



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

Case reference : **LON/00BG/MNR/2021/0190**

Property : **35 Lugard Road London SE15 2TB**

Applicant : **Mr S Rowland**

Representative : **In Person**

Respondent : **Grainger Finance Company Limited**

Representative : **Grainger PLC**

Type of application : **Market Rent under s13 & 14 of the
Housing Act 1988**

**Tribunal
member(s)** : **Mr Mark Taylor MRICS**

**Date and venue of
hearing** : **Paper remote**

Date of decision : **12th July 2022**

**Date of reasons for
the decision** : **19th August 2022**

DECISION

Decision of the tribunal

- (1) The tribunal determines that the market rent is £247.00 per week.
- (2) The tribunal makes the determinations as set out under the various headings in this decision.

The application

1. The applicant seeks a determination pursuant to section 13 & 14 of the Housing Act 1988 following the service of a notice dated 1st December 2020 by the landlord proposing a rent increase to £250 per week with effect from 18th January 2021, rising from the rent previously payable of £240 per week.
2. On 17th December 2020 the Tribunal received an application under section 13 of the Housing Act 1988 challenging the increase. The application included a list of works which the tenant has carried out since the tenancy commenced on 11th October 2010. These include a re-fitted kitchen, decoration, installation of central heating plaster repairs and bathroom fittings
3. On 19th January 2022 the Tribunal issued directions and additional directions dated 12th July 2022.
4. The parties were content for the matters to be determined without a hearing. Inspections are still not being routinely undertaken due to restrictions imposed by Covid-19. The tribunal had the benefit of Google Street view and maps
5. Both parties replied to the Directions. The Respondent in addition made submissions on 9th February 2022 of some 14 pages providing various comparables justifying a monthly rent of £1700 for the subject property and making various adjustments arrived at a rental of £1285 per month.
6. It was unclear, as a subsequent notice was sent directly to the Tribunal, if this submission related to the notice of 1st December 2020 so an opportunity of presenting further submissions was afforded to the parties. No further submissions were made.

Background

7. The applicant has been a tenant at 35 Lugard Road since 2010 (“the property”) but has been in occupation for over 60 years. There is no copy of the agreement. The rental period of the property is confirmed as weekly.

8. The property is a mid-terrace Victorian house on ground and first floors. With traditional brick construction under a pitched roof. There is a bay window to the Ground floor with a pitched slate roof, uPVC windows and composite front door, provided by the landlord in 2013. There is a small enclosed forecourt which does not provide off street parking, together with a private garden to the rear. The property has two reception rooms a dining room kitchen and WC on the ground floor and to the first floor, two bedrooms and a bathroom without WC.
9. The property has the benefit of central heating but is unfurnished and all coverings and white goods have been provided by the tenant. The tenant has reported long standing problems with the roof but these appear to have been remedied. In essence the property is to be valued in a basic condition requiring significant refurbishment to bring to a standard expected in the market.
10. The property is well located for a range of public transport options and local amenities.

Evidence

11. No comparable evidence was presented by the tenant. The landlord submitted marketing details for two properties available from 31st March 2022 both being 2 bed terraced houses and just over a mile away from the subject property
12. Admiral Street- asking £1700 per month.
13. Beverley Court – asking 1750 per month.

The Law

14. We must first determine that the landlord's notice under section 13(2) satisfied the requirements of that section and was validly served.
15. The Housing Act 1988, section 14 requires us to determine the rent at which it considered that the subject property might reasonably be expected to be let on the open market by a willing landlord under an assured tenancy.
16. In so doing we are required by section 14(1), to ignore the effect on the rental value of the property of any relevant tenant's improvements as defined in section 14(2) of that Act. Any improvements made during the previous regulated tenancy are no longer disregarded.

Valuation

17. In coming to its decision, the tribunal had regard to the representations made by the landlord. The main difficulty with the comparable transactions is that they represent asking rents and more significantly they are effectively over a year post valuation date. Given the timing issues and the difficulty of discerning the market trends during the various waves of the Covid-19 pandemic the tribunal have utilised its own professional judgement and experience rather than a specific market transaction.
18. The tribunal taking all of this into account considered that the property would be worth £1650.00 per month in the open market in fully modernised condition. However, adjustment is required for the terms and conditions, the tenant's own carpets, curtains, white goods and its unmodernised kitchen and bathroom and poor maintenance has applied a deduction of 35%, totalling £577.00 per month. The market rent to be determined for this property is £1072.00 per month equating to £247.00 per week.

