

## **EASTERN RENT ASSESSMENT PANEL**

### **STATEMENT OF REASONS FOR THE DECISION OF THE COMMITTEE WHICH MET ON 11<sup>th</sup> JANUARY 2007 TO DETERMINE AN OPEN MARKET RENT IN RESPECT OF 16 PORTERS HILL, EASTON ON THE HILL, STAMFORD, PE9 3NF**

Landlord : Mr and Mrs R Crowe  
Tenant : Mr C G Watford  
Rent Proposed by Landlord : £600 per month  
Rent Determined by Committee:£550 per month excluding water rates

#### **MEMBERS OF THE COMMITTEE**

David S. Brown FRICS MCI Arb (Chair)  
Roland Thomas MRICS  
Julia De M Ambrose

#### **THE PREMISES**

The Committee inspected the property in the presence of the Tenant. The Landlord was not present.

The property is a detached House constructed of brick walls, part rendered and part tile hung, beneath tiled roof. There is a flat roof to the Utility Room.

The house is situated in an established residential area of a popular village, which has a shop/post office, primary school, three public houses and bus service to Stamford.

#### **Accommodation**

##### Ground Floor

Entrance Hall; Lounge; Dining Room; Kitchen; Utility Room.

##### First Floor

2 Double Bedrooms; Single Bedroom; Bathroom; WC.

##### Outside

Adjoining Garage. Gardens of good size to front and rear. Dilapidated garden shed. Front driveway with parking for two cars.

#### Central Heating and Services

Gas fired central heating is installed with radiators in most rooms but skirting heating panels in the Entrance Hall, Dining Room, WC and Single Bedroom. Most of the windows are double glazed.

Mains water, drainage, gas and electricity are installed.

The Committee noted that external decorations are in very poor condition with much bare

timber and there is rot in fascias and in the Utility Room door and window frames. The kitchen and bathroom fittings are dated but serviceable. Carpets are showing signs of wear. The garden is somewhat unkempt and the surface of the tarmacadam parking area is worn and pitted. The double glazing is not of good quality. New houses on the neighbouring land to the north rather overshadow the Property and there is some loss of privacy in the garden.

## **THE TENANCY**

The tenancy began on 25<sup>th</sup> February 1994 by an agreement of that date. It is a monthly periodic assured shorthold tenancy. The letting includes carpets, curtains, cooker, fitments and garden tools as described in the inventory.

The Tenant's obligations include payment of rates, yield up the property at the end of the tenancy in the same clean state and condition as at the beginning of the tenancy, reasonable wear and damage by fire excepted and other terms usually found in a tenancy agreement of this type.

The Landlord's obligations include maintaining the property in a good state of repair and effecting insurance.

Clause 7 states that the agreement is subject to section 11 of the Landlord and Tenant Act 1985 if applicable to the tenancy.

## **THE APPEAL**

On 17<sup>th</sup> October 2006 the Landlords' agent served notice on the Tenants under section 13(2) of the Housing Act 1988 to increase the rent from £350 per month to £600 per month with effect from 25<sup>th</sup> November 2006. The Tenant referred this notice to the rent Assessment Committee on 16<sup>th</sup> November 2006.

## **THE TENANT'S CASE**

The Tenant made written representations and gave evidence at the hearing.

In response to a question from the Committee both parties said that the rent had always been taken to include water rates because on the front page of the tenancy agreement it states "Rent £330:00 pcm Inc. of water rate" although the agreement itself provides at clause 4(d) that the Tenant will *Pay for all gas and electricity and the amount of the water rate charged in respect of the Property*. There was a similar provision in the previous tenancy agreement.

Mr. Watford had submitted detailed written representations, setting out a number of defects at the Property. He said that the garage was too small for him to use, although he

accepted at the hearing that he had been able to use it for a previous vehicle, a Ford Escort.

He said that the kitchen is in need of updating. The cooker is of poor quality. There are no other white goods included. The Dining Room decorations were stained due to neglect by the landlords' plumber when the heating was altered. The gas fire in the Lounge is no longer connected. There is now no airing cupboard because the recently installed boiler is a combi type. The bath and washbasin need replacement with modern fittings. There is no skirting board to one wall of the rear Bedroom.

