

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

Address of Premises

45 Nodgham Lane
Newport
Isle of Wight PO30 1NY

The Committee members were

Mr D M Nesbit JP FRICS FCI Arb (Chairman)
Mr P D Turner-Powell FRICS

1. Background

On 15 January 2005 the landlord applied to the rent officer for registration of a fair rent of £87.00 per week for the above property.

The rent payable at the time of the application was £72.00 per week

The rent was previously registered on 25 February 2003 with effect from 15 April 2003 at £72.00 per week following a determination by the rent officer.

On 3 March 2005 the rent officer registered a fair rent of £79.00 per week with effect from 15 April 2005.

By a letter dated 24 March 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 21 June 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 following tenant's improvements had been made to the property.

- i) replaced kitchen sink and fitted unit
- ii) some replacement UPVC windows
- iii) gas fires for space heating
- iv) replastering to bedroom wall and understairs cupboard

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 Committee's own general knowledge of market rent levels in the area of the Isle of Wight. Having done so it concluded that such a likely market rent would be £138.50 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 £138.50 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 £57.00 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 £81.50 per week.

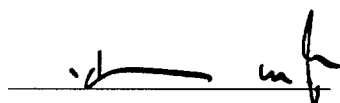
6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £81.50 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 £81.00 per week. (Details are provided on the back of the decision form, with the Committee's rental calculation).

Accordingly the sum of £81.00 per week will be registered as the fair rent with effect from 21 June 2005 being the date of the Committee's decision.

Chairman



D M NESBIT FRICS FCI Arb

Dated

21 June 2005

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.

45 NODGHAM LANE
NEWPORT, ISLE OF WIGHT

| | | | |
|---|----------|---|---------------|
| Open market rent: | £600 pcm | = | £138.50 p.wk. |
| <u>Less</u> - Allowance or Deductions for | - | | |
| Tenant's interior decorating liabilities | - £10.00 | | |
| Carpets & curtains | - £ 8.00 | | |
| Poor kitchen & lack of 'white' goods | - £10.00 | | |
| Lack of central heating | - £14.00 | | |
| Disrepair * | - £15.00 | - | £ 57.00 |
| | | | <hr/> |
| Net rent | | | £81.50 p.wk |

* Allowance for internal dampness; defective rendering; defective pathways; missing fencing; settlement, poor repair to Garage.