

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 54 CHESTER AVENUE, LUTON, BEDFORDSHIRE LU4 9SQ

File Reference No.:	CAM/00KA/F77/2006/0091
Landlord:	Mountview Estates plc, Mountview House, 151 High Street, Southgate, London N14 6EW
Tenant:	Mr JV Shearman
Existing Rent:	£315.00 per calendar month (Below the capped rent under the Rent Acts (Maximum Fair Rent) Order 1999)
Rent Proposed by Landlord:	£390.00 per calendar month
Rent Determined by Rent Officer:	£340.50 per calendar month capped under the Rent Acts (Maximum Fair Rent) Order 1999 (Uncapped rent £360 per calendar month)
Rent Determined by Committee:	£385.00 per calendar month (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 monthly periodic tenancy that commenced in 1973. 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 22nd August 2006 proposed a new rent of £390.00 per calendar month. On the 27th September 2006 the Rent Officer registered a rent effective from that date of £340.50 per week calendar month capped under the Rent Acts (Maximum Fair Rent) Order 1999, the uncapped rent being £360.00 per calendar month. On the 5th October 2006 the Landlord applied to the Rent Assessment Panel.

The Property:

The Property is a two storey, terraced house constructed circa 1930 of brick under a tile roof and comprises a hall with stairs to the first floor, two living rooms and a kitchen on the ground floor. On the first floor there are three bedrooms and a bathroom with w.c. There is a garden to the rear and a garden with space to park a vehicle in the front. The property has mains water, electricity gas drainage. Space and water heating is by gas fired central heating system. The Property is situated in a residential area of Luton.

Condition:

The Committee inspected the property in the presence of the Tenant. Externally the property was in fair condition. In the front there are upvc double-glazed windows fitted by the Landlord in 1986. The Landlord has since the last registration fitted new upvc double glazed windows to the rear and installed gas-fired central heating. Internally the bathroom and kitchen are dated and basic. The valleys over the bay window in the front bedroom appear to be leaking. 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:

The Landlord submitted a number of asking rents for comparable properties. 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 £650.00 per calendar month. However the Committee considered that a global deduction of £195.00 per calendar month should be made in respect of the subject property for the dated and basic kitchen and bathroom, the lack of any carpets, curtains or white goods and the condition of the roof and valleys over the bay. 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:

It was decided that there is substantial scarcity of "... similar dwelling-houses in the locality..." in this case Bedfordshire, that are available for letting and a deduction would be made to reflect this of 15 %.

Committee's Calculations:


Open Market Rent:	£650.00 per calendar month
Less global deduction for condition	<u>£195.00</u>
	£455.00
Less Scarcity 15%	<u>£ 68.25</u>
	£386.75

'Uncapped' fair rent say £385.00 per calendar month

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 fitted upvc double glazed windows and central heating. In this case 15% of the previous rent of £315.00 per calendar month would be £47.25 per calendar month. The Committee noted that prior to the Landlord's improvements the windows were in poor condition and there was no central heating. 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 £330.00 per calendar month. Therefore the amount of the rent attributable to the improvement would be £55.00, 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 = £385.00 per calendar month

 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 from 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.