Two of the Bedrooms had polystyrene tiles to the ceilings which were a fire hazard. The landlord offered to get them removed but Mr. Watford did it himself. The Landlord then offered to send someone to make good the decorations but Mr. Watford declined on the basis that it would cause him disruption.

The outside woodwork requires attention. The double glazing is cheap and outdated. The new housing development next door has windows overlooking the garden.

### **THE LANDLORDS' CASE**

The Landlords submitted written representations through his solicitors and Mr. Crowe gave evidence at the hearing.

He said that he and his wife had occupied the Property prior to the letting to Mr. Watford and they had renewed the interior decorations within the previous 18 months. They had been able to use the garage.

He accepted that the exterior woodwork requires attention. He said that he has instructed a builder to attend to this and to fit a new back door. He was going to have pvc covering fixed to the fascia boards. They had offered to redecorate the hallway but Mr. Watford did not want this doing and the same applies to the two bedroom ceilings. He did not think that worn or dirty internal decorations should affect the rent.

During the tenancy, they have spent over £4000 on the Property including gas central heating, new lawnmower, replacement cooker, flat roof repairs. The tenant has never maintained the garden.

### **The Rent**

Mr. Watford contends that the proposed rent of £600 per month is too high. He did not propose an alternative rent. He stated that if the property were in good condition and fully modernised to 2007 standards he thought that a reasonable rent would be £675, but it is not clear whether he intended that to include water rates. He said that he had spoken to Knight Goodwin, who had proffered an opinion of rental value to the Landlord, and they admitted that they had not inspected the Property and had merely quoted a general rental level for three bedroomed properties in the locality.

The Landlords' solicitors had forwarded letting particulars of several properties. However, Mr. Crowe accepted at the hearing that most of these were not comparable to the Property, being of different character and construction. There was a detached house, of similar age and style to the Property, in Easton on the Hill, which was offered by Murrays at £650 per month. It had similar accommodation but with a conservatory and no utility room. He thought it was close to the Property. He did not know if it had been let. There was also a three-bedroomed bungalow in the village on offer at £575 per month in December, which is still available. Mr Crowe accepted that the house first referred to was the most direct comparable. He agreed that a rent of £675 per month would be appropriate for the Property in good condition and pointed out that the proposed rent includes water rates of £42 per month and so equated to £558 per month excluding rates. He thought that this fairly reflected the current condition. In his opinion, the new houses next door do not detract from the value.

Mr Watford agreed that the house first referred to, on offer through Murrays at £650, is the most comparable to the Property.

## THE LAW

The relevant law is in section 14 of the Housing Act 1988 –

### **S14 Determination of rent by rent assessment committee.**

- (1) Where, under subsection (4)(a) of section 13 above, a tenant refers to a rent assessment committee a notice under subsection (2) of that section, the committee shall determine the rent at which, subject to subsections (2) and (4) below, the committee consider that the dwelling-house concerned might reasonably be expected to be let in the open market by a willing landlord under an assured tenancy—
  - (a) which is a periodic tenancy having the same periods as those of the tenancy to which the notice relates;
  - (b) which begins at the beginning of the new period specified in the notice;
  - (c) the terms of which (other than relating to the amount of the rent) are the same as those of the tenancy to which the notice relates; and
  - (d) in respect of which the same notices, if any, have been given under any of Grounds 1 to 5 of Schedule 2 to this Act, as have been given (or have effect as if given) in relation to the tenancy to which the notice relates.
- (2) In making a determination under this section, there shall be disregarded-
  - (a) any effect on the rent attributable to the granting of a tenancy to a sitting tenant;
  - (b) any increase in the value of the dwelling-house attributable to a relevant improvement carried out by a person who at the time it was carried out was the tenant, if the improvement-
    - (i) was carried out otherwise than in pursuance of an obligation to his immediate landlord, or
    - (ii) was carried out pursuant to an obligation to his immediate landlord being an obligation which did not relate to the specific improvement concerned but arose by reference to consent given to the carrying out of that improvement; and
  - (c) any reduction in the value of the dwelling-house attributable to a failure by the tenant to comply with any terms of the tenancy.

