

SOUTHERN RENT ASSESSMENT PANEL

Statement of Reasons for the Decision by a Committee of the Panel following an Inspection
carried out on 10th June 2004

Rent Assessment Committee

Mrs H C Bowers BSc(Econ) MRICS (Chairman)

Mr D Lintott FRICS

Case No.:	CHI/43UK/MNR/2004/0073
Re:	3 The Grange, 258 Hillbury Road, Warlingham, Surrey.
Landlord:	John Grooms Housing Association
Tenant:	Ms L Bowers

Introduction

1. The Committee considered an application made by the tenant, Ms Bowers, referring a notice proposing a new rent under an Assured Periodic Tenancy. The landlord, John Grooms Housing Association, had served a notice, dated 5th March 2004, proposing that a rent of £82.78 per week for 3 The Grange (the subject property) with effect from 5th April 2004.

The Statutory Provisions and the Tenancy Agreement

2. This matter comes under the jurisdiction of Sections 13 and 14 of the Housing Act 1988 (the Act). Section 13 of the Act provides for annual increase of rent under Assured Periodic tenancies by notice in the prescribed form, served by the landlord on the tenant and for the tenant by an application in the prescribed form to refer the notice to the Rent Assessment Committee.
3. Section 14(1) of the Act provides for the determination of rent by Rent Assessment Committee. The Committee is required to determine the rent at which the subject property could reasonably be expected to let in the open market by a willing landlord on the basis of an assured tenancy commencing on 5th April 2004 but upon the same terms as the subject tenancy, except as they relate to the amount of rent.
4. Section 14(2) of the Act states that the Committee shall disregard the following:-
 - Any effect on the rent attributable to the granting of a tenancy to a sitting tenant;

- Any increase in value of the property attributable to an improvement carried out by the tenant, other than in pursuant of an obligation;
 - Any reduction in the value of the property attributable to the tenant's failure to comply with the terms of the tenancy.
5. There was no tenancy agreement made available to the Committee. However, we understand that this is a monthly Assured Periodic tenancy.

Inspection

6. We made our inspection on 10th June 2004, in the company of the tenant and her father Mr Bowers and Mr Adetoro, a representative of the landlords. The subject property is a converted first floor flat. The accommodation comprises one reception room, kitchen, two bedrooms, a bathroom and a separate WC. The flat is heated by a gas fired central heating system that serves the whole building. The wiring has been causing problems and it would appear to require an upgrade. There is some evidence of water penetration in the past, whilst most of the problems have been rectified, there are still some areas of concern. The kitchen as originally let was fairly basic and has been improved by the tenant. The bathroom is quite small and very basic.
7. The flat is one of seven flats situated in a large house, positioned in an attractive residential area.. There are extensive gardens to the property and they have been kept in a basic condition. There is off street parking for several cars. Whilst there is some garaging provided, the subject flat does not have access to a garage.

Representations and Hearing

8. A hearing was held at a flat within the subject building on 10th June 2004. In attendance were Ms Bowers and Mr Bowers; and Mr Adetoro representing the landlords. Written representations had also been received from both parties and these had been copied to the other party.

Tenant's Case

We were provided with a description of the premises and it's location. It was noted that the flat had suffered from water ingress on a number of occasions and that the electrical system was fragile. Repairs to the property had taken time and had been as a consequence of intervention by the Environmental Health Officer. The proposed rent equated to a 11.22% increase on the previous rent, whilst the landlord was proposing to increase the heating charge from £2.47 per

week to £8.46 per week, and increase of 342%. Other elements of the service charge were queried in respect of the TV aerial and the gardening costs. There is a frustration that supporting figures regarding the service charge has not been provided by the landlord and there is a concern that Ms Bowers is contributing towards the costs of the empty units. The main concern is the charge for the heating and in the opinion of the tenant this figure should be limited to £2.57 per week.

10. Landlord's Case

With regards to the rent, this figure has been fixed by means of a formula. The heating charge is purely the fuel costs and does not include any repairs or maintenance to the system. The landlords have undertaken an exercise to source the cheapest form of fuel and Vision Gas now hold the contract to supply the fuel. Invoices were produced to confirm the figures that have been proposed by the landlord and it was confirmed that the costs are divided between the seven flats and is based upon the relative size of the flats.

Consideration

11. In accordance with the Act we start by looking at the open market rental value of the property. From this we may make a number of adjustments as required by the Act and thus deduce the net market rent for the property under the Assured Periodic Tenancy.
12. We were not provided with comparable information and therefore using our own collective knowledge and experience of the local rental market, we were of the opinion that the open market rent for this property would be £600 per calendar month. This rental level would be achieved for a property in "good modern letting condition".
13. By "good modern letting condition" we mean what a prospective tenant would expect to find. The property would be in good structural and decorative order both inside and out. It would be carpeted and might have curtains. It might also have some "white goods" such as a cooker. That is what people in this locality expect of a letting on the open market and the comparable figures available are for practical purposes all for properties let on assured shorthold tenancies in that condition. In this case no carpets, curtains and white goods are provided and therefore a reduction in the rent of £60 per calendar month is necessary to reflect the lack of these items.

14. We have assumed that the kitchen as originally let would not be up to the standard one would normally expect for a property letting at this level of rent. Also the bathroom is small and the layout of the accommodation is not conventional. For these factors we have deducted £60 per calendar month.
15. There are some outstanding items of disrepair including the conditioning of the wiring. We have made a reduction of £30 per calendar month to reflect this item.
16. Included in the rental payments to the landlord is an element for heating, which is provided to the tenant. Whilst we have seen the heating bills for The Grange and understand as to how the charge is divided between all of the flats, we are of the opinion that the sum recoverable for the subject property is excessive. The reason that the charge for heating is high may be due to inefficiencies of the system. Whilst a prospective tenant would under the terms of the tenancy be obliged to pay the heating cost, it is our opinion that a well informed tenant would reduce the rental bid to reflect the excessive cost for heating. Therefore, we have made a deduction of £30 per calendar month to take account of this issue.
17. We therefore produced the following calculation on a calendar monthly basis:

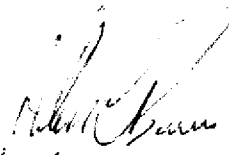
		£
Open Market Rent:		600
Less allowances for:		
Lack of Carpets, Curtains and White Goods	60	
Kitchen/Bathroom	60	
Disrepair	30	
Heating System Inefficiencies	<u>30</u>	
	180	<u>180</u>
		420
	Net Rent	£420 per calendar month

18. We therefore determine a rent of £420 per calendar month and this equates to £97 per week, this sum is net of services. We accept the figures put forward by Mr Adetoro and confirm the services of £14.85 per week. In our opinion there would be some hardship from the adoption of

the date set out in the landlord's notice, accordingly we determine that the rent and service charge will be effective from 10th June 2004, the date of our determination.

Chairman

Date:-


2/7/04