

Equestrian Businesses Tenancies



It is extremely important that owners of equestrian businesses carried out on land rented from a landlord, are clear as to the legislation governing their tenancy.

Such tenancies are likely to fall under the Landlord & Tenant Act 1954 or the Agricultural Tenancies Act 1995. A prime example is rented livery yards. Legal advice should always be sought as to business tenancies as they can be an extremely complex area of law.

Business Tenancies under the Landlord & Tenant Act 1954

The 1954 Act potentially provides for an outgoing tenant to be paid compensation in certain circumstances and gives the tenant long term security of tenure.

Unless the relevant rights to security of tenure (under Sections 24 – 28 of the 1954 Act) are excluded from the tenancy, on expiry of the tenancy the tenant has a statutory right to apply for a new tenancy. The landlord can only resist the tenant's application for a new tenancy on certain statutory grounds and in the event of dispute the Court determines the matter.

If a landowner wishes to exclude a tenant's statutory right to apply for a new tenancy, he/she must comply with a statutory notice procedure provided for in the legislation before granting a new tenancy.

Farm Business Tenancies

Farm business tenancies are regularly considered for land used as grazing ancillary to an equestrian business let under a 1954 Act business tenancy. For a landowner, it is preferable to grant a 1954 Act business

tenancy for all the property and land required by the tenant. However, with increasing diversification from traditional farming activities there can be instances in which a farm business tenancy may be considered. For example, tenants often require additional grazing as their business expands and such an additional agreement could be done as a farm business tenancy, so long as the land is only be used for grazing.

The essential elements of a farm business tenancy are:-

- the tenancy must have commenced after August 1995;
- the property to be subject of the tenancy must be used for business;
- the character of the property must be wholly or primarily agricultural;
- farm business tenancies for fixed terms of two years or less expire at the end of their term (without the requirement for any notices to be given); and
- farm business tenancies from year to year or fixed terms longer than two years run on until either the landlord or tenant serves notice to terminate upon the other. Notice to terminate of at least 12 months is required (and the expiry of the notice must coincide with the expiration of the relevant tenancy year; in practise this can mean that a notice of anything between 12 and 24 months is required).