Effective date

19. The revised rent would normally be payable from the date specified in the landlord's notice, 18th January 2021. However, by virtue of section 14(7) the tribunal has discretion in the case of causing undue hardship to move the commencement date to the date of the determination. Submissions were requested on the point with none received from the landlord and an e-mail dated from the tenant dated 24th July 2022. This e-mail focused on the condition of the property and the poor performance of the landlord in undertaking necessary repairs and improving the condition of the property and didn't identify any issues of hardship. As such there is no reason to depart from the commencement date of 18th January 2021.

Name: Mark Taylor MRICS (Valuer
Chair)

Date: 19th August 2022

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

THE LEGISLATION

Housing Act 1988

s.13.— Increases of rent under assured periodic tenancies.

(1) This section applies to—

(a) a statutory periodic tenancy other than one which, by virtue of paragraph 11 or paragraph 12 in Part I of Schedule 1 to this Act, cannot for the time being be an assured tenancy; and

(b) any other periodic tenancy which is an assured tenancy, other than one in relation to which there is a provision, for the time being binding on the tenant, under which the rent for a particular period of the tenancy will or may be greater than the rent for an earlier period.

(2) For the purpose of securing an increase in the rent under a tenancy to which this section applies, the landlord may serve on the tenant a notice in the prescribed form proposing a new rent to take effect at the beginning of a new period of the tenancy specified in the notice, being a period beginning not earlier than—

(a) the minimum period after the date of the service of the notice; and

(b) except in the case of a statutory periodic [tenancy—]

[

(i) in the case of an assured agricultural occupancy, the first anniversary of the date on which the first period of the tenancy began;

(ii) in any other case, on the date that falls 52 weeks after the date on which the first period of the tenancy began; and

]

(c) if the rent under the tenancy has previously been increased by virtue of a notice under this subsection or a determination under section 14[below—]

[

(i) in the case of an assured agricultural occupancy, the first anniversary of the date on which the increased rent took effect;

(ii) in any other case, the appropriate date.

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(3) The minimum period referred to in subsection (2) above is—

(a) in the case of a yearly tenancy, six months;

(b) in the case of a tenancy where the period is less than a month, one month;

and

(c) in any other case, a period equal to the period of the tenancy.

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(3A) The appropriate date referred to in subsection (2)(c)(ii) above is—

(a) in a case to which subsection (3B) below applies, the date that falls 53 weeks after the date on which the increased rent took effect;

(b) in any other case, the date that falls 52 weeks after the date on which the increased rent took effect.

(3B) This subsection applies where—

(a) the rent under the tenancy has been increased by virtue of a notice under this section or a determination under section 14 below on at least one occasion after the coming into force of the Regulatory Reform (Assured Periodic Tenancies) (Rent Increases) Order 2003; and

(b) the fifty-third week after the date on which the last such increase took effect begins more than six days before the anniversary of the date on which the first such increase took effect.

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(4) Where a notice is served under subsection (2) above, a new rent specified in the notice shall take effect as mentioned in the notice unless, before the beginning of the new period specified in the notice,—

(a) the tenant by an application in the prescribed form refers the notice to [the appropriate tribunal] ; or

(b) the landlord and the tenant agree on a variation of the rent which is different from that proposed in the notice or agree that the rent should not be varied.

(5) Nothing in this section (or in section 14 below) affects the right of the landlord and the tenant under an assured tenancy to vary by agreement any term of the tenancy (including a term relating to rent).

s.14.— Determination of rent by [tribunal] .

(1) Where, under subsection (4)(a) of section 13 above, a tenant refers to [the appropriate tribunal] a notice under subsection (2) of that section, the [appropriate tribunal]³ shall determine the rent at which, subject to subsections (2) and (4) below, the [appropriate tribunal]³ consider that the dwelling-house concerned might reasonably be expected to be let in the open market by a willing landlord under an assured tenancy—

(a) which is a periodic tenancy having the same periods as those of the tenancy to which the notice relates;

(b) which begins at the beginning of the new period specified in the notice;

(c) the terms of which (other than relating to the amount of the rent) are the same as those of the tenancy to which the notice relates; and

(d) in respect of which the same notices, if any, have been given under any of Grounds 1 to 5 of Schedule 2 to this Act, as have been given (or have effect as if given) in relation to the tenancy to which the notice relates.

