



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

Case Reference	:	CAM/00MG/F77/2021/0018
Property	:	Station House, Simpson Road, Bletchley, Milton Keynes MK2 2DE
Applicant	:	Mr F Landels (Tenant)
Representative	:	None
Respondent	:	Bankway Properties Ltd. (Landlord)
Representative	:	Savills (L&P) Ltd.
Type of Application	:	S.70 Rent Act 1977 – Determination of a new fair rent
Tribunal Members	:	Mr N. Martindale FRICS
Tribunal	:	First Tier Tribunal (Eastern) HMCTS Cambridge CB1 1BA
Date of Decision	:	30 June 2021

REASONS FOR DECISION

Background

- 1 By an application dated 24 February 2021 the landlord applied to the Rent Officer for registration of a fair rent of £117.60 per week for the Property. The rent payable at the time of the application was £98.00 per week registered on 5 June 2017.
- 2 On 24 March 2021 the Rent Officer registered a fair rent of £111.00 per week with effect from 24 March 2021. By a letter dated 31 March 2021 by the Rent Officer and then forwarded to the First Tier Tribunal, the tenant objected to the rent determined by the Rent Officer and the

matter was referred to the First Tier Tribunal Property Chamber for a fresh determination of the rent.

Directions

- 3 Directions dated 19 April 2021 were issued for case progression. The landlord did not request a hearing. The tenant did and owing to current Covid restrictions it was conducted by telephone. The tenant made written representations and attended the meeting. The Tribunal did not receive any representations from the landlord, who did not attend the hearing.

Hearing

- 4 The application was decided on the papers and the telephone hearing.

Inspection

- 5 There was no inspection owing to Covid 19 restrictions. The Tribunal was referred to a number of recent pictures of parts of the exterior of the Property. It is a detached house from the late C19th, on 2 levels. It is however combined with a significant disused commercial element on the ground level, being the principal former railway building for the adjacent station platforms. The public have access to the exterior close to the house. There are significant grounds to the house to which the tenant has no access, retained either by the landlord or the railway operator. The Property appears to be of traditional brick wall and slated roof construction. The windows are timber and are not double glazed. The Property is Grade 2 Listed.
- 6 The Property was described by the applicant as having 3 bedrooms on the first floor and 2 reception rooms, with a kitchen, bathroom/WC on the ground floor.
- 7 The front and side elevations of the Property in early 2021 appeared to be in a poor state of repair and decoration. The adjacent open land close to the Property, appeared to be seriously overgrown.
- 8 Space heating was by means of a gas fired boiler and radiators, provided by the tenant some 30 years ago, although the landlord has recently installed a replacement boiler.
- 9 It is assumed that the internal fittings to kitchen, bathroom and WC were at least functional but basic.
- 10 In line with lettings of this duration and age the Tribunal assumes that no white goods, curtains or carpets were provided by the landlord.

Law

- 11 When determining a fair rent the Committee, in accordance with the Rent Act 1977, section 70, had regard to all the circumstances including the age, location and state of repair of the property. It also disregarded the effect of (a) any relevant tenant's improvements and (b) the effect of any disrepair or other defect attributable to the tenant or any predecessor in title under the regulated tenancy, on the rental value of the property.
- 12 In *Spath Holme Ltd v Chairman of the Greater Manchester etc. Committee* (1995) 28 HLR 107 and *Curtis v London Rent Assessment Committee* [1999] QB 92 the Court of Appeal emphasized
 - (a) that ordinarily a fair rent is the market rent for the property discounted for 'scarcity' (i.e. that element, if any, of the market rent, that is attributable to there being a significant shortage of similar properties in the wider locality available for letting on similar terms - other than as to rent - to that of the regulated tenancy) and
 - (b) that for the purposes of determining the market rent, assured tenancy (market) rents are usually appropriate comparables. (These rents may have to be adjusted where necessary to reflect any relevant differences between those comparables and the subject property).

Decision

- 13 Where the condition of a property is poorer than that of comparable properties, so that the rents of those comparables are towards twice that proposed rent for the subject property, it calls into question whether or not those transactions are truly comparable. Would prospective tenants of modernized properties in good order consider taking a tenancy of an unmodernised house in poor repair and with only basic facilities or are they in entirely separate lettings markets? The problem for the Tribunal is that the only evidence of value levels available to us is of modernised properties. We therefore have to use this but make appropriate discounts for the differences, rather than ignore it and determine a rent entirely based on our own knowledge and experience, whenever we can.
- 14 On the evidence of the comparable lettings and our own general knowledge of market rent levels in Bletchley, the Tribunal would accept that the subject property if modernized and in good order would let on normal Assured Shorthold Tenancy (AST) terms, for £225 per week. This then, is the appropriate starting point from which to determine the rent of the property as it falls to be valued.
- 15 A normal open market letting would include carpets, curtains and "white goods", but they are absent here. The Property is integral to

former and now disused commercial elements. It is assumed to have basic kitchen and bathroom fittings, no double glazing, partial central heating and is in poor external condition. To reflect these several factors the Tribunal deducts £90 per week, leaving the adjusted market rent at £135 per week.

- 16 The Tribunal also has to consider the element of scarcity and whether demand exceeded supply. The Tribunal found that there was no scarcity in the locality of Bletchley and therefore makes no further from the adjusted market rent to reflect this element. The fair rent to be registered would therefore be £135 per week but, this figure is subject to the Market Fair Rent Cap.
- 17 The Tribunal is also required to calculate the Maximum Fair Rent Cap (MFR). This is determined by a formula under statutory regulation, which whilst allowing for an element of inflation may serve to prevent excessive increases. The capped rent would be £111.50 per week.
- 18 As this cap is below the fair rent determined by the Tribunal for the purposes of S.70, **the new fair rent is capped at that figure of £111.50 and is effective from and including the date of determination, 30 June 2021.**

Chairman N Martindale FRICS

Dated 30 June 2021