

Y Tribiwnlys Eiddo Preswyl

Residential Property Tribunal Service (Wales)

Leasehold Valuation Tribunal (Wales)

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DECISION AND REASONS OF THE LEASEHOLD VALUATION TRIBUNAL

Leasehold Reform Act 1967, Section 21(1)(A)

Premises: 80 Bay View Gardens, Skewen, Neath, SA10 6NF

Applicants: Neil Robert Holland and Amanda Jayne Holland
c/o Hutchinson Thomas Solicitors

Respondents: Emily Mary Meredith Hardy and Polly Llewellyn Scott Reeve
c/o T. Llywelyn Jones Solicitors

Tribunal: Judge Lachlan F. McLean (Chair)
Mr. J. Hefin Lewis FRICS (Valuer)
Ms. Carole Thomas (Lay Member)

LVT Ref: LVT/0043/10/24

DECISION OF THE TRIBUNAL

The Tribunal determines that the price payable by the Applicants for the house and premises at 80 Bay View Gardens, Skewen, Neath, SA10 6NF, on a conveyance of the freehold interest of the same, as provided for by Section 9 of the Leasehold Reform Act 1967, is £3,600.

REASONS FOR DECISION

Introduction

1. The Applicants are the long leasehold tenants of residential premises known as 80 Bay View Gardens, Skewen, Neath, SA10 6NF (“the Property”). The Respondents are the freehold owners and landlords of the Property.
2. The Tribunal has received an application from the Applicants, dated 16th October 2024, for determination of the price payable by the Applicants for the house and premises at the Property, on a conveyance of the freehold interest of the same, as provided for by Section 9 of the Leasehold Reform Act 1967 (“the 1967 Act”).
3. The Tribunal issued case management directions on 30th October 2024, which were amended at various dates concluding with the 20th January 2025. These directed the parties to exchange valuation reports, followed by written representations.
4. Aside from matters of valuation, the Applicants submitted representations which are summarised below:-
 - 4.1. Although the Respondents had challenged the validity of the Notice of Tenant’s Claim, the Applicants asserted its validity based on Paragraph 6(3) and/or Paragraph 7(4) of Schedule 3 to the 1967 Act;
 - 4.2. The Respondents had asserted that there was a right of forfeiture for breach of lease, contrary to the restrictions set out in Paragraph 4(1) of Schedule 3 to the 1967 Act.
5. Aside from matters of valuation, the Respondents’ written submissions are summarised thus:-

- 5.1. Although the Respondents had served a Notice in Reply admitting the Applicants' right to have the freehold of the Property, they had subsequently obtained legal advice that the Notice of Tenant's Claim was defective and invalid due to a number of drafting deficiencies;
 - 5.2. The alleged breaches of the lease would impact upon the Applicants' valuation of the Property, but in any event the Respondents sought the Court's permission to forfeit the lease of the Property;
 - 5.3. The Notice of Tenant's Claim was also invalid as it followed the incorrect version of the prescribed form, namely the version which applies to premises situated in England.
6. The Applicants' valuation report of Robert Cowley FRICS was submitted in time. They sought to supplement this with an amended report on 10th March 2025 due to a typing error in the first version. The Respondents only provided a valuation report of Tim Dallimore BSc MRICS very late in the day, on 13th March 2025 which was the day before the hearing.
 7. The hearing of the matter took place remotely via Microsoft Teams on 14th March 2025. The Applicants were represented by Alistair Veck of Counsel and the Respondents were represented by their Solicitor, Iwan Jeffreys. The Applicants were also assisted by their Valuation Surveyor, Robert Cowley FRICS.

Situation and Description

8. The Property has not been inspected. Accordingly, the description and condition is largely reliant upon the valuation report on behalf of the applicants and information available by researching property related web sites and google maps.
9. From this information we are able to establish that the Property comprises a modern two bedroom semi-detached bungalow originally constructed in approximately

1985. The Property is situated within a modern development at Skewen, an established residential area approximately 3 miles from Neath.

