

**Rent Assessment Committee: Extended Reasons for Decision.
Housing Act 1988**

Address of Premises
2 Post Office Lane
Guiting Power
Cheltenham
Gloucs. GL54 5UR.

The Committee members were:
Mr R L Sansbury (Chairman)
Mr J R Boddy MRICS
Mr J S McAllister FRICS

1. Background

By an undated application received in the Panel Office on 1 March 2004, Mrs Elizabeth Woods, one of the tenants of the above property referred to the Committee a notice of increase of rent served by the landlord (The Guiting Manor Amenity Trust) under section 13 of the Housing Act 1988.

The landlord's notice, which proposed a rent of £430 per month with effect from 1 April 2004 is dated 19 February 2004

The tenancy is a periodic assured shorthold tenancy which commenced on 10 June 1999. The current rent is £280 per month.

2. Inspection

- (a) The Committee inspected the property on 22 April 2004 in the presence of Mrs Woods. The landlords were not represented.
- (b) The property was found to be a semi-detached two-bedroomed cottage of traditional natural stone construction in the rural Cotswold village of Guiting Power which is approximately mid-way between Cheltenham and Stow-on-the-Wold.
- (c) Village amenities include two shops (one of them being also the Post Office) and two public houses. There is a limited rural bus service.
- (d) The accommodation comprises a small entrance hall, living room and kitchen on the ground floor. There is a landing on the first floor together with two bedrooms and the bathroom. Outside there is a small patio front garden and a yard area at the back containing a covered log store and coal bunker.
- (e) By way of services, there is mains electricity water and drainage.
- (f) The property appears to be in reasonable condition having regard to its age and character. More specifically as to its state and condition there is:
- (g) (1) a solid fuel heating system with radiators in two bedrooms and the kitchen and also providing hot water (backed up as necessary by an electric immersion heater)
(2) mould on the bedroom windows
(3) a very small bathroom with no window..
(4) single glazed metal windows throughout.

- (5) no garage or parking space provided with the property although the tenant is usually able to park nearby by private arrangement.
- (h) Access to the cottage is over an unmade (presumably private) drive.
 - (i) The white goods (including the cooker) and the carpets and curtains throughout are the property of the tenants.
 - (j) By way of qualifying improvements, the tenants had also provided the majority of the units in the kitchen, the shower in the bathroom and the wardrobe in bedroom.

3 Evidence

A. The written representations

No written representations were received from the tenants.

The landlord supplied a list of rental valuations from Hayman-Joyce, Chartered Surveyors and Estate Agents, dated 11 December 2003. The Committee members were surprised that such valuation was not disclosed by the landlord to the Committee voluntarily and in good time for the inspection and hearing. In the event it was only supplied by the landlord following a specific request by the Chairman with the result that the Committee did not receive it until the day of the inspection when a copy was also given to the tenant.

The valuation gave monthly rental figures for a number of properties in Guiting Power including the subject property and indicated the basis on which Hayman-Joyce's figures were calculated. Their rental figure for this property was £430 per month and that is the figure proposed by the landlord.

In a letter to the Panel Office dated 10 March 2004, Mr C H Arkell for the landlord stated - "At the end of the day, as a Trustee, I have a duty of care to the Charity Commissioners who have asked us to assess the market rent for properties.....". He also referred to the former policy of the Trust to charge low rents to help local people.

B The hearing.

A hearing was held on 23 April 2004 at the Sherbourne Room, Cheltenham Borough Council Offices Promenade Cheltenham at which oral representations were made by the tenant Mrs Woods. The landlords were not present or represented.

Before the hearing started, Mr McAllister said that he should mention (because it might be thought to affect his impartiality as a member of the Committee) that he knew Mr Hayman-Jones (the landlord's valuer referred to in paragraph 3 whose report had been produced on the morning of the inspection) because he and Mr Hayman-Jones had worked with the same company (though not in the same department) for five years between approximately 1987 and 1992. Mr McAllister therefore offered to withdraw from being a member of the Committee dealing with this matter if the tenant would like him to do so. However Mrs Woods indicated that she was happy for Mr McAllister to continue as a member of the Committee.

In opening the Chairman referred to the relevant law (see paragraph 5 below) and said that it was the Committee's task to determine the rent having regard to the condition of the property on that day.

