ground Rent is capitalised for the new statutory extension i.e., 50 years, deferred for the remainder of the term i.e. 46 years at 5%. Unfortunately, Mr Williams appears to have misread the Valuation Tables in respect of the PV of £1 employing the figure for 48 years (0.0961421) in place of that for 46 years (0.1059967). Employing the correct figure results in a value for this Stage being £4,789.

### ***Stage 3 – Standing house value***

18. For the third stage of the valuation, we must determine the Standing House Value of the property – deferred for 96 years (namely 46 years unexpired term plus 50 years statutory extension). Having regard to the age and condition of the property we agree that it could plausibly be still standing in 96 years, and therefore agree with Mr Williams that this stage is required.
19. The valuation prepared by Mr Williams included the Standing House Value as the same as the Entirety Value, and the Tribunal agree that this is correct, and will adopt this figure in our Valuation.
20. A reduction of 10% of the Standing House Value was employed by Mr Williams to take account of the right conferred within Schedule 10 of the Housing Act 1989. The Tribunal in this instance considered that this deduction was too large but agreed that a reduction was necessary to reflect the possibilities of Schedule 10 and adopted a reduction of 5%. Accordingly, the Standing House Value was reduced to £156,750, which is deferred 97 years at 5%, to provide a figure of £1,449 for the third reversion.
21. It will be noted that the Tribunal has used throughout the valuation the rates of interest for capitalisation and deferment employed by Mr Williams in his valuation, as these are the rates regularly adopted by this Tribunal in the valuation of similar properties at this time.

## Decision

22. Applying the findings which we have made above, we calculate the value of the freehold reversion of the property as follows:-

Stage 1 – The Term		
Ground Rent		£20.00 pa
YP 46 years @ 6.5%		<u>14.5354</u>
		£291
Stage 2 – First Reversion		
Entirety Value	£165,000	
Plot Value @ 30%	£ 49,500	
Modern Ground Rent @ 5%	£ 2,475 pa	
YP 50 years @ 5%	18.2559	
PV of £1 46 years @ 5%	0.1059967	
		<u>1.935065</u>
		£4,789
Stage 3 - Second Reversion		
Standing House Value	£165,000	
Less Schedule 10 @ 5%		£156,750
PV of £1 96 years @ 5%		<u>0.0092433</u>
		£1,449
		£6,529
Say		<u>£6,530</u>

[YP = Years Purchase: PV = Present Value]

23. As to the amount of arrears of ground rent to be paid, section 19 of the Limitation Act 1980 provides that only 6 years of arrears are collectable. Accordingly, the additional amount payable is £120.00.

24. The total is therefore £6,650.

Signed Tribunal Judge

*TE Richards - Clarke*

Dated this 24<sup>th</sup> day of October 2023