10. The main walls are of cavity construction with elevations of spar dash rendering, facing brickwork and reconstituted stone under a pitched timber frame roof clad with interlocking concrete tiles.
11. The Property is assumed to be in a condition consistent with its age and type of construction. However, the accommodation, fixtures and fittings are dated in places.

Issues

12. The Tribunal was required to determine, as a preliminary issue, whether the Applicants had given the requisite notice due under the 1967 Act.
13. If the Tribunal found in favour of the Applicants on the preliminary issue, it was required to determine the price payable for the freehold of the Property, pursuant to Section 9 of the 1967 Act.
14. The Tribunal could not entertain the request for permission to forfeit the lease of the Property. Forfeiture is a matter exclusively for the County Court. The Tribunal can make a determination that a provision of a lease has been breached, but such an application must be made separately under Section 168(4) of the Commonhold and Leasehold Reform Act 2002.

Law

15. The relevant sections of the Leasehold Reform Act 1967 read as follows:

8. Obligation to enfranchise.

Where a tenant of a house has under this Part of this Act a right to acquire the freehold, and gives to the landlord written notice of his desire to have the freehold,

then except as provided by this Part of this Act the landlord shall be bound to make to the tenant, and the tenant to accept, (at the price and on the conditions so provided) a grant of the house and premises for an estate in fee simple absolute, subject to the tenancy and to tenant's incumbrances, but otherwise free of incumbrances.

9. Purchase price and costs of enfranchisement, and tenant's right to withdraw.

(1) Subject to subsection (2) below, the price payable for a house and premises on a conveyance under section 8 above shall be the amount which at the relevant time the house and premises, if sold in 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 on the following assumptions:—

(a) on the assumption that the vendor was selling for an estate in fee simple, subject to the tenancy but on the assumption that this Part of this Act conferred no right to acquire the freehold, and if the tenancy has not been extended under this Part of this Act, on the assumption that (subject to the landlord's rights under section 17 below) it was to be so extended;

(b) on the assumption that (subject to paragraph (a) above) the vendor was selling subject, in respect of rent charges to which section 11(2) below applies, to the same annual charge as the conveyance to the tenant is to be subject to, but the purchaser would otherwise be effectively exonerated until the termination of the tenancy from any liability or charge in respect of tenant's incumbrances; and

(c) on the assumption that (subject to paragraphs (a) and (b) above) the vendor was selling with and subject to the rights and burdens with and subject to which the conveyance to the tenant is to be made, and in particular with and

subject to such permanent or extended rights and burdens as are to be created in order to give effect to section 10 below.

The reference in this subsection to members of the tenant's family shall be construed in accordance with section 7(7) of this Act.

(1A) Notwithstanding the foregoing subsection, the price payable for a house and premises,—

(i) the rateable value of which was above £1,000 in Greater London and £500 elsewhere on 31st March 1990, or,

(ii) which had no rateable value on that date and R exceeded £16,333 under the formula in section 1(1)(a) above (and section 1(7) above shall apply to that amount as it applies to the amount referred to in subsection (1)(a)(ii) of that section)

shall be the amount which at the relevant time the house and premises, if sold in the open market by a willing seller, might be expected to realise on the following assumptions:—

(a) on the assumption that the vendor was selling for an estate in fee simple, subject to the tenancy, but on the assumption that this Part of this Act conferred no right to acquire the freehold[or an extended lease;

(b) on the assumption that at the end of the tenancy the tenant has the right to remain in possession of the house and premises;

(i) if the tenancy is such a tenancy as is mentioned in subsection (2) or subsection (3) of section 186 of the Local Government and Housing Act 1989, or is a tenancy which is a long tenancy at a low rent for the

purposes of Part I of the Landlord and Tenant Act 1954 in respect of which the landlord is not able to serve a notice under section 4 of that Act specifying a date of termination earlier than 15th January 1999, under the provisions of Schedule 10 to the Local Government and Housing Act 1989; and

