

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

Address of Premises

12 Vicarage Close
Brierley Hill
DY5 2RJ

The Committee members were

Mr de Waal
Mr Satchwell
Mrs Smith

1. Background

On 19 August 2004 the landlord applied to the rent officer for registration of a fair rent of £168.00 per Calendar month for the above property.

The rent payable at the time of the application was £165.00 per calendar month.

The rent was previously registered on 20 June 2002 with effect from the same date at £165.00 per calendar month following a determination by the rent officer.

On 12 October 2004 the rent officer registered a fair rent of £184.00 per calendar month with effect from that date.

By a letter dated 19 October 2004 the tenant 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 24 November 2004 and found it to be in good 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.
Double Glazing

3. Evidence

The Committee received written representations from the landlord and 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, 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 Committee's own general knowledge of market rent levels in the area of Stourbridge and Dudley. Having done so it concluded that such a likely market rent would be £350.00 per calendar month.

The Committee found that there was substantial scarcity in the locality and therefore deducted a further sum of £35.00 from the market rent to reflect this element.

This leaves a fair rent for the subject property of £315.00 per Calendar month.

As the Tenant owns 25% share of the equity in the subject property further adjustments were made by the committee as follows:

Base Rent (Fair rent as above)	£315.00
Deduct 15% for tenant's repairing liability	-47.25
	<u>£267.75</u>
Deduct landlords management costs and insurance at 7%	-18.75
Gross rent	<u>£249.00</u>
Reduce by 25% for tenant's equity	-65.25
Add back management and insurance	<u>£186.75</u>
Fair rent	+18.75
	<u>£205.50</u>

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £205.50 per calendar month.

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 £184.50 per calendar month (Details are provided on the back of the decision form).

Accordingly the sum of £184.50 per calendar month will be registered as the fair rent with effect from 24 November 2004 being the date of the Committee's decision.

Chairman Mr de Waal

Dated 24 November 2004

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.