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RESIDENTIAL PROPERTY TRIBUNAL (WALES)

LEASEHOLD VALUATION TRIBUNAL (WALES)

DECISION AND REASONS OF THE LEASEHOLD VALUATION TRIBUNAL

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

Reference: LVT/0053/02/26

In the matter of 15 Kenilworth Road, Newport, NP19 8JQ

In the matter of an application under section 21(1)(a) of the Leasehold Reform Act 1967.

Applicant:	Clarise Properties Limited c/o Altermans Solicitors
Respondent:	Belinda Lewis
Tribunal:	Tribunal Judge S. Westby Mr H. Lewis FRICS (Surveyor Member) Dr A. Ash (Lay Member)
Date of Hearing:	12 August 2026 via Microsoft Teams

DECISION OF THE TRIBUNAL

The Tribunal determines that the price payable by the Respondent for the house and premises at 15 Kenilworth Road, Newport, NP19 8JQ, on a

conveyance of the freehold interest, as provided for by Section 9 of the Leasehold Reform Act 1967 is £21,873.

REASONS FOR THE DECISION

Preliminary

1. The Applicant is the freehold owner and landlord of 15 Kenilworth Road, Newport, NP19 8JQ ("the Property"). The Respondent is the long leasehold tenant of the Property.

2. The Tribunal received an application from the Applicant dated 12 February 2026, for a determination of the price payable by the Respondent 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 Act").

3. The Tribunal issued case management directions on 24 February 2026 ("the Directions Order"). The Directions Order required the parties to exchange valuation reports by no later than 4pm on 7 April 2026 and thereafter exchange written representations.

4. On 9 April 2026, following an application made by the Applicant, the Tribunal varied the Directions Order to require the parties to exchange valuation reports by no later than 4pm on 7 May 2026 and exchange written representations by no later than 4pm on 21 May 2026. The amended directions order stated that:

   "*In the event that the Respondent fails to comply with this Direction she will be precluded from relying upon any valuation evidence at the final* *hearing in this matter unless she seek consent from the Tribunal in writing setting out clear reasons as to why the Direction has not been complied with*."

5. The Respondent failed to comply with the amended directions order and no application, or indeed correspondence, has been received from the Respondent in respect of this matter.

6. The Tribunal will therefore proceed to determine the matter based upon the documentation provided by the Applicant, which includes:
    - the Applicant's application form;
    - the Respondent's notice of tenant's claim to acquire the freehold, dated 10 May 2024 ("the Notice of Claim");
    - H.M. Land Registry's official copy of register of freehold title for the Property with title number WA423511;
    - A copy of the lease dated 31 October 1991 and made between (1) Burford Estate & Property Company Limited and (2) Ada Margaret Mayne ("the Lease");
    - H.M. Land Registry's official copy of register of leasehold title for the Property with title number WA623594; and
    - a valuation report, dated 7 April 2026, from Mr Simon Hanton FRICS, Consultant of Willmotts Chartered Surveyors.

7. The Tribunal inspected the property on 3 August 2026. The inspection was conducted by Tribunal Members Mr Hefin Lewis and Dr Angela Ash. The Applicant was not present. The Respondent, Mrs Lewis, was present and permitted the inspection to proceed.

8. During the inspection Mrs Lewis informed the Tribunal members that she had not received any email correspondence concerning the proceedings, including the hearing bundle, directions and notice of hearing. She stated that she did not use email and that the only correspondence she had received from the Tribunal was a letter dated 24 February 2026, which she produced to the Tribunal members. Mrs Lewis further stated that she was unaware of the

hearing listed for 12 August 2026 and had not decided whether she wished to proceed with the enfranchisement claim. The Tribunal members advised her that they could not provide legal advice but suggested that she seek independent legal advice as a matter of urgency.

9. Following the inspection, the Tribunal made enquiries of the Tribunal administration concerning service of documents upon the Respondent. The Tribunal was informed that copies of correspondence sent to the Respondent were held on the Tribunal file and that the letter dated 16 June 2026 notifying the parties of the inspection and hearing dates had been sent to the Respondent by post by the Tribunal's facilities team. The Tribunal was further informed that correspondence had been sent to the Respondent by post rather than by email.

10. The Tribunal has taken into account the Respondent's assertion that she did not receive some of the correspondence relating to these proceedings. However, by the date of the inspection on 3 August 2026 the Respondent was plainly aware that Tribunal proceedings were ongoing, that an inspection had been arranged by the Tribunal and that a hearing was listed for 12 August 2026. Despite that knowledge, the Respondent did not contact the Tribunal following the inspection to request copies of any documentation, seek an adjournment, identify any representative acting on her behalf or otherwise participate in the proceedings.

11. The matter was listed for a video hearing on 12 August 2026 at 10am via the Microsoft Teams platform. The Applicant was represented by Mr Hanton of Willmotts Chartered Survyeors. The Respondent did not attend.