(ii) in any other case, under the provisions of Part I of the Landlord and Tenant Act 1954;

(c) on the assumption that the tenant has no liability to carry out any repairs, maintenance or redecorations under the terms of the tenancy or Part I of the Landlord and Tenant Act 1954;

(d) on the assumption that the price be diminished by the extent to which the value of the house and premises has been increased by any improvement carried out by the tenant or his predecessors in title at their own expense;

(e) on the assumption that (subject to paragraph (a) above) the vendor was selling subject, in respect of rent charges to which section 11(2) below applies, to the same annual charge as the conveyance to the tenant is to be subject to, but the purchaser would otherwise be effectively exonerated until the termination of the tenancy from any liability or charge in respect of tenant's incumbrances; and

(f) on the assumption that (subject to paragraphs (a) and (b) above) the vendor was selling with and subject to the rights and burdens with and subject to which the conveyance to the tenant is to be made, and in particular with and subject to such permanent or extended rights and burdens as are to be created in order to give effect to section 10 below.

(1AA) Where, in a case in which the price payable for a house and premises is to be determined in accordance with subsection (1A) above, the tenancy has been extended under this Part of this Act—

(a) if the relevant time is on or before the original term date, the assumptions set out in that subsection apply as if the tenancy is to terminate on the original term date; and

(b) if the relevant time is after the original term date, the assumptions set out in paragraphs (a), (c) and (e) of that subsection apply as if the tenancy had terminated on the original term date and the assumption set out in paragraph (b) of that subsection applies as if the words “at the end of the tenancy” were omitted.

(1B) For the purpose of determining whether the rateable value of the house and premises is above £1,000 in Greater London, or £500 elsewhere, the rateable value shall be adjusted to take into account any tenant's improvements in accordance with Schedule 8 to the Housing Act 1974.

(1C) Notwithstanding subsection (1) above, the price payable for a house and premises where the right to acquire the freehold arises by virtue of any one or more of the provisions of sections 91A, 1AA and 1B above, or where the tenancy of the house and premises has been extended under section 14 below and the notice under section 8(1) above was given (whether by the tenant or a sub-tenant) after the original term date of the tenancy, shall be determined in accordance with subsection (1A) above; but in any such case—

(b) section 9A below has effect for determining whether any additional amount is payable by way of compensation under that section;

and in a case where the provision (or one of the provisions) by virtue of which the right to acquire the freehold arises is section 1A(1) above, subsection (1A) above shall apply with the omission of the assumption set out in paragraph (b) of that subsection.

(1D) Where, in determining the price payable for a house and premises in accordance with this section, there falls to be taken into account any marriage value arising by virtue of the coalescence of the freehold and leasehold interests, the share of the marriage value to which the tenant is to be regarded as being entitled shall be one-half of it.

(1E) But where at the relevant time the unexpired term of the tenant's tenancy exceeds eighty years, the marriage value shall be taken to be nil.

(2) The price payable for the house and premises shall be subject to such deduction (if any) in respect of any defect in the title to be conveyed to the tenant as on a sale in the open market might be expected to be allowed between a willing seller and a willing buyer.

(3) On ascertaining the amount payable, or likely to be payable, as the price for a house and premises in accordance with this section (but not more than one month after the amount payable has been determined by agreement or otherwise), the tenant may give written notice to the landlord that he is unable or unwilling to acquire the house and premises at the price he must pay; and thereupon—

(a) the notice under section 8 above of his desire to have the freehold shall cease to have effect, and he shall be liable to make such compensation as may be just to the landlord in respect of the interference (if any) by the notice with the exercise by the landlord of his power to dispose of or deal with the house and premises or any neighbouring property; and

(b) any further notice given under that section with respect to the house or any part of it (with or without other property) shall be void if given within the following twelve months.

