

**Notice of the Tribunal Decision and Register of Rents under Assured Periodic Tenancies
(Section 14 Determination)****Housing Act 1988 Section 14****Address of Premises**

125 Cowslip Drive, Redcar,
Cleveland, TS10 5BF

The Tribunal members were

Mr J Platt
Mr W Reynolds

Landlord The PRS REIT (SW II) Investments LLP

Address c/o Stafford Court, 145 Washway Road, Sale, Manchester, M33 7PE

Tenant Mr J Stubbs & Ms S Skaife

1. The rent is: £670.00 **Per** Calendar Month **(excluding water rates and council tax but including any amounts in paras 3)**

2. The date the decision takes effect is: 14 March 2023

3. The amount included for services is: not applicable

4. Date assured tenancy commenced 14 April 2021

5. Length of the term or rental period Monthly

6. Allocation of liability for repairs As per S11 Landlord & Tenant Act 1985

7. Furniture provided by landlord or superior landlord

None

8. Description of premises

2 bedroom house new build house in good order.

Chairman

Mr J Platt

Date of Decision

11 April 2023



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

| | |
|----------------------------|-----------------------------------------------------------------------------|
| Case Reference | : MAN/ooEE/MNR/2022/0193 |
| Property | : 125 Cowslip Drive, Redcar TS10 5BF |
| Applicants | : Jonathan Stubbs and Sara Skaife |
| Respondent | : The PRS REIT (LBG) Investments LLP |
| Represented by | : Simple Life Homes |
| Type of Application | : Appeal under Housing Act 1988 (the “Act”) Section 13(4) |
| Tribunal Members | : Mr J Platt FRICS Mr W Reynolds MRICS |
| Date of Decision | : 2 May 2023 |

DECISION

Determination

1. The Market Rent for the Property is £670.00 per month. The effective date of the new rent (unless the parties otherwise agree) is 14 March 2023.

Background

2. By Application dated 6 November 2022 the Applicant referred to the Tribunal a notice of increase of rent (the “Notice”) served by the Respondent under Section 13 of the Housing Act 1988 (“the Act”).
3. The Notice dated 27 September 2022 proposed an increased rent of £700 per month with effect from 14 November 2022 instead of the existing rent of £610 per month.
4. The nature of the ‘current’ tenancy is disputed but it is common ground that the property was originally let to the Applicants by way of an Assured Shorthold Tenancy for a term of 12 months commencing 14 April 2021.
5. The crux of the dispute between the parties is whether the Applicants currently occupy the property by virtue of a Statutory Periodic Tenancy which commenced (on the expiry of the fixed term) on 14 April 2022 or by virtue of an Assured Shorthold Tenancy for a term of 12 months which commenced on 14 May 2022.
6. If the tenancy is a Statutory Periodic Tenancy the Landlord has the right to propose a new rent from 14 November 2022 whereas if the tenancy is a contractual one for a period of 12 months commencing 14 May 2022, the rent is fixed at £610 per month for the 12 month term of the tenancy.
7. It is, therefore, necessary for the Tribunal to determine this aspect of the dispute in advance of considering the rent at which it considers the subject property might reasonably be expected to be let on the open market.

The Law

8. The Act provides in section 13(2) as amended by the Regulatory Reform (Assured Periodic Tenancies) (Rent Increases) Order 2003 that the date in paragraph 4 of the Landlord’s notice (the date the new rent becomes payable) must comply with three requirements.
 - a. The first requirement is that a minimum period of notice must be given before the proposed new rent can take effect. That period in this case is one month.
 - b. The second requirement is that the starting date (relevant for the facts of this case) must not be less than 52 weeks from the first rent period of the tenancy. (There are exceptions to this, but they do not apply in this case.)
 - c. The third requirement is that the proposed new rent must start at the beginning of a period of the tenancy (see paragraph number 17 of the Guidance Notes forming part of the prescribed form of the Landlord’s Notice).

9. Section 14 of the Act requires the Tribunal to determine the rent at which it considers the subject property might reasonably be expected to be let on the open market by a willing Landlord under an Assured Tenancy. In so doing the Tribunal is required by Section 14 (1) to ignore the effect on the rental value of the property of any relevant tenants' improvements as defined in Section 14 (2) of the Act.
10. Section 14(7) states that, unless the landlord and the tenant otherwise agree, the rent determined by the tribunal 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, with effect from such later date (not being later than the date the rent is determined) as the tribunal may direct.

Inspection

11. The Tribunal inspected the property on 11 April 2023 in the presence of Mr Stubbs and Anna Riley as representative of the Landlord.
12. The property is a modern 'new build' two bedroom terraced house in good order. Situated within new build estate to the south of Redcar.

Evidence

13. Neither party requested a hearing. Both parties presented written evidence on the terms of the tenancy and the market rent of comparable properties.
14. Relevant details of the evidence are discussed below, such that it is not necessary to reproduce that evidence in full.

