

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

25 Jersey Road
Ilford
Essex
IG1 2HH

The Committee members were

Mrs V T Elvidge BA (Hons)
Mr P G Plumbe FRICS
Mr O N Miller BSc

1. Background

On 13 December 2002 the landlord applied to the rent officer for registration of a fair rent of £81 per week for the above property.

The rent payable at the time of the application was £54 per week.

The rent was previously registered on 7 September 2001 with effect from the same date at £54 per week following a determination by a rent assessment committee.

On 27 June 2003 the rent officer registered a fair rent of £68 per week with effect from that date.

By a letter dated 27 June 2003 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 was unable to gain access at the appointed time in order to inspect the property internally and therefore made an external inspection only. They found the exterior to be in fair external condition with replacement UPVC windows.

3. Evidence

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

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

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 representations made by the parties and the Committee's own general knowledge of market rent levels in the area of Ilford. Having done so it concluded that such a likely market rent would be £160 per week.

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 £160 per week to allow for both the different terms of the letting and the differences between the condition considered usual for such a letting and the condition of the actual property as reported to the Committee (disregarding the effect of any disrepair or other defect attributable to the tenant or any predecessor in title). In particular, the Committee took account of the unsatisfactory layout, the unmodernised kitchen and the absence of central heating and white goods, carpets and curtains. The Committee considered that this required a deduction of 35%.

This leaves an adjusted market rent for the subject property of £104 per week.

The Committee found that there was substantial scarcity in the locality of the outer London boroughs and therefore made a deduction of 20% from the market rent to reflect this element.

6. Decision

The uncapped fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £83 per week.

The fair rent to be registered is not limited by the Rent Acts (Maximum Fair Rent) Order 1999 because by virtue of landlord's repairs and/or improvements since the previous registration the rent determined by the Committee exceeds by at least 15% the previous registered rent. Taking the unadjusted market rent figure of £160 per week and from this deducting at least 50% to reflect the condition of the property

prior to the works (flashings, new windows, rewiring, 2 new ceilings and other replastering) produces an adjusted market rent of £80 per week. A further allowance for scarcity of say 10% (for a house in serious disrepair) produces a fair rent figure of £72 per week. As this would represent an increase of over 30% attributable to improvements the Committee applied the exception.

Accordingly the sum of £83 per week will be registered as the fair rent with effect from 6 November 2003 being the date of the Committee's decision.

Chairman: V T Elvidge

Dated: 6 November 2003

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 written request to the committee clerk at the Panel Office which must be made within 28 days from the date of issue of this document.

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