Mrs Woods said that the rent had gone up from £208 in June 1999 to the proposed £430 now. (The current rent of £280 per month was fixed in March 2002). The increase of £150 per month was a large amount to find. She could not cope with that and the Council Tax,

In reply to questions from Committee members, Mrs Woods confirmed that the carpets throughout were the tenants' and so was the shower; they had bought the kitchen units from the previous tenant, otherwise there would only have been four units. The white goods including the cooker were their property. The kitchen was draughty. The solid fuel stove powered the radiators in the two bedrooms and the one in the kitchen; the stove burned either coal or wood and it was necessary to re-fuel it at least three times a day.

There was no parking space included in the tenancy. If she was not able to park nearby it was necessary to park in the village car park and do a two-minute walk with her child of 10 months. The tenants do not pay anything towards the upkeep of the small shared length of unmade drive leading to the property.

Mrs Woods produced the Tenancy Agreement dated 10 June 1999. By clause 2 (1) the tenants are required to keep the interior of the premises clean and tidy and in a good tenantable state of repair and decorative order. There was reference to a Schedule of Condition which was however absent. Clause 3 (1) makes the landlord responsible for structural maintenance including plumbing and electrical work and external painting etc. Mrs Woods confirmed that they had decorated to their taste

Mrs Woods confirmed that Mr Hayman-Joyce and Mr Arkell had inspected the property together, including the inside. She thought that Mr Hayman-Joyce's rental figure for this property (£430) was high. As a comparable she referred to 2 Greenbank Cottages (£475 sought by the landlord). She had herself lived in 1 Greenbank Cottages for 16 years. She thought the new rent for the subject property should be between £300 and £350.

Mrs Woods produced some letters from the landlords, in particular one dated 14 August 2003 confirming that its previous practice of reducing rents for local people by 25% was not acceptable to the Charity Commission (Mr Arkell had said that the Charity Commission was "adamant"); however there was provision for granting relief to tenants in need. She also produced a press cutting referring to the hardship being suffered by Guiting Power tenants as a result of these substantial increases of rent. Mrs Woods could not understand why the Charity Commission should make these increases "all in one go".

4 The facts

The Committee found as facts the matters set out in paragraph 2 above and that in particular the tenants had carried out qualifying improvements (as

defined by section 14 (2) of the Housing Act 1988) namely those referred to in paragraph 2 (j)

5 The Law

Notwithstanding the tenants' arguments set out in paragraph 3 (b) above the Committee is bound by the terms of section 14 Housing Act 1988. It therefore proceeded to determine the rent at which it considered that the subject property might reasonably be expected to be let on the open market by a willing landlord under an assured tenancy.

In so doing the Committee, as required by section 14 (1), ignored the effect on the rental value of the property of any relevant tenant's improvements as defined in section 14 (2) of that Act.

In coming to its decision the Committee had regard to its inspection, to the evidence of both parties (set out in paragraph 3 above) and to the members' own general knowledge of market rent levels in the area of the Cotswolds.

6 Valuation

The Committee in the first instance determined the rent the landlord could reasonably be expected to obtain if the property were let today in the condition and on terms usual for such an assured shorthold open market letting, namely with the landlord supplying curtains, white goods and full central heating and with the landlord responsible for interior decorations. It concluded that such a likely market rent would be £525 per month.

However the subject property is not in the condition or let on the terms considered usual for an open market letting. Therefore it was first necessary to adjust that hypothetical rent of £525 per month to allow for the actual condition of the property as observed by the Committee. The Committee considered that this required the following deductions (expressed initially in weekly terms):-

Central heating being by solid fuel	£5 per week.
No white goods supplied by the landlord	£5 per week
No carpets or curtains supplied by the landlord	<u>£5 per week</u>
Total £15 per week or £65 per month.	

In addition the Committee decided that there should be further deductions as follows:-

- (1) to reflect the tenants' improvements £10 per month
- (2) to reflect the somewhat unusual obligation on the tenant for internal decorations - a further £25 per month.

The total deductions are therefore (£65 + 10 + 25 =) £100 per month.

7 The decision.

The Committee therefore concluded that the rent at which the property might reasonably be expected to be let on the open market would be (£525 - 100 =) £425 per month. This rent will take effect from 1 April 2004 being the date specified by the landlords in the notice of increase.

Chairman.....

Roy L. Channing

Dated..... 2004

12 May