

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

11 Parkwood Road
Wimborne
Dorset
BH21 1LF

The Committee members were

Mr K Lyons FRICS (Chairman)
Mr P G Harrison FRICS

1. Background

On 26.11.2003 the *landlord* applied to the rent officer for registration of a fair rent of £110.00 per week for the above property.

The rent payable at the time of the application was £84.00 per week.

The rent was previously registered on 07.01.2002 with effect from 13.02.2002 at £84.00 per week following a determination by *the rent officer*.

On 17.12.2003 the rent officer registered a fair rent of £93.00 per with effect from 13.02.2004.

By a letter dated 02.04.2004 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 11.05.2004 and found it to be in *good* condition.

The following tenant's improvements had been made to the property.

In the kitchen the sink unit had been provided by the Landlord but all other cupboards, worktops, etc. had been provided by the tenant.

All carpets and curtains throughout had been provided by the tenant.

3. Evidence

The Committee received written representations from the landlord 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 Dorset and South West Hampshire. Having done so it concluded that such a likely market rent would be £135.00 per week. The tribunal referred to the evidence of rents provided by the landlords agent but had regard to the landlords agents comment that it can take some months to re-let a property at the asking rents submitted by the landlords agent when it becomes vacant. The tribunal consider that a market rent is the rent at which a property would be expected to let in the open market within a reasonable timescale which the tribunal interpreted as being a period of 4-6 weeks approximately and took this into account when considering the comparable evidence submitted.

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 £135.00 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 £26.00 per week made up as follows:

- lack of central heating £8.00
- lack of whitegoods £3.00
- lack of carpets and curtains £7.00
- Value of tenants decorating liability £8.00

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £3.00 per week in respect of the kitchen units provided by the tenants.

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 £106.00 per week.

6. Decision

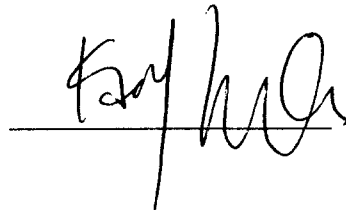
The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £106.00 per week.

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 £94.00 per week. The tribunal had regard to the invoices provided in respect of the installation of replacement doors and windows with UPVC double glazed units which were considered to improve insulation and reduce noise transmission. The tribunal also had regard to the installation of a wall heater in the bathroom. The tribunal considered that the combined effect of these improvements would not constitute an increase of 15% or over of the existing rent.

The tribunal considered that the replacement of the shed did not constitute an improvement.

Accordingly the sum of £94.00 per week will be registered as the fair rent with effect from 11.05.2004 being the date of the Committee's decision.

Chairman



Dated

04. 06. 2004

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.