RESIDENTIAL PROPERTY TRIBUNAL SERVICE
LEASEHOLD VALUATION TRIBUNAL for the
LONDON RENT ASSESSMENT PANEL

SECTION 24 OF THE LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

REFERENCE: MR/ LON/00ML/OCE/2008/0083

Property:	**Stanford Court, Stanford Avenue, Brighton, BN1 6AQ**
Applicant:	**Stanford Court Brighton Ltd.**
Representatives:	**Griffith Smith Farrington Webb, Solicitors**
Respondent:	**Candida Investments Ltd.**
Representatives:	**Chivers Easton Brown, Solicitors**

Appearances: **Mr T Morgan, Solicitor, Griffith Smith Farrington Webb**
Mr S Gray FRICS, Austin Gray

For the Applicant

Mr C M Davies FRICS, Graves Son & Pilcher

For the Respondent

Date of hearing: **6 June 2008**

Date of the Tribunal's Decision: 7 July 2008

Members of the Tribunal: **Mrs J S L Goulden JP**

Mr J C Avery BSc FRICS

REF: MR/ LON/00ML/OCE/2008/0083

PROPERTY: STANFORD COURT, STANFORD AVENUE, BRIGHTON BN1 6AQ

BACKGROUND

1.The Tribunal was dealing with an application dated 20 February 2008 and received on 22 February 2008 under S24 of the Leasehold Reform Housing and Urban Development Act 1993 (hereinafter referred to as "the Act") to determine the price payable on a collective enfranchisement in respect of Stanford Court, Stanford Avenue, Brighton BN1 6AQ ("the property").

2.The Applicant Nominee Purchaser is Stanford Court Brighton Ltd. and the Respondent Reversioner is Candida Investments Ltd.

3.The Tribunal was provided with a copy of a specimen lease, being the lease of Flat 16 at the property. This lease was dated 25 February 1985 and made between First State Securities Ltd (1) Stanford Court Management (Brighton) Ltd and J Pease (3) and was for a term of 125 years from 24 June 1978 at rising ground rents of £50 to £150 per annum and subject to the terms and conditions therein contained. The Tribunal was advised that the leases of all sixteen flats at the property were essentially in the same form and all were one bedroom flats.

INSPECTION

4.The property was inspected by the Tribunal internally and externally before the hearing on 6 June 2008 in the presence of the Applicant's representatives, Mr T Morgan, Solicitor, and Mr S Gray, FRICS. It was a four storey detached block of purpose built self contained flats set back slightly from the road. Construction was of exposed brick elevations under a pitched tiled roof. There were two entrances, each serving eight flats, with two flats on each floor reached by an internal concrete staircase. There was no lift. The flats to the west end of the building had the benefit of side elevation windows.

5.The Tribunal was invited to inspect the interior of Flat 4, in the presence of the lessee of that flat, Mr Hills. This was helpful in that it gave some indication of the size of each of the flats and the Tribunal was able to inspect the position of pipes, conduits etc.

6.The Valuer member of the Tribunal inspected part of the roof space from the access hatch, although with some difficulty since there was no lighting and only a weak torch was provided by Mr Gray.

7.Surrounding the property were small communal gardens somewhat overlooked at the rear by a modern block of flats. Also at the rear of the property and on the south/east side

was an electrical sub station. Two small lightwells to the block, both with spiral fire escapes within were also noted at the rear of the property.

HEARING

8.The hearing took place on 6 June 2008. The Applicant was represented by Mr T Morgan, Solicitor, of Griffith Smith Farrington Webb and by Mr S Gray FRICS, of Austin Gray. Mr Gray gave evidence. The Respondent was represented by Mr C M Davies FRICS of Graves Son & Pilcher. Mr Davies presented the Respondent's case and also gave evidence.

9.The matters agreed were as follows:-

(a) The valuation date was 16 October 2007
(b) The lease lengths and ground rent provisions
(c) The price of the freehold interest (excluding value, if any, attributable to the roof space) at £27,500
(d) Several elements of the residual valuation (see paragraph 10 below)

10.The only matter which remained in issue and which required the determination of the Tribunal was whether there should be any value attributable to possible development value of the roof space. If there was a value so attributable, both valuers had prepared residual valuations, but with different conclusions. The following elements were agreed:-

- Gross development value ("GDV") £480,000 (two flats)
- Construction costs of the lift tower at £50,000
- Scaffold/roof removal/tin hat at £20,000
- Professional fees at £40,000 (ignoring appeal costs)
- Selling/legal fees at 3% of GDV
- Finance costs at 2% over base rate of 5.75% based on total build cost

The following matters were not agreed:-

- Construction costs
- Costs of water tank removal and new systems
- Developers profit
- Discount to reflect lack of planning consent

11.The salient points of the evidence are set out below.

