

EASTERN RENT ASSESSMENT PANEL

**SUMMARY STATEMENT OF REASONS FOR THE DECISION OF
THE COMMITTEE WHICH MET ON 13th JULY 2005
TO DETERMINE A FAIR RENT IN RESPECT OF
1 QUEEN ELIZABETH AVENUE, EAST TILBURY,
ESSEX, RM18 8SP.**

Landlords:

Berlon Ltd.

Tenant:

Mr. S.W. Fuller.

Rent at date of Application:

£68:50 per week

Rent proposed by Landlord:

£85:00 per week.

Rent determined by Rent Officer:

£75:50 per week (uncapped £86:80 per week)

Rent determined by Committee:

£76:00 per week (uncapped £82:00 per week)

MEMBERS OF THE COMMITTEE:

Mr D.T. Robertson (Chair)

Mr F.W.J. James FRICS

Mr R.D. Eschle JP

THE PROPERTY:

The Committee inspected the property in the presence of the Tenant and found it as described in the Rent Register except that the property does have central heating and a garage that were provided by the Tenant.

CONDITION:

Fair except for external decoration which is poor, in particular at the rear.

TENANT'S IMPROVEMENTS:

Garage and central heating.

LOCATION:

Primarily a residential area.

SCARCITY:

Assessed at approximately 20%.

THE LAW APPLY:

See attached.

OPEN MARKET RENT:

From their knowledge and experience the Committee decided that the rent for a similar property in good condition with modern facilities, carpets, curtains and some white goods would be £145:00 per week.

COMMITTEE'S CALCULATIONS:

Open market rent:	£145:00 per week.
Less global deduction for condition and lack of modern facilities:	<u>£ 25:00</u> £120:00
Deduct Tenant's Improvements:	<u>18:00</u> £102:00
Deduct scarcity at Approximately 20%	<u>£ 20:00</u> £ 82:00 per week

**THE RENT ACT'S MAXIMUM
FAIR RENT ORDER 1999.**

The capped rent
calculated in accordance
with the formula set
out in the Order is: £ 76:00 per week

DECISION OF COMMITTEE:

As the capped rent
is less than the
Committee's calculations
the fair rent is: £ 76:00 per week


DUNCAN T. ROBERTSON
Chair

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 receipt of this document. The papers will then be returned to the Chair for such detailed reasons to be prepared.

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MEMBERS OF THE COMMITTEE:

Mr D.T. Robertson (Chair)
Mr F.W.J. James FRICS
Mr R.D. Eschle JP

THE PROPERTY

1. The Committee inspected the property in the presence of the Tenant. The property is a semi-detached house with a flat roof built some time between 1945 and 1965. It is situated in a residential area within walking distance of the shops and other amenities found in East Tilbury. On the ground floor there is a hallway, two rooms and a kitchen. On the first floor there are two bedrooms and a bathroom/WC. The property has the benefit of all mains services. It also has the benefit of a garage providing off-street parking and also central heating provided by the Tenant. There are reasonable sized gardens at the front and at the rear kept in good order by the Tenant. Internal decoration was good and internal repair was fair. Exterior repair was fair and exterior decoration was poor, particularly at the rear.

THE TENANCY

2. The tenancy appears to be a statutory regulated tenancy. According to the Rent Register, the Landlord's liability for repair is as set out in Section 11 of the Landlord and Tenant Act 1985. No services are provided by the Landlord. There is no evidence of any

premium having been paid for the tenancy and there is no evidence of any furniture having been provided by the Landlord.

THE APPEAL

3. The Rent Officer registered rent of £75.50 on 11th May 2005 to be effective as from 13th June 2005. This rent was capped and uncapped would have been £86.80 per week. On 12th May 2005 the tenant wrote to the Rent Officer objecting to the new registered rent. The Tenant has not requested a hearing and all representations have been made in writing.

THE TENANT'S CASE

4. The Tenant objects to the increase of £7 per week in his rent as this is not in line with inflation but is also 3½ times more than the increase in his Incapacity Benefit.

THE LANDLORD'S CASE

5. The Landlord states that the Rent Officer has recently registered the rent of similar houses at £83 per week to be effective from 18th April 2005. As the new rent is being decided at a later date it expects the rent to be £84 or £85 per week.

