

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

**Address of Premises**

9A Old Street  
Salisbury  
Wiltshire SP2 8JL

**The Committee members were**

Mr. John McAllister, F.R.I.C.S.  
Mr. Michael Ayres, F.R.I.C.S.  
Mr. Colin Thompson

**1. Background**

On the 21<sup>st</sup> of August 2002 the landlord applied to the Rent Officer for a registration of a fair rent of £100 per week for the above property.

The rent payable at the time of application was £49.50 per week.

The rent was previously registered on the 3<sup>rd</sup> of October 2000 with effect from the 21<sup>st</sup> November 2000 at £49.50 per week following a determination by the Rent Officer.

On the 3<sup>rd</sup> of October 2002 the Rent Officer registered a fair rent of £62 per week.

**2. Inspection**

The Committee inspected the property on the 20<sup>th</sup> of February 2003 and found it to be in rather poor 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:

- Kitchen cupboards and replacement sink unit
- Conversion of Bedroom to a Bathroom
- Hot Water System.

**3. Evidence**

The Committee received written representations from the tenant, and these were copied to the parties. No written representations were received from the landlord.

A Hearing was held at the property on the day of the inspection. The landlord was not present or represented.

**4. The Law**

When determining a fair rent, the Committee, in accordance with the Rent Act 1977, Section 70, regards 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 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).

The Committee also had to have regard to the Rent Acts (Maximum Fair Rent) Order 1999. Where applicable, this order essentially limits appropriate rent increases by formula to the increase in the UK Retail Price Index.

## **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 Committee's own general knowledge of market rent levels in the area of Salisbury and South East Wiltshire. Having done so it concluded that such a likely market rent would be £450 per month (£103.85 per week).

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 £450 per month (£103.85 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 £130 per month (£30 per week).

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £50 per month (£11.54 per week). 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 £270 per month (£62.31 per week) exclusive of Council Tax.

## **6. Decision**

The fair rent initially by the Committee, for the purposes of section 70, was accordingly £62 per week exclusive of Council Tax.

The fair rent to be confirmed is not limited by the Rent Acts (Maximum Fair Rent) Order 1999 because by virtue of landlord's improvements since the previous registration the rent confirmed by the Committee exceeds by at least 15% the previous registered rent.

Accordingly the sum of £62 per week exclusive of Council Tax will be registered and confirmed as the fair rent with effect from the 20<sup>th</sup> of February 2003 being the date of the Committee's decision.

Chairman

Dated

14-3-2003

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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.