

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

**Reference:** LVT/0040/02/24

**In the Matter of:** 13 Crole Street, Swansea, SA1 6BL

**In the matter of:** An Application under the Leasehold Reform Act 1967

**APPLICANTS:** Y Hero Limited (Company number – 08993550)

**RESPONDENTS:** Persons Unknown (missing landlord)

  

**TRIBUNAL:** Tribunal Judge Kelly Byrne  
Mr Andrew Lewis, Surveyor Member

**VENUE:** Determined on the papers

**DECISION**

1. On 9<sup>th</sup> July 2024, the Tribunal determined that the appropriate sum to be paid into Court pursuant to section 27(5) of the Leasehold Reform Act 1967 (“the Act”) is **£9,677.00** being the price payable in accordance with section 9 of the Act and including the pecuniary rent payable pursuant to section 27(5) (b) of the Act being limited to a maximum period of six years, at a rate in this case of £14.29 per year.

**Background**

2. 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 13 Crole Street, Swansea, SA1 6BL (“the property”).
3. On 5<sup>th</sup> July 2023, the Applicant made an application via Part 8 of the Civil Procedure Rules to Swansea County Court, pursuant to s.1 and s.27 of the Leasehold Reform Act 1967 (as amended) (“the Act”) for the purchase of the freehold reversion of the property. The case was transferred from Haverfordwest County Court to the Leasehold Valuation Tribunal to determine the value of the freehold reversion.
4. The Applicants purchased the leasehold title to the property on 27<sup>th</sup> March 2019 for £47,000.00. The lease is dated 19<sup>th</sup> February 1995 with a term of 99 years running from 29<sup>th</sup> September 1954.

## **Inspection**

5. The property was inspected by the Tribunal on 20th May 2024, and found to be an end terraced two storey house flush with the pavement, located relatively close to Swansea City Centre constructed in solid brick & stone walls under a pitched tiled roof. On the ground floor there was a lounge and kitchen, whilst on the first floor two bedrooms and a shower room. To the rear was a small enclosed yard. The property enjoys the benefit of gas central heating with replacement uPVC windows throughout.

## **The Law**

6. Under the Act, the Tribunal must determine the purchase price on the relevant day. The relevant day in this case is the date of application to the County Court, namely the 5<sup>th</sup> July 2024 (“the valuation date.”)
7. The purchase price, according to section 27(5) of the Act is: (a) such amount as may be determined by the appropriate tribunal to be the price payable in accordance with section 9 of the Act; and (b) the amount of any pecuniary rent payable for the house and premises up to the date of the conveyance.
8. The valuation method for determining this price is set out in section 9 of the Act, which provides two different methods of valuation depending upon which category the Property and Lease fall into.
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 the s.9(1) valuation. This is the valuation methodology that is applicable to the Property.
10. Under s.9(1) the price payable is the amount which on the valuation date, the site, if sold in the open market by a willing seller (with the tenant and members of his family not seeking to buy, thereby excluding what is called “marriage value”) might be expected to realise on certain assumptions, including the assumption that the tenant has complied with his covenants and disregarding any tenants’ improvements. It is further assumed that the tenant would exercise his right to claim an extended lease under section 14 of the Act. If the lease is extended under s.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 Act. The statutory term is for 50 years, with a review at 25 years.
11. Under s.9(1) the task of the Tribunal is to determine, as at the valuation date, the present capital values of the rent due for the remainder of the term of the lease and thereafter the value of the reversion.

## **Applicants’ case**

12. In response to the Tribunal’s Directions Order, the Applicants served on the Tribunal an Expert Report prepared by Mr Dylan Williams BSc MRICS FFAV of Rees Richards & Partners Chartered Surveyors, Land & Estate Agents, dated 15<sup>th</sup> March 2024.
13. A further Directions Order was issued by the Tribunal on 21<sup>st</sup> May 2024, as the date of the valuation of 15<sup>th</sup> December 2023 was incorrect and not in accordance with the requirements under section 27(2)(a) of the Act. In those Further Directions the Tribunal required clarification as to whether the relevant date for the purposes of the Act was 5<sup>th</sup> July 2023 and if the date was correct that the valuation date employed should be 5<sup>th</sup> July 2023 or such alternative

valuation date. The Further Directions Order requested that the surveyor undertake an internal inspection and also review his valuation calculations.

14. On 21<sup>st</sup> May 2024, an email was received from the Applicant's Solicitor confirming that the valuation date of 5<sup>th</sup> July 2023 was correct.
15. In accordance with the Further Directions Order, an additional Expert Report from Mr Williams, dated 7<sup>th</sup> June 2024 was served on the Tribunal. It is this Report that the Tribunal has relied on for the purposes of these proceedings.
16. The author of the Report, Mr Dylan Williams, concludes that in his opinion that the market value of the freehold reversion of the property in its present condition and in accordance with his report and the information supplied to him, that with the benefit of vacant possession and with a likely market period of six months, on 5<sup>th</sup> July 2023 is £10,400
17. Mr Williams provides a copy of his valuation calculations as an appendix to his Report, which is summarised below:

