

## **Rent Assessment Committee: Reasons for decision.**

### **Rent Act 1977**

**Address of Premises**

Oak Cottage  
Brooks Green Road  
Coolham Horsham  
West Sussex RH13 8GR

**The Committee members were**

Mr B H R Simms FRICS MCIArb  
Mr R A Wilkey FRICS FICPD  
Ms J K Morris

### **1. Background**

On 13 March 2006 the landlord applied to the rent officer for registration of a fair rent of £125.00 per week for the above mentioned unfurnished property.

The rent was previously registered on 1 April 2004 with effect from 25 May 2004 at £101.50 per week following a determination by the rent officer.

On 11 April 2006 the rent officer registered a fair rent of £111.50 per week with effect from 25 May 2006.

By a letter dated 19 April 2006 the landlord objected to the rent determined by the Rent Officer. This was an objection made out of time which was initially referred to and accepted by the Rent Assessment Committee.

### **2. Inspection**

The Committee inspected the property on 28 June 2006 and found it to be in good condition. The property is generally as described in the Rent Officer's survey sheet dated June 1987 which had been copied to the parties but it is in a different state of repair.

Since 1987 the Parkray solid fuel boiler has been replaced with an oil fired boiler. Since the last registration the original wooden windows have been replaced with modern plastic double glazed units. Some of the external brickwork pointing is out of repair and the external decorations have been neglected.

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

The kitchen has been modernised. Various outbuildings have been provided and the driveway paved. The tenant provides carpets, curtains and white goods.

### **3. Evidence**

The Committee received written representations from the landlord and these were copied to the tenant. No written representations were received from the 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 and the Committee's own general knowledge of market rent levels in the area of rural West Sussex. Having done so, it concluded that such a likely market rent would be £850 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 of £850 per calendar 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 a deduction of £90 per calendar month.

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 £760 per calendar month.

## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £760 per calendar month expressed in weekly terms as £175 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 £112.50 per week (Details are provided on the back of the decision form). Although improvements and repairs had been carried out by the landlord since the last registration, their equivalent rental value did not reach the 15% increase required to remove the effect of the Maximum Fair Rent Order.

**Accordingly the sum of £112.50 per week will be registered as the fair rent with effect from 28 June 2006 being the date of the Committee's decision.**

A handwritten signature in black ink, appearing to read 'B H R Simms', written over a horizontal line.

Chairman      Mr B H R Simms FRICS MCI Arb

Dated          28 June 2006