

**Y TRIBIWNLYS EIDDO PRESWYL**  
**RESIDENTIAL PROPERTY TRIBUNAL**  
**LEASEHOLD VALUATION TRIBUNAL**

**Reference:** LVT/0023/10/23

**In the Matter of: Yn Thie Aym, Mervyn Way Pencoed Bridgend CF35 6JH**  
**And in the Matter of an application under sections 21(1)(a) of the Leasehold Reform Act 1967 (as amended)**

**Tribunal**                      Mrs R Price (Lawyer – Chairperson)  
   Mr Andrew Lewis FRICS FCI Arb (Surveyor Member)

**Applicant:**                      Janet Shuttlewood

**Respondent:**                      Unknown owner of the Freehold

**DECISION**

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 Yn Thie Aym Mervyn Way Pencoed Bridgend CF35 6JH is £4,900.

**REASONS FOR THE DECISION**

**Background**

1. This case concerns the valuation of the appropriate price to be paid by the Applicant to buy the freehold reversion of the residential property known as and situated at Yn Thie Aym Mervyn Way Pencoed Bridgend CF35 6JH: **‘the Property’**.
2. The Applicant is and since 28 May 1996 was the registered proprietor of the leasehold title to the Property, registered with the Land Registry under Title Number WA60772. The Applicant acquired the lease in May 1996.
3. The lease was originally granted on 8<sup>th</sup> October 1996 for a period of 99 years from 25<sup>th</sup> December 1975. The ground rent is £22: see Clause 1 of the Lease. The Applicant has never paid ground rent.
4. The lessor is recorded as Kilmartin Properties. This Company is no longer registered at Companies House and the Defendant is not located at 88 Cathedral Road, Cardiff, this being the address that is recorded on the proprietorship register of the freehold title.

5. The freehold reversion is registered under title number WA34495.
6. On 4 August 2023, the Applicant issued a claim in the County Court at Cardiff under Part 8 of the Civil Procedure Rules, pursuant to section 27 of the Leasehold Reform Act 1967 (as amended by section 148 of the Commonhold and Leasehold Reform Act 2002) ('the 1967 Act') for the purchase of the freehold reversion of the Property.
7. The claim is supported by a witness statement from Ruth Janet Shuttlewood, the Applicant.
8. That witness statement details the efforts made by the Applicant's solicitors to trace any person who might have an interest in responding to this application, including the Bona Vacantia Division of the Government Legal Department, who the Applicant states have indicated that they have no jurisdiction to deal with the assets of the company called Kilmartin Properties. We are satisfied that the landlord is a person who cannot be found or whose identity cannot be ascertained and is a missing landlord within the proper meaning and effect of the 1967 Act.
9. The Part 8 claim came before Deputy District Judge Saunders, sitting in the County Court at Llanelli, on 5 October 2023, when, upon hearing Counsel for the Claimant, referred the claim to this Tribunal in order that the premium for the acquisition of the freehold title may be determined. Upon the determination of the premium and evidence that the premium has been paid into Court at the Court Funds Office the claim will be referred to a District Judge.
10. The Tribunal must determine the purchase price on the relevant day. The relevant day in this case is the date upon which the underlying claim was issued, namely 4 August 2023, (i.e. 51.304 years remaining unexpired on the Lease).
11. The 1967 Act enables tenants of long leases let at low rents to enfranchise their properties, that is to acquire the freehold on terms as set out in the 1967 Act.
12. The 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 1967 Act, as amended.
13. We have carefully considered the valuation report dated 27 November 2023 prepared on behalf of the Applicants by Miss Hilary M Evans MRICS FAAV; a Registered RICS Valuer of Watts & Morgan Cowbridge, including the helpful information as to comparables. That report asks the Tribunal to determine a price payable for the freehold interest of £5,308.

#### **Law**

14. Section 27(5) of the Act provides:

*The appropriate sum which in accordance with Section 27(3) of the Act to be paid into Court is the aggregate of:*

- (a) Such amount as may be determined by (or on appeal from) the appropriate Tribunal to be the price payable in accordance with Section 9 above; and*
- (b) The amount or estimated amount (as so determined) of any pecuniary rent payable for the house and premises up to the date of the Conveyance which remains unpaid”*

15. Under section 9(1) 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 might be expected to realise on certain assumptions, including the assumption that the tenant has complied with his covenants and disregarding any tenant’s improvements. It is further assumed that the tenant would exercise his or her right under section 14 of the 1967 Act to claim an extended lease. If the lease is extended under section 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 1967 Act. The statutory term is 50 years, with a ground rent review at 25 years.
16. Under section 9(1) the task of the Tribunal is to determine, as at the valuation date (4<sup>th</sup> August 2023), the present capital value of the ground rent due for the remainder of the term of the lease and thereafter to determine the value of the reversion.

### **Hearing**

17. No party elected an oral hearing, and the Tribunal was satisfied that the issues to be resolved could fairly be decided on the papers.

### **Inspection**

18. The surveyor member and Chair of this Tribunal inspected the Property externally and internally on 27 February 2024, and convened later the same day to determine the application. The Applicant’s partner Mr Nigel Morgan was present at the inspection.
19. The Property is a two-storey house, adjoined to similar properties both sides. The property was built about 48 years ago in cavity brick/block walls under a pitched tile covered roof. On the ground floor there is an entrance hall, lounge, kitchen, with a small study added to the rear. On the first floor there are two bedrooms and a shower room/wc. The original window and door frames have been replaced with double glazed uPVC units. In November 2023 the Applicant renovated the original conservatory (that had been built in August 2002) to the rear of the property, by renewing the original polycarbonate roof with a more robust insulated polycarbonate roof and walls, creating the study.
20. The houses on this part of the development do not stand side by side but are staggered so that one half of the house is overlapped by half of one of the adjoining properties, which in turn overlaps half of the next adjoining property.

