

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

Address of Premises

24 River Leys
Hayden Road
Cheltenham
Gloucestershire
GL51 9RY

The Committee members were

I R Perry FRICS
P Smith FRICS
C Gale

1. Background

On 1 December 2004 the landlord applied to the rent officer for registration of a fair rent of £253.70 per month for the above property including £39.75 per month for services.

The rent payable at the time of the application was £220.21 per month inclusive of services of £25.71.

The rent was previously registered on 28 October 2002 with effect from 23 November 2002 at £220.21 per month inclusive of services following a determination by the rent assessment committee.

On 6 January 2005 the rent officer registered a fair rent of £215 per calendar month effective from 27 February 2005. No provision was made for services.

By a letter dated 18 February 2005 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 29 April 2005 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.

The Committee noted that the carpets and curtains and space heating were all provided by the tenant.

3. Evidence

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

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 evidence supplied by the parties and the Committee's own general knowledge of market rent levels in the area of Cheltenham. Having done so it concluded that such a likely market rent would be £375.00 per calendar month for a full 100% share of the property.

To allow for the tenant's improvements (listed above) and to reflect the tenant's responsibility for internal decorations, a total of £60.00 was deducted.

The Committee did not consider that there was any substantial scarcity element and accordingly no deduction was made.

The market rent was further reduced by 25% to a figure of £236.25 to reflect the tenant's share of ownership to which the sum of £39.75 in respect of services should be added.

6. Decision

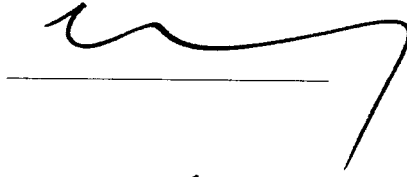
The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £276.00 per calendar month inclusive of £39.75 per month in respect of services.

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 £255.25 per month inclusive of services.

Accordingly the sum of £255.25 per calendar month inclusive of services of £39.75 per month will be registered as the fair rent with effect from 29 April 2005 being the date of the Committee's decision.

The registered rent is to be entered as variable in accordance with the terms of the tenancy (Rent Act 1977, s.71(4)).

Chairman



Dated

4.5.05

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.