

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

11 Granby Gardens
Reading
RG1 5RT

The Committee members were

Mrs H C Bowers MRICS (Chairman)
Mrs S Redmond BScEcon MRICS
Mrs N Bhatti

1. Background

In October 2006 the landlord applied to the rent officer for registration of a fair rent of £475 per month for the above property.

The rent payable at the time of the application was £315 per calendar month.

The rent was previously registered on 22 September 1999 with effect from the 17th October 1999 at £70 per week following a determination by the rent officer.

On 12 December 2006 the rent officer registered a fair rent of £88 per week with effect from the same date.

By a letter dated 5th January 2007 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 21st February 2007 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. It was noted at the time of the Committee's inspection that the re-roofing was only to the two storey rear extension. It was noted that when the property was first rented there were no electrics and apart from the electrical works in the bathroom extension, the tenant had supplied all the other electrical installations.

Evidence

The Committee received written representations from the landlord and the tenant 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. The Committee relied upon its own general knowledge of market rent levels in the area of the central Reading. Having done so it concluded that such a likely market rent would be £190 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 £190 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 £76 per week.

The Committee did consider that there was any substantial scarcity in the area of the Thames Valley and accordingly made a further deduction of approximately 15% for scarcity.

This leaves a net market rent for the subject property of £97 per week.

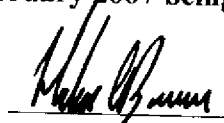
6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £97 per week.

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 £89 per week (Details are provided on the back of the decision form). The Landlord had requested an exemption from capping due to various works being carried out at the property, namely re-roofing, new windows and external doors. However, the effect on the rent of these works was less than 15% of the previously registered rent, accordingly the rent for the property remains capped.

Accordingly the sum of £89 per week will be registered as the fair rent with effect from 21st February 2007 being the date of the Committee's decision.

Chairman



Dated

25/2/07.

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.