The value (if any) attributable to development value of the roof space

12.The Applicant contended that there was no development value and legal submissions were made by Mr Morgan in support. However, Mr Morgan said that if the Tribunal did not accept this contention, then the Applicant contended that the value was nil. The Respondent contended that the development value of the roof space was £35,000.

13.Mr Morgan set out his legal submissions in a skeleton argument, which he expanded upon at the hearing. Mr Davies had refused to accept a copy of Mr Morgan's skeleton argument on the basis that he had no instructions on legal submissions, which was outside his remit.

The Applicant's legal submissions

14. Mr Morgan contended that there were serious legal problems which would prevent a freeholder from developing the roof space and these were:-

(a) derogation of grant
(b) breach of repairing obligations
(c) breach of covenant for quiet enjoyment
(d) nuisance
(e) restrictive covenants and
(f) right of first refusal

(a) derogation of grant

15.Mr Morgan referred to the definition of the demised premises in the lease and argued that there was an implied term that 16 flats only should be built at the property. In support, he referred to the clause which states that each lessee shall not assign their flat without also transferring their share in the management company, a company which was formed with 16 shares (although Mr Morgan accepted that the nominal capital of the management company was increased in 2001 from 16 to 17 shares). Mr Morgan cited case law in support.

(b) breach of repairing obligations

16.Mr Morgan submitted that cutting into the roof structure would amount to a breach of the landlord's repairing obligations under the lease to **"maintain and keep in good and substantial repair and condition....the Common Parts"** and submitted that the obligation to repair raised a duty not to destroy. Mr Morgan cited case law in support.

(c) breach of covenant for quiet enjoyment

17.Mr Morgan submitted that the works necessary to construct flats in the roof space would be so extensive as to constitute *"a substantial and unreasonable interference with the enjoyment of one or more of the demised flats".*

(d) nuisance

18.Mr Morgan contended that the lessees would have a right to pursue a claim for damages in respect of nuisance which would affect the financial viability of developing the roof.

(e) restrictive covenants

19.Mr Morgan referred to the schedule of restrictive covenants noted on the freehold title and said that if any further development were to proceed then a modification would be required and there was no guarantee that such a modification would be granted by the Stanford Estates and even if such modification were granted this would require payment of a premium.

(f) right of first refusal

20.Mr Morgan contended that any proposal disposal of the roof space would be a disposal pursuant to S4 of the Landlord and Tenant Act 1987 ("the 1987 Act") and he cited case law in support. He said that since a freeholder must comply with the provisions of that act it would increase legal costs.

21.In the view of Mr Morgan, he had shown that there were sufficient legal problems to prevent the development taking place, but if the Tribunal was against him in this respect, then he argued that the legal problems in respect of potential costs/risks to the development were of such significance as to affect the Respondent's suggested £35,000.

Valuation evidence

22.In the event that Mr Morgan's legal submissions did not succeed, valuation evidence was provided by Mr Gray (who contended for a nil valuation) and Mr Davies (who contended for £35,000)

23.Mr Gray referred to his proof of evidence on which he expanded. He said that in his opinion *"the freeholders had absolutely no intention to develop the roof. The drawings....are dated 18 February 2008, some three months after the valuation date".*

24.Mr Gray argued that as at the date of valuation, (a) there was no planning consent for additional flats on the roof, (b) the roof area would not have added any additional value to the freehold since the market conditions at the valuation date (October 2007) were poor in that they were slowing dramatically and (c) the development was uneconomic in any event and in his view the Respondent had not demonstrated that it had properly considered all the elements of the extraordinary costs of development which would be involved.

25.Mr Gray said that obtaining planning approvals on any roof space development was often contentious. He provided a report from planning consultants, Lewis & Co., dated May 2008 in support. He accepted that although roof developments had been allowed on a number of blocks in Brighton and Hove, there had been difficulties in obtaining planning consent. He said that there was a 50/50 chance of having to go to appeal which could take at least 18 months and would incur considerable costs.

