



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

Case reference : CHI/23UF/MNR/2024/0024

Property : The Elms, Gunhouse Lane, Bowbridge,
Stroud, Gloucestershire, GL5 2DB

Applicant Tenants : Daniel Vine & Nicola Gray

Representative : None

Respondent Landlord : Sally Orchard

Representative : None

Type of application : Determination of a Market Rent
Sections 13 & 14 Housing Act 1988

Tribunal member(s) : Mrs J Coupe FRICS
Mr R Waterhouse FRICS
Ms C Barton MRICS

Date of determination : 22 March 2024

Date of reasons : 29 April 2024

REASONS

Decision of the Tribunal

On 22 March 2024 the Tribunal determined a Market Rent of £1,800.00 per month to take effect from 27 January 2024.

Background

1. By way of an application received by the Tribunal on 24 January 2024 the Applicant tenants of The Elms, Gunhouse Lane, Bowbridge, Stroud, Gloucestershire, GL5 2DB (hereinafter referred to as “the property”) referred a Notice of Increase in Rent (“the Notice”) by the Respondent landlord of the property under Section 13 of the Housing Act 1988 (“the Act”) to the Tribunal.
2. The Notice, dated 1 December 2023, proposed a new rent of £1,850.00 per month in lieu of a passing rent of £1,700.00 per month, to take effect from 27 January 2024.
3. The property was let to the tenants by way of an Assured Shorthold Tenancy agreement commencing 27 September 2019. A copy of the tenancy agreement was provided.
4. On 2 February 2023 the Tribunal issued Directions advising the parties that it considered the matter suitable for determination on the papers unless either party objected, in writing, within 7 days. In accord with current Tribunal policy the parties were advised that no inspection would be undertaken. No objections were received.
5. The Directions required the landlord and tenant to submit their completed statements to the Tribunal by 16 February 2024 and 1 March 2024 respectively, with copies to be sent to the other party. Both parties complied.
6. Having reviewed the submissions, the Tribunal concluded that the matter remained capable of being determined fairly, justly and efficiently on the papers, consistent with the overriding objective of the Tribunal.
7. These reasons address in **summary form** the key issues raised by the parties. They do not recite each point referred to in submissions but concentrate on those issues which, in the Tribunal’s view, are fundamental to the determination.

Law

8. In accordance with the terms of Section 14 of the Act, the Tribunal is required to determine the rent at which it considers the subject property might reasonably be expected to let on the open market, by a willing landlord, under an assured tenancy, on the same terms as the actual tenancy.

9. In so doing, and in accordance with the Act, the Tribunal ignores any increase in value attributable to tenants' improvements and any decrease in value due to the tenants' failure to comply with any terms of the tenancy.

The Property

10. The Tribunal did not inspect the property but did view external images on publicly available online platforms.
11. The property is a Grade II Listed mid-terraced house, with accommodation comprising kitchen, two reception rooms, utility and WC on the ground floor, master bedroom and a bathroom on the first floor, two bedrooms on the second floor and a cellar. Externally the property has a garden and off-road parking. The property is single glazed, has gas-fired central heating and was let with floor coverings and white goods.
12. The property is situated in a village location, approximately one and a half miles from Stroud town centre.

Submissions – Tenants

13. The tenants' submissions, excluding consideration of personal circumstances which are to be disregarded in setting a market rent under the Act, can be summarised as follows.
14. The images of the property submitted by the landlord were taken shortly after refurbishment in 2014 and do not reflect the condition of the property when let to the tenants in 2019.
15. Undated photographs and video clips showing general disrepair to the property were provided.
16. The tenants incurred costs in the region of £6,000 undertaking repairs and maintenance to the property.
17. The landlord repaired electrical faults, rectified historical drainage issues and attended to problems with white goods "*when requested*" and "*in a timely manner*". However, the bath and shower cannot be used simultaneously due to plumbing defects, whilst the tenants are required to flush the drains with heavy-duty cleaning liquid on a monthly basis in order to prevent blockages.
18. Bathroom and kitchen fittings are 10 years old.
19. In 2021 the landlord advised the tenants that the timber windows would be redecorated. Such work was never undertaken.
20. An external drain blocks approximately once a year. The landlord was advised and "*reasonably suggested*" the issue was monitored.
21. The cellar is unusable due to severe damp and occasional flooding.

22. The tenants admit to subletting the property on four occasions, amounting to six nights in total but state they were unaware that such action was prohibited under the terms of the tenancy. Subletting ceased immediately upon notification by the landlord. The tenants allege that the proposed rent increase is in “*direct retaliation*” to the unauthorised subletting.
23. Curtains are provided by the tenants.
24. The tenants rely on six comparable properties advertised online at asking prices ranging from £950 per month - £1,800 per month. Each comparable is situated within five miles of the property and offers either three or four bedroom accommodation within semi-detached, detached or terraced houses.
25. The tenants refer to an additional fee being charged for a dog.