(4) Where a person gives notice of his desire to have the freehold of a house and premises under this Part of this Act, then unless the notice lapses under any provision of this Act excluding his liability, there shall be borne by him (so far as they are incurred in pursuance of the notice) the reasonable costs of or incidental to any of the following matters:—

(a) any investigation by the landlord of that person's right to acquire the freehold;

(b) any conveyance or assurance of the house and premises or any part thereof or of any outstanding estate or interest therein;

(c) deducing, evidencing and verifying the title to the house and premises or any estate or interest therein;

(d) making out and furnishing such abstracts and copies as the person giving the notice may require;

(e) any valuation of the house and premises;

but so that this subsection shall not apply to any costs if on a sale made voluntarily a stipulation that they were to be borne by the purchaser would be void.

(4A) Subsection (4) above does not require a person to bear the costs of another person in connection with an application to the appropriate tribunal .

21.— Jurisdiction of tribunals.

(1) The following matters shall, in default of agreement, be determined by the appropriate tribunal namely,—

(a) the price payable for a house and premises under section 9 above;

(b) the amount of the rent to be payable (whether originally or on a revision) for a house and premises in accordance with section 15(2);

(ba) the amount of any costs payable under section 9(4) or 14(2);

(c) the amount of any compensation payable to a tenant under section 17 or 18 for the loss of a house and premises.

(cza) the amount of the appropriate sum to be paid into court under section 27(5);

(ca) the amount of any compensation payable under section 27A;

(1B) No application may be made to the appropriate tribunal under subsection (1) above to determine the price for a house and premises unless either—

(a) the landlord has informed the tenant of the price he is asking; or

(b) two months have elapsed without his doing so since the tenant gave notice of his desire to have the freehold under this Part of this Act.

Schedule 3 Validity of Tenants' Notices, Effect on Landlord and Tenant Act 1954 etc. and Procedure Generally

6.—

(1) A tenant's notice under Part I of this Act of his desire to have the freehold or an extended lease of a house and premises shall be in the prescribed form, and shall contain the following particulars:—

(a) the address of the house, and sufficient particulars of the house and premises to identify the property to which the claim extends;

(b) such particulars of the tenancy and, in the case of a tenancy falling within section 4(1)(i) of this Act, of the rateable value of the house and premises as serve to identify the instrument creating the tenancy and show that

(i) (apart from the operation, if any, of the proviso to section 4(1) of this Act) the tenancy is and has at the material times been a long tenancy at a low rent;

(c) the date on which the tenant acquired the tenancy;

(e) in the case of a tenancy falling within section 1(1)(a)(ii) of this Act, the premium payable as a condition of the grant of the tenancy.

(1A) Where the tenant gives the notice by virtue of section 1AA of this Act, subparagraph (1) above shall have effect with the substitution for paragraph (b) of—

“(b) such particulars of the tenancy as serve to identify the instrument creating the tenancy and show that the tenancy is one in relation to which section 1AA(1) of this Act has effect to confer a right to acquire the freehold of the house and premises;”.

(2) Where the tenant gives the notice by virtue of section 6, 6A or 7 of this Act, subparagraph (1)(c) above shall apply with the appropriate modifications of references

to the tenant, so that the notice shall show the particulars bringing the case within section 6, 6A or 7.

(3) The notice shall not be invalidated by an inaccuracy in the particulars required by this paragraph or any misdescription of the property to which the claim extends; and where the claim extends to property not properly included in the house and premises, or does not extend to property that ought to be so included, the notice may with the leave of the court, and on such terms as the court may see fit to impose, be amended so as to exclude or include that property.

16. The prescribed form of tenants' notice relating to premises situated in Wales is set out in the Leasehold Reform (Notices) Regulations 1997, as amended by the Leasehold Reform (Notices) (Amendment) (Wales) Regulations 2002.

