

EASTERN RENT ASSESSMENT PANEL

STATEMENT OF REASONS FOR THE DECISION OF THE COMMITTEE WHICH MET ON 24th NOVEMBER 2006 TO DETERMINE A FAIR RENT IN RESPECT OF 69 BOUGHTON GREEN ROAD, KINGSTHORPE, NORTHAMPTON, NORTHAMPTONSHIRE, NN2 7SW

File Reference No.:	CAM/34UF/F77/2006/0090
Landlord:	Mr & Mrs J Russell, 68 Orchard Hill, Little Billing, Northampton NN3 9AG
Tenant:	Mrs C Mayes
Existing Rent:	£59.00 per week [First Registration therefore not subject to capping under the Rent Acts (Maximum Fair Rent) Order 1999]
Rent Proposed by Landlord:	£150.00 per week
Rent Determined by Rent Officer:	£75.00 per week [exempt from capping under the Rent Acts (Maximum Fair Rent) Order 1999]
Rent Determined by Committee:	£90.00 per week [exempt from capping under the Rent Acts (Maximum Fair Rent) Order 1999]
Members of the Committee:	Mr JR Morris (Chairman) Mrs HC Bowers MRICS Mr P Tunley
Clerk to the Committee:	Mr J Childe

The Tenancy:

The tenancy appears to be a statutory weekly periodic tenancy that commenced on the 5th January 1970. According to the Rent Register the Landlord is responsible for external decorations and repairs and Section 11 of the Landlord and Tenant Act 1985 applies and the Tenant is responsible for internal decorations.

The Application:

The Landlord by a notice in the prescribed form received by the Rent Service on 8th August 2006 proposed a new rent of £150.00 per week. On the 31st August 2006 the Rent Officer registered a rent effective from that date of £75.00 per week. The capping provisions of the Rent Acts (Maximum Fair Rent) Order 1999 did not apply, as they were exempt as a result of repairs or improvements carried out by the landlord (see below). On the 29th September 2006 the Landlord applied to the Rent Assessment Panel.

The Property:

The Property is a Victorian two storey, end of terrace house constructed of brick under a slate roof and comprises a hall with stairs to the first floor, a living room (originally two rooms), a kitchen and a bathroom on the ground floor. On the first floor there are three bedrooms. There is a dry cellar suitable for storage. There is a garden to the rear. The property has mains water, electricity gas drainage. Space and water heating is by gas fired central heating system. The property is situated on a busy road in a suburb of Northampton.

Condition:

The Committee inspected the property in the presence of the Tenant and her daughter Mrs Leach on the 24th November 2006. The property was in fair condition externally. The kitchen and bathroom would be basic and dated but for the Tenant having fitted a new bathroom suite and kitchen units. The Tenant has also installed a chemical damp proof course, although this is now beginning to deteriorate. The Tenant also replaced the kitchen window. The Landlord refurbished the roof about 12 years ago and since 2002 has installed central heating, double glazing and rewired the Property. In addition the

Landlord has rebuilt the internal wall between the living room and the hall as it was beginning to collapse into the cellar. No carpets, curtains or white goods are provided.

Law:

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

Open Market Rent:

A Hearing was held at which the Landlord, Mr Russell, and his daughter, Mrs Swallow, and the Tenant's representatives, Mr and Mrs Leach, attended. Neither party submitted evidence of specific rents for comparable properties but the Landlord suggested a rent in the region of £600 per calendar month and the Tenant considered a rent of £500 a calendar month appropriate as a market rent were the Property in very good order. The Landlord asked that the Rent Register be changed to show that the Property has central heating. The Committee using the experience of its members determined that a market rent for a property similar to the subject property, taking into account its location, in good condition with central heating, double glazing, modern kitchen and bathroom, and let with carpets, curtains and white goods on an Assured Shorthold Tenancy would be £130.00 per week. However the Committee considered that a global deduction of £30.00 per week should be made in respect of the subject property having a dated kitchen and bathroom, the Tenant's fitting of the kitchen window and the lack of any carpets, curtains or white goods. 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 considered there to be substantial scarcity but the Tenant submitted that there was very little scarcity. It was decided that there is substantial scarcity of "... similar dwelling-houses in the locality..." in this case Northamptonshire, that are available for letting and a deduction would be made to reflect this of 10 %.

Committee's Calculations:

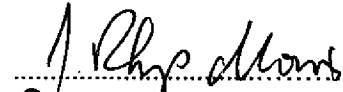
Open Market Rent:	£130.00 per week
Less global deduction for condition	<u>£30.00</u>
	£100.00
Less Scarcity 10%	<u>£ 10.00</u>
	£90.00

'Uncapped' fair rent say £90.00 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".

The Committee found that the Landlord had installed central heating, fitted double-glazing, rewired the Property and rebuilt the failing wall between the living room and the hall. In this case 15% of the previous rent of £59.00 per week would be £8.85 per week. The Committee noted that prior to the Landlord's improvements the windows were in poor condition, there was no central heating as let, the Property required rewiring and the living room wall had started to collapse. The Committee considered that if the property did not have the improvements an additional deduction would have been made which would have given an uncapped rent of £72.00 per week. Therefore the amount of the rent attributable to the improvement would be £18.00, which is more than 15% of the previous registered rent, and so the new rent is exempt from the 'capping' provisions of the Rent Acts (Maximum Fair Rent) Order 1999. Therefore the uncapped rent is to be registered.

FAIR RENT = £90.00 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 form the receipt of this document. The papers will then be returned to the Chair for such detailed reasons to be prepared.

Caution: For the purpose of reaching a decision the Committee inspected the subject property. Such inspection is not a structural survey. Any comments about the condition of the property in this Statement of Reasons are not made as a result of a detailed inspection. Please do not rely upon such comments as a guide to the structural condition of the property.