

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

6 Mount Pleasant
Bisley
Old Road
Stroud
Gloucestershire
GL5 1NA

The Committee members were

Mr. J. S. McAllister FRICS (Chairman)
(Chartered Valuation Surveyor)
Mr. S. Hodges FRICS
(Chartered Valuation Surveyor)
Mr. D. Wills

1. Background

On the 17th April 2006, the Bradford Property Trust, the landlord, applied to the Rent Officer for a re-registration of a fair rent of £466 per month (p.m.) for the above property.

The rent payable at the time of the application was £388 p.m.

The rent was previously registered on the 12th July 2004 with effect from that date at £388 p.c.m. following a determination by the Rent Officer.

On the 8th June 2006 the Rent Officer re-registered a fair rent of £408 p.c.m. with effect from the 12th July 2006.

By a letter dated the 20th June 2006 the landlord's agents, Grainger Residential Management Ltd. 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 the 15th August 2006 in the presence of the tenant, Mrs. M. Aldridge and her daughter and found it appeared to be in fair condition for its age and character (as described more particularly in the Rent Officer's survey sheet which had been copied to the Parties).

Briefly the property was a three storey semi-detached house, traditionally built of brick and stone walls under a slate roof. It was probably built around 1800, and was modernised and extended in the 1980s. The accommodation was, on the ground floor, sitting room, kitchen, hall, on the first floor, two bedrooms, bathroom and landing, and on the second floor, a bedroom. Outside there was a store of brick and tile with a former W.C. and a garden to the front of the property. All mains services were connected with a gas fired central heating system, which was installed about three to four years ago on behalf of the tenant. The accommodation and condition was somewhat dated.

The following tenant's improvements are, complete wiring of the property, installation of the gas fired central heating system (we understand the system was paid for under a local authority scheme), gas fire, shower.

3. Evidence

The Committee received written representations from both the landlord's agents and the 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, have regard to all the circumstances including the age, location and state of repair of the property. It also disregards 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 comparable. (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.

Finally, under Section 70 the Committee must disregard the personal circumstances of the tenant and landlord in deciding the fair rent of the property.

5. Valuation

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 Gloucestershire. Having done so it concluded that such a likely market rent would be £600 per month (i.e. on the basis of an assured shorthold tenancy). This figure took into account the lack of vehicular access and parking to the property.

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 £600 per month to allow for the difference between the condition considered usual for such a letting and 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 total deduction of £165 p.m.

This total was calculated as follows:-

- Lack of electrical installation to the property - £50 p.m.
- Lack of central heating - £40 p.m.
- Lack of "white goods" - £15 p.m.
- Lack of carpets and curtains - £20 p.m.
- Tenant's responsibility for internal decoration - £20 p.m.
- Dampness in living room and poor condition of external
woodwork, etc. - £20 p.m.
- Total - £165 p.m.

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 £435 p.c.m.

6. Decision

The fair rent initially determined by the Committee, for the purposes of Section 70 was accordingly £435 p.c.m. exclusive of Council Tax ('uncapped rent').

However, as indicated above, because of the above mentioned Order, the maximum fair rent (i.e. the 'capped rent') is the sum of £432 p.c.m., exclusive of Council Tax. (Details are provided on the back of the decision form).

Accordingly the sum of £432 per calendar month, exclusive of Council Tax will be registered as the fair rent with effect from the 15th August 2006, being the date of the Committee's decision.



Mr. J. S. McAllister, F.R.I.C.S.
Chairman

Dated 30TH. AUGUST 2006.

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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.