Representations and Evidence – Preliminary Issues

17. On behalf of the Applicants, Mr Veck advanced the following arguments in furtherance of their position:-

- 17.1. Even if there were ambiguities in the Applicants' notice itself, the covering letters to both the Respondents and their solicitors (dated 5th June 2023) were clear in stating that the Applicants wished to buy the freehold (and the letter to their solicitors, in particular, was headed "**Purchase of Freehold Reversion of 80 Bay View Gardens Skewen Neath SA10 6NF**").

- 17.2. The case of *Lewis v Harries* (1971) 22 P. & C.R. 905 was authority for the proposition that if it were clear on the face of the notice what the tenant was asserting a right to and claiming, it would be wrong to hold that the notice was vitiated because of an obvious error. In particular, *per* Phillimore LJ at 909:-

As it happens, of course, since she completed paragraph 1 correctly the landlord could not really have any misunderstanding as to what she was asking for, and I entirely agree with my Lord that her failure to get paragraph 2 right must be disregarded and cannot be treated as rendering her notice a nullity in the present case.

- 17.3. Also, the Respondents' own valuation report recorded (at paragraph 1.1 of the same) his client's own clear instruction "*to provide a valuation to facilitate the acquisition of the Freehold Reversion of the above property*".
- 17.4. Despite the caveat in the Respondents' Notice in Reply, the validity of the Applicants' notice was only really raised as an issue in Mr Jeffreys' written submissions, whereas the matter could have been raised much sooner.
- 17.5. In relation to whether the particulars of the Property given were sufficient, the Property was clearly identified and both parties understood what was referred to. The Property comprises a semi-detached bungalow with a small garden – it is so obvious that the garden space is included in the description of the Property that it does not need to be expressed.
- 17.6. In relation to having incorrectly used the version of the form applicable in England, the form actually used still adequately addresses the requirements of the 1967 Act as applying in Wales. A minor or technical defect is insufficient to invalidate the notice. The two versions are materially identical, with the only difference between the two being the reference to the name of the Regulations under which they are issued.
- 17.7. The fact of the Respondents' admission in their Notice in Reply is compelling – the validity points could have been properly raised at that stage.

18. For the Respondents, Mr Jeffries had submitted a skeleton argument which the Tribunal has read. In further oral submissions, he responded:-

18.1. *Lewis v Harries* can be distinguished – in that case, both options were left in whereas the Applicants had left the relevant section (paragraph 2) blank – he cited *Byrnlea Property Investments Ltd v Ramsay* [1969] 2 QB 253 in support.

18.2. The form is meant to create a contract. A landlord would be bound by a failure to reply. Therefore, the Applicants' failure to state their desire renders it void for uncertainty.

18.3. There were multiple other errors, which compound the above issue:-

18.3.1. At paragraph 4 of the Applicants' Notice, they deleted the "either / or" section.

18.3.2. Paragraphs 5 to 10 of the Applicants' Notice should have been deleted but were left in.

18.3.3. The particulars section in the schedule to the Notice (paragraph 2) simply re-stated the address of the Property whereas it clearly should be more detailed. They could easily have used the description used in the lease for the Property. Mr Jeffries disputed that the extent of the Property was obvious, due to the slope in the front garden.

18.3.4. Paragraph 3 of the schedule to the Notice was poorly worded – as an isolated error, this would be forgivable, but it was one of many.

18.3.5. Paragraph 5 of the schedule in the Applicants' Notice only refers to the ground rent payable at the time of service, when there should have been more detail as it should be sufficient to show that the tenancy

is/was a tenancy at a low rent (so should have included the rateable value).

18.4. The Applicants' solicitors were invited to serve a fresh notice but chose not to.

18.5. The relevance of the instructions to Mr Daliwell (in March 2025) was disputed regarding the validity of a notice served in June 2023.

18.6. It was important that the title of the Applicants' notice related to a contract for land in Wales, not England.

19. When asked to identify what prejudice the Respondents had actually suffered from any of the defects identified, Mr Jeffries struggled to identify anything which had clearly prejudiced them. He reiterated that it had been the Tribunal's directions which had narrowed the issues, and the Applicants could not sidestep the legal authorities that the key requirements were not complied with.