26.Mr Gray said that the 50% adopted by the Respondent as the value of a flat roof development in a 2006 Lands Tribunal case of **Arrowdell Ltd v Coniston Court (North) Hove Ltd** was inappropriate since, although planning permission to redevelop the roof had not been granted, the planning officer had advised in writing that the refusal of such permission could not be upheld on appeal and, in addition, the adjoining block had been granted planning permission on appeal. The Tribunal was also advised of a recent case where leave to appeal to the Lands Tribunal following the adoption of 50% discount. This case had not yet been determined.

27.Mr Gray said that practical considerations to be taken into account included the removal of the existing roof structure and water tank supplies, provision of a new lift shaft (which was directly over a reserved right of way providing access to the electricity sub station at the side of the property), obtaining consent from the current owners of that right of way, underground cables to the sub station, and staircase well to be built up to house continuation of the exiting staircase.

28.Both valuers agreed that the best way to value the roof space in this case was by residual method of valuation. In this respect, Mr Gray calculated his build cost on the gross external floor area of 2,000 square feet. He also said that a sum must be allowed for contingencies, there were complexities in respect of water supplies, there may be difficulties with the Stanford Estate. In addition, there would be S106 Agreement costs, interest costs and a profit requirement.

29.Mr Davies referred to his proof of evidence on which he expanded.

30.Mr Davies had consulted Turner Associates who had drawn up plans for the Respondent and he deduced a fair estimate to built at £130 per square foot on the internal floor area of 1,400 square fee. The construction of two flats would be lightweight which he said would minimize overall costings. There was provision for a passenger lift if considered necessary.

31.Mr Davies said it would be necessary to reposition the existing water tank arrangement to provide for 16 tanks. With economies of scale, he adopted £900 per tank and rounded this up to £15,000. In this connection, he considered Mr Gray's provision of £25,000 (over £1,550 per tank) to be excessive.

32.The developer's profit was adopted at 15% of GDV which was Mr Davies personal view from his experience in the market place. He thought that Mr Gray's provision of 20-25% for developer's profit was *"disproportionately high"*.

33.In respect of the planning position, a copy of Turner Associates report dated 29 February 2008 was provided from which it was said that the proposed development was consistent with the area in general and was not visually unattractive. Mr Davies referred to similar developments in the vicinity. In his view, the Arrowdell case reinforced the planning position. In his view *"there must be a presumption that planning permission would be granted"* and because he felt that there was a high degree of certainty, he

adopted a 50% allowance as no planning permission existed as at the valuation date and to allow for the lifting of the Stanford Estate restrictive covenant (which he understood would amount to no more than £5,000).

THE TRIBUNAL'S DETERMINATION

Legal submissions on whether there was development value in the roof space

34.The Tribunal must consider the merits of each specific case as presented.

35.Of his legal submissions, Mr Morgan confirmed that his first, derogation of grant, was the strongest.In his view, there were sufficient similarities to the case law which favoured the lessees [**Devonshire Reid Properties v Trenaman (1995)]** and sufficient differences to differentiate with case law which did not favour the lessees **[Hannan v 169 Queens Gate Ltd (1999)].** The case law cited has been considered with care.

36.There is no express term in the lease that there would only be 16 flats in the building and Mr Morgan relies on an implied term. This is rejected. It may well have been the intention of the original contracting parties to the leases that there would only be 16 flats in the building in or around 1985, but times change. It is noted that although Mr Morgan maintained that his argument was supported by each lessee having one share in the management company and thus *"it was only ever anticipated that there would be 16 flats at the property"*, the nominal capital of the company was increased in 2001 from 16 to 17 shares. No persuasive argument was presented as to why there was this increase and the Tribunal sees no cogent reason why this should not be increased further if circumstances so demanded.

37.The argument that a covenant to repair implies a duty not to destroy wholly or in part is dealt with in the Hannan case where the learned Judge opined that *"the logic behind such a principle is suspect and the principle is faintly absurd nowadays..".* The Tribunal rejects this argument on the same basis.

38.With regard to the breaches of covenant for quiet enjoyment and nuisance, obviously these are risks with any development. In themselves, they would not prevent development and the lessees would have to consider whether or not to pursue a claim for damages at, no doubt, considerable financial cost.

