

Eastern Rent Assessment Panel

File Ref No: CAM/22UF/F77/2006/0069

Rent Assessment Committee: Summary Reasons for Decision

Rent Act 1977 ("the Act")

**Address of Premises:
22 Rochford Road
Chelmsford, Essex
CM2 0EG**

**The Committee Members were:
Mr John Hewitt Chairman
Mr Frank James FRICS
Ms Cheryl St Clair MBE BA**

**The Tenant:
Mr D W L Jeffery**

**The Landlord:
Furnhill Limited**

1. Background

Previous Rent Registered	:	£76.00 per week
Rent proposed by the landlord	:	£96.00 per week
Rent determined by the rent officer	:	£85.50 per week
Rent determined by the Committee	:	£86.00 per week

- 1.1 On 1 February 2006 the landlord of the premises applied to the rent officer for the registration of a fair rent of £96.00 per week for the premises, pursuant to section 67 of the Act.
- 1.2 The rent was previously registered on 31 March 2004 with effect from that date was a rent of £76.00 per week.
- 1.3 On 11 July 2006 the rent officer registered a fair rent of £85.50 per week with effect from that date.
- 1.4 By letter dated 13 July 2006 the tenant objected to the rent determined by the rent officer, and the matter was referred to the Rent Assessment Committee.

2. Inspection

- 2.1 The Committee inspected the premises on 7 September 2006 and found them to be in reasonable condition
- 2.2 The following tenant's improvements had been made to the premises:
New kitchen and bathroom, built in wardrobes, uPVC double glazing to most rooms, installation of a number of additional power sockets throughout the premises, loft insulation, garden shed and wall work and some fencing.
- 2.3 The following services are provided for the tenant:
None

3. Evidence

- 3.1 A hearing was held at South Lodge Hotel, 196 New London Road, Chelmsford, Essex CM2 0AR on 7 September 2006. Mr Jeffrey attended and represented himself. The landlord was neither present nor represented.
- 3.2 Mr Jeffrey gave evidence and told of the extensive improvements he had carried out to the premises over the years. This, in marked contrast to works carried out by the landlord. Mr Jeffrey said that he had not had opportunity to research the local lettings market and was not able to provide us with rents of comparable properties. He did, however, say that there was strong demand for two bed room houses and when they come on the market they are snapped up. He explained that central Chelmsford was very popular being close to an excellent railway network.
- 3.3 Mr Jeffrey submitted that the fair rent for the premises should not exceed £80.00 per week.

4. The Law

- 4.1 When determining a fair rent the Committee, in accordance with section 70 of the Act, had regard to all of the circumstances including the age, location and state of repair of the premises. It also disregarded the effect of:-
 - a) any relevant tenant's improvements, and
 - b) the effect of any disrepair or other defect attributable to the tenant or any predecessor in title under the regulated tenancyon the rental value of the premises.
- 4.2 In *Spath Holme Limited v Chairman of the Greater Manchester etc Committee* (1995) 28 HLR 107 and *Curtis v London Rent Assessment Committee* (1999) QB 92, the Court of Appeal emphasised:-

- a) that ordinarily a fair rent is the market rent for the premises discounted for "scarcity" (i.e. that element, if any, of the market rent, that is attributable to there being a significant shortage of similar premises in the wider locality available for letting on similar terms - other than as to rent to that of the regulated tenancy in question, and
- b) that for the purpose of determining the market rent, assured tenancy (market) rents are usually appropriate comparables. These rents may have to be adjusted where necessary to reflect any relevant differences between those comparables and the subject premises.

5. Valuation

- 5.1 In the first instance the Committee determined what rent the landlord could reasonably be expected to achieve for the premises in the open market if the premises were let today in the condition that is considered usual for such an open market letting. It did this by having regard to the evidence submitted by the landlord and to the Committee's own general knowledge of market rent levels in the area of Chelmsford. Having done so, it concluded that such a likely market rent would be £150.00 per week.
- 5.2 However, the premises are not in the condition considered usual for a modern market letting at a market rent. Therefore it was necessary to adjust the hypothetical rent of £150 per week to allow for the differences between the condition considered usual for such a letting and the condition of the actual premises as observed by the Committee, (but disregarding the effect of any disrepair or other defect attributable to the tenant or any predecessor in title). The Committee considered that this required a deduction of £49.00 per week.
- 5.3 The Committee determined that the market rent for the premises, so adjusted was £101.00 per week.
- 5.4 The Committee found that there was substantial scarcity for two bed room houses in close proximity to the railway network in Essex and therefore made a further deduction of 15% from the market rent to reflect this element.
- 5.5 Calculations:

Open market rent	£150.00 per week
Deduction for lack of modern amenities	<u>£ 49.00</u>
Open market rent for the premises	£101.00
Deduction for scarcity	<u>£ 15.00</u>
Fair rent (Uncapped)	£ 86.00

6. The Decision

- 6.1 The uncapped fair rent determined by the Committee, pursuant to section 70 of the Act, was accordingly £86.00 per week, inclusive of services.
- 6.2 The Committee considered the Rent Acts (Maximum Fair Rent) Order 1999, SI 1999 No. 6 ('the 1999 Order') and the question whether the fair rent was to be capped in accordance with its provisions. The Committee decided that the 1999 Order applies, but the rent determined by the Committee is the same as the amount of the cap.
- 6.3 Accordingly, the sum of £86.00, inclusive of services, will be registered as the fair rent of the premises with effect from 7 September 2006 being the date of the Committee's decision.

Chairman



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John Hewitt

Dated

8 September 2006

Note:

This document contains a summary of the reasons for the Rent Assessment Committee's decision. If either party requires extended reasons to be given, they will be provided following a request to the Committee clerk, which must be made within 28 days from the date on which this document is sent to the parties.