



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

Case reference : **LON/00AP/OCE/2024/0115**

Property : **41 Mount Pleasant Road
Hornsey London N4 HA**

Applicants : **1. Ann Timms (Leaseholder)
2. Christopher Aspden
(Leaseholder)
3. Silvia Miranda (Leaseholder)**

Representative : **O'Neill Patient (Solicitors)**

Respondent : **John Edwards (Freeholder)**

Representative : **None**

Interested Party : **None**

Type of application : **To determine the premium payable
under Schedule 6 as compensation
to the landlord, arising from a
collective application to purchase
the freehold under S.50 (missing
landlord) of the Leasehold Reform
Housing and Urban Development
Act 1993 ("the Act")**

Tribunal : **Mr N. Martindale BSc MSc FRICS**

Venue : **10 Alfred Place, London WC1E 7LR**

Date of decision : **29 October 2024**

DECISION

Decision

The premium to be paid by the applicant to the respondent missing landlord for the freehold of the Property is **£30,310 (thirty thousand and three hundred and ten pounds)**. The Tribunal approves this figure and the form of draft transfer filed.

The applicants' costs are to be deducted from this premium figure but the applicants' unpaid rent up to the AVD are to be added to this premium figure. The former set out in the County Court judgments of District Judge Somerville on 26 September 2023 and of District Judge Beecham on 6 June 2024. The latter as certified to the County Court.

Introduction

1. This concerns an application made under Section 27 of the Leasehold Reform Housing and Urban Development Act 1993 ("the Act") for a transfer of the freehold of the Property. This determination is of the premium to be paid by the applicant leaseholders to the freeholder of the Property. The relevant legal provisions are set out in the Appendix to this decision.
2. The First Second and Third applicants are each the long leaseholders of the three self contained flats at the Property, held under the terms of three leases which cover the entirety of the freehold. The key lease terms for each flat are essentially identical: A term of 125 years from 7 July 1986 at rising rents of £75pa, £100pa, £150pa; for years 1-40, 41-80, 81-125 respectively.
3. All are registered derived from the superior freehold title MX199545: Flat 1 (Ground floor & Garden) on leasehold title EGL182673. Flat 2 (First floor) on leasehold title EGL 183674. Flat 3 (Second & Third floor) on leasehold title EGL 212097.
4. The claim issue date and the valuation date for this application at County Court to vest the freehold jointly in the leaseholder applicants is 6 March 2023. The lease of each flat had 88.34 years to run. These all being in excess of the 80 year cap, no marriage value of the merger of interests was to be included in the premium payable, simply a term (the remainder of the lease) and the later reversion at lease end deferred to that lease end.
5. The Property is an Edwardian semi-detached house of traditional construction; brick faced walls, single lap concrete tiles to the main roof. It is in a long established residential area of Hornsey, in LB Haringey. Either side of similar houses, many of which have (like the Property) made into self contained flats in the 1980's and 1990's when the former non-self contained flats or houses were gradually vacated.

6. The Property was converted into 3 flats and then sold off on three long leases, by the then freeholder Palmarsh Ltd. Flats 1 and 2 leases sold to Colin Arthur, with flat 3 sold slightly later (and after the freehold had transferred to the respondent and now absent John Edwards), to Johan Stok. The key lease terms are however substantially the same.
7. Under the Order for application K00EC972, issued 24 June 2024, by the County Court at Clerkenwell and Shoreditch by District Judge Beecham the respondent's freehold was vested jointly in the three applicants, in accordance with section 26 and 27 of the Act.
8. The Tribunal's jurisdiction is derived from the vesting order issued by the Court above which referred the form of transfer and determination of the premium to the Tribunal. The Tribunal considered the issue on the papers submitted by the applicants, without a hearing.

Statutory basis of valuation

9. The price to be paid for the freehold, according to Schedule 6, Part II of the Leasehold Reform, Housing and Urban Development Act 1993, *shall include*: income received from ground rents (the term); reversionary value of the freehold on expiry of the leases (the reversion); the marriage value of other interests; injurious affection (compensation for other losses). The marriage value is taken as the latent increase in value arising from the joining of the freehold and leasehold interests and the Act requires that this potential profit shall be shared between the parties. The proportion of the split of marriage value is fixed by the legislation at a 50:50 division between the landlord and the RTE company or in this case the three leaseholder applicants.
10. The value of the freehold interest is the amount which, at the valuation date, that interest might be expected to realise if sold in the open market subject to the tenancy by a willing seller (with the nominee purchaser, or a tenant of premises within the specified premises or an owner of an interest in the premises, not buying or seeking to buy) on the assumption that the tenant has no rights under the Act either to acquire the freehold interest or to acquire a new lease.

