

EASTERN RENT ASSESSMENT PANEL

STATEMENT OF REASONS FOR THE DECISION OF THE COMMITTEE WHICH MET ON 14th JULY 2006 TO DETERMINE A FAIR RENT IN RESPECT OF 35 HIGH STREET, EYDON, DAVENTRY, NORTHAMPTONSHIRE NN11 3PP

File Reference No.:	CAM/34UG/F77/2006/0045
Landlord:	Mr Michael May, 22 Lime Avenue, Eydon, Daventry, Northamptonshire, NN11 3PG
Tenant:	Mrs Sheila Sanders
Existing Rent:	£100.00 per lunar month prior to the Rent Acts (Maximum Fair Rent) Order
Rent Proposed by Landlords:	£135.12 per week
Rent Determined by Rent Officer:	£167.50 per lunar month capped under the Rent Acts (Maximum Fair Rent) Order (uncapped rent £366.00 per lunar month)
Rent Determined by Committee:	£320.00 per lunar month capped rent under the Rent Acts Maximum Fair Rent) Order (uncapped rent £172.00 per lunar month)
Members of the Committee:	Mr JR Morris (Chairman) Mrs S Redmond BSc Econ MRICS Mr R Rehann
Clerk to the Committee:	Mr J Childe

The Tenancy:

The tenancy appears to be a statutory four weekly (lunar month) periodic tenancy, which commenced as a contractual tenancy on 26th January 1980. Section 11 of the Landlord and Tenant Act 1985 appears to apply in respect of the Landlord's obligations being a tenancy that is not for a fixed period of 7 years or more. In addition under the Tenancy the Tenant is responsible for internal decoration and the Landlord for external repairs.

The Application:

On the 26th February 1990 the Rent Officer registered a rent of £100.00 per lunar month effective from that date. The Landlord by a notice in the prescribed form received by the Rent office on the 12th April 2006 proposed a new rent of £300.00 per lunar month. The Application is the first in relation to this Property since the coming into effect of the Rent Acts (Maximum Fair Rent) Order 1999. On the 8th May 2006 the Rent Officer registered a rent effective from that date of £167.50 per lunar month capped under the Rent Acts (Maximum Fair Rent) Order 1999, the uncapped rent being £366.00 per lunar month. On 19th May 2006 the Landlord applied to the Rent Assessment Panel.

The Property:

The property is a two-storey semi-detached house constructed circa 1800 of brick and stone under a tile roof. The house comprises a porch, a hall from which rise stairs to the first floor, a living room, a dining room, a kitchen and a bathroom on the ground floor with three bedrooms on the first floor. Space heating is by open fires and solid fuel central heating system. Water heating is by electric immersion heater. There is a garden to the front of the house and the Tenant has two garden plots, which are to the rear of the chapel behind the Property. The Property has mains electricity, water and drainage. The property is situated in a rural village. The property is let unfurnished. The property is situated about 12 miles from Daventry and 10 miles from Banbury.

Condition:

The Committee inspected the property in the presence of the Tenant. The exterior of the property is in fair condition. The Landlord has fitted new guttering and fascias and new double-glazed upvc windows. A new roof had also been constructed in the 1980s. Internally the Landlord has installed a

new boiler and chimney lining and re-plastered some areas. However there is only partial central heating and the kitchen is dated and the bathroom is basic. There are no carpets, curtain or white goods provided. There is no off road parking but street parking in unrestricted.

Law:

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

Assessment of a Fair Rent:

Neither party submitted rental evidence of comparable properties. The Committee using the experience of its members determined that a market rent for 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 £580.00 per lunar month. The Committee considered that a global deduction of £200.00 per lunar month should be made in respect of the subject property to take account of the dated kitchen and bathroom, the partial central heating and the lack of carpets, curtains and 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

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

Committee's Calculations:


Open Market Rent:	£580.00 per lunar month
Less global deduction	<u>£200.00</u>
	£380.00
Less Scarcity 15%	<u>£ 57.00</u>
	£323.00

'Uncapped' fair rent say £320.00 per lunar 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. The capped rent in this case is £172.00 per lunar month, which is lower than the Fair Rent assessed by the Committee. 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 carried out a number of works including external works of new guttering and fascias, new double-glazed upvc windows, and internally a new boiler and chimney lining and some re-plastering. A new roof had also been constructed although this was in the 1980s before the last registration in 1990. In this case 15% of the previous rent of £100.00 per lunar month would be £15.00 per lunar month. The Committee considered that if these works had not been carried out an additional deduction would have been made which would have given an uncapped rent of £295.00 per lunar month. Therefore the amount of the rent attributable to the improvement would be £25, 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 = £320.00 per lunar month

.....JR 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: The Committee inspected the subject property for the purposes of reaching this decision. The inspection was not a structural survey and any comments about the condition of the property in this Statement must not be relied upon as a guide to the structural or other condition of the property.