



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

Case reference	:	CAM/42/UD/2023/0059
Property	:	306 Main Road, Kesgrave, Ipswich, Suffolk IP5 2PS
Applicants	:	1. Anthony Chapman 2. Samantha Robinson
Respondent	:	Paul Thomas
Type of application	:	Determination of a market rent under section 14 of the Housing Act 1988
Tribunal member(s)	:	Judge K Seward Mr G F Smith FRICS, FAAV
Date of decision	:	4 July 2023

DECISION AND REASONS

Decision of the Tribunal

- (1) The Tribunal determined a rent of **£1,500.00** per calendar month to take effect from 1 May 2023.

REASONS

The Property

1. The property is a detached bungalow with double garage and off-road parking, accessed via a private track off Main Road, Kesgrave. Another residential property is located on the opposite side of the track. The landlord's business is operated from premises behind.
2. The landlord provided the carpets. The house has been let unfurnished.

3. The accommodation comprises an entrance lobby, living room, kitchen/diner, bathroom, 4 bedrooms with one ensuite.
4. The fitted kitchen has an integrated oven and hob with extractor hood provided by the landlord. Other appliances were purchased by the tenants including an integrated dishwasher replacing one fitted by the landlord.
5. The property has gas central heating and mains electricity, water and drainage. The windows are double glazed throughout.

The Tenancy

6. The original assured shorthold tenancy agreement was for a fixed term of 12 calendar months from 1 December 2021. Thereafter, the tenancy is expressed to continue as a monthly contractual periodic tenancy. Upon expiry of the fixed term, the tenants remained in occupation and a statutory assured monthly periodic tenancy was created by virtue of section 5 of the 1988 Act.
7. Gas, electric, telephone, Council Tax, sewerage and water charges are specified as payable by the tenants in addition to the rent.
8. The tenancy agreement has the standard basic interior repairing liabilities for the tenants. In summary, not to cause damage, and to keep the interior and the landlord's fixtures and fittings in the same condition, allowing for reasonable wear and tear. The landlord has the repairing obligations which are implied by section 11 of the Landlord and Tenant Act 1985.

The Referral

9. By a notice in the prescribed form dated 24 March 2023, the landlord proposed a new rent of £1,500 per month in place of the existing rent of £1,200 per month, to be effective from 1 May 2023. On 10 April 2023 the tenants referred the notice to the Tribunal.
10. Directions were issued by the Tribunal on 24 April 2023, inviting the parties to submit any further representations (including any photographs and details of rentals for similar properties) they wished the Tribunal to consider. Reply forms were provided by both parties.
11. Paragraph 1 of the Directions stated that the application would be determined by written representations unless either party requested a hearing. Neither party has requested a hearing and so this case has proceeded by way of written representations and inspection.

The Inspection

12. The Tribunal inspected the property on 29 June 2023 in the presence of Mr Chapman, the first Applicant. The Tribunal's decision is based upon the condition of the property on the date of inspection.
13. The Tribunal observed that Main Road is busy with traffic. There is a residential area opposite the site with corner shop. The site is well-located with easy access to the A12 and a wide range of amenities. The site itself is along a private road with gated entrance. Parking is available for several vehicles including two car ports and double garage.
14. The garden is reasonably sized with mature trees to most boundaries. Broken boundary fencing behind the trees on the roadside has now been repaired.
15. Inside, there are built-in storage cupboards in the lobby. The living room is quite spacious. The French style doors are slightly loose which could allow a draft without curtains. Two of the bedrooms are double sized. The master bedroom is accessed by two steps off the lounge. It has a small dressing area and ensuite shower and WC. There are two single sized bedrooms. One is currently in use as a dining room, and another is used as an office. There are built-in wardrobes, dressing table and drawers in the office, fitted by the landlord.
16. Some traffic noise was audible from the second bedroom with the window open. There are various internal steps.
17. The main bathroom has a bath with shower attachment.
18. The kitchen is quite large with wooden fitted cupboards, tiled floor and good quality integrated gas hob (with extractor hood) and oven. The tenants say they have mostly fixed the poorly fitted kitchen cupboard doors. Minor issues remain with how some of the doors close. Space is available for a small table and chairs or breakfast bar.
19. The layout is a bit unusual and there are differing floor heights indicating that the original building may have been extended over time.
20. Overall, the property appeared to be in good condition.

The Law

21. Sections 13 and 14 of the Housing Act 1988 ("the 1988 Act") make provision for the increase of rent under an assured periodic tenancy.

22. Under section 14 (1) of the 1988 Act, the Tribunal is to determine a rent at which the dwelling-house concerned might reasonably be expected to be let in the open market by a willing landlord under an assured tenancy - (a) 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 rent) are the same as those of the subject tenancy.
23. In making a determination, the Tribunal shall by virtue of section 14(2) disregard – (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 (as defined by section 14(3)) carried out by a tenant otherwise than as an obligation; and (c) any reduction in the value of the dwelling-house due to the failure of the tenant to comply with any terms of the subject tenancy.

Representations - Landlord

24. The landlord describes the property as set in a wooded area, accessed by private track with one neighbour on the opposite side of the track. The house was fully decorated with new carpets when the tenants moved in.
25. A copy letter dated 26 April 2023 from Berwicks Property Managers to the landlord is provided to support the rental increase. It is written by the 'Rentals Manager'. It starts by saying: "I thoroughly enjoyed looking over your lovely bungalow..." and goes on to describe the accommodation. The letter recommends an asking price of £1,650 per calendar month given the current market conditions and consideration for the prices achieved for similar properties in the recent past.
26. A further copy letter from IP12 Lettings & Sales of 5 May 2023 reads: "Thank you for asking IP12 to carry out a valuation of [the property]. Based on comparable properties we would suggest a marketing price of circa £1800pcm. This would be dependant upon internal condition."

