

## **Rent Assessment Committee: Summary reasons for decision.**

### **Rent Act 1977**

#### **Address of Premises**

Oakview,  
Honiton Hill,  
Offwell, Honiton  
EX14 9UZ

#### **The Committee members were**

T E Dickinson BSc FRICS (Chair)  
P J R Michelmore FRICS  
Dr M L James MA BA FRSA

### **1. Background**

On 27<sup>th</sup> March 2006 the landlord applied to the rent officer for registration of a fair rent of £550.00 per calendar month for the above property.

The rent payable at the time of the application was £342.00 per calendar month.

The rent was previously registered on 25<sup>th</sup> June 1996 with effect from 1<sup>st</sup> August 1996 at £250.00 per calendar month following a determination by the rent officer.

On 2<sup>nd</sup> May 2006 the rent officer registered a fair rent of £337.50 per calendar month with effect from that date.

By a letter dated 12<sup>th</sup> May 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 Tuesday 20<sup>th</sup> June 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.

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

As per the Rent Officer's survey sheets of 1992 and 2006 together with the following:-

1. entrance gates and stone walling to front
2. tarmac finish to front driveway

3. paviour to front garden
4. timber sheds and aviary to rear garden
5. some concrete pathways to rear
6. oil storage tank in back garden.

### **3. Evidence**

The Committee received written representations from the landlord and these were copied to the tenant. The tenant faxed through his reply form and both parties requested a hearing.

The hearing was held on 20<sup>th</sup> June 2006 at the East Devon Business Centre at which oral representations were made by the landlord and tenant.

### **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).

The Committee also has to have regard to the Rent Acts (maximum fair rent) order 1999 where applicable. Most objections to and determinations of registered rents are now subject to the order, which limits the amount of rent that can be charged by linking increases to the retail price index. It is the duty of the Rent Assessment Committee to arrive at the fair rent under Section 70 of the Act but in addition to calculate the maximum fair rent which can be registered according to the rules set out in the order. If that maximum rent is below the fair rent calculated as above, then that (maximum) sum must be registered as the fair rent for 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 landlord and the Committee's own general knowledge of market rent levels in the area of East Devon. Having done so it concluded that such a likely market rent would be £650.00 per calendar month.

However, the actual property is not in the condition considered usual for a modern letting at a market rent (usually Assured Shorthold Tenancies). Therefore, it was first necessary to adjust that hypothetical rent of £650.00 per calendar 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 £40.00 per calendar month.

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £130.00 per calendar month.

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 £480.00 per calendar month.

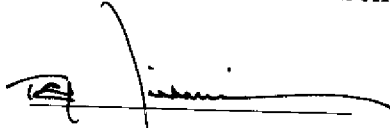
## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £480.00 per calendar month.

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 £340.00 per calendar month.

**Accordingly the sum of £340.00 per calendar month will be registered as the fair rent with effect from 20<sup>th</sup> June 2006 being the date of the Committee's decision.**

Chairman

  
T E Dickinson BSc FRICS

Dated

20<sup>th</sup> June 2006

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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.