

True intentions: The Supreme Court rules on the Landlord & Tenant Act 1954

October 2019



A landlord intending to redevelop, demolish or carry out substantial building works can no longer rely on the Landlord & Tenant Act 1954 (the LTA) to defeat a tenant's application for a new lease.

In the case of [S Frances Limited v The Cavendish Hotel \(London\) Ltd](#), the Supreme Court held that under the LTA, a landlord's intention must be independent of the tenant's claim for a new lease.

This decision marks a significant departure from previous case law. The court can now investigate any works proposed by a landlord and consider their nature and intention, before coming to a decision on the grant of a new lease to an existing tenant.

Except where the LTA has been specifically excluded from a lease, a business tenant who occupies premises for business purposes is entitled to a new lease at the end of the term under the LTA. Unless a landlord can prove that one or more of the LTA's specific grounds for opposing the grant of a new lease applies.

Section 30(1)(f) of the LTA is known as the "redevelopment ground" and requires that a landlord intends to demolish, reconstruct or carry out substantial construction works on the premises, which they could not reasonably do without obtaining possession.

Previously a landlord's motive was irrelevant. However, in the Frances case, it was shown that the landlord had devised a scheme of works, which met the statutory criteria under the LTA, but that it intended to recover possession of the premises without a commercial benefit and that it may not carry out those works.

The Supreme Court held that to satisfy the criteria, a landlord's intention must exist independently of the tenant's claim for a new lease and must not be conditional

upon whether the tenant wishes to remain at the premises. It applied the test of whether the landlord would still do the same works if the tenant left voluntarily.

Tenants will be pleased with this decision, as it has gone some way to ensuring that the spirit of the LTA has been maintained. Consequently, tenants can analyse their landlord's intentions and schemes of work in greater depth and attempt to challenge the works' necessity rather than just vacating the premises.

Each side's negotiating position is more important than ever. The decision is likely to result in more landlords considering the proposed terms of a new lease with a potential redevelopment break, rather than having to devise a scheme of works to obtain possession, where they risk having to prove their intentions, or in cases where only part of the premises are required, to complete the scheme of works.

Our experienced property litigation team can advise landlords and tenants on the provisions and consequences of the LTA. Call property litigation lawyer [Laura St-Gallay](#) today.

Laura St-Gallay
020 7299 6911
laura.stgallay@riaabg.com
www.riaabarkergillette.com



[Click here to make an appointment](#)

Note: This is not legal advice; it is intended to provide information of general interest about current legal issues.

