

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

**Rent Act 1977**

### **Address of Premises**

2 Warren Court  
Warren Close  
Leamington Spa  
CV32 6LB

### **The Committee members were**

Mrs P Dhadli  
Mr D J Satchwell FRICS  
Mr J Arain

### **1. Background**

On 17.04.06 the landlord applied to the rent officer for registration of a fair rent of £1320.00 per quarter for the above property [£5280.00 per annum /£440.00 per month].

The rent payable at the time of the application was £316.66 per calendar month.

The rent was previously registered on 8.06.04 with effect from 17.07.04 at £316.66 per calendar month [£3800.00 per annum] following a determination by a rent assessment committee.

On 20.06.06 the rent officer registered a fair rent of £4187.50 per annum or £384.95 per calendar month including £281.00 in respect of services with effect from 17.07.06

By a letter dated 20.06.06 the landlord objected to the rent determined by the Rent Officer and the matter was referred to the Rent Assessment Committee.

### **2. Inspection**

The Committee inspected the property on 11.10.06 and found it to be in fair condition/as described more particularly in the Rent Officer's survey sheet which had been copied to the parties.

The registered rent includes a sum for the services as listed on the rent register.

### **3. Evidence**

The Committee received written representations from the landlord and tenant and these were copied to the parties.

A hearing was arranged for 1.15pm on 11.10.06 in Coventry but neither party attended. The matter was adjourned to the 3.11.06 and a letter dated 12.10.06 was sent to the parties setting out the reasons for the adjournment.

On the 3.11.06 a hearing took place in Birmingham and oral representations were made on behalf of the Landlord. As a result of unresolved issues concerning the hot water supply to the subject property the matter was further adjourned by agreement with the Landlords agent and a letter dated the 3.11.06 was sent out to the parties to explain the reasons for the further adjournment.

A number of letters have been received by the Panel Office from the parties which have been copied to them. The parties have now acknowledged that the work in relation to the supply of the hot water in the subject property has been completed with the installation of a new combi boiler.

#### **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).

#### **5. Valuation**

Thus in the first instance the Committee determined what rent the landlord could reasonably be expected to obtain for the property in the open market if it were let today in the condition that is considered usual for such an open market letting. 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 Leamington Spa. Having done so, it concluded that such a likely market rent would be £7800.00 per annum.

However, the actual property is not in the condition considered usual for a modern letting at a market rent. Therefore it was first necessary to adjust that hypothetical rent of £7800.00 per annum to allow for the differences between the condition considered usual for such a letting and the condition of the

actual property as observed by the Committee (disregarding the effect of any disrepair or other defect attributable to the tenant or any predecessor in title). The Committee considered that this required a deduction of £1800.00 per annum.

The Committee found that there was substantial scarcity in the locality and therefore deducted a further sum of £1200.00 from the market rent to reflect this element.

**This leaves an occupational element of a fair rent for the subject property of £4630.00 per annum to which the service element sum of £170.00 in respect of services should be added resulting in a fair rent of £4800.00 per annum.**

## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £4800.00 per annum inclusive of £170.00 per annum in respect of services.

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 £4261.00 per annum inclusive of services (Details are provided on the back of the decision form).

**Accordingly the sum of £4261.00 per annum inclusive of services of £170.00 per annum will be registered as the fair rent with effect from 20.11.06 being the date of the Committee's decision.**

Chairman     Mrs P Dhadli

Dated            20<sup>th</sup> November 2006

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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.