(2) In making a determination under this section, there shall be disregarded—

(a) any effect on the rent attributable to the granting of a tenancy to a sitting tenant;

(b) any increase in the value of the dwelling-house attributable to a relevant improvement carried out by a person who at the time it was carried out was the tenant, if the improvement—

(i) was carried out otherwise than in pursuance of an obligation to his immediate landlord, or

(ii) was carried out pursuant to an obligation to his immediate landlord being an obligation which did not relate to the specific improvement concerned but arose by reference to consent given to the carrying out of that improvement; and

(c) any reduction in the value of the dwelling-house attributable to a failure by the tenant to comply with any terms of the tenancy.

(3) For the purposes of subsection (2)(b) above, in relation to a notice which is referred by a tenant as mentioned in subsection (1) above, an improvement is a relevant improvement if either it was carried out during the tenancy to which the notice relates or the following conditions are satisfied, namely—

(a) that it was carried out not more than twenty-one years before the date of service of the notice; and

(b) that, at all times during the period beginning when the improvement was carried out and ending on the date of service of the notice, the dwelling-house has been let under an assured tenancy; and

(c) that, on the coming to an end of an assured tenancy at any time during that period, the tenant (or, in the case of joint tenants, at least one of them) did not quit.

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(3A) In making a determination under this section in any case where under Part I of the Local Government Finance Act 1992 the landlord or a superior landlord is

liable to pay council tax in respect of a hereditament (“the relevant hereditament”) of which the dwelling-house forms part, the [appropriate tribunal] shall have regard to the amount of council tax which, as at the date on which the notice under section 13(2) above was served, was set by the billing authority—

(a) for the financial year in which that notice was served, and

(b) for the category of dwellings within which the relevant hereditament fell on that date,

but any discount or other reduction affecting the amount of council tax payable shall be disregarded.

(3B) In subsection (3A) above—

(a) “*hereditament*” means a dwelling within the meaning of Part I of the Local Government Finance Act 1992,

(b) “*billing authority*” has the same meaning as in that Part of that Act, and

(c) “*category of dwellings*” has the same meaning as in section 30(1) and (2) of that Act.

(4) In this section “*rent*” does not include any service charge, within the meaning of section 18 of the Landlord and Tenant Act 1985, but, subject to that, includes any sums payable by the tenant to the landlord on account of the use of furniture [, in respect of council tax] or for any of the matters referred to in subsection (1)(a) of that section, whether or not those sums are separate from the sums payable for the occupation of the dwelling-house concerned or are payable under separate agreements.

(5) Where any rates in respect of the dwelling-house concerned are borne by the landlord or a superior landlord, the [appropriate tribunal] shall make their determination under this section as if the rates were not so borne.

(6) In any case where—

(a) [the appropriate tribunal] have before them at the same time the reference of a notice under section 6(2) above relating to a tenancy (in this subsection referred to as “the section 6 reference”) and the reference of a notice under section 13(2) above relating to the same tenancy (in this subsection referred to as “the section 13 reference”), and

(b) the date specified in the notice under section 6(2) above is not later than the first day of the new period specified in the notice under section 13(2) above, and

(c) the [appropriate tribunal]² propose to hear the two references together, the [appropriate tribunal] shall make a determination in relation to the section 6 reference before making their determination in relation to the section 13 reference and, accordingly, in such a case the reference in subsection (1)(c) above to the terms of the tenancy to which the notice relates shall be construed

as a reference to those terms as varied by virtue of the determination made in relation to the section 6 reference.

(7) Where a notice under section 13(2) above has been referred to [the appropriate tribunal] , then, unless the landlord and the tenant otherwise agree, the rent determined by [the appropriate tribunal] (subject, in a case where subsection (5) above applies, to the addition of the appropriate amount in respect of rates) shall be the rent under the tenancy with effect from the beginning of the new period specified in the notice or, if it appears to [the appropriate tribunal] that that would cause undue hardship to the tenant, that that would cause undue hardship to the tenant, with effect from such later date (not being later than the date the rent is determined) as the committee may direct.

(8) Nothing in this section requires [the appropriate tribunal] to continue with their determination of a rent for a dwelling-house if the landlord and tenant give notice in writing that they no longer require such a determination or if the tenancy has come to an end.

(9) This section shall apply in relation to an assured shorthold tenancy as if in subsection (1) the reference to an assured tenancy were a reference to an assured shorthold tenancy.