

EASTERN RENT ASSESSMENT PANEL

STATEMENT OF REASONS FOR THE DECISION OF THE COMMITTEE WHICH MET ON 27th MAY 2005 TO DETERMINE A FAIR RENT IN RESPECT OF LAUREL COTTAGE, BRADDEN, TOWCESTER, NORTHAMPTONSHIRE NN12 8ED

File Reference No.: CAM/36UG/F77/2005/0054

Landlord: Stonefort Investments Ltd
Landlord's Agent: Clayson Haselwood, 50 South Bar Street, Banbury,
Oxfordshire OX16 9AB

Tenant: Mr J Davis
Existing Rent: £35.00 per week registered before the Rent Acts (Maximum
Fair Rent) Order

Rent Proposed by Landlords: £450.00 per calendar month, which equates to £104.00 week
Rent Determined by Rent Officer: £53.50 per week capped under the Rent Acts (Maximum Fair
Rent) Order 1999 (uncapped rent £82.00 per week)

Rent Determined by Committee: £110.00 per week exempt from capping under the Rent Acts
(Maximum Fair Rent) Order 1999

Members of the Committee: Mr JR Morris (Chairman)
Mr RVN Auger FRICS
Mr B Edgington

Clerk to the Committee: Mr J Childe

The Tenancy:

The tenancy appears to be a statutory weekly periodic tenancy, which commenced April 1985. Section 11 of the Landlord and Tenant Act 1985 appears to apply in respect of the Landlord's obligations and according to the Rent Register the Tenant is responsible for internal decoration.

The Application:

The Landlord by a notice in the prescribed form received by the Rent Service 15th February 2005 proposed a new rent of £450.00 per calendar month, which equates to £104.00 week. On the 9th March 2005 the Rent Officer registered a rent effective from that date of £53.50 per week capped under the Rent Acts (Maximum Fair Rent) Order 1999 (uncapped rent £82.00 per week). On 7th April 2005 the Landlord applied to the Rent Assessment Panel.

The Property:

The Property is a detached stone cottage constructed circa 1850 under a pitched slate roof. The Property comprises a porch, living room from which rises stairs to the first floor, a dining room, a kitchen, utility room and w.c. on the ground floor and three bedrooms and bathroom with w.c. on the first floor. Space heating was originally by open fires. The property has main electricity, gas, water and drainage. The property is let unfurnished. Outside there is a store and extensive gardens to the rear. There is a double garage.

Condition:

The Committee inspected the Property in the presence of the Tenant and the Landlord's Representative. The exterior of the property is in generally good condition. Since the last registration the Landlord had fitted new windows in the kitchen, dining room and sitting room and new oak lintel over the first floor side window and had also painted the exterior. In addition the Landlord had erected a new garage with workshop, hard standing, railings and gates. Other external repairs executed by the Landlord included a new down pipe, paving to the side of the Property and provided materials for a French drain to the front of the Property. Internally The Landlord had provided a new electric supply and consumer unit and had lined the chimney. There would be a dated and basic kitchen and bathroom but for the Tenant's improvements. The Landlord had paid for the bath and sanitary ware. The Tenant paid for the utility room units and renewal of pipes. The Tenant had installed electric night storage

heaters and water heating is by an immersion also fitted by the Tenant. The Tenant re-laid the kitchen and dining room floors. There are no white goods or floor coverings provided. There is a garden to the rear of the Property where the Tenant laid the patio. The property is situated in a village about 5 miles from Towcester

Law:

Attached to this Statement of Reasons is a resumé of the law applied by the Committee.

