

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL
LEASEHOLD VALUATION TRIBUNAL

Ref: LVT/0005/05/19

In the matter of s.21 Leasehold Reform Act 1967

In the matter of 90 Queen Street, Treforest, Pontypridd CF37 1 RN

Tribunal: Andrew Sheftel (Chairman)
Mark Taylor (Surveyor)
Carole Calvin-Thomas

Applicants: **Jason Scanlon**
Represented by: Adcocks Solicitors

Respondent: **Missing landlord**

DECISION

The decision in summary

1. For the reasons set out below and in the Schedule hereto, the Tribunal determines the sum payable by the Applicant for the acquisition of the freehold reversion of the Property is £25,000.

Background

2. The Tribunal is required to determine payable the amount for the acquisition of the freehold by the Applicant of 90 Queen Street, Treforest, Pontypridd CF37 1RN (the "Property") under the provisions of the Leasehold Reform Act 1967 (the 1967 Act).
3. The Applicant made a claim to the County Court under Claim No E00PD37 for a determination of his entitlement to acquire the freehold of the Property. The Tribunal notes that that this is a missing landlord case in accordance with section 27 of the 1967 Act. The existing freeholder is listed as 'Annie Williams' although the Applicant has been unable to trace her. In this regard, the Applicant's evidence details the steps that have been taken to locate the landlord, albeit without success.

4. By Order dated 20 February 2019, District Judge Morgan in the Cardiff County Court determined that the Applicant appears entitled to acquire the freehold interest in the Property and further ordered that the matter be referred to the Tribunal to determine the appropriate sum payable under the provisions of the 1967 Act.
5. By virtue of section 21 of the 1967 Act, the Tribunal's jurisdiction is limited to determining "the price payable for a house and premises under section 9" of the 1967 Act: pursuant to section 20(2)(b) of the 1967 Act, the Court has sole jurisdiction to determine "whether a person is entitled to acquire the freehold or an extended lease of a house and premises, or to what property his right extends" and accordingly the Tribunal makes no finding in this regard.

The Property

6. On 28 June 2019, the Tribunal inspected the Property – the Applicant had specified in his application that the matter could be dealt with without a hearing.
7. The Property is located in Treforest, approximately 2 miles from Pontypridd. Treforest has good transport links via the nearby A470 and the railway station on the Valleys to Cardiff line. The area is typical of many Valley locations with hilly topography and predominantly terraced residential properties with rear lane access with steep steps or retaining structure to provide level access.
8. It is in close proximity to the University of South Wales and as a result a large number of nearby properties have been adapted and occupied for the student market.
9. The Property, an end of terrace, was constructed in the early 1900's of stone walls and slate roof, now covered in cement tiles, likely with originally 3 bedrooms. The Property has been extended to the rear, most likely several decades ago, by way of a 2-storey extension under a flat roof. There are two garage structures, in poor condition, to the rear, which occupy what was previously the entire rear garden.
10. Internally, the ground floor of the Property has been altered, in part as a result of previous commercial use, but not in a way, which would exclude future residential use. There are three principal rooms to the ground floor with a small lean-to extension and a bathroom. Access is currently off the side elevation. The majority of floors are of timber construction and like the remainder of the property are in need of renovation. The accommodation continues to the first floor where there are 3 double bedrooms and a bathroom, en-suite to one of the bedrooms. Additionally there is a further bedroom, as an apparent loft conversion, but this is of poor quality and unlikely to comply with Building Regulations. There is partial central heating and now redundant kitchen equipment that would suggest that there was a gas supply. It is also presumed that all other mains services are available but all were decommissioned at the time of inspection.