- (3) For the purposes of subsection (2)(b) above, in relation to a notice which is referred by a tenant as mentioned in subsection (1) above, an improvement is a relevant improvement if either it was carried out during the tenancy to which the notice relates or the following conditions are satisfied, namely—
  - (a) that it was carried out not more than twenty-one years before the date of service of the notice; and
  - (b) that, at all times during the period beginning when the improvement was carried out and ending on the date of service of the notice, the dwelling-house has been let under an assured tenancy; and
  - (c) that, on the coming to an end of an assured tenancy at any time during that period, the tenant (or, in the case of joint tenants, at least one of them) did not quit.
- (3A) *Not applicable in this case*
- (4) In this section "rent" does not include any service charge, within the meaning of section 18 of the Landlord and Tenant Act 1985, but, subject to that, includes any sums payable by the tenant to the landlord on account of the use of furniture, in respect of council tax or for any of the matters referred to in subsection (1)(a) of that section, whether or not those sums are separate from the sums payable for the occupation of the dwelling-house concerned or are payable under separate agreements.
- (5) Where any rates in respect of the dwelling-house concerned are borne by the landlord or a superior landlord, the rent assessment committee shall make their determination under this section as if the rates were not so borne.
- (6) *Not applicable in this case*
- (7) Where a notice under section 13(2) above has been referred to a rent assessment committee, then, unless the landlord and the tenant otherwise agree, the rent determined by the committee (subject, in a case where subsection (5) above applies, to the addition of the appropriate amount in respect of rates) shall be the rent under the tenancy with effect from the beginning of the new period specified in the notice or, if it appears to the rent assessment committee that that would cause undue hardship to the tenant, with effect from such later date (not being later than the date the rent is determined) as the committee may direct.

## THE DECISION

The Committee has considered all of the evidence presented to it, both written and oral.

The assessment of rental value is as at today and the Committee cannot take into account repairs that the Landlord intends to carry out in the future.

With regard to the internal decorations, there is no obligation upon the Tenant to renew them or to make good deterioration caused by reasonable wear. On the one hand, it may seem unfair to the Landlord to take into account poor decorative condition which he has been willing to attend to but has been prevented from doing so by the tenant. On the other hand, he has not had the expense of those works. However, it would not be equitable to make a deduction for the removal of ceiling tiles by the tenant followed by his objection preventing the Landlords from making good those decorations. Subject to this, the Committee has to assess the value in the current decorative condition. It must also work on the assumption that the Tenant had maintained the garden as per the tenancy agreement.

The tenancy agreement provides for the Tenant to pay the water rates. The notes on the front of the agreement are a summary and do not form part of the formal terms. In any event, section 14(5) requires the Committee to assess the rent as excluding rates.

The Committee does not consider that the houses next door have a material effect on the rental value.

Apart from the detached house close by, the Committee does not consider the comparables produced by the Landlords to be relevant as they relate to different types of property. That detached House is of a similar age and type to the Property with broadly similar accommodation; it is not known whether it has been let and, if so, at what rent, but the Committee considers that the asking rent provides some guidance and is in line with general rental levels in the locality. Taking all relevant factors into account, the Committee considers that if the Property were in good condition and fully up to modern standards, with the usual white goods, the rental value for a tenancy on similar terms would be £650 per month.

This Property is not up to modern standards, particularly due to the poor external decorations, the rot in external timbers and the dated bathroom and kitchen fittings. The carpets are showing signs of wear and the internal decorations are in need of renewal. Other matters affect the general standard of the accommodation, such as the skirting heating panels in some rooms, the poor quality double glazing, the basic cooker and the relatively narrow garage. Most modern lettings include additional white goods, such as a refrigerator. The Committee considers that there should be a deduction of £100 per month to reflect these matters and therefore assesses the current market rent to be £550 per month, excluding water rates.

With regard to section 14(7), the Committee asked Mr. Watford if commencement of the new rent on the date specified in the Landlord's notice would cause him undue hardship. He said that he was in receipt of housing benefit and that they would back date the increase but it would be limited to a lower amount. He was not down to his last £50 but any delay would obviously be beneficial to him. The Committee does not find that there would be undue hardship to Mr. Watford and so the above rent will be payable with effect from 25<sup>th</sup> November 2006.

  
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**D.S.Brown FRICS MCI Arb**  
**Chairman**

**Caution:** The Committee inspected the subject property for the purpose of reaching its decision. 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 upon such comments as a guide to the structural condition of the property.