20. Lastly, Mr Veck replied:-

20.1. The contents of paragraph 2 of the schedule were sufficient to identify the premises. The lease of the Property was referred to within the Notice. Neither expert had had any difficulty in identifying the extent of the premises for which a valuation was required.

20.2. There was no actual prejudice – although elements of the Applicants' Notice were omitted, it was such an obvious error that every party knew what they were dealing with.

Discussion and Decision on Preliminary Issues

21. The Tribunal considered that the use of the form which applied to premises in England, rather than Wales, was not fatal in this instance. This is because the

contents of each form are materially identical in each jurisdiction. This is not at all to underplay the significance of the devolution settlement for Wales, but rather recognises that the substance of the form is of greater importance here, especially when they are not just similar but functionally identical.

22. The Tribunal members were troubled by the number of errors contained in the Applicants' Notice, especially the failure to specify whether the Applicants wanted the freehold or an extended lease. However, on balance, the Tribunal concluded that the Notice was saved in particular by a combination of the covering letter dated 5th June 2023 (which clearly stated the intention to buy the freehold) and the Respondents' Notice in Reply of 3rd August 2023 (which admitted the right subject to only a weakly worded caveat). In relation to these and the other defects, which were individually relatively minor, the Tribunal particularly bears in mind the recent Supreme Court authority *A1 Properties (Sunderland) Ltd v Tudor Studios RTM Company Ltd* [2024] UKSC 27. Although that case concerned the issue of whether a failure to serve a claim notice on an intermediate landlord with no management responsibilities invalidated a right to manage claim under the Commonhold and Leasehold Reform Act 2002, their Lordships' decision is of wider application and holds that where a statute does not specify the consequences of failing to comply with a procedural requirement, then the Court or Tribunal should establish whether the party disputing the validity of the step taken was actually prejudiced by that failure. On the facts of this case, any errors in the Applicants' Notice did not prevent the Respondents from understanding and responding to it.
23. The Tribunal therefore decides that the Applicants gave notice to the Respondents as required by the 1967 Act, and the Tribunal has jurisdiction to entertain their application.

Determination of Price Payable

24. 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.

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 under s.9(1). This is the valuation methodology that is applicable to the Property.

Initially there was disagreement between the parties as to the correct methodology to be used in calculating the value. However, both expert valuers agreed that the valuation methodology under s.9(1) was appropriate and calculated accordingly.

Analysis of Comparable Evidence

25. The Applicants' valuation report relies on the following evidence:-

ADDRESS	TYPE	SALE PRICE	DATE
50, Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF11 Aug 2023	S/D 2 bed bungalow	£135,000	11/08/2023
99, Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF	S/D 2 bed bungalow	£122,000	26/05/2023

91, Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF	S/D 2 bed bungalow	£135,000	05/05/2023
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26. The Respondents' valuation report relies on the following evidence:-

ADDRESS	TYPE	ASKING PRICE	SALE DATE
Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF (not identified)	S/D 2 bed bungalow	£160,000	N/A
Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF (not identified)	S/D 2 bed bungalow	£175,000	N/A
Oak Hill Park, Skewen, Neath, Neath Port Talbot SA10 (not identified)	S/D 2 bed bungalow	£159,950	N/A

27. In addition to the evidence put forward by both the applicant and respondent expert surveyors, the Tribunal also identified two further properties as being appropriate comparable evidence being:-

ADDRESS	TYPE	SALE PRICE	DATE
17, Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF	S/D 2 bed bungalow	£160,000	17/10/2023
55, Bay View Gardens, Skewen, Neath, Neath Port Talbot SA10 6NF	S/D 2 bed bungalow	£150,000	22/01/2024

