

Rent Assessment Committee: Reasons for decision.

Rent Act 1977

Address of Premises

3 Southview Terrace
Lower Link
St Mary Bourne
Andover
Hampshire
SP11 6BZ

The Committee members were

Mr D Agnew LLB LLM
Mr D Lintott FRICS
Mr R D Yeomans

1. Background

On 3rd April 2006 the landlord applied to the rent officer for registration of a fair rent of £1,040 per month for the above property.

The rent payable at the time of the application was £80 per week.

The rent was previously registered on 17th May 2004 with effect from the same date at £80 per week following a determination by a rent assessment committee.

On 10th June 2006 the rent officer registered a fair rent of £88.50 per week with effect from that date.

By a letter dated 10th August 2006 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 18th August 2006 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.

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 evidence supplied by the parties and/the Committee's own general knowledge of market rent levels in the area of Andover. Having done so it concluded that such a likely market rent would be £655.00 per month.

However, the actual property is not in the condition considered usual for a modern letting at a market rent. The Committee considered that there is currently a good supply of properties to rent from which prospective tenants can choose. In the main those properties are equipped and finished to a high standard reflecting the tenants' demands. Consequently if properties are not of such a standard they are unlikely to be let in the current market without a substantial discount reflecting their deficiencies.

It was therefore first necessary to adjust that hypothetical rent of £655.00 per month 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 £279 per month.

The following deductions have therefore been made with these considerations in mind.

	£ per month
Lack of carpets, curtains, white goods	£ 52.00
Tenant's internal decorating responsibility	£ 32.00
Lack of central heating	£ 70.00
Basic kitchen and bathroom	£ 85.00
Layout - (bathroom accessed via main bedroom)	£ 20.00
Poor external decoration and repair (in particular leaking roof and window in bedroom which does not fasten closed)	£ 20.00
	=====
	£279.00

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 £376 per month or £87 per week.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £87 per week.

The section 70 fair rent determined by the Committee is below the maximum fair rent permitted by the Rent Acts (Maximum Fair Rent) Order 1999 and accordingly that rent limit has no effect. Details are provided on the back of the decision form.

Accordingly the sum of £87 per week will be registered as the fair rent with effect from 18th August 2006 being the date of the Committee's decision.



Chairman Mr D Agnew LLB LLM

Dated 18th August 2006