Submissions – Landlord

26. The landlords’ submissions, excluding consideration of personal circumstances which are to be disregarded in setting a market rent, can be summarised as follows.
27. In 2014 the property was renovated to a high standard throughout. Letting particulars, prepared by Hamptons, illustrate a high specification of finish, spacious accommodation, restricted ceiling height to the second floor and note an approximate gross internal area of 212.1m².
28. Upon receiving notification from the tenants of any disrepair the landlord undertook remedial works and carried out regular maintenance.
29. In contravention of the tenancy agreement and without either the knowledge or permission of the landlord, the tenants sublet the property through Airbnb at a premium nightly rate for groups of up to six people. Such action invalidated the insurance policy and may have caused deterioration to the condition of the property.
30. Hyperlinks to ONS data and Hamptons market reports were attached. Hyperlinks are not accessed by the Tribunal.
31. In support of the proposed new rent the landlord relied upon a Best Price Guide listing ten rental properties advertised between November 2021 and February 2024 within two miles of the property and at asking prices ranging from £1,750 - £2,500 per month, the latter being a three-bedroom bungalow in Bussage advertised in November 2022 at £2,500 and re-advertised in October 2023 at £2,050. The comparables included terraced, semi-detached and detached houses.

Determination

32. The Tribunal has carefully considered all the submissions before it.

33. The Tribunal determines a market rent for a property by reference to rental values generally and, in particular, to the rental values for comparable properties in the locality. The Tribunal has no regard to the current rent and the period of time which that rent has been charged, nor does it take into account the percentage increase which the proposed rent represents to the passing rent. In addition, the legislation makes it clear that the Tribunal is unable to account for the personal circumstances of either the landlord or the tenant.
34. The date at which the Tribunal assesses the rent is the effective date contained within the landlord's Notice which, in this instance, is the 27 January 2024. The Tribunal disregards any improvements made by the tenants but has regard to the impact on rental value of disrepair which is not due to a failure of the tenant to comply with the terms of the tenancy.
35. The rent determined excludes any additional charges levied for the keeping of pets.
36. In the first instance, the Tribunal determined what rent the landlord could reasonably be expected to obtain for the property in the open market, if it were let on the effective date and in the condition that is considered usual for such a market letting.
37. The landlord relies upon a basket of comparable properties advertised as available to let over a two and a quarter year period, three of which were available within the last twelve months. With the exception of those three, the Tribunal find the remaining comparables too historic to provide any assistance.
38. The three most recent comparables each provide four bedroom accommodation in either a semi-detached or detached house, with prices from £2,200 - £2,450 per month. One is a period property and the other two, which are on the same estate, are modern houses. The subject property is a three-bedroom period property.
39. The tenants also rely on a number of comparables, with the lowest asking price being a three bedroom semi-detached house at £950 per month. The Tribunal finds this an outlier which offers smaller accommodation than the subject property. The Tribunal therefore disregards this particular comparable.
40. The Tribunal also disregards the three-bedroom semi-detached house in Bath Place, Stroud as, in the Tribunal's local experience, the rental market for properties in rural Bowbridge differs considerably to the rental market within Stroud town centre.
41. The remaining four rural comparables were advertised at asking prices ranging from £1,550 - £1,800 per month. The Tribunal finds the three-bedroom semi-detached cottage in Rodmarton, (asking price £1,800 per month) the most suitable comparable, albeit adjustment is required for the comparable's location adjacent a road and the size of the accommodation.

42. Weighing the parties' comparable evidence against its own expert knowledge as a specialist Tribunal and having regard to the size of the accommodation at approximately 212m², the Tribunal determined that the open market rent of the property in good tenantable condition is £1,900.00 per month.
43. Once the hypothetical rent was established it was necessary for the Tribunal to determine whether the property meets the standard of accommodation, repair and amenity of a typical modern letting.
44. The Tribunal finds the tenants' evidence on the condition of the property contradictory.
45. On the one hand, the tenants state that the property remains in disrepair, although they repeatedly state that the landlord has undertaken repairs and maintenance in a timely manner. The tenants raise concern that a bath and shower cannot be used simultaneously, by which the Tribunal assumes they infer that the bath cannot be emptied at the same time as the shower is running. The Tribunal do not consider this to be a factor which would affect the market value. Furthermore, the tenants were adequately confident in the condition of the property to sublet it at, in their words, "*an over inflated price*". The Tribunal finds such action at odds with a statement of disrepair.
46. However, based on the images provided by the tenants, the Tribunal finds that the property is showing a degree of general wear and tear. The Tribunal finds that the house is ten years post-refurbishment and that, in part, the fittings and external décor are tired, and that the property is no longer in pristine condition. In reflection of such, the Tribunal finds that a deduction in the hypothetical rent of £100 per month is warranted.
47. Accordingly, the Tribunal finds the adjusted open market rent to be £1,800 per month.
48. The tenants made no submissions to the Tribunal in regard to delaying the effective date of the revised rent on the ground of undue hardship under section 14(7) of the Act. Accordingly, the rent of **£1,800.00 per month will take effect from 27 January 2024**, that being the date stipulated within the landlord's notice.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application by email to rpsouthern@justice.gov.uk to the First-tier Tribunal at the Regional office which has been dealing with the case.
2. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
3. If the person wishing to appeal does not comply with the 28 day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28 day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
4. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.