



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

Case reference	:	CAM/26UD/OAF/2021/0001
Property	:	7 New Park Lane, Aston, Stevenage, Herts, SG2 7ED
Applicants	:	Elizabeth Jane Lyon (Leaseholder)
Representative	:	Attwaters Jameson Hill (Solicitors)
Respondent	:	Persons Unknown (Freeholder)
Representative	:	None
Type of application	:	To determine the premium payable under S.9 as compensation to the landlord, arising from an application to enfranchise the freehold made under S.27 Leasehold Reform Act 1967 (“the Act”)
Tribunal	:	Mr N. Martindale BSc MSc FRICS
Venue	:	HMCTS, Cambridge County Court, 197 East St. Cambridge C1 1BA
Date of decision	:	7 February 2025

DECISION

Decision

The premium to be paid by the applicants for the freehold interest in 7 New Park Lane, Aston, Stevenage, Herts, SG2 7ED is **£12,240 Twelve thousand two hundred and forty pounds**).

Introduction

1. This concerns an application made under Section 27 of the Leasehold Reform Act 1967 (“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 applicants, is the long leaseholder of the Property, being a small part of a much larger land holding. It is let under the terms of a lease which began on 20 October 1563. The lease was for 500 years. It will end on 19 October 2063.
3. The original 1563 lease is acknowledged by all to be lost and the rent due under the applicants’ current lease of its Property is nil. Leasehold title to the Property is registered at HM Land Registry under HD110888. There is no known registered or unregistered freehold proprietor of the Property and so no respondent.
4. By order made of Deputy District Judge Abrahams, issued 17 February 2024 in the County Court at Luton. The usual order of the Court in such applications would confirm that, and on the court being satisfied that the respondent could not be found, the respondent’s interest in the subject Property was vested in the applicants in accordance with section 27 of the Act. However for reasons unknown this order has not yet been made by the Court and it is not a matter for the Tribunal. Instead the Court simply ordered that “*1. The case be transferred to First Tier Tribunal (Property Chamber).*”
5. The Tribunal first considered the application on the papers on 10 December 2024 as a result of Directions dated 21 October 2024, from Laura Lawless, Legal Officer. In December it noted that among the papers filed were two purported valuations. One appeared to be of the open market capital value of the unencumbered freehold of the Property. The other indicated a possible range of open market capital values for the purchase of the encumbered freehold. Neither valuation was conclusive, nor met the requirements of the Tribunal. Both were considered inadequate for the Tribunal’s purposes.

6. Additional Directions in December 2024 were issued by the Tribunal to the applicant, however a copy was not included in the final bundle received January 2025. In the bundle the applicant now submitted a further valuation of the premium for the freehold interest in the Property.
7. The Tribunal now determines the premium payable at the antecedent valuation date, only. However it remits determination of the remainder of the application back to the County Court for it to consider and determine: 1. The making of an Order vesting freehold title with the applicant; 2. The final form of transfer TR1; 3. The payment of the premium; 4. The deduction, if any, of the applicant's costs in this application, from that total premium sum.

Statutory basis of valuation

8. Section 9 to the Act provides that the price to be paid by the purchaser for of the freehold interest shall be the aggregate of the value of the freeholder's interest and compensation for any other loss. No payment is made for the freeholder's share of any marriage value arising where the enfranchisement arose from one of the exceptions set out under S.1A of the Act. In this case it is represented by the Valuer at the bottom of the valuation sheet.
9. It is taken that the transfer qualifies as an enfranchisement made under Section 9(1A) of the Act because the rateable value of the Property as at April 1990 was not more than £500. Therefore the provisions of Section 9A which take account of compensation by the tenant for the landlord's loss of marriage value, do not apply to this transfer.
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 applicant has now provided a valuation report dated 22 January 2025 by Brian Sullivan MRICS of Hamblin Sullivan Associates (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 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. The antecedent valuation date is 23 June 2023, the date of Court issue of the claim.
13. Photographs of the exterior and interior of the Property were 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 a two level, mid terraced house of traditional construction dating from the Victorian era, with brick walls and slate double pitched main roof. It forms part of a short terrace of similar houses of the same age. Accommodation comprises; ground floor living room, kitchen, bathroom WC and to the first floor; two bedrooms off a central landing. There are gardens front and rear. The built accommodation is said to extend to some 54m² GIA; so a small house. There are all mains services, with gas fired central heating. There is on street parking. The Property is located in a small rural village in Hertfordshire not far from Stevenage.
15. The photographs show small extensions to front and rear by the leaseholder. The valuer now considers the plot to have been fully developed with no obvious potential to increase the size of the built structure further. Tenant's improvements are not a factor for a deduction under this route to enfranchisement.
16. At valuation date 23 June 2023 the unexpired residue of the 500 year lease from 20 October 1563, is reported as 41 years, 4 months, 14 days.
17. The Valuer's assessment of the market value is based on evidence of completed sales of the freeholds of four local, comparable houses: The unadjusted sale prices ranged from £320,000 to £396,000.
18. These included house 1. No.1 new Park Lane at the end of the same terrace, same size and age selling at £360,000 November 2022. We are told that the market dipped a little between this event and the AVD.
19. 2. The valuer referred to 3 Westland Terrace Knebworth a house of similar size and age but poorer condition in a better location but without off street parking selling at £365,000 July 2024.
20. 3. No.1 in the same Westland Terrace larger at 75m² GIA in better condition selling at £396,000 January 2024, the local market being fairly flat removing the need to time adjust these figures.

21. 4. 16 Bennington Road Aston, a semi detached house, again 2 bedrooms, with a first floor bathroom and larger at 83m² but on a much smaller plot, selling for £320,000 February 2024.
22. From this material the valuer draws the conclusion that as at the valuation date, the capital value, of the Property unencumbered, was £360,000 based on the four completed comparable sales provided in the Valuation Report.
23. The value of the landlord's interest in the Property is represented first by the capitalised value of the ground rent receivable under their lease. That income stream is capitalised by the Valuer at 7%, which the Tribunal accepts is robust and appropriate in a case where the rent is at a very low and fixed level. However in this case, in the complete absence of any ground rent due this element has no value for which the landlord should be compensated. The term therefore has NIL value.
24. The second element of the landlord's interest is then represented by the hypothetical grant of a 50 year extension at the end of the existing 41 year term, but at a modern ground rent. The Valuer adopts the conventional approach of taking the freehold VP value of the house at the £360,000 referred to above, and a site value at some 33% of this, producing a sum of £119,880 for the site without a building. A yield expected from such investment is taken at 7%, resulting in a modern ground rent of £8,392 pa. Applying this same yield for the second term of 50 years creates a deferred site value of some £7,052.94.
25. The third element of the landlord's interest is the reversion to full vacant possession of the house £360,000 but, deferred some 91 years and 4 months (91.37 years). Deferred at 4.75% yield following Sportelli, produces a final sum of £5,187.24.
26. Although there are sometimes small amounts of unpaid rent added to the premium to be paid to the freeholder or their estate when found by the Court, as the rent is nil, there are no additional sums due.
27. The Tribunal accepts the valuation approach, the three elements to be calculated, and the individual and total sum stated by the valuer to be paid in his report. The Tribunal has not therefore issued its own valuation. The premium to be paid by the applicants for the freehold interest in the property is therefore **£12,240 (twelve thousand, two hundred and forty pounds).**

Name: Neil Martindale

Date: 7 February 2025

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 below.