Applicants' Case

11. The applicants provided a valuation report dated 7 October 2024 by Zahid Azeem BA MSc MRICS of Scrivener Tibbatts Chartered Surveyors (the "Valuation Report"). The report contains a formal Statement of Truth confirming that in so far as the facts stated in the report are within his own knowledge, that he believes them to be true and includes a statement of compliance confirming that they understand their duty to this Tribunal.

12. Having considered the contents of the Valuation Report and the opinions expressed in that report the Tribunal is broadly satisfied that the method adopted is appropriate to determine the enfranchisement price for the Property. The Tribunal accepts the description of the property and its location as stated in the Valuation Report.
13. From the details of the exterior and interior of the Property included in the Valuation Report. The Tribunal did not consider it necessary or proportionate to carry out an inspection of the Property.

Valuation

14. According to the Valuation Report, the Property is of four levels, a semi detached traditionally constructed former house with brick walls and of late with concrete single lap tiles to a double pitched main roof. The Property originally dated from the Edwardian period.
15. Formerly a single house it was converted into 3 self contained flats in the mid 1980's. The flats share the front access to a communal ground floor. The rear garden is included in the lease to the ground floor flat. There is no off road parking to the Property. Overall the condition of the Property was described as fair.
16. Details of any tenants improvements to any of the individual flats, the value of which might be discounted in this transfer were not provided. Accordingly the Property consisting of the three flats as converted are valued as they stood at the AVD 6 March 2023.
17. At Flat 1 the ground floor flat, (GIA 68m²) the accommodation comprised; ground floor hallway, living room/kitchen, bathroom/wc and 2 bedrooms off. There was said to be full gas fired central heating and water but original timber double hung sash with single glazing. Access to the flat was via a short external footpath part shared with the other flat from the street across a small shared front garden. There is no off street parking.
18. At Flat 2 the first floor flat, (GIA 56m²) the accommodation comprised; first floor hallway, living room/kitchen, bathroom/wc and 2 bedrooms off. There was said to be full gas fired central heating and water but original timber double hung sash with single glazing. The flat used the same shared pedestrian access from the public road. There is no off street parking.
19. At Flat 3 the second and third (attic), (GIA 96m²) the accommodation compromised second and third floor hallways and internal stairs with living room/kitchen, bathroom/wc and 3 bedrooms (2 on the upper level). There was said to be full gas fired central heating and water but original timber double hung sash with single glazing. The flat used the

same shared pedestrian access from the public road. There is no off street parking.

20. The Valuation Report referred to the recent sales, either side of the valuation date. Generally from sales particulars of those sold they were in good condition. All were of flats within former houses of late Victorian or Edwardian periods, since converted. The Valuation Report included the relevant extracts from HMLR records to support the sales details in each case.
21. For each comparable the Valuation Report made adjustments for the floor area, date of sale, the tenure, floor level and apparent condition. The Tribunal is content with the number, identity, direction and extent of the adjustments made to all comparables so as to generate a series of values in terms per square metre for each of the 3 flats at the Property. The comparable sales provided are set out briefly below.
22. **72 Victoria Road N4.** A large flat of some 93m² GIA, 400 metres from the Property, with a virtual freehold sold at £850,000 on 3 June 2024. The adjusted capital value rate for the Property is £881,046 or £882/m²
23. **54a Ferme Park Road N4.** A very large flat of some 125m² GIA, 250 metres from the Property, with a virtual freehold sold at £950,000 on 24 July 2023. The adjusted capital value for the Property is £937,283 or £845/m².
24. **54c Ferme Park Road N4.** A smaller flat of 68m² GIA, 250 metres from the Property, in the same former house in the flat above, with a virtual freehold sold at £575,000 on 13 January 2023. The adjusted capital value for the Property is £560,437 or £771/m².
25. **52a Blythwood Road N4.** Another large flat of 118m² GIA, 120 metres from the Property, with a 125 year from 1995 at nominal ground rent sold at £750,000 earlier than most on 3 May 2022. The adjusted capital value for the Property is £775,141 or £613/m².
26. **89c Florence Road N4.** Another medium sized flats of 81m² GIA, 400 metres from the Property, with a virtual freehold sold at £575,000 on 17 July 2023. The adjusted capital value for the Property is £590,340 or £631/m².
27. **21 Mount Pleasant Villas N4.** Another medium sized flat of 84m² GIA only about 20 metres from the Property, with a virtual freehold sold at £660,000 on 9 April 2021. The adjusted capital value for the Property is £713,545 or £789/m².