39.Mr Morgan argued that there would have to be a modification of the restrictive covenants. There has already been a modification of restrictive covenants and the Tribunal has not been persuaded that a further modification would not be granted by the Stanford Estates, albeit it at a premium.

40.The case referred to by Mr Morgan in respect of his submissions of right of first refusal was **[Dartmouth Court Blackheath Ltd v Berisworth Ltd (2008)]** which has been considered by the Tribunal. On the facts of the present case before the Tribunal, it rejects the argument that the freeholder must comply with S4 of the 1987 Act. However,

even if the Tribunal is incorrect, Mr Morgan did not contend that this would not prevent development of the roof space, and indeed it would not do so. It would merely increase costs.

41.Mr Gray, in his proof of evidence, also set out legal submissions on whether there was development value in the roof space, but the Tribunal did not consider that this aspect fell within his expertise.

42.Mr Davies, quite understandably, felt that Mr Morgan's legal submissions were outside his remit and he therefore could not comment thereon,

43. Although planning reports were provided, there was no witness on either side to give oral evidence on the planning issue on which they could be questioned by the Tribunal. In his report, the Respondent's architect did not refer to a consideration of potential planning obstacles, but confined himself to comments on how the proposed construction would benefit the block. On the other hand, the Applicant's planning consultant had explored at some length the feasibility of obtaining planning permission and cited a number of potential obstacles. Mr Davies' view was that planning consent would be obtained but failed to explain to the satisfaction of the Tribunal the reasons why he came to that conclusion.

44.The Tribunal has considered carefully the planning reports provided. It would appear that neither side contended that the project of constructing of a further floor was not practically possible.

45.The Tribunal is of the view that, although Mr Morgan's submissions were detailed and well argued, the Tribunal has not been persuaded that there is no reasonable prospect of developing the roof space.

The development value (if any) of the roof space

46.Having formed the view that they was no legal bar to consideration of potential development value in the roof space, the Tribunal then went on to consider what additional value (if any) was attributable to that potential.

47.Although the Tribunal accepts that Mr Davies could not comment on Mr Morgan's legal submissions, it is surprised that he declined to challenge Mr Gray's valuation evidence by way of cross examination and merely preferred merely to state his own case.

48.In respect of Mr Davies' case, the Tribunal considered that his broad brush approach omitted some important aspects, namely contingencies and VAT payments and he had ignored S106 payments and payments to the estate. In the view of this Tribunal, construction costs had also been undercosted.

49.The Tribunal prefers Mr Gray's opinion that a new building would be costed on gross external (rather than internal) area. On that bases the £130 psf would bear on the higher

floor area and would reduce the residual calculation on which many of the elements are agreed.

50. If the hypothetical purchaser is a developer who wishes to carry out the project and take the remainder of the building as a (possibly irritating) addition or perhaps to sell on, then in the view of this Tribunal, it may not be an attractive proposition. For the reasons as set out above, on the purchase date such a hypothetical purchaser would purchase without planning consent (in respect of which there are potential hurdles) linked with a doubtful profit. Even if there were a profit, this would be small when taking into account not only the potential difficulty of obtaining planning consent but also the difficulties which may be caused by the resistance of some or all of the lessees. It is noted that in respect of the lessees, neither valuer made any allowance for agreeing some sort of settlement with some or all of the lessees. If such allowance were to be made, then this would have the effect of reducing the residual value even further.

51. If the hypothetical purchaser is a residential investor and also a speculator, then it is possible that a small additional sum might be paid for the medium to long term potential of extending the block and dealing with the various problems which might arise over the long term. Neither valuer raised this as a possibility.

52.Having considered the types of hypothetical purchaser, and the difficulties which may arise, the Tribunal considers that it would not be an immediately attractive proposition for a developer, but an investor may pay a small amount for the medium to long term potential of extending the block and places this in the sum of £5,000. This figure is in the nature of an "overpayment" to secure a purchase against competition, rather than a carefully calculated residual value.

Enfranchisement price

53.The value of the freehold of the property had already been agreed at £27,500. The Tribunal has determined that there is some hope of development value in the roof space and places a figure of £5,000 on that value. The Tribunal therefore determines the enfranchisement price of the property including the roof space at £32,500.

CHAIRMAN.....

DATE.....7..July 2008.....