12. The Tribunal was satisfied that notice of the hearing had been sent to Mrs Lewis by post. The Tribunal also noted that Mrs Lewis was also informed about the hearing at the inspection on 3 August 2026. The Respondent has not been in contact with the Tribunal to request copies of the papers, seek an adjournment or otherwise participate in the proceedings. The Tribunal is not satisfied that there is a good reason for the failure of the Respondent to

appear and so the Tribunal proceeded with the hearing in the Respondent's absence, pursuant to regulation 32 of The Residential Property Tribunal Procedures and Fees (Wales) Regulations 2016.

The Property and the Lease

13. The Property is a three-bedroom terraced house with a small front garden and a larger back garden which is mostly paved. To the ground floor is a front sitting room, a small kitchen and dining room with a utility room off. There is also an outside W.C. During its inspection, the Tribunal noted that there was evidence of damp and water ingress in the dining room and there was noticeable sagging of the floor under the bay window in the sitting room.

14. To the first floor there is three bedrooms and a small bathroom. During its inspection, the Tribunal noted that, throughout the house, the condition of visible plaster and decorations was poor.

15. The Lease of the Property was granted in consideration of the sum of £3,400 for a term of 99 years from 24 June 1990. Mr Hanton's report stated that the consideration was £350. However, during the hearing, Mr Hanton confirmed that this was a typographical error and agreed that the consideration was, in fact, £3,400.

16. The ground rent reserved under the Lease was £45 per annum up to 23 June 2015. Thereafter, following a rent review provided for by the Lease, the ground rent increased to £700 per annum from 24 June 2015 pursuant to the award of Mr A. Lewis, dated 30 October 2020, acting as Arbitrator, appointed by the President of RICS ("the Arbitration Award").

The Law

17. The Act enables tenants of long leases let at low rents to acquire the freehold interest on terms. The valuation method for determining the price payable by the tenant for the acquisition is set out in Section 9 of the Act. Two different

methods of valuation are provided depending on which category the Property and the Lease fall into.

18. In cases where the properties have a low rateable value outside London, that is less than £500 on 31 March 1990, the valuation methodology is under Section 9(1) of the Act. This is the methodology applicable to the Property.

19. The valuation date is the date of the Notice of Claim which is 10 May 2024. The Applicant's valuation report states at paragraph 4.3 that the Notice of Claim was served on the Applicant on 5 May 2024. However, the valuation at appendix 4 of his report does correctly identify the valuation date of 10th May 2024 and during the hearing Mr Hanton accepted that the valuation date was indeed 10 May 2024.

<u>The Entirety Value</u>

20. The Applicant's valuation report relies on the following evidence:

Address of Property	**Description of Property**	**Sale Price**	**Date of Sale**
7 Kenilworth Road	Mid-terrace property with two storey rear addition and single storey rear extension	£245,000	July 2024
8 Kenilworth Road	3-bedroom mid-terrace property	£225,000	December 2024
22 Kenilworth Road	3-bedroom mid-terrace property	£165,000	June 2023

21. The Applicant's valuation report contends for an entirety value of the freehold interest, adapted to the best advantage, as at May 2024, of £245,000 and the standing house value as £175,000.

22. The valuation date being 10 May 2024, the unexpired term is 65.12 years.

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 a mid-terrace house that has not been extended. There is scope for the Property to be extended and the Tribunal noted during its inspection that a number of the neighbouring properties have been extended to the rear.

25. The Tribunal accepts the evidence put forward by the Applicant's valuation report and, in particular, the evidence relating to 7 Kenilworth Road is relevant, it being a mid-terrace house on the same road which has been extended. The date of sale is only 2 months after the valuation date and so the Tribunal considers that this is good evidence of the entirety value of the Property as at the valuation date.

26. Accordingly, the Tribunal determines the appropriate Entirety Value to be £245,000.

<u>Ground Rent Computation</u>

27. In his report, Mr Hanton confirmed that his client had contended for a higher ground rent at the arbitration and did not agree with the deductions made in the award, but was content, for the purposes of this application, to accept the methodology adopted in the Arbitration Award.

28. His ground rent computation was as follows:

Ground Rent / 2020 Entirety Value x 2026 Entirety Value

£700 / £110,000 x £245,000 = £1,559.00

29. The Tribunal calculation, using the accepted methodology but adopting a decapitalisation rate of 5%, is:

Entirety Value				£245,000
Site Value @ 30% (see below)				£ 73,500
Decapitalisation @ 5%			£3,675	
Less				
Finance (32.5%)	£1,194.38			
Risk (25%)	£ 918.75	£2,113.13		
		£1,561.87		

Site Value as Percentage of Entirety Value

30. The Applicant's valuer proposes 30% as the value of the plot within the Entirety Value of the hypothetical house. Mr Hanton's report provided extensive evidence of what percentage is applied to calculate plot value, albeit in the Midlands area.

31. The Tribunal, as an expert panel and using its experience in these matters agrees that 30% is appropriate and accords with similar transactions in the Newport area.