Valuation date 05/07/2023

Lease 99 years from 29/09/1954

Unexpired Term: 30 years

Ground Rent: £100

**Stage 1**

Ground Rent	£100		
YP for 30 Years @ 6.5%		13.0587	£1,305.87

**Stage 2**

Entirety Value	£115,000		
Value of site @ 30%	0.3		
	£34,500		
De capitalisation@ 5.5%	0.055	£1,897.50 p.a	
YP 30 Years @ 5.5%	14.5337		
Deferred 30 Years @5%	0.2313774	3.36276972	
			£6,380.86

**Stage 3**

Standing House Value	£115,000	
Less Schedule 10@10%	£11,500	
Adjusted value	£103,500	
Deferred UT (30) + 50 Years @ 5%	0.0201770	£2,088.32
Ground Rent due under s.27(5), being 6 years at £100 per annum.		<u>£600.00</u>
Enfranchisement price (excluding costs)		£10,375.05
	<b>SAY</b>	<b>£10,400.00</b>

### Determination

18. As already stated above Further Directions were issued following the inspection of the property by the Tribunal as the surveyor appointed by the Applicants had failed to carry out an internal inspection of the property and had incorrectly approached the valuation of the freehold reversion. The surveyor had adopted the three stage approach to the valuation as set out within **Re Clarise Properties Ltd. [2012] UKUT 4 (LC)**, but unfortunately still failed in his amended valuation report to apply the correct figures for the present ground rent of the property, the correct term within Stage 2. Further no explanation was provided for his departure from the rates of interest described within **Earl Cadogan v Sportelli CA [2007] EWCA Civ 1042**, contrary to the Initial and Further Directions referred to above.
19. The Lease of the property includes a plan of the demised area. It shows the frontage to Crole Street as being 102 feet with a depth of 73 feet 6 inches. Accordingly, the Tribunal consider that other properties within Crole Street were included within the demise, which is confirmed by the Deed dated 1 July 1969 included within the Application information which lists the properties as 7-13 Crole Street. Accordingly, the Tribunal finds that the current ground rent of the property, if demanded by the freeholder would be £14.29 i.e. £100 divided equally over seven properties and adopts this within their calculations.
20. As to the unexpired term of the Lease at the valuation date, the Tribunal calculates this to be 30.25 years, and will adopt this within their calculations, contrary to the figure of 30 years employed by the applicant's surveyor.

### Stage 1 – Capitalisation of the unexpired term

21. As stated above the correct unexpired term is 30.25 years, and the existing ground rent is £14.29 per annum. The Tribunal agree with the rate of capitalisation employed by Mr Williams of 6.5% but arrive at a different figure £187 due to the matters identified above, for this Stage of the valuation.

## Stage 2 – Entirety Value

22. Mr Williams employed an entirety value of £115,000, and advanced four comparables to support this figure. Having considered the approach detailed within the amended surveyor's report, the Tribunal is in agreement to adopting this figure within their calculation. The applicant's surveyor has devalued the entirety value by 30% to arrive at the site value of the property, and the Tribunal agrees with this figure, and will employ it within their calculation.
23. However, the Mr Williams has then decapitalised the site value at 5.5%, and thereafter capitalised the resultant ground rent at the same rate. This is contrary to the decision of **Earl Cadogan v Sportelli**, and no explanation is given for the departure from the rates regularly employed by this Tribunal and the Upper Tribunal – Lands Chamber. The Tribunal therefore applied the rate of 5% within its calculation of this stage of the valuation, arriving at a modern ground rent of £1,725 per annum.
24. The modern ground rent is then subject to capitalisation taking into account the statutory extension period of 50 years, deferred 30.25 years. However, again Mr Williams employed the incorrect statutory extension term of 30 years within his valuation, and the incorrect period of the unexpired term of the Lease. These errors are corrected by the Tribunal in its calculation arriving at a figure of £7,198 for this Stage of the valuation.

## Stage 3 – Standing House Value

25. Mr Williams employs the entirety value of the property as his starting point for this stage of the valuation. The Tribunal agree that it is plausible that the property will remain in 80.25 years, however due to the possible legislative changes that may occur during this period, the Tribunal considers in this instance it is too far in the future to warrant any reduction for the possibility of the rights conferred by Schedule 10 of the Housing Act 1989.
26. Mr Williams has employed a deferment rate of 5% which the Tribunal agree is appropriate and will employ in their calculation.

## ENFRANCHISEMENT PRICE

27. The expert report contains errors in the calculation as set out above, the consequence of these errors is that the valuation of £10,400.00 is not correct.
28. The Tribunal determine that the correct valuation is **£9,677.00**
29. The calculations of the Tribunal are set out in Appendix A

Dated this 30<sup>th</sup> day of July 2024



Tribunal Judge K Byrne

## Appendix A

### Stage 1

Ground Rent	£14.29	
YP 30.25 Years @6.5%	<u>13.09501</u>	
		£187

### Stage 2

Entirety Value	£115,000	
Site Value@ 30%	£34,500	
Modern Ground Rent@ 5%	£1,725	
YP 50 Years @ 5%	18.2559	
PV 30.25 Years @ 5%	0.228572	<u>4.1727941</u>
		£7,198

### Stage 3

Standing House Value	£115,000	
PV 80.25 Years @ 5%	0.0199324	
		<u>£2,292</u>
		<b>£9,677</b>