

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

50 Cove Road
Rustington
Littlehampton
BN16 2QN

The Committee members were

RTA Wilson LLB (Chairman)
RA Wilkey JP FRICS FICPD
JK Morris

1. Background

On 22nd June 2005 the landlord applied to the rent officer for registration of a fair rent of £1275.00 per cal month for the above property.

The rent payable at the time of the application was £426.50 per cal month.

The rent was previously registered on 5th August 2003 with effect from the same date at £426.50 per cal month following a determination by the rent officer.

On 2nd August 2005 the rent officer registered a fair rent of £470.00 per cal month.

By a letter dated 25th August 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 23rd November 2005 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 following tenant's improvements had been made to the property.

Installation of electric fires and storage heaters.

Installation of a new shower basin and W C in the bathroom.

Installation of fitted units in the kitchen.

3. Evidence

The Committee received written representations from the landlord and/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 evidence supplied by the parties and/the Committee's own general knowledge of market rent levels in the area of coastal West Sussex. Having done so it concluded that such a likely market rent would be £675.00 per cal 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 of £675.00 per cal month 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 deductions of £140.00 per cal month. Made up as follows:

Lack of white goods	£20.00
Lack of carpets and curtains	£20.00
Lack of modern kitchen	£25.00
Lack of central heating	£40.00
Lack of a modern bathroom	£15.00
General external disrepair	£ 5.00
Increased repairing obligation	£15.00

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

This leaves a net market rent for the subject property of £535.00 per cal month.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £535.00 per cal month.

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 £475.00 per cal month (Details are provided on the back of the decision form).