

Rent Assessment Committee: Full Reasons for decision.

Rent Act 1977

Address of Premises

2 Oakview Villas
Arthurs Bridge Road
Woking
Surrey GU21 4NT

The Committee members were

Mr B Mire BSc (Est Man) FRICS
Mr R Wilkey FRICS FICPD

1. Background

On 28th January 2005 the Landlord applied to the Rent Officer for registration of a fair rent of £975 per calendar month for the above property.

The rent payable at the time of the application was £75 per week which had been registered on and was effective from the 8th April 2003 following a determination by a Rent Assessment Committee.

On the 22nd March 2005 the Rent Officer registered a fair rent of £82 per week with effect from the 8th April 2005.

By a letter dated the 8th April 2005 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 3rd June 2005 and found it to be in poor condition. It is located on a very busy main road adjacent to commercial garage premises. It comprises of four rooms, a kitchen and bathroom/WC in an extension on the ground floor to the rear of the kitchen. It has front, side and rear gardens.

We noted that the premises suffer from rising damp in both living rooms and to the kitchen. The window frames are in exceptionally poor condition and have virtually disintegrated in places. The rain water goods were in very poor condition. An external area, possibly a coal bunker to the rear of the kitchen was extended and converted to a bathroom in the mid 1980's. The sanitary ware was in good condition

although the WC pan and wash hand basin had been replaced by the Tenants. The Committee considered it a small room and one which was quite inadequate in addition to being located on the ground floor.

Heating is provided by the Tenant's own gas fired appliances. The house had last been rewired in the mid 1980's and was therefore due for rewire. Secondary glazing and "air boxes" had been provided by the Local Authority at some time in the past when the road traffic increased along the bypass which passes the premises.

It was noted that the Tenant had improved the property by replacing the kitchen sink and by providing other kitchen cupboards.

3. Evidence

The Committee had not received any written representations from either party and could not determine a reason for the Landlord's application for a fair rent at a fanciful level substantially higher than the passing rent which they consider to be a practice that can be of initial grave concern to a tenant.

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 evidence supplied by the Landlord's agents and the Committee's own general knowledge of market rent levels in the area of Surrey which it is aware have fallen or at best stagnated over the last couple of years. Having done so it concluded that such a likely market rent would be £750 per calendar month.

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 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 and any improvements undertaken by the tenant).

The Committee considered that this required a deduction of £185 per month to make allowances for:

Lack of carpets, curtains and white goods	£45
Lack of central heating	£35

Tenant's internal decorating liability	£30
Lack of fully fitted modern kitchen	£15
Rewiring	£15
Window disrepair	£30
Rainwater goods	£5
Inadequate bathroom	£10

When properties are let in the open market in this area, the landlord generally includes carpets and curtains and white goods. None are included in this letting. We made an allowance to reflect 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.

In just the same way the original kitchen provided by the landlord in this property was not of the standard that would be expected of a property in good modern letting condition. We considered that a prospective tenant for this property in the open market would expect to pay less rent because of the inferior nature of this facility.

We also have to make an adjustment to reflect the different obligations about repairs and decorations, between the usual open market assured shorthold tenancy and a regulated tenancy. The assured shorthold tenant normally has no responsibility for repairs and decorations. A regulated tenant is usually responsible for them (subject to the statutory exceptions where they apply) so far as the inside of the property is concerned. Someone taking a tenancy in the open market that imposed those additional obligations upon him would be prepared to pay less by way of rent than he would pay if the landlord was to be responsible for them. The reduction would usually relate to what it would cost to keep the inside of this home in good decorative order and repair. Our adjustment reflects our view of the sort of reduction that would be likely to be made in the open market to deal with the point.

The Committee considered whether or not the likely market rent for the premises had been inflated due to any scarcity of accommodation in the locality and did not consider that there was any substantial scarcity element in this location and accordingly no further deduction was made for scarcity.

This leaves a net market rent for the subject property of £565 per calendar month which equates to approximately £130 per week.

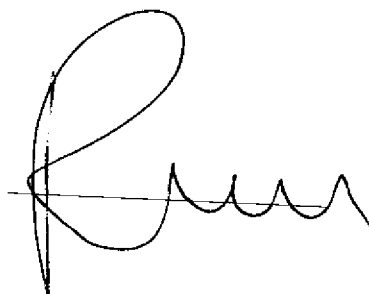
6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £130 per week.

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 £83.50 per week (Details are provided on the back of the decision form).

Accordingly the sum of £83.50 per week will be registered as the fair rent with effect from the 3rd June 2005 being the date of the Committee's decision.

Chairman

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by several loops and a final flourish.

Dated

6 June 2005