11. Whilst apparently structurally sound, the Property is in need of significant refurbishment.

Valuation

12. In support of his application, the Applicant relied on the report of Mr Geoffrey Bates BA FRICS dated 12 August 2018 and amended on 1 March 2019, which proposed a premium of £21,500.
13. The valuation is based on section 9(1) of the 1967 Act on the basis that the rateable value of the property as at 31/3/90 was £165. Having regard to the evidence provided as to the rateable value of the Property, the Tribunal agrees that section 9(1) of the 1967 Act is applicable and also agrees with Mr Bates's methodology, based on the 3-stage *Haresign* approach, based on the Lands Tribunal's decision in *Haresign v St John the Baptist's College, Oxford* (1980) 255 EG 711.
14. However, although the Tribunal agrees with Mr Bates's overall methodology, the Tribunal departs from his analysis in the following respects:
15. First, although it has only a small effect on the overall valuation, the tribunal considers that the capitalised ground rent should be zero as the fixed term of the lease has expired.
16. The principal area on which the Tribunal is unable to accept the Applicant's valuation is in relation to the entirety value of the Property. Mr Bates's report proposes an entirety value of £68,000. The entirety value assumes a freehold title and a property in reasonable condition. Three principal comparables are sited in support of this figure:
 - (1) 32 Queen St sold in October 2018 at £70,000 – in very dated condition;
 - (2) 88 Queen St sold in October 2017 at £76,000 – in good condition
 - (3) 86 Queen St sold in July 2018 at £85,000 in good condition and HMO registered.
17. First, it is apparent that the prices for each are higher than the figure proposed for the Property. The Tribunal notes the reference to the fact that 32 Queen Street was described as in 'dated condition'. However, in determining the entirety value, as noted above and in Mr Bates's report, the Tribunal is required to consider the value assuming the property is in reasonable condition in this part of the calculation – a deduction to reflect the condition of the property is made separately as part of the calculation of the second reversion.
18. Further, the Tribunal notes that the subject Property was larger than many others in the immediate locality due to the size of the (two-storey) rear extension, which is likely to have an impact on value. This is also likely to be attractive to purchasers seeking to convert the property to an HMO for student accommodation.

19. In the circumstances, the Tribunal considers that number 86 Queen Street is the best comparable presented and given the likely demand for properties, including HMO properties, in this location, the Tribunal considers that the sum of £68,000 understates the entirety value. Instead, the Tribunal determines that the sum of £80,000 is appropriate in the circumstances.
20. Finally, the Tribunal notes that Mr Bates also refers to a property at 3 Duke Street, which, according to his valuation, was 'currently on the market and unsold at £69,950'. However, according to the Rightmove listing site, compiled from Land Registry information, it appears that since the valuation was first prepared, the property sold for £105,000 in September 2018.
21. In relation to the deferment rate, a figure of 5¼% has been proposed by Mr Bates on the basis that this aligns with the Upper Tribunal decision in *JGS Properties v King, Sedro & Nunnington* [2017] UKUT 0233. While the decision in no way purports to suggest that such figure will always be appropriate – as the Upper Tribunal notes, the starting point will always be the *Sportelli* deferment rate - in the absence of any evidence to the contrary, the Tribunal is prepared to adopt the figure suggested by Mr Bates.
22. As to the standing house value, the Tribunal agrees with Mr Bates's discount of 50%. The Tribunal also applies a further deduction of 5% (which operates in the Applicant's favour), as a matter of valuation judgment, noting the decision of the Upper Tribunal in *Lomas Drive* [2017] UKUT 0463 (LC), which held that a deduction to the standing house value at the second reversion was only appropriate in matters with short leases. In that case no deduction was made for a lease having 46 years unexpired – but in the present case, the restriction on such deduction does not apply.
23. In the circumstances, the Tribunal determines the price payable as set out in the Schedule hereto.

Dated this 7th day of August 2019

A Sheftel
Chairman

Schedule

Term (Expired) £ NIL

Reversion

S15 Modern Ground rent

Entirety value	£80000
Site value 30%	£24000
Decapitalised @ 5.25%	£1257.60

YP 50 yrs @ 5.25%	17.5729	£22099.67
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Reversion

Standing House @ 50%	£40000	
Less S10 rights @5%	£ 2000	£ 38000
Deferred		
PV £1 50yrs @5.25%	0.0774	£ 2941.20

£25040.87

But say £25,000