



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

Case Reference : **MAN/00BY/OAF/2023/0009**

Property : **66, Rodney Street, Liverpool L1 9AF**

Applicant : **BGH Properties Limited
(Represented by Orme Associates LLP)**

Respondents : **Liverpool City Council**

Type of Applications : **Application to determine price for leasehold enfranchisement: Leasehold Reform Act 1967 section 9(1)(aa)**
Application to determine the Respondents reasonable costs: Section
Application by Applicant under Rule 13 Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013

Tribunal Members : **Mr J R Rimmer
Mr H Lewis FRICS**

Date of Decision : **13th March 2024**

DECISION

Decision : (1) the premium payable to the Respondent For the freehold of 66, Rodney Street, Liverpool is £9,824.00

(2) The Application to determine the reasonable costs of the Respondent and to determine any costs payable under Rule 13 are adjourned until the completion of the purchase.

Preliminary

1. This application concerns a dwelling house, being number 66 in Rodney Street in the City of Liverpool. The Tribunal did not take it upon itself to inspect the property, being satisfied as to its nature from the documentation provided to it, relevant to the determination that it was required to make. It determined to make a determination upon the papers on 13th March 2024.
2. The house is situated within a short distance of limited local amenities, with more substantial facilities a little further away in Liverpool City Centre.
3. The Applicant is BGH Properties Limited, of 8-12 London Road, Southport PR9 0UE, represented by Orme Associates of 9a, York Street, Liverpool L1 9AN. The Applicant holds the property as an assignee of a lease dated 14th March 2003 for a period of 99 years from that date. The parties were Liverpool City Council, which remains the landlord, and John Barrie Topping.
4. The lease was granted a premium, but at no annual rental. It has a rateable value of £543 in the rating list of 1965 and £1,602 in the current list from 1990.
5. The Applicant served its notice stating its intention to purchase the freehold of the property on 15th February 2021, that right arising under the Leasehold reform Act 1967 ("the Act"). At that time the unexpired term of the lease was some 81 years and 1 month. The Respondent served a counternotice dated 19th April 2021, admitting the Applicant's right to the freehold and asserting the valuation of that interest fell to be calculated under Section 9 of the Act.
6. There had been very little effort made by the parties to agree anything beyond the fact that the notices seeking the extended leases were accepted by the Respondent as entitling the Applicants to the same. Although a valuation was provided on behalf of the Applicant, no corresponding valuation has been supplied on behalf of the Respondent. The Tribunal is therefore asked to make an appropriate determination. The Application for this is dated 21st April 2023.
7. The Applicant also seeks the assistance of the Tribunal in determining the reasonable costs of the Respondent for effecting the required transaction.

Additionally, it seeks an order under Rule 13 Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013 in respect of costs incurred by the manner in which the Respondent has conducted itself within these proceedings.

8. The Applicant has requested the Tribunal to consider these latter matters at the conclusion of the conveyancing process, given that the lack of engagement by the Respondent may lead to some future delay and difficulty in finalising the acquisition of the freehold. The Tribunal agrees with the Applicant on this point. Where there is an application under Rule 13, irrespective of any dispute as to the ordinary legal and valuation costs of the Respondent, it is appropriate to consider these matters after other aspects of the case have been concluded.

Evidence and submissions

9. The Tribunal is now determining the value of the freehold, in respect to which the parties may have initially misguided themselves in respect of a lease within which there is no provision for periodic rental payments and has more than 30 years to run (the valuation date being the date of the Applicant's notice). Certainly Mr Orme, the valuer for the Applicant was required to make a reassessment of his valuation when he became aware that the correct valuation would be one under Section 9(1A) of the Act: that is the value of the freehold interest, subject to the occupation of any tenant, but without any right for that tenant to acquire the freehold, a long lease of the property, or to remain in possession of the property at the end of the lease. Section 9(1A) is the relevant provision in view of the rateable value of the property.
10. To that end Mr Orme assessed the Entirety value of the property at £450,000.00 with that having a purchase value in 81 years and 1 month being 0.019138 of the present value at a deferment rate of 5%, i.e £8,612.00. Mr Orme provided within his valuation his justification for that capital valuation.
11. As noted in paragraph 7, above, the Respondent, although indicating it had a valuation of its own in respect of the property, chose not to disclose it to the Applicant, nor to present it to the Tribunal.
12. The Tribunal does note, however that Mr Orme refers to 5 comparable properties from which he has deduced the value of the subject property as at the time of the Applicants notice. Two of them, 13, and 15, Pilgrim Street are sales that took place later in 2021 than the date of the notice and would not have been available as evidence upon which to base a valuation at the date of the notice. A third property, 34 Rodney Street is used as commercial premises and it is not appropriate that equivalent valuation principles should be applied to a property of this nature. They do not, in the Tribunal's view, provide relevant valuation evidence.

14. No such issues exist in relation to the other two comparables: the subject property itself, from the perspective of its recent history prior to 2021, and 43, Knight Street.

15. To the Tribunal, however, the application of the above perspectives produces a slightly different result:

66, Rodney Street – Mr Orme has based his valuation on a purchase price of £410,000 on 14/03/2018 grossed up according the appropriate relativity table to £449,960.00 – say £450,000.00.

The average percentage increase to 15th February 2021 is 15.96%, increasing the entirety value to £522,000.00 representing £173.36 per square foot at an area of 3,011 square feet.

43, Knight Street – sold on 01/02/2020 at £420,000. The average percentage increase to 15th February 2021 is 8.2%, increasing the value to £454,000.00, representing £167.53 per square foot at an area of 2,710 square feet.

Applying an average rate per square foot of £170.4 produces a valuation for 66, Rodney Street of £513,000.00,

At a deferment rate of 5% and applying a precise purchase rate of 0.01915 results in a valuation of £9,824.00, slightly above that calculated by Mr Orme.

16 The price payable is therefore £9,824.00.

J R RIMMER (CHAIRMAN)