



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROIEPRTY)**

Case Reference : MAN/00DA/OAF/2022/0016

Premises : 25 Piebridge Way, Leeds, LS12 6ES

Applicants : Caroline Tracey Bennett and Nathan Johnston

Representative : Adcocks Solicitors Ltd.

Respondent : persons unknown

Type of Application : to determine the price payable for the freehold interest under s.9 of the Leasehold Reform Act 1967.

Tribunal Members : Judge P Forster
Mr J Faulkner FRICS

Date of Decision : 18 October 2022

DECISION

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Decision

The price payable by the Applicants for the freehold interest in 25 Piebridge Way, Leeds, LS12 6ES is £176.

Introduction

1. By an order made on 21 March 2022 in the County Court at Leeds the claim between Caroline Tracey Bennett and Nathan Johnston (“the Applicants” in the present case) v persons unknown (“the Respondents” in the present case) under case number J00LS074 was transferred to the First-tier Tribunal (Property Chamber) to determine the price payable for the freehold interest in 27 Piebridge Way, Leeds, LS12 6ES (“the Premises”) in accordance with s.9 of the Leasehold Reform Act 1967 (“the Act”).
2. The Applicants are the tenant of the Premises, which comprises “a house” within the meaning of s.2(1) of Act. The Applicants’ tenancy is a “long tenancy” within the meaning of s. 3(1) of the Act and at the date of claim. The Applicants have been the tenant under a long tenancy for at least two years and are the freehold owners of the remainder of the house. The Applicants are prevented from giving notice of their desire to purchase the freehold of the Premises because the person to be served with notice cannot be found and their identity cannot be ascertained.
3. By virtue of s.27(1) of the Act, on 21 March 2022, the County Court, vested the freehold interest in the leasehold part of the Premises in the Applicants.

The Premises

4. From the information provided by the Applicants, the Premises is a two-storey semi-detached house built about three years ago by Taylor Wimpey. It comprises living room; kitchen; dining room; three bedrooms and two bathrooms with wc and has a driveway which can accommodate three parked cars.
5. The leasehold title to the Premises is registered at HM Land Registry under title number YY98736. The lease of the land which includes the Premises was granted on 25 March 1661 for a term of 500 years from 25 July 1661. The original parties to the lease were (1) William Wise and (2) Richard Bland. The remainder of the term granted by the lease was purchased by Taylor Wimpey UK Ltd. In 2014 for the purpose of developing the site and building a number of properties including the Premises.
6. On 26 January 2018, an assignment of part of the land comprised in the lease was made in respect of the Premises between Taylor Wimpey UK Ltd. and the Applicants. When the Applicants purchased the freehold of the Premises, they had no knowledge that the developer only owned the leasehold interest in the land on which the Premises is built. The developer has admitted it is not the freehold owner and cannot transfer the freehold interest to the Applicants.

7. For the purposes of the applicable financial limit specified in s.1(1)(a)(ii) of the Act on the date the tenancy was entered into the value of “R” did not exceed £25,000 under the statutory formula under s.1(1)(a)(ii) of the Act. The annual ground rent payable under the lease is one peppercorn and is therefore less than £250 per year and a such is a tenancy at “a low rent” in accordance with s.4(1)(ii) of the Act.

Valuation approach

8. The valuation approach under s.9(1) of the Act has three stages: (1) capitalise the annual rent until the expiry of the term of the lease – referred to as “term 1”, (2) is to calculate the modern ground rent and capitalise this for 50 years and then defer the capitalized sum to the date of valuation – referred to as “ term 2”, (3) is to defer the market value of the standing house for term 1 plus term 2 which is referred to as “the reversion”.
9. The Tribunal has calculated the modern ground rent by the “standing house” approach which is to estimate (a) the entirety value of the property – the market value if the site is fully developed, (b) the site value by taking a percentage of the entirety value, and (c) taking a percentage of the site value.
10. The Tribunal considers that the site is fully developed, and that the entirety value is the market value of the standing house.
11. The Tribunal has not inspected the Premises and has relied on the evidence presented by the Applicants, including their witness statements in the County Court and their expert valuer Mr G R Bates BA FRICS. Mr Bates appears to have adopted the correct approach to the valuation as provided in the legislation and in accordance with relevant professional guidance.
- 12.

The price to be paid for the freehold interest

13. The lease is for 500 years from 25 July 1661 at a peppercorn rent.
14. The valuation date is 14 January 2022, the date the application was made to the court for a vesting order.
15. The unexpired term of the lease at the valuation date is approximately 139 years.
16. The basis for the valuation is s.9(1) of the Act which assumes a 50-year lease extension at a modern ground rent.

17. The Tribunals valuation is:

<u>Term 1</u>	ground rent for £139 years	£	pa	£
<u>Term 2</u>	entirety value	£255,000		
	site apportionment @ 37.5%	<u>£95,625</u>		
	modern ground rent @ 4.75%	£4,542		
	YP 50 years deferred 139 years @4.75%	<u>0.0300</u>		£136
<u>Reversion</u>	standing house value	£255,000		
	PV of £1 in 189 years @4.75%	0.000155		£40
<u>Enfranchisement price</u>	(excluding costs)			<u>£176</u>

Judge P Forster

18 October 2022

RIGHT OF APPEAL

A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional Office, which has been dealing with the case.

The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.

If the person wishing to appeal does not comply with the 28-day time limit, that person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.

The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.