Representations - Tenants

27. There is an ongoing dispute between the parties regarding water and electricity charges. The landlord issues a monthly invoice due to his business operating from the site behind the property. The landlord admitted overcharging for water usage. Electricity is being charged at a commercial rate plus VAT.
28. The tenants disagree with the landlord's description of a kitchen/diner. They say the room measures 4.9m x 3.8m maximum. There is insufficient space for a dining table suitable for four adults.

29. The house is not set in a wooded area. The woodland surrounds the landlord's business yard rather than the house. Since moving in, the boundary fence has been in a state of disrepair and unsecure to the front and side of the Property. Photographs are provided.
30. Upon commencement of the tenancy, wall sockets were hanging off the walls which the tenants replaced to make safe. The main distribution board was left uncovered. The integrated dishwasher was not fitted correctly; the door could not be closed rendering it unusable. Therefore, the tenants replaced the dishwasher. The oven did not work for over a week until rectified. None of the kitchen cupboard doors were fitted correctly to stay closed. The tenants have rectified some but not all.
31. The landlord fails to rectify internal and external faults. When the tenants reported in November 2022 that the lighting had blown in the garage, it was finally fixed in March 2023 after another written request.
32. Unless the landlord gave access without the tenants' knowledge or consent, Berwicks Property Managers have not "looked over" the property as stated. Given the over-familiarity in the wording of the letter, the tenants question the impartiality of the valuation.
33. There are no similar properties on the market within a 10-15 mile radius. The verbal valuation by IP12 Lettings & Sales depends upon comparable properties and internal inspection. IP12 are renowned locally for over-pricing rental properties. The rental prices are advertised high and reduced week on week until such time as they are more in line with current market values. They also specialise in properties at the higher end of the market. A selection of examples currently being advertised are either a much larger footprint, more modern construction with better insulation values, non-drafty double glazing and their own electricity and water supply/billing.
34. The valuation of £1,800pcm estimated by IP12 would not be achievable for the Property. The tenants consider a fair market value rental price would be £1250 to £1350 per month.
35. The tenants do not claim any improvements.

The determination

36. The Tribunal approaches the application in two stages; first, does the Tribunal have jurisdiction and secondly, what is the valuation.
37. The first stage requires consideration of the status of the applicant and the validity of the application. There is a tenancy of a dwellinghouse let as a separate dwelling. The tenants are individuals occupying the

property as their only or principal home. There is no suggestion that any of the statutory exceptions apply as set out in Schedule 1 to the 1988 Act. The new rent would be the first increase since the fixed term expired on 30 November 2022. The tenants occupy under a type of assured tenancy. More than the one month's minimum notice of the rental increase was given.

38. The Tribunal is satisfied that the conditions are met within section 1 of the 1988 Act and that it has jurisdiction to determine the rent.
39. Turning to the valuation. The Tribunal must assess the rent for the property by reference to the market rent for comparable properties, ignoring the effect of any improvements undertaken by the tenants. In making the assessment, account is taken of the impact on rental value of any disrepair which is not due to a failure of the tenant to comply with the terms of the tenancy.
40. The valuation from Berwicks Property Managers is £1,6250 pcm, which the Tribunal considers to be at the top end of the market. It is unclear what properties they used for comparison purposes and the tenants raise concerns over whether internal access to the property could have been gained. Berwicks do not actually say that a physical inspection took place. A valuation can be conducted as a paper exercise utilising research materials to form an opinion, which is all it is.
41. No details are provided by IP12 Lettings & Sales of the other properties considered to arrive at a rental figure of £1,800pcm. This is expressed as a 'marketing price' rather than the market value. They are not necessarily the same. A property may be marketed at a higher rent than it is expected to achieve on the open market, allowing for negotiation. The valuation is of limited assistance.
42. Of the examples provided by the tenants of other rental properties being marketed, two are 3-bedroom bungalows at £1,100pcm. From the particulars (including floorplan), the bungalow in Kesgrave is much smaller than the subject property. The bungalow in Grundisburgh also appears smaller and does not have the same access to amenities. Other examples given are a 4-bedroom mews house in Paper Mill Lane at £1,500pcm and a detached 4-bedroom house in Ipswich at £1,400pcm. Bungalows attract a premium and so these houses are not particularly helpful. None of the examples are directly comparable to the subject property in type, size or location.
43. The Tribunal finds that a detached bungalow, comparable to the property, offered on the open market on an assured shorthold tenancy on the terms of the extent tenancy could be expected to let for between £1,450 pcm and £1,650 pcm.

44. This is a large bungalow with plenty of covered parking, privacy, plus security from the private road and gated access. It is also well located for amenities. On the other hand, the rather quirky layout and multi-levelled floors would not suit everyone.
45. The landlord would be unable to pass on higher utility charges than those incurred. There is no evidence before the Tribunal that commercial rates are being applied.
46. All things considered the Tribunal determines that the market rent for the property is £1,500.00 pcm to take effect from 1 May 2023.

Name: Judge K Saward Date: 4 July 2023

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).