

## **Rent Assessment Committee: Summary reasons for decision. Rent Act 1977**

### **Address of Premises**

6,11,27 and 28 Clifford Gardens,  
Newcombes,  
Crediton,  
EX17 2AN

### **The Committee members were**

T E Dickinson BSc FRICS (Chair)  
A Cresswell  
Dr M L James MA BA FRSA

## **1. Background**

On 29<sup>th</sup> September 2006 the landlords applied to the rent officer for registration of fair rents of £90.05 and £93.50 per week for the above properties to include variable services in each case.

The rents payable at the time of the application were £75.01 and £77.91 per week including variable services.

The rents were previously registered on 21<sup>st</sup> July 2004 with effect from the same date at £70.68 and £73.68 per week including variable services following determinations by the rent officer.

On 14<sup>th</sup> November 2006 the rent officer registered fair rents of £85.00 and £90.00 per week including variable services with effect from 10<sup>th</sup> December 2006.

By a letter dated 21st November 2006 the landlord objected to the rents determined by the Rent Officer and the matter was referred to the Rent Assessment Committee.

## **2. Inspection**

The Committee inspected the properties on Tuesday 9<sup>th</sup> January 2006 and found them to be in good condition as described more particularly in the Rent Officer's survey sheets which had been copied to the parties.

The following tenant's improvements had been made to the properties.

None brought to our attention

### **3. Evidence**

The Committee received written representations from all parties and these were copied to the respective parties. No hearing was requested.

### **4. The law**

When determining a fair rent the Committee, in accordance with the Rent Act 1977, section 70, had regard to all the circumstances including the age, location and state of repair of the property. 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 tenancy, on the rental value of the property.

In *Spath Holme Ltd 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 property discounted for 'scarcity' (i.e. that element, if any, of the market rent, that is attributable to there being a significant shortage of similar properties in the wider locality available for letting on similar terms - other than as to rent - to that of the regulated tenancy) and
- (b) that for the purposes 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 property).

The Committee also has to have regard to the Rent Acts (maximum fair rent) order 1999 where applicable. Most objections to and determinations of registered rents are

now subject to the order, which limits the amount of rent that can be charged by linking increases to the retail price index. It is the duty of the Rent Assessment Committee to arrive at the fair rent under Section 70 of the Act but in addition to calculate the maximum fair rent which can be registered according to the rules set out in the order. If that maximum rent is below the fair rent calculated as above, then that (maximum) sum must be registered as the fair rent for the subject property.

## **5. Valuation**

Thus in the first instance the Committee determined what rents the landlord could reasonably be expected to obtain for the properties in the open market if they were let today in the condition that is considered usual for such open market lettings. It did this by having regard to the evidence supplied by the landlord and the Committee's own general knowledge of market rent levels in the area of Mid Devon. Having done so it concluded that such a likely market rent would be £95.05 per week for flat 6 and £98.50 per week for flats 11,27 and 28.

However, the actual properties are not in the condition considered usual for a modern letting at a market rent (usually Assured Shorthold Tenancies). Therefore, it was first necessary to adjust that hypothetical rent of £95.05 and 98.50 per week to allow for the differences between the condition considered usual for such a letting and the condition of the actual properties as observed by the Committee (disregarding the effect of any disrepair or other defect attributable to the tenants or any predecessors in title). The Committee considered that this required a deduction of £5.00 per week in each case.

The Committee did not consider that there was any substantial scarcity element and accordingly no further deduction was made for scarcity.

This leaves net market rents for the subject properties of £90.05 per week for flat 6 and £93.50 per week for flats 11,27 and 28.

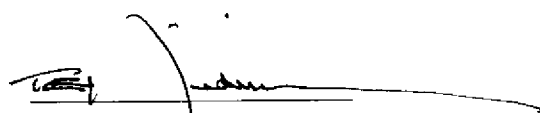
## 6. Decision

The fair rents initially determined by the Committee, for the purposes of section 70, were accordingly £90.05 per week for flat 6 and £93.50 per week for flats 11,27 and 28.

However, by virtue of the Rent Acts (maximum fair rent) order 1999 the maximum fair rents that can be registered in the present case are the lower sums of £88.70 per week for flat 6 and £92.20 for flats 11,27 and 28.

**Accordingly the sums of £88.70 per week for flat 6 and £92.20 per week for flats 11,27 and 28 to include variable services of £22.20 per week in each case will be registered as the fair rents with effect from 9<sup>th</sup> January 2007 being the date of the Committee's decision.**

Chairman



T E Dickinson BSc FRICS

Dated

9<sup>th</sup> January 2007

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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 at the Panel Office which must be made within 21 days from the date of issue of this document.