28. On application of the range of values derived from a careful analysis of these six comparable sales the Valuer concluded the following values for the virtual freehold for each part of the Property being: Flat 1 £659,190; Flat 2 £507,000; Flat 3 on £746,750. The Tribunal is content with this approach and these capital values at the AVD.
29. The Tribunal is satisfied with the relevance and details of the six completed property transactions and appreciates the careful and thorough approach adopted by the Valuer engaged by the applicants. In the analysis of comparable sales the Tribunal accepts the conventional 1% uplift differential between long leaseholds and freeholds as adopted in the Valuation Report. All leases having more than 80 years unexpired any marriage value from the merger of interests here is required to be ignored as the Report does.
30. The value of the landlord's interest in each flat at the Property is therefore represented first by the capitalised value of the ground rent receivable under each lease. That income stream is capitalised in the Report at 7%, which the Tribunal accepts is appropriate in a case where the rent is at a low though rising level: And secondly by the deferred capital receipt by the landlord at lease end. Such values are derived using a deferment rate of 5% yield, following Sportelli. The Tribunal is content the 7% for the term and the 5% for the deferred capital receipt as adopted in the Valuation Report here. Lastly the Tribunal notes the nominal sum along the lines of that proposed by the applicant has been added for appurtenant land at £100 which the Tribunal accepts.
31. Though there are no reports of any sums accruing as owed by one or more of the applicant leaseholders, any small elements of unpaid ground rents from the start of each lease, must be added by the Court to the premiums due. The applicants should formally certify details to the Court of any and all rents due to the landlord but, unpaid, up to the AVD. These sums must be added to the overall premium paid.
32. The Tribunal is content with the valuations of the interests here as presented in the Valuation Report for each element. In view of this the Tribunal does not provide its own valuation.
33. The premium to be paid by the applicants for the freehold interest in the Property is therefore **£30,310 (thirty thousand, three hundred and ten pounds)**. The applicants' costs are to be deducted from this premium figure and the applicant's unpaid rent up to the AVD are to be added to this premium figure. The former set out in the County Court judgments of District Judge Somerville on 26 September 2023 and of District Judge Beecham on 6 June 2024. The latter as certified by the applicants to the County Court.

Name: Neil Martindale

Date: 29 October 2024

Appendix

Leasehold Reform Act 1967

Section 27 Enfranchisement where landlord cannot be found

(1) Where a tenant of a house having a right under this Part of this Act to acquire the freehold is prevented from giving notice of his desire to have the freehold because the person to be served with the notice cannot be found, or his identity cannot be ascertained, then on an application made by the tenant the court may, subject to and in accordance with the provisions of this section, make such order as the court thinks fit with a view to the house and premises being vested in him, his executors, administrators or assigns for the like estate and on the like terms (so far as the circumstances permit) as if he had at the date of his application to the court given notice of his desire to have the freehold.

(2) Before making any such order the court may require the applicant to take such further steps by way of advertisement or otherwise as the court thinks proper for the purpose of tracing the landlord; and if after an application is made to the court and before the house and premises are vested in pursuance of the application the landlord is traced, then no further proceedings shall be taken with a view to the house and premises being so vested, but subject to subsection (7) below—

(a) the rights and obligations of all parties shall be determined as if the applicant had, at the date of the application, duly given notice of his desire to have the freehold; and

(b) the court may give such directions as the court thinks fit as to the steps to be taken for giving effect to those rights and obligations, including directions modifying or dispensing with any of the requirements of this Act or of regulations made under this Act.

(3) Where a house and premises are to be vested in a person in pursuance of an application under this section, then on his paying into court the appropriate sum there shall be executed by such person as the court may designate a conveyance in a form approved by the court and containing such provisions as may be so approved for the purpose of giving effect so far as possible to the requirements of section 10 above; and that conveyance shall be effective to vest in the person to whom the conveyance is made the property expressed to be conveyed, subject as and in the manner in which it is expressed to be conveyed.

(4) For the purpose of any conveyance to be executed in accordance with subsection (3) above, any question as to the property to be conveyed and the rights with or subject to which it is to be conveyed shall be determined by the court, but it shall be assumed (unless the contrary is shown) that the landlord has no interest in property other than the property to be conveyed and, for the purpose of excepting them from the conveyance, any underlying minerals.

(5) The appropriate sum which, in accordance with subsection (3) above, is to be paid into court is the aggregate of—

(a) such amount as may be determined by (or on appeal from) the appropriate tribunal to be the price payable in accordance with section 9 above; and

(b) the amount or estimated amount (as so determined) of any pecuniary rent payable for the house and premises up to the date of the conveyance which remains unpaid.

(6) Where a house and premises are vested in a person in accordance with this section, the payment into court of the appropriate sum shall be taken to have satisfied any claims against the tenant, his executors, administrators or assigns in respect of the price payable under this Part of this Act for the acquisition of the freehold in the house and premises.

Section 9 Purchase price and costs of enfranchisement

(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 rentcharges . . . 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.