

Rent Assessment Committee: Reasons for decision

Rent Act 1977

Address of Premises

36 Wick Lane
Christchurch
Dorset BH23 1HX

The Committee members were

S Griffin LLB (Chairman)
Mr K M Lyons FRICS
J Mills

1 Background

On 7th April 2006 the Landlord applied to the rent office for registration of a fair rent of £92.50 per week for the above property.

The rent payable at the time of the application was £80.50 per week.

The rent was previously registered on 30th April 2004, with effect from 24th June 2004 at £80.50 per week, following a determination by the rent officer.

On 31st May 2006 the rent officer registered a fair rent of £ 89.00 per week with effect from 24th June 2006.

By an undated letter the tenant object 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 8th August 2006 and found it to be in poor 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 representation from the landlord and tenant and these were copied to the parties.

Neither party requested a hearing at which oral representation 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] QB92 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 their 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 purpose 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 a 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 Bournemouth and Poole. Having done so it concluded that such a likely market rent would be £150.00 per week.

However, the actual property is not in the condition considered usual for a modern letting at market rent. Therefore it was first necessary to adjust that hypothetical rent of £150.00 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 £64.50 per week.

The deductions made by the Committee were:

	£ . per week
Lack of carpets, curtains and whitegoods	£12.00
Disrepair (Internal/External)	£23.00
Tenants decorating responsibilities	£5.50
Lack of central heating	£10.00
Lack of modern kitchen	£6.00
Lack of modern bathroom	£5.00
Lack of modern electrical wiring	£3.00
Total per week	£64.50

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 £85.50 per week.

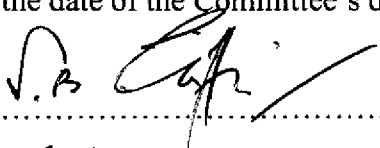
6 Decision

The fair rent initially determined by the Committee for the purposes of section 70 was accordingly £85.50 per week.

Because the fair rent determined by the Committee is below the maximum fair rent permitted by the Rent Act (Maximum Fair Rent) Order 1999 that rent limit has no effect. Details are provided on the back of the decision form.

Accordingly the sum of £85.50 will be registered as a fair rent with effect from 8th August 2006 being the date of the Committee's decision.

Chairman



Dated