THE LAW

6. Attached to this Statement of Reasons is a resume of the law as applied by the Committee. It forms an integral part of the reasons of the Committee.

THE DECISION

7. The assessment of a fair rent starts with an assessment of the open market rent. From the knowledge and experience of the Committee the open market rent for this property in good condition with a modern kitchen and bathroom, carpets and some white goods is £145 per week.
8. This property has to be valued without any of these benefits and the Committee decided to make a deduction of £25 per week to reflect these matters. It should be noted that this figure is not a simple arithmetical calculation but is the Committee's estimate of the amount by which rent would have to be reduced to attract a Tenant.
9. The Committee noted that the tenant had carried out substantial improvements in providing both a garage and central heating. The Committee decided to make a deduction of £18 per week in this respect.

10. As to scarcity, the Committee decided that there is substantial scarcity of "similar dwellinghouses in the locality" available for letting and a deduction would be made to reflect this. Matters taken into account by the Committee were:
- (a) The Committee interpreted the "locality" for scarcity purposes as being the whole area of South Essex with a population of some 2,500,000 i.e. a sufficiently large area to eliminate the effect of any localised amenity which would in itself tend to increase or decrease rent
 - (b) The Committee have many years experience of the residential letting market between them and that experience leads them to the view that the demand consistently exceeds the supply for two bedroomed houses in the locality defined as above
 - (c) The Committee noted that there were many people on the waiting list of Local Authorities and Housing Associations in the locality. It decided that whilst not everybody on those lists would be seeking a two bedroomed property in the private sector a significant number would.
11. Assessing a scarcity percentage cannot be a precise arithmetical calculation because there is no way of knowing exactly the number of people looking for two bedroomed houses in the private sector or the exact number of such properties available. It can only be judged based on the years of experience of members of the Committee. The combined experience leads the Committee to the view that demand is particularly high for two bedroomed houses in this locality and the scarcity deduction is assessed at approximately 20%.
12. The Committee also considered whether there should be an addition to the fair rent to reflect the fact that in theory tenants may be prepared to pay more to obtain the less onerous decoration covenants which apply to assured shorthold tenancies. However, there was no evidence upon which the Committee could rely to make such a finding. In any event it is the Committee's experience that assured shorthold tenants who stay in a property for any length of time do assume responsibility for internal decorations.
13. The Committee also considered as to whether a tenant would pay more to obtain the security of tenure of a regulated tenancy as opposed to the lack of security which comes with an assured shorthold tenancy. There is no evidence available to sustain such a proposition.
14. The Committee also considered whether it could be said that in theory landlords build in an additional figure for voids and letting fees which are inevitably incurred in assured shorthold lettings which would not be incurred in a regulated tenancy. Once again, there is no evidence upon which the Committee could rely to reach such a decision.

15. Fair rents have increased more than the rate of inflation in recent years and the Committee have sympathy with the Tenant's complaint but does not have power to take into account his personal circumstances. The increase in fair rents has been caused amongst other things by the effect of the Housing Act 1988 and lower interest rates which have brought many more properties onto the letting market. Therefore the deduction made for scarcity has gone down quite quickly which has had the effect of pushing fair rents up towards open market rents.

SUMMARY

Open market rent for 2 bedroomed house in good condition with all modern facilities	£145 per week
Less:- Global deduction for condition and lack of modern facilities	£25 per week
	<hr/> £120 per week
Deduct tenant's improvements	£18 per week
	<hr/> £102 per week
Deduct scarcity at approximately 20%	£20 per week
	<hr/> £82 per week

16. **The Rent Acts (Maximum Fair Rent) Order 1999** applies to this decision and the capped rent calculated in accordance with the formula set out in the Regulations is £76 per week.
17. The Committee's decision is that the fair rent for this property is £76 per week.


DUNCAN T. ROBERTSON
Chair

Caution For the purpose of reaching a decision the Committee inspected the subject property. Such inspection is not a structural survey and only takes a few minutes. Any comments about the condition of the property in this Statement of Reasons are made as a result of casual observation rather than a detailed inspection. Please do not rely on such comments as a guide to the structural condition of the property.