## **Determination**

21. An earlier decision of this Tribunal had been made in respect of the value of the freehold reversion of the adjoining property (LVT/0006/06/23). Whilst this Tribunal is not bound by earlier decisions of made by the Leasehold Valuation Tribunal for Wales it would appear to us to be appropriate to adopt a similar methodology as was employed in that decision but noting the differences in the style/type of properties.
22. The Tribunal were assisted in the determination of the value of the freehold by the report prepared by Miss Evans. In arriving at her figure of £5,308 she had correctly employed the three-stage approach described by the Land Chamber of the Upper Tribunal in *Re Clarise Properties Ltd.* [2012] UKUT4 (LC).

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

23. 51.304 years remain unexpired at the valuation date. The ground rent is fixed at £22 per annum which is capitalised for 51.304 years at 6.5%, giving £325. We noted that Miss Evans had employed the incorrect term within her calculations which accounts for the slight difference in our figure to that of Miss Evans.

### ***Stage 2 – Entirety Value***

24. 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 that the property has been fully developed in its current form and approve of the value employed by Miss Evans within her valuation i.e. £155,000. This is consistent with the comparables available within the area, and in line with the previous Decision of the Tribunal where a higher figure was adopted for the adjoining house, but which is an end terrace unit. In relation to the percentage employed for the Site Value, Miss Evans adopted 33% but the Tribunal decided to follow the percentage employed in the earlier Decision i.e. 30% for consistency. This results in a Site Value of £46,500. This is decapitalised at 5% to arrive at a Modern Ground Rent of £2,325 per annum.
25. The Modern Ground Rent is capitalised at 5% for the new statutory extension i.e. 50 years, deferred for the remainder of the term, 51.304 years at 5%. The resultant value of this Stage is £3,473.

### ***Stage 3 – Standing House Value***

26. For the third stage of the valuation, we must determine the Standing House Value of the property – deferred 101.304 years (namely 51.304 years unexpired term plus the 50 year extension. Having regard to the age and condition of the property we agree with Miss Evans that the property will be standing in 101 years.
27. Within the Valuation advanced by Miss Evans, she employed the Entirety Value of the property as the starting point for the Standing House Value. We agree that this figure should be utilised, but we do not agree that any reduction is necessary on this

occasion for the possibility of the application of the rights conveyed by Schedule 10 of the Local Government and Housing Act 1989. This approach is consistent with the earlier Decision of the Tribunal in relation to the adjoining house. Accordingly, the value of £155,000 is employed which is deferred for 101.304 years at 5% to provide a figure of £1,106.

28. It will be noted that the Tribunal has used through the valuation the rates of interest for capitalisation and deferment employed by Miss H Evans in her valuation, as these are the rates regularly adopted by this Tribunal in the valuation of similar properties at this time. However, the unexpired term of the Lease was 51.304 year at the valuation date, and not 51 years which Miss Evans had embraced within her calculation, which results in the difference in the figures employed.

### **Decision**

29. Applying the findings which we have made above, we calculate the value of the freehold of the Property as £4,900 – as per the Appendix.

### **Other Orders**

30. As regards the figure under s.27(5)(b) of the Act, according to the Applicant's evidence there has been no contact with the freeholder or the freeholder's agent since her purchase of the lease in May 1996, and she has paid no rent.

31. Section 166(1) of the Commonhold and Leasehold Reform Act 2002 provides:

*“A tenant under a long lease of a dwelling is not liable to make a payment of rent under the lease unless the landlord has given him notice relating to the payment; and the date on which he is liable to make the payment is that specified in the notice “.*

Since no rent demands or other notices have been served during the Applicant's ownership of the Lease, there are no arrears in respect of the annual rent. Accordingly, the Tribunal determines that the figure for the unpaid pecuniary rent is currently nil and that will remain the position at the date of the conveyance of the freehold, which is the circumstances is most unlikely.

32. Section 27(5) of the 1967 Act provides that the sum to be paid into court is the aggregate of (a) such amount as may be determined to be the price payable in accordance with section 9, and (b) the amount of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.
33. The total is therefore £4,900.
34. The Tribunal directs that a copy of this Decision and Reasons be placed before the

District Judge at any renewed hearing of the claim in the County Court, and that the Tribunal's order be permanently endorsed upon the freehold title, when it comes to be registered.

Dated this 3<sup>rd</sup> day of April 2024

R Price

Tribunal Judge

## Appendix

### Stage 1

Ground Rent	£ 22.00	
YP 51.304 @ 6.5%	14.7766	
		£ 325

### Stage 2

Entirety Value	£155,000	
Site Value @ 30%	£ 46,500	
Modern Ground Rent @ 5%	£ 2,325	
YP 50 Years @ 5%	18.2559	
PV 51.304 years @ 5%	0.081828	
	<u>1.493852</u>	
		£ 3,473

### Stage 3

Standing House Value	£155,000	
PV 101.304 years @ 5%	0.007135744	
		<u>£ 1,106</u>
		£ 4,904
Say		<u><b>£ 4,900</b></u>

