

Rent Assessment Committee: Extended reasons for decision.
Rent Act 1977

Address of Premises

10C Trindles Road
South Nutfield
Redhill
Surrey RH1 4JN

The Committee members were

Mr R T A Wilson LL.B
Mr J H S Preston JP FRICS
Miss J Dalal

Background

1. On 2nd August 2002 the landlord, Crystal Palace Housing Association, applied to the rent officer for registration of a fair rent of £203.12 per month for the above property. The rent was previously registered on 13th January 1998 following a determination by the rent officer and was set with effect from the same date at £199 per month.
2. On 3rd June 2003 the rent officer registered a fair rent of £241 per month with effect from that date. By a letter dated 6th June 2003 the tenant Mr & Mrs M Taylor objected to the rent determined by the Rent Officer and the matter was referred to the Rent Assessment Committee.
3. By a letter dated 12th August 2003 the Landlord confirmed the current monthly charges under the lease for administration and buildings insurance were £12.00 & £7.66 per month respectively.

4. Mr & Mrs Taylor hold the property by virtue of a shared ownership lease. Under the staircasing provisions of their lease they have purchased 50% of the property and accordingly are liable to pay 50% of the fair rent of the property.

Inspection

5. The Committee inspected the property on 5th August 2003 in the presence of the tenant and found it to be in good condition and as described more particularly in the Rent Officer's survey sheet, which had been copied to the parties. The accommodation comprised of a living room, kitchen and conservatory to the ground floor and three bedrooms and a bathroom/WC to the first floor. The property had the benefit of a garage with a small open plan front garden and a rear garden approximately 16m in depth.

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

- * Construction of a conservatory
- * Installation of a shower
- * Replacement of bathroom tiling
- * Upgrading of kitchen
- * Double glazed UPVC windows
- * Central Heating – radiator system replacing ducted air system
- * Recessed lighting to living room

Evidence

6. The Committee received written representations from the tenant and these were copied to the landlord. The tenant pointed out that the proposed increase of more than £50 per month was a great deal. They had to pay a large mortgage and their council tax had gone up substantially. No written representations were received from the landlord.

Neither party requested a hearing at which oral representations could be made.

The Law and Consideration

7. 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. It also disregarded the tenants personal financial circumstances.
8. 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).

Valuation.

9. With the benefit of our collective knowledge of open markets both generally and in the area, we concluded that the rent for the subject property, let on an assured shorthold tenancy, in the open market, in good modern letting condition would be £775 per month. By good modern letting condition we mean what a prospective tenant would expect to find in this locality in a property available to let on the open market. The property would be well presented, with modern fittings, clean and comfortable. The property would be in good structural and decorative order both inside and out. It would have central heating and a modern kitchen and bathroom. It would also have white goods such as a cooker, fridge and washing machine.
10. The adjustments below take account of the difference between such a property and the one we are considering and allow for the effect that those differences would have on the rent that the subject property would fetch on the open market.
11. When properties are let on the open market in this area, the landlord usually includes floor coverings and white goods. None is included in this letting. We made an adjustment of

£45 per month to allow for this difference. This allowance reflects the amount of the reduction in rent that we believe a prospective tenant would expect to negotiate in the open market because of their absence.

12. Furthermore to allow for the tenants' improvements as listed above it was necessary to make a further deduction of £40 per month. This allowance reflects the amount of rent that we believe a prospective tenant would pay/attribute to these improvements, and for the reasons explained in paragraph 5b above we deducted this figure from our calculations.
13. We also have to make an adjustment to reflect the differing repairing and decorating obligations between the usual open market assured shorthold tenancy and the shared ownership lease, which applied to the subject property. The assured shorthold tenant normally has no responsibility for repairs. A leaseholder of a share ownership lease has a full repairing and insuring liability. Someone taking a tenancy in the open market that imposed these additional obligations, would expect to pay less in rent than if the landlord was to undertake these responsibilities. In this case the reduction would relate to what it would cost to keep the house in good structural and decorative order and repair. We made a reduction of £80 per month to deal with this point.
14. We made a further deduction of £19.66 being the monthly amount payable by the tenant to the landlord for administration and insurance. We made this deduction as this figure represents a service charge payable under the lease and is not part of the rent.
15. Deductions therefore totalled £184.66 giving rise to a gross rent of £590.30 per month.

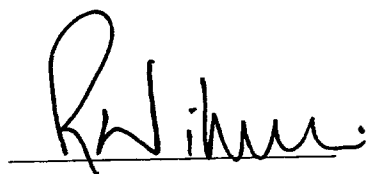
16. This figure then had to be further adjusted to allow for the tenants premium or equity share.
The tenant has a 50% equity share and accordingly is liable to pay 50% of the gross rent namely £295.16 per month.
17. We then added back the administration and insurance charge of £19.66, which left a fair rent for the subject property inclusive of this service charge of £314.82 per month.
18. The Committee did not consider that there was any substantial scarcity element and accordingly no further deduction was made for scarcity.

Decision

19. The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £314.82 per month.
20. However, by virtue of the Rent Acts (Maximum Fair Rent) Order 1999 the maximum fair rent that can be registered in the present case is the lower sum of £241.50 per month.
(Details are provided on the back of the decision form).

Accordingly the sum of £241.50 per month will be registered with effect from 12th August 2003 being the date of the Committee's decision.

Chairman



26th August 2003

Dated