Open Market Rent

At the Hearing the parties presented an agreed list of Tenants' improvements since taking the tenancy and a list of Landlord's improvements since the last registration. The Landlord submitted rental evidence of a 3 Church Row, Bradden which is an end of terrace cottage comprising two living rooms and two bedrooms, a bathroom and a kitchen which is let on an Assured Shorthold Tenancy at £580 per calendar month and submitted that the Property would therefore be let at £850.00 per calendar month. The Committee noted the evidence put forward by the tenant and added to it the knowledge and experience of its members and determined that a market rent for the subject property, taking into account its location, in good condition with central heating, modern kitchen and bathroom, and let with carpets, curtains and white goods on an Assured Shorthold Tenancy would be £850.00 per week. The Committee considered that a global deduction of £265.00 per week should be made in respect of the subject property to take account of the dated kitchen and bathroom but for the tenant's improvements the lack of central heating and carpets, curtains and white goods. In addition the Committee made a deduction to disregard for the Tenant's improvements in respect of the dining room and kitchen floor, the utility room and the patio of £55.00. It should be noted that this figure cannot be a simple arithmetical calculation and is not based specifically upon capital cost but is the Committee's estimate of the amount by which the rent would have to be reduced to attract a tenant.

Scarcity

The Landlord's Representative submitted that there was no scarcity and referred to the number of properties to let advertised in the newspaper and also commented stated that the market would adjust to ensure that one type of property or another was available to compensate for scarcity. The legislation obliges the Committee to consider scarcity in relation to the type of property being assessed and that the number of newspaper advertisements are only one guide as to scarcity or lack of it, others include the housing lists, the quantity of the type of property available, capital cost of houses, etc. In this case the Committee decided that there is substantial scarcity of "... similar dwelling-houses in the locality..." which in this case is Northamptonshire, that are available for letting and a deduction would be made to reflect this of 10%.

Committee's Calculations:

Open Market Rent:	£850.00 per calendar month
Less global deduction	<u>£265.00</u>
	£585.00
Less deduction for disregard of Tenant's Improvements	<u>£ 55.00</u>
	£530.00
Less Scarcity 10%	<u>£53.00</u>
	£477.00 per calendar month

'Uncapped' fair rent is £477.00 per calendar month which equates to say £110.00 per week

The provisions of the Rent Acts (Maximum Fair Rent) Order 1999 require that the registered rent is either the capped Fair Rent or the Fair Rent decided by the Committee whichever is the lower. The capped Fair Rent is calculated in accordance with a statutory formula using the existing rent as a base. However Paragraph 2(7) of the Order provides that capping does not apply if "because of a change in the condition of the dwelling house or the common parts as a result of repairs or improvements (including the replacement of any fixture or fitting) carried out by the landlord or a superior landlord, the rent that is determined in response to an application for a registration of a new rent under Part IV exceeds by at least 15% the previous rent registered or confirmed". In this case 15% of the previous registered rent of £35.00 per week is £5.25. The Committee were of the opinion that the Landlord's improvements increased the last registered rent by more than 15% as follows:

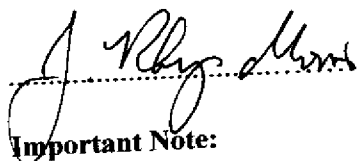
Open Market Rent:	£850.00 per calendar month
Less global deduction	<u>£265.00</u>
	£585.00
Less deduction for disregard of Tenant's Improvements	£ 55.00
Less deduction for Landlord's improvements	<u>£150.00</u>
	£470.00
	<u>£47.00</u>
Less Scarcity 10%	£423.00 per calendar month

'Uncapped' fair rent without Landlord's improvements is £423.00 per calendar month which equates to say £98.00 per week

Uncapped rent with landlord improvements	£110.00
Uncapped rent without Landlord's improvements	<u>£98.00</u>
Increase in rent due to Landlord's improvements approx 34% of previous registered rent	£12.00

Therefore the rent is exempt from the 'capping' provisions of the Rent Acts (Maximum Fair Rent) Order 1999 and the uncapped rent is to be registered.

FAIR RENT = £110.00 per week

 John R Morris, Chairman

Important Note:

This is a summary of the Committee's reasons for its decision. Should you require more detailed reasons, they can be supplied but only if a written request for such reasons is received by the Panel Office within 21 days from the receipt of this document. The papers will then be returned to the Chair for such detailed reasons to be prepared.

Caution: The Committee inspected the subject property for the purposes of reaching this decision. The inspection was not a structural survey and any comments about the condition of the property in this statement must not be relied upon as a guide to the structural or other condition of the property.