Capitalisation Rate

32. Mr Hanton's valuation report calculates the income stream at 5.5% to reflect the security of the income and prospect of reviews in line with property market growth, albeit at only 25 yearly intervals. The Tribunal agrees with Mr Hanton and adopts this figure.

Deferment Rate

33. Mr Hanton adopted a deferment rate of 5.25%. The Tribunal queried why this had been done when the commonly employed rate in South Wales is 5%. Mr Hanton's only evidence was reference to a Tribunal case concerning 88 Plunch Lane, Swansea in which, he said, the Tribunal had adopted a deferment rate of 5.5% and he had therefore settled on 5.25%.

34. Although the case concerning 88 Plunch Lane is not binding upon the Tribunal, the Tribunal nevertheless considered the case and notes that, at paragraph 31 of the decision, the Tribunal adopted a figure of 5% for both capitalisation and decapitalisation rates. The Tribunal believes that Mr Hanton may inadvertently have referred to the landlord's expert's calculation which is summarised at paragraph 21 of the decision and which refers to a deferment rate of 5.5%.

35. The Tribunal adopts a figure of 5% for capitalisation and decapitalisation rates which is in line with other decisions of this Tribunal in this locality.

36. A term yield of 5.5% is proposed and this is agreed by the Tribunal.

Freehold Standing House Value

37. For the third stage of the valuation, we must determine the Standing House Value of the Property – deferred for 115.12 years (65.12 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 115 years and therefore agree that this stage is required (the Haresign addition).

38. 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.

39. Mr Hanton in his report contends for a Standing House Value of £175,000. During the hearing, Mr Hanton confirmed that he had come to this valuation

based upon the sale of 22 Kenilworth Road, a house almost identical to the Property, in June 2023 for £165,000. Bearing in mind the valuation date of 10 June 2024, Mr Hanton confirmed that he had allowed for inflation, arriving at £175,000, although he accepted that he had not referred to any house price indexes in arriving at that figure.

40. The Tribunal accepts the sale of 22 Kenilworth Road as an acceptable comparable and adopting the house price index approach, the Tribunal assess the Standing House Value to be £168,000.

'Clarise Reduction' (Schedule 10)

41. Under Schedule 10, paragraph 4 of the Housing Act 1989 and referencing *Clarise Properties Limited [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 market rent. In order to reflect this possibility, a deduction is made from the Standing House Value.

42. The Applicant's valuer contends that, given the Lease has 65 years unexpired from the date of the Notice of Claim and the second reversion arises after 115 years, it is reasonable to assume that vacant possession would be available and it would, accordingly, be inappropriate to make a deduction from the Standing House Value.

43. The Tribunal agrees and, accordingly, no adjustment is made.

Freehold Value

44. The Tribunal's valuation is therefore as follows:

Valuation Date	10-May-2024
Lease Start Date	24-Jun-1990
Term (years)	99
Lease Expiry	65.12

First Review after Valuation Date	24-Jun-2040
Rent Reviews every (years)	25
Years to First Review: Term 1	16.12
Term 1 Rent	£ 700.00
Years to Next Review: Term 2	41.12
Term 2 Rent	£ 1,562.00
Years to Next Review: Term 3	65.12
Term 3 Rent	£ 1,562.00
Capitalisation Rate (%)	5.50

Reversion 1

Entirety Value	£ 245,000
Site Value (%) of MV	30
S15 GR Rent % of Site Value	5.00
Cap / Def Rate (%)	5.00
Years	50

Reversion 2

Standing House Value	£ 168,000
% of SHV for Assured Tenancy	100
MV of House on Assured Tenancy	168,000
Deferment Rate (%)	5.00
Years to	115.12

Term 1				
Rent	£ 700.00	p.a.		
YP for 16.12 yrs @ 5.5%	10.5116		**£ 7,358**	
Term 2				
Rent	£ 1,562.00	p.a.		
YP for 25 yrs @ 5.5%	13.4139			
	£ 20,953			
PV of £1 in 16.12 yrs @ 5.5%	0.4219		**£ 8,840**	
Term 3				
Rent	£ 1,562.00	p.a.		
YP for 24 yrs @ 5.5%	13.1517			
	£ 20,543			
PV of £1 in 41.12 yrs @ 5.5%	0.1106		**£ 2,272**	
				£ 18,470
Reversion 1 (S15 Ground Rent)				
Entirety Value	£ 245,000			
Site Apportionment @ 30%	£ 73,500			
Modern Ground Rent @ 5%	£ 3,675			
YP for 50 yrs @ 5%	18.2559			
	£ 67,090	p.a.		
PV of £1 in 65.12 yrs @ 5%	0.0417			
				£ 2,798
Reversion 2				
Standing House Value	£ 168,000			
Subject to Sch10 LG& HA 1989	£ 168,000			
PV of £1 in 115.12 yrs @ 5%	0.0036			
				£ 605
Enfranchisement Price (excluding costs)				**£ 21,873**

45. The Tribunal determines that the sum payable for the freehold interest is **£21,873.00.**

Dated this 21st day of August 2026

Judge S. Westby (Chair)