

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL
LEASEHOLD VALUATION TRIBUNAL

Reference: LVT/0050/01/25

In the matter of: 88 Plunch Lane, Limeslade, Swansea, SA3 4JE

And in the matter of an Application under the Leasehold Reform Act 1967

Tribunal: Tribunal Judge Siân Westby
Mr Hefin Lewis, Surveyor Member
Ms Juliet Playfair, Lay Member

Applicant: Mrs Gillian Sara Ibbertson Holmes

Respondent: Persons Unknown – missing landlord

DECISION

The appropriate sum to be paid into Court under section 27(5) of the Leasehold Reform Act 1967 (“the Act”) for the freehold interest in the property known as 88 Plunch Lane, Limeslade, Swansea, SA3 4JE is £12,680.00.

This sum is made up of £12,500.00, being the price payable in accordance with section 9 (pursuant to section 27(5)(a)) of the Act, and £180.00, being the amount of any pecuniary rent payable for the property and which remains unpaid (pursuant to section 27(5)(b) of the Act), subject to section 19 of the Limitation Act 1980.

Background

1. The matter before the Tribunal is the determination of the valuation of the appropriate price to be paid by the Applicant for the freehold reversion of 88 Plunch Lane, Limeslade, Swansea, SA3 4JE (“the Property”).
2. The Applicant is the registered leasehold proprietor of the Property which is registered at H.M. Land Registry with title number WA54553. On the evidence contained in the witness statement of Mr Kester Holmes, the Applicant’s son, the Applicant purchased the leasehold interest in around 1990 with the

Applicant's leasehold interest in the Property being registered at H.M. Land Registry on 15 June 2005.

3. The lease was originally granted on 2 October 1972 for a period of 99 years from 24 June 1972 at a ground rent of £30.00 per annum. The Applicant has not paid any ground rent to the landlord since at least 2018 owing to the fact that the landlord is missing and no demands have been received. Up to six years' rent is recoverable under section 19 of the Limitation Act 1980 if the landlord was found and demanded the rent pursuant to section 166(1) of the Commonhold and Leasehold Reform Act 2002.
4. On 12 November 2024, the Applicant made an application to the County Court at Swansea pursuant to section 27 of the Act (as amended) for the purchase of the freehold reversion of the Property.
5. By order of District Judge P. Evans dated 17 December 2024, the case was transferred to the Leasehold Valuation Tribunal for the purpose of determining the appropriate sum to be paid by the Applicant to acquire the freehold of the Property pursuant to section 27 of the Act.
6. The Tribunal considers that the application can be determined on the basis of the documents and without an oral hearing. The Applicant has provided a bundle of documents including two valuation reports, one dated 3 January 2024 and the other dated 29 January 2025, documents of title, a witness statement and a copy of the lease.

The Law

7. The Act enables tenants of long leases let at low rents to acquire the freehold of their leasehold house on terms as set out in the Act.
8. Section 27 of the 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 Act.
9. In the case of a property with a low rateable value outside London, that is less than £500 on 31 March 1990, the valuation methodology is set out in section 9(1) of the Act and this is the methodology applicable to the Property.
10. Pursuant to section 9(1) of the Act, the price payable is the amount which, at the relevant time, the Property, if sold on the open market by a willing seller

(with the tenant and members of this family not buying or seeking to buy), might be expected to realise based on certain assumptions.

11. The effect of section 27(1) of the Act is that the Tribunal must determine the purchase price on the relevant day. The relevant day in this case is the date of the application to the County Court, namely 12 November 2024 (“the Valuation Date”).

The Inspection

12. The Surveyor Member inspected the Property on 28 February 2025. The property comprises an established three-bedroom end terrace house constructed in an established coastal residential district of Limesdale.
13. The main walls are of cavity construction with rendered elevations under a pitched roof, clad with interlocking tiles.
14. Although an appointment to inspect the Property had been arranged, no access was afforded to inspect the Property internally. As a consequence, the inspection by the Tribunal’s surveyor was restricted to an external inspection only. The Tribunal must therefore rely upon the Applicant’s expert surveyor reports on the internal configuration and condition. Nevertheless, the inspection was sufficient to identify the unusual site arrangement where there is a substantial brick structure in separate ownership.
15. The general condition of the Property appears consistent with its age and type of construction, but some works of repair and maintenance are required. Elements of the Property are ageing and likely to require attention.

