

**Rent Assessment Committee: Extended Reasons for decision.
Rent Act 1977****Address of Premises**

4 The Dock
Firle
Lewes
East Sussex
BN 8 6NY

The Committee members were

Mr P B Langford, MA LLB (Chairman)
Mr J N Cleverton, FRICS
Miss J Dalal

1. Background

On the 22 April 2004 the Landlord applied to the rent officer for registration of a fair rent of £500 per month for the above property.

The rent payable at the time of the application was £293.33 per month. The rent was previously registered on 29th March 2001 with effect from the same date at £3520 per annum following a determination by the rent officer.

On 24 May 2004 the rent officer registered a fair rent of £987.50 per quarter with effect from the same date.

By a letter dated the 8th July 2004 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 25th August 2004 and found it to be in fair to good condition.

The external decorations were good. Central heating had recently been installed by the Landlords.

The following tenant's improvements had been made to the property.

- The kitchen had been refitted by the Tenant

3. Evidence

The Committee received written representations from the Landlord and these were handed to the tenants at the inspection. No written representations were received from the tenant but since he had not seen the landlords representation until the inspection he was informed that the Committee would not make a decision until 2nd September 2004 to enable him to submit any comments he wished to make on the landlords representations. In the event the tenant notified the Committee by telephone that he did not wish to make any representations.

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. the 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 rent 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 Firle and the surrounding villages.

Having done so it concluded that such a likely market rent would be £167 per week.

However the actual property is not in the condition considered usual for a modern letting at a market rent. Therefore it was necessary to adjust the hypothetical rent of £167 per week to allow for differences between 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 this required a deduction of £24 per week calculated as follows:-

- Carpets and curtains not provided :- £4 per week
- White goods not provided :- £4 per week
- Additional liability for internal decorations :- £6 per week
- Bathroom in need of refurbishment:- £10 per week

Furthermore, to allow for the tenants improvements (refurbished kitchen) it was necessary to make a further deduction of £10 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 £133 per week. This was greater than the new rent proposed by the landlord of £500 per month (£115 per week).

6. Decision

The fair rent initially determined by the Committee, for the purpose of Section 70, was accordingly £133 per week (£1729 per quarter).