LONDON RENT ASSESSMENT PANEL
10 Alfred Place, London WC1E 7LR
Telephone: 020 7446 7700 Facsimile: 020 7637 1250
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DX: 134205 Tottenham Court Road 2

Residential Property
TRIBUNAL SERVICE

Mr A J Peach
Southern Rent Assessment Panel
1st Floor
1 Market Avenue
Chichester
West Sussex
PO19 1JU

Your Ref: CHI/00ML/OCE/2008/0009

Our Ref: **MR/**LON/00ML/OCE/2008/0083

Date: 09 July 2008

Dear Mr Peach,

LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993: SECTION 24

PREMISES: STANFORD COURT, STANFORD AVENUE, BRIGHTON, BN1 6AQ

Please find enclosed a copy of the decision for the above transferred case.

Yours faithfully

Martin Rush
on behalf of the Leasehold Valuation Tribunal
part of the Residential Property Tribunal Service

RESIDENTIAL PROPERTY TRIBUNAL SERVICE
LEASEHOLD VALUATION TRIBUNAL for the
LONDON RENT ASSESSMENT PANEL

SECTION 24 OF THE LEASEHOLD REFORM, HOUSING AND URBAN DEVELOPMENT ACT 1993

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Appearances: **Mr T Morgan, Solicitor, Griffith Smith Farrington Webb**
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For the Applicant

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Members of the Tribunal: **Mrs J S L Goulden JP**

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PROPERTY: STANFORD COURT, STANFORD AVENUE, BRIGHTON BN1 6AQ

BACKGROUND

1.The Tribunal was dealing with an application dated 20 February 2008 and received on 22 February 2008 under S24 of the Leasehold Reform Housing and Urban Development Act 1993 (hereinafter referred to as "the Act") to determine the price payable on a collective enfranchisement in respect of Stanford Court, Stanford Avenue, Brighton BN1 6AQ ("the property").

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7.Surrounding the property were small communal gardens somewhat overlooked at the rear by a modern block of flats. Also at the rear of the property and on the south/east side

was an electrical sub station. Two small lightwells to the block, both with spiral fire escapes within were also noted at the rear of the property.

HEARING

8.The hearing took place on 6 June 2008. The Applicant was represented by Mr T Morgan, Solicitor, of Griffith Smith Farrington Webb and by Mr S Gray FRICS, of Austin Gray. Mr Gray gave evidence. The Respondent was represented by Mr C M Davies FRICS of Graves Son & Pilcher. Mr Davies presented the Respondent's case and also gave evidence.

9.The matters agreed were as follows:-

(a) The valuation date was 16 October 2007
(b) The lease lengths and ground rent provisions
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(b) breach of repairing obligations
(c) breach of covenant for quiet enjoyment
(d) nuisance
(e) restrictive covenants and
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(a) derogation of grant

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adopted a 50% allowance as no planning permission existed as at the valuation date and to allow for the lifting of the Stanford Estate restrictive covenant (which he understood would amount to no more than £5,000).

THE TRIBUNAL'S DETERMINATION

Legal submissions on whether there was development value in the roof space

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35.Of his legal submissions, Mr Morgan confirmed that his first, derogation of grant, was the strongest.In his view, there were sufficient similarities to the case law which favoured the lessees [**Devonshire Reid Properties v Trenaman (1995)]** and sufficient differences to differentiate with case law which did not favour the lessees **[Hannan v 169 Queens Gate Ltd (1999)].** The case law cited has been considered with care.

36.There is no express term in the lease that there would only be 16 flats in the building and Mr Morgan relies on an implied term. This is rejected. It may well have been the intention of the original contracting parties to the leases that there would only be 16 flats in the building in or around 1985, but times change. It is noted that although Mr Morgan maintained that his argument was supported by each lessee having one share in the management company and thus *"it was only ever anticipated that there would be 16 flats at the property"*, the nominal capital of the company was increased in 2001 from 16 to 17 shares. No persuasive argument was presented as to why there was this increase and the Tribunal sees no cogent reason why this should not be increased further if circumstances so demanded.

37.The argument that a covenant to repair implies a duty not to destroy wholly or in part is dealt with in the Hannan case where the learned Judge opined that *"the logic behind such a principle is suspect and the principle is faintly absurd nowadays.."*. The Tribunal rejects this argument on the same basis.

38.With regard to the breaches of covenant for quiet enjoyment and nuisance, obviously these are risks with any development. In themselves, they would not prevent development and the lessees would have to consider whether or not to pursue a claim for damages at, no doubt, considerable financial cost.

