

Rent Assessment Committee: Full reasons for decision.

Rent Act 1977

Address of Premises

Fernleaf Beech
East Street
Farnham
Surrey
GU9 7TH

The Committee members were

Mrs H C Bowers MRICS
Mr D Lintott FRICS
Miss J Dalal

1. Background

On 17th February 2006 the landlord applied to the rent officer for registration of a fair rent of £1,510 per calendar month for the above property.

The rent payable at the time of the application was £116.50 per week.

The rent was previously registered on 17th March 2004 with effect from the same date at £116.50 per week following a determination by a Rent Assessment Committee.

On 18th April 2006 the rent officer registered a fair rent of £128.50 per week with effect from that date.

By a letter dated 25th April 2006 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 29th June 2006 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. It was noted that UPVc windows had been installed prior to the last registration.

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

Refitted Kitchen,

Fitting of the bathroom suite, the landlord has supplied the fittings,

Loft Insulation,

Hardstanding for a car and a car port.

3. Evidence

The Committee received written representations from the tenant and landlord 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 emphasized

- (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. Whilst evidence was supplied by the landlord's agents, the Committee did not find this to be

of any assistance due to the remoteness of the comparable properties. In considering the rental value of the property the Committee had regard to the Committee's own general knowledge of market rent levels in the area of Farnham. Having done so it concluded that such a likely market rent would be £875 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 £875 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 £233 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 £652 per calendar month and this equates to approximately £150 per week.

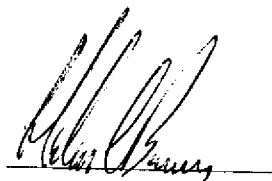
6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £150 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 £131 per week (Details are provided on the back of the decision form).

Accordingly the sum of £131 per week will be registered as the fair rent with effect from 29th June 2006 being the date of the Committee's decision.

Chairman



Dated

4/7/06.