Applicant’s case

16. The Applicant has obtained two expert valuation reports prepared by Mr Dylan Williams B.Sc (Hons) MRICS of Rees Richards and Partners.
17. The first valuation report is dated 3 January 2024 and is contained within the bundle of documents provided to the Tribunal by the Applicant (“the First Valuation Report”). In the First Valuation, the expert confirms that he considers that the value of the freehold reversion of the Property as at 3 January 2024 was £13,725.
18. Following a request by the Tribunal, the expert provided a second valuation report dated 29 January 2025 (the “Second Valuation Report”) in which he

confirms that he considers that the value of the freehold reversion of the Property as at 2 January 2025 was £13,300.

19. In fact, the Valuation Date is 12 November 2024, as noted above. However, the expert is not at fault in this regard and the Tribunal will consider the Second Valuation Report, which provides the expert's opinion of the price payable for the Property at 2 January 2025, and the Tribunal will make such adjustments as it sees fit, in its expert opinion, when making its determination of the purchase price as at the Valuation Date.

20. Both of the Applicant's valuation reports rely on the following comparable evidence. The Tribunal has adjusted the valuation of this comparable evidence to reflect the Valuation Date and has also found additional comparable evidence:

Address	Property Type Gross Internal Area (GIA)	Sale Price/Date of Sale	Nationwide House Price Index - adjustment
16b Overland Road, Llangland, Swansea. SA3 4LP	Semi- detached 3 bed house. GIA 93 sqm	£270,000 Oct 2024	£270,000
14 Thistleboom Drive, Mumbles, Swansea, SA3 4HY	Semi- detached 3 bed house. GIA 61 sqm	£302,000 Jan 2024	£309,000
3 Western Lane, Mumbles, Swansea, SA3 4EY	Semi- detached 3 bed house. GIA 63 sqm	£305,000 Nov 2023	£313,250
109 Punch Lane, Swansea, SA3 4JE	Linked 4 bedroom house. GIA 125 sqm	£380,000 April 2023	£384,500
TRIBUNAL EVIDENCE			

9 William Gammon Drive, Mumbles, SWANSEA SA3 4HR	End Terrace 3 bed house. GIA 78 sqm	£345,000 Aug 2024	£345,000
1 Hill Street, Mumbles, SWANSEA SA3 4EF	Mid terrace 3 bed house. GIA 63 sqm	£350,000 Aug 2024	£350,000

21. The Applicant's expert's calculation is set out as an appendix to the Second Valuation Report, which is summarised below:

Valuation Date: 2 January 2025
Lease: 99 years from 24 June 1972
Unexpired Term: 46 years
Ground Rent: £30

Stage 1

Ground Rent	£30	
YP for 46 years @ 6.5%	13.7208	£411.62

Stage 2

Entirety Value	£295,000	
Value of site @ 40%	0.4	
	£118,000	
Decapitalisation @ 5.5%	<u>0.055</u>	£6,490 p.a.
YP 46 years @ 5.5%	15.9028	
Deferred 46 years @ 5%	0.1059967	1.68564432
		£10,939.83

Stage 3

Standing house value	£219,000	
Deferred UT (46) + 50 Years @ 5%	0.0088031	£1,927.87

Enfranchisement price (excluding costs)		£13,279.32
	Say	£13,300.00

Determination

22. The lease is for a term of 99 years from 24 June 1972 having, as at the Valuation Date, 46.61 years unexpired at a ground rent of £30 per annum.

Freehold Entirety Value

23. 'Entirety value' is the notional market value of the best house that could reasonably be expected to have been built on the plot at the valuation date, assuming the plot was fully developed.

24. The Property is an end terrace and it is plausible that a fully developed property would include a side extension, similar to that found in neighboring properties (notably Nos. 74 and 100). However, the site is unusual in that there is a brick structure (originally an oil tank compound) within the side garden area which is in separate ownership. The prospect of extending the Property is therefore remote. Accordingly, the Tribunal determines that the Property is fully developed.