39.Mr Morgan argued that there would have to be a modification of the restrictive covenants. There has already been a modification of restrictive covenants and the Tribunal has not been persuaded that a further modification would not be granted by the Stanford Estates, albeit it at a premium.

40.The case referred to by Mr Morgan in respect of his submissions of right of first refusal was **[Dartmouth Court Blackheath Ltd v Berisworth Ltd (2008)]** which has been considered by the Tribunal. On the facts of the present case before the Tribunal, it rejects the argument that the freeholder must comply with S4 of the 1987 Act. However,

even if the Tribunal is incorrect, Mr Morgan did not contend that this would not prevent development of the roof space, and indeed it would not do so. It would merely increase costs.

41.Mr Gray, in his proof of evidence, also set out legal submissions on whether there was development value in the roof space, but the Tribunal did not consider that this aspect fell within his expertise.

42.Mr Davies, quite understandably, felt that Mr Morgan's legal submissions were outside his remit and he therefore could not comment thereon,

43. Although planning reports were provided, there was no witness on either side to give oral evidence on the planning issue on which they could be questioned by the Tribunal. In his report, the Respondent's architect did not refer to a consideration of potential planning obstacles, but confined himself to comments on how the proposed construction would benefit the block. On the other hand, the Applicant's planning consultant had explored at some length the feasibility of obtaining planning permission and cited a number of potential obstacles. Mr Davies' view was that planning consent would be obtained but failed to explain to the satisfaction of the Tribunal the reasons why he came to that conclusion.

44.The Tribunal has considered carefully the planning reports provided. It would appear that neither side contended that the project of constructing of a further floor was not practically possible.

45.The Tribunal is of the view that, although Mr Morgan's submissions were detailed and well argued, the Tribunal has not been persuaded that there is no reasonable prospect of developing the roof space.

The development value (if any) of the roof space

46.Having formed the view that they was no legal bar to consideration of potential development value in the roof space, the Tribunal then went on to consider what additional value (if any) was attributable to that potential.

47.Although the Tribunal accepts that Mr Davies could not comment on Mr Morgan's legal submissions, it is surprised that he declined to challenge Mr Gray's valuation evidence by way of cross examination and merely preferred merely to state his own case.

48.In respect of Mr Davies' case, the Tribunal considered that his broad brush approach omitted some important aspects, namely contingencies and VAT payments and he had ignored S106 payments and payments to the estate. In the view of this Tribunal, construction costs had also been undercosted.

49.The Tribunal prefers Mr Gray's opinion that a new building would be costed on gross external (rather than internal) area. On that bases the £130 psf would bear on the higher

floor area and would reduce the residual calculation on which many of the elements are agreed.

50. If the hypothetical purchaser is a developer who wishes to carry out the project and take the remainder of the building as a (possibly irritating) addition or perhaps to sell on, then in the view of this Tribunal, it may not be an attractive proposition. For the reasons as set out above, on the purchase date such a hypothetical purchaser would purchase without planning consent (in respect of which there are potential hurdles) linked with a doubtful profit. Even if there were a profit, this would be small when taking into account not only the potential difficulty of obtaining planning consent but also the difficulties which may be caused by the resistance of some or all of the lessees. It is noted that in respect of the lessees, neither valuer made any allowance for agreeing some sort of settlement with some or all of the lessees. If such allowance were to be made, then this would have the effect of reducing the residual value even further.

51. If the hypothetical purchaser is a residential investor and also a speculator, then it is possible that a small additional sum might be paid for the medium to long term potential of extending the block and dealing with the various problems which might arise over the long term. Neither valuer raised this as a possibility.

52.Having considered the types of hypothetical purchaser, and the difficulties which may arise, the Tribunal considers that it would not be an immediately attractive proposition for a developer, but an investor may pay a small amount for the medium to long term potential of extending the block and places this in the sum of £5,000. This figure is in the nature of an "overpayment" to secure a purchase against competition, rather than a carefully calculated residual value.

Enfranchisement price

53.The value of the freehold of the property had already been agreed at £27,500. The Tribunal has determined that there is some hope of development value in the roof space and places a figure of £5,000 on that value. The Tribunal therefore determines the enfranchisement price of the property including the roof space at £32,500.

CHAIRMAN.....

DATE.....**7..July 2008**.....