28. The expert valuer for the Applicants contends for an ‘Entirety Value and ‘Standing House’ value of £130,000 based on 4 comparable evidence as set out above. Each property is comparable to the subject Property with sale dates being within 3 months of the relevant valuation date.
29. In the initial valuation, an entirety value of £135,000 was proposed by the expert valuer for the Applicants. Subsequently, an amended valuation was submitted on the basis that the original valuation contained a numerical error. However, the revised valuation also amended the entirety and standing house values. When questioned as to the reasons for this change, the valuer confirmed that he had reflected on the evidence and on that basis, amended his figure. The evidence, of course, would have been available at the time of the original valuation and therefore the Tribunal was not persuaded by this argument.
30. The valuer for the Respondents proposes a different entirety value of £155,000 and standing value at £150,000 to which he seeks justification from three comparable properties drawn from properties advertised ‘For Sale’ on the Right-Move web site. None of these are identified, the agreed purchase price has not been verified and

there is no completion date. Furthermore, the evidence is not in accordance with the relevant valuation date.

31. The Tribunal, using its own expert opinion, was able to obtain further comparable properties as outlined above, although it is recognised that one of these is 6 months after the relevant date.

Valuation date

32. The Applicants contend for a valuation date of 02/06/2023. The Respondents contend that this should be 05/06/2023 to comply with postal rules. In reality the difference has negligible impact upon valuation. The Tribunal determines that the correct date of valuation is 02/06/2023, namely the date of the notice.

Unexpired Term

33. Having established the valuation date, the unexpired term is 60.81 years.

Freehold Entirety Value

34. '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.
35. The Property is a semi-detached bungalow on a relatively confined site with limited scope for expanding the original accommodation. Accordingly, the Tribunal determines that the Property is 'fully developed'.
36. For the reason stated above, the relevant evidence are those properties identified by the Applicants' expert surveyor together with the two additional properties identified

by this Tribunal. The average of this evidence is £140,000 and we determine this to be the appropriate Entirety Value.

Site Value as Percentage of Entirety Value

37. The Applicants' valuer contends for 30% as the value of the plot within the Entirety Value of the hypothetical house. The Respondents' valuer contents for a site at 33.33%.
38. The Tribunal, as an expert panel and using its experience in these matters agrees that 33.33% apportionment is appropriate in this instance.

Capitalisation and Deferment Rates

39. The Applicants' Expert Report has adopted:
- Yield of 6.5%
 - Capitalisation and Decapitalisation rates of 5%
 - Deferment rate of 5%
40. The Respondent Expert Report has adopted:
- Yield of 6.5%
 - Capitalisation and Decapitalisation rates of 4.75%
 - Deferment rate of 4.75%

41. Both the Applicants' and Respondents' expert valuers adopt 6.5% as an appropriate capitalisation rate for the initial stage and the Tribunal agrees.
42. The Tribunal adopts a figure of 5% 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.

Freehold Standing House Value

43. For the third stage of the valuation, we must determine the Standing House Value of the Property – deferred for 110.81 years (60.81 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 110.81 years, and therefore agree that this stage is required (the Haresign addition).
44. 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.
45. Using the accepted methodology, the Tribunal determines that the 'Standing House' value equates to the 'Entirety Value' for the reasons stated above. The 'Standing House' value is therefore also £140,000.

'Clarise reduction' (Schedule 10)

46. Under Schedule 10, paragraph 4 of the Housing Act 1989 and referencing *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.

47. Both the Applicant and Respondent expert valuers contend for a deduction for Schedule 10 rights but have not provided the reasons for doing so particularly given the unexpired term of 60.81 years. Whilst the Tribunal agrees that a deduction might be appropriate, it considers 10% to be too high and instead adopts a 5% reduction.

Freehold Value

48. The constituent parts of the valuation have been considered as above and reproduced in the Tribunal's valuation report at appendix (i).
49. The Tribunal determines that the sum payable for the freehold interest is **£3,600**.

Dated this 14th day of April 2025

L.F. McLean (Chair)