

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

Address of Premises

13 Victoria Road
Godalming
GU7 1JR

The Committee members were

Mr J H S Preston JP FRICS
Mr R A Potter FRICS
Mr D Wills

1. Background

On 21st November 2002 the landlord, Mountview Estates plc, applied to the rent officer for registration of a fair rent of £87.00 per week for the above property.

The rent was previously registered at £72.00 per week, following a determination by a rent assessment committee on 20 February 2001.

On 13 February 2003 the rent officer registered a fair rent of £120.00 per week effective from that date. The rent officer stated that the registration was exempt from Maximum Fair Rent.

By a letter dated 22 February 2003 the tenants, Mr A and Mrs P Lea asked for the matter to be referred to a rent assessment committee.

2. Inspection

The Committee inspected the property on 8 May 2003, in the presence of the tenants and Mrs P Jupe from Citizens Advice Bureau. It is a late 19th. Century end-of-terrace house constructed of brick and slate, with the following accommodation: -

Ground Floor: Sitting Room; Kitchen; Back Lobby and Bathroom.

First Floor: Two Bedrooms, one with access to stairs to

Second Floor: One Bedroom, with adjoining store and stairway in the middle.

The landlord has installed gas-fired central heating with six radiators and has replaced two windows with UPVC double-glazed units, since the previous registration.

During their tenancy, the tenants have carried out improvements and have installed fixtures including: -

- Rewiring the electrical installation about 8 years ago.
- Supply and installation of kitchen units, including sink.
- Supply and installation of an electric shower over the bath.
- Construction of a conservatory to the back door.
- Paving to the garden, including installation of a culvert.
- Garden shed.
- Fireplace in the sitting room with gas fire.
- Gas fire in the kitchen

The house is generally sound and well maintained. There is no insulation to the second floor rooms. The tenants' internal decorations are good.

The property is situated in a cul-de-sac close to the centre of Godalming. It has no off-street parking and parking in the street is sometimes congested.

3. The Hearing

The tenants requested a hearing and this was held at the property, following the inspection. It was attended by the tenants and by Mrs Jupe. The landlord was not represented, having previously sent a letter stating their acceptance of the registered rent in view of the works of improvement carried out since the last registration.

The tenants made representations at the hearing, the central issue being the improvements, which the previous landlord had carried out since the registration in February 2001 and the effect of these improvements on rental value and thus on the Maximum Fair Rent. They cited a similar property in the road, in which central heating had been installed, but which had a registered rent which was much lower. It was not clear when the improvement had been carried out relative to registration dates.

With regard to open market rental values, the tenants indicated that another house in the road, having been fully modernised and carpeted, had recently been let to a number of sharing tenants at a rent reported to be £850 per month.

The tenants drew attention to their improvements and the standard to which they maintained the property.

4. The Law

In determining the fair rent the Committee, in accordance with the Rent Act 1977, s.70, had regard to all the circumstances (other than personal circumstances) including the age, location and state of repair of the property and disregarded the effect of any relevant tenant's improvements on the rental value of the property.

In *Spath Holme Ltd.-v-Chairman of the Greater Manchester etc. Committee* (1995) 28 HLR 107 and in *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 of the rent, if any, that is attributable to there being a shortage of similar properties in the locality available for letting on similar terms) and (b) that assured tenancy (market) rents are usually appropriate market rent comparables. These rents may have to be adjusted to take account of the differences between comparables and the subject property.

In considering the matter of whether the rent was exempt from capping under the Rent Acts (Maximum Fair Rent) Order 1999, the Committee referred to paragraph 7 of the Order which states "This article does not apply in respect of a dwelling-house if because of a change in the condition of the dwelling-house or the common parts as a result of repairs or improvements (including the replacement of any fixture or fitting) carried out by the landlord or a superior landlord, the rent that is determined in to an application for registration of a new rent under Part IV exceeds by at least 15% the previous rent registered or confirmed."

5. Reasons and Decision

In the present case the Committee had regard to the evidence supplied by the tenants and to their own general knowledge of market rent levels in the area of Godalming / Farnham / Guildford. They concluded that an appropriate market rent starting point would be £780.00 per month (£180.00 per week). This would be on the basis that the property was fully modernised and in the condition considered usual for a letting in today's market.

For No. 13 Victoria Road it was necessary to make adjustments to take account of the deficiencies and defects noted above and other elements not consistent with a modern letting. An allowance of £65.00 per week was made in respect of: -

- Lack of white goods and carpets
- The tenant's interior decorating liability under this tenancy
- Inadequate kitchen provided by the landlord
- The tenant's improvements

The Committee did not consider that there was any substantial scarcity in the supply of properties to rent in the area and accordingly no deduction was made for scarcity.

The Committee thus arrived at a fair rent of £115.00 per week. They then considered the application of the Rent Acts (Maximum Fair Rent) Order 1999. At issue was whether the improvements carried out by the landlord since February 2001 by themselves resulted in the fair rent determined for the property being at least 15% more than the 2001 registered rent of £72.00 per week, namely £10.80 per week.

The Committee considered that the effect of the installation of the gas-fired central-heating system and of the two new UPVC double-glazed windows was to increase the rental value by £15.00 per week. Therefore they concluded that the registration was exempt from the Maximum Fair Rent Order and they determined a fair rent of £115.00 per week

That rent will be registered with effect from 8 May 2003 being the date of the Committee's decision.

Signed



J H S Preston JP FRICS (Chairman)

Dated

8 May 2003

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, which must be made within 21 days from the date of issue of this document.