Discussions

15. The terms of the original tenancy are not in dispute. That tenancy clearly became a statutory periodic tenancy on 14th April 2022, but that is not the end of the matter.
16. Simple Life Homes ("Simple Life") wrote to the Applicants (as authorised agent of the landlord) by email on 27 April 2022 offering a tenancy renewal at the end of the current tenancy on 13 May 2022 for a term of 12 months at a rent of £610 per month.
17. There was clearly an error in that communication because the original tenancy had already come to an end on 13 April 2022. The Applicants were, however, still in occupation by virtue of a statutory periodic tenancy which commenced on 14th April 2022.
18. The evidence of the Applicants is that they contacted Simple Life and accepted that offer.
19. Simple Life do not directly dispute the Applicants' evidence that they accepted the offer of a renewed tenancy. Simple Life's evidence is that the renewed tenancy was 'put on hold' to allow the Applicants to pursue the availability of a larger property. It is not clear from Simple Life's evidence when that renewal was put on hold i.e. was it before or after the offer was accepted or was it a simultaneous conversation? The

Applicant's aver that they accepted the offer of a renewed tenancy then made a later enquiry, on a different date, about a larger property.

20. Simple Life's evidence is also not entirely consistent in that the representations of 9 March 2023 say that 'any increase' was put on hold (there was in fact no increase). It is only within further representations dated 20 March 2023 that they say that where any tenant is looking to move to another Simple Life property 'their tenancy renewal is put on hold for a period'.
21. Simple Life's evidence that the renewal was 'put on hold for a period of time' implies that it had been agreed by the parties that a new tenancy would take effect, after a period of time, on the agreed terms or on varied terms to be agreed, at a later date. That evidence is not supported by Simple Life's subsequent actions and in particular, their email of 27 September 2022. That email asserts the existence of a statutory periodic tenancy which will continue after 22 November 2022 and does not indicate any intention to execute the renewal that they say had merely been put on hold.
22. There is no evidence before the tribunal that the Applicants agreed to the renewal being put on hold for a period or even that they were aware of it. The Applicants' evidence is that it was never communicated to them, and they appear to have only become aware that the tenancy renewal had been put on hold upon receipt of Simple Life's representations made in response to this Application.
23. Simple Life's actions indicate that, rather than putting the agreed renewal on hold, they have unilaterally cancelled it and it is that action that has forced the tenants into making this application. Until they received the email of 27 September 2022, the Applicants believed that they occupied the property on a renewed tenancy for 12 months commencing 14 May 2022.
24. It is agreed that no written tenancy agreement was executed or even proffered by Simple Life. It was therefore necessary for the Tribunal to consider if the actions detailed above had created an oral tenancy agreement upon the Applicants' continued occupation and payment of rent from 14 May 2022.
25. The Tribunal had regard to the footer of Simple Life's email of 27 April 2022 which states:

Simple Life Homes does not enter into any form of contract by means of Internet email, or verbally. The staff of Simple Life Homes are not authorised to enter into contracts or vary the standard terms of any agreements on behalf of the company in either of these ways.
26. Although the offer is not expressed as being 'subject to contract', the Tribunal interprets the email as a proposal on behalf of the landlord to offer a new tenancy and finds that no oral tenancy agreement has been created and the Applicants occupy under a statutory periodic tenancy.
27. There are, finally balanced, advantages and disadvantages to both landlords and tenants of either a renewed tenancy for a fixed term or a statutory periodic tenancy. The Tribunal considers that Simple Life's actions in offering a renewed tenancy but subsequently relying on the existence of an ongoing periodic tenancy to be disingenuous and a potential cause of hardship to the tenants (discussed below).

28. The Tribunal next had to determine that the landlord's notice under Section 13 (2) satisfied the requirements of that section and was validly served.

29. There was no issue as to whether it was more than 52 weeks since the last rent increase; that minimum notice of increase had been given; that the date for commencement of the new rent proposed by the landlord was the start of a new period of the tenancy; and in addition, that the tenant had received the Guidance Notes forming part of the Notice. The Tribunal determined that the landlord's Notice satisfied the requirements of Section 13 (2) and there was no argument as to the validity of its service.

30. The Tribunal had regard to the market evidence submitted by both parties. It also used its own knowledge and expertise of market rent levels for the Redcar & Cleveland and Teesside areas and made enquiries of local letting agents in Redcar.

31. Bearing in mind all of these elements the Tribunal determined that the rent at which the Property in good order might reasonably be expected to be let on the open market (ignoring the effect on the rental value of the property of any relevant tenants' improvements) would be £670.00 per month. The Tribunal determined that there were no factors regarding the Property that affected the market rent so as to require adjustment.

32. The Tribunal considered whether the new rent should take effect from the new period specified in the landlord's notice or some later date in accordance with Section 14(7) of the Act.

33. As detailed above the Tribunal finds that until they received the email of 27 September 2022, the Applicants believed that they occupied the property on a renewed tenancy for 12 months commencing 14 May 2022. They, therefore, expected the rent to remain at £610 per month until at least 14 May 2023. It appears to the Tribunal that the Applicants, with a young baby, would have prioritised their spending plans accordingly. Any 'back-dating' of the effective date of the new rent would require them to find a lump sum payment which they will not have budgeted for. It, therefore, appears to the Tribunal that 'back-dating' the effective date of the new rent will cause undue hardship to the Applicants.

34. The Tribunal, therefore, determines that, unless the parties otherwise agree, the effective date of the new rent is 14 March 2023, being the latest date of a new period of the tenancy before the date the rent was determined by the Tribunal on 11 April 2023.

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