

## **Rent Assessment Committee: Summary reasons for decision. Rent Act 1977**

### **Address of Premises**

9 Downside Avenue,  
Eggbuckland,  
Plymouth,  
PL6 5SD

### **The Committee members were**

D G Willis (Chairman)  
E R Distin FRICS  
P G Groves

## **1. Background**

On 4<sup>th</sup> February 2005 the landlord's agent applied to the rent officer for registration of a fair rent of £ 90.00 per week for the above property.

The rent payable at the time of the application was £ 75.00 per week.

The rent was previously registered on 30<sup>th</sup> April 2003 with effect from 22<sup>nd</sup> May 2003 at £ 75.00 per week following a determination by the rent officer.

On 12<sup>th</sup> April 2005 the rent officer registered a fair rent of £ 81.00 per week with effect from 22<sup>nd</sup> May 2005.

By a letter dated 18<sup>th</sup> May 2005 the landlord's agents objected to the rent determined by the Rent Officer and the matter was referred to the Rent Assessment Committee.

## **2. Inspection**

The Committee were unable to inspect the property internally on Wednesday 13<sup>th</sup> July 2005 but it is assumed to be as described 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  
As per Rent Officers survey sheet.

### 3. Evidence

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

No one requested a hearing.

### 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).

The Committee also has to have regard to the Rent Acts (maximum fair rent) order 1999 where applicable. Most objections to and determinations of registered rents are now subject to the order, which limits the amount of rent that can be charged by linking increases to the retail price index. It is the duty of the Rent Assessment

Committee to arrive at the fair rent under Section 70 of the Act but in addition to calculate the maximum fair rent which can be registered according to the rules set out in the order. If that maximum rent is below the fair rent calculated as above, then that (maximum) sum must be registered as the fair rent for 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 City of Plymouth. Having done so it concluded that such a likely market rent would be £110.00 per week.

However, the actual property is not in the condition considered usual for a modern letting at a market rent (usually Assured Shorthold Tenancies). Therefore, it was first necessary to adjust that hypothetical rent of £110.00 per week 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 £20.00 per week to include an allowance for tenant's improvements.

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 £90.00 per week.

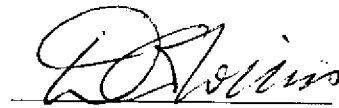
## 6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £90.00 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.

**Accordingly the sum of £83.50 per week will be registered as the fair rent with effect from 13<sup>th</sup> July 2005 being the date of the Committee's decision.**

Chairman



D G Willis

Dated

13<sup>th</sup> July 2005

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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 request to the committee clerk at the Panel Office which must be made within 21 days from the date of issue of this document.