25. The expert's evidence suggests an entirety value of £295,000 derived from comparable evidence of 4 properties. It is noted that in relation to comparable evidence 2, 3 and 4, the evidence is over 10 months old as at the Valuation Date and has not been adjusted to the Valuation Date.

26. The Tribunal's own analysis of comparable evidence would suggest that the property would have an unencumbered value of £320,000. However, it is the Tribunal's expert opinion that the value of the subject property is diminished as a consequence of the structure in the side garden being in separate ownership. As such, a deduction of 10% from open market value is considered appropriate. Accordingly, entirety value is reduced to £290,000.

Site Value as Percentage of Entirety Value

27. The Applicant's valuer contends for 40% as the value of the plot within the Entirety Value of the hypothetical house.

28. The percentage is at the upper level of usual 'plot value' and is a reflection of the popularity of the locality and would, under normal circumstances, be

agreed. However, the brick structure within the side garden area (in separate ownership) must also impact upon site value. As such, a percentage of 35% is considered more appropriate in this instance.

29. The stage 2 calculation of the Second Valuation Report contains an error in capitalisation of the Modern Ground Rent. The valuation should be capitalised by the 50 years statutory extension. The expert report has adopted 46 years, which is incorrect

Capitalisation and Deferment Rates

30. At page 7 of the Second Valuation Report, the Applicant's valuer has suggested that 5 percent is appropriate as a deferment rate but for some unexplained reason, the valuation refers to a rate of 5.5%.

31. The Tribunal adopts a figure of 5 percent for both capitalisation and decapitalisation rates which is in line with other decisions of this Tribunal in this locality. It is also consistent with our determination on the deferment rate and the practice of adopting the same rate. We bear in mind that it is necessary that the capitalisation and decapitalisation rates should generally be the same to avoid any adverse differential.

32. A term yield of 6.5% is proposed at stage 1 and this is agreed by the Tribunal.

Freehold Standing House Value

33. For the third stage of the valuation, we must determine the Standing House Value of the property – deferred for 96.61 years (46.61 years unexpired term plus 50 years statutory extension). Having regard to the age and condition of the Property we agree that the house could plausibly be still standing in 96.61 years, and therefore agree that this stage is required. (The Haresign addition).

34. The 'standing house value' is the market value of the house built on the site, excluding the value of tenant improvements, assuming the Freehold is sold with vacant possession.

35. The Second Valuation Report has mistakenly valued the leasehold interest at this stage. The correct approach is to value the freehold reversion. The use of relativity tables is not appropriate. Conversely, in the First Valuation Report, the expert valuer did adopt the correct approach.

36. Using the accepted methodology, the Tribunal determines that the standing value equates to the Entirety value for the reasons stated above. The Standing house value is therefore also £290,000

'Clarise reduction' (Schedule 10)

37. Under Schedule 10, paragraph 4 of the Housing Act 1989 and referring to *Clarise Properties Limited [2012] UKUT 4 (LC), [2012] 1 EGLR 83*, valuers will often make allowance for the prospect of occupiers remaining in occupation on expiry of the term and obtain an assured tenancy at a market rent. In order to reflect this possibility, a deduction is made from the standing house value.
38. The Applicant's expert valuer appears not to have considered this potential deduction or if he has, he has not stated as much. Notwithstanding, the Tribunal considers that the prospect of the tenant remaining in occupation is too remote to consider. Accordingly, no adjustment is made.

Freehold Value

39. There are errors in the valuation calculation in respect of deferment rates, the 50 years statutory extension and standing house values. The Tribunal corrects these errors in its calculation to produce a valuation for the freehold interest in the sum of £12,570 say **£12,500**. The Applicant's expert valuer contends for a freehold value of £13,300.
40. A summary of the Tribunal valuation is attached.
41. The Tribunal determines that the amount of unpaid pecuniary rent payable for the property up to the date of the proposed conveyance is **£180**.

Dated this 10th day of March 2025

Tribunal Judge Siân Westby