

## Notice of the Rent Assessment Committee Decision

### Rent Act 1977 Schedule 11

**Address of Premises**

3 Poynings Road  
Crawley  
West Sussex RH11 0TW

**The Committee members were**

Ms J A Talbot MA Cantab  
Mr B H R Simms FRICS MCI Arb  
Ms J Dalal

**Landlord**

The Hyde Group

**Tenant**

Mr J Patrick and Miss S Guard

1. The fair rent is £209.50 Per calendar month (excluding water rates and council tax but including any amounts in paras 3&4)

2. The effective date is 02/03/2004

3. The amount for services is

N/a

Per

N/a

4. The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is not applicable.

5. The rent is not to be registered as variable.

6. The capping provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply (please see calculation overleaf.

7. Details (other than rent) where different from Rent Register entry

N/a

8. For information only:

(a) The fair rent to be registered is the maximum fair rent as prescribed by the Rent Acts (Maximum Fair Rent) Order 1999. The rent that would otherwise have been registered was £403.11 per calendar month.

Chairman

Ms J A Talbot

Date of decision

02/03/2004

### MAXIMUM FAIR RENT CALCULATION

LATEST RPI FIGURE x

PREVIOUS RPI FIGURE y

X  Minus y  = (A)

(A)  divided by y  = (B)

First application for re-registration since 1 February 1999 YES

If yes (B) plus 1.075 = (C)

If no (B) plus 1.05 = (C)

Last registered rent\*  Multiplied by (C) =

\*(exclusive of any variable service charge)

Rounded up to nearest 50 pence =

Variable service charge NO

If YES add amount for services

MAXIMUM FAIR RENT =  Per

### Explanatory Note

1. The calculation of the maximum fair rent, in accordance with the formula contained in the Order, is set out above.
2. In summary, the formula provides for the maximum fair rent to be calculated by:
  - (a) increasing the previous registered rent by the percentage change in the retail price index (the RPI) since the date of that earlier registration and
  - (b) adding a further 7.5% (if the present application was the first since 1 February 1999) or 5% (if it is a second or subsequent application since that date).

A 7.5% increase is represented, in the calculation set out above, by the addition of 1.075 to (B) and an increase of 5% is represented by the addition of 1.05 to (B).

The result is rounded up to the nearest 50 pence.
3. For the purposes of the calculation the latest RPI figure (x) is that published in the calendar month immediately before the month in which the Committee's fair rent determination was made.
4. The process differs where the tenancy agreement contains a variable service charge and the rent is to be registered as variable under section 71(4) of the Rent Act 1977. In such a case the variable service charge is removed before applying the formula. When the amount determined by the application of the formula is ascertained the service charge is then added to that sum in order to produce the maximum fair rent.

**Rent Assessment Committee: Summary reasons for decision.  
Rent Act 1977****Address of Premises**

3 Poynings Road  
Crawley  
West Sussex RH11 1TW

**The Committee members were**

Ms J A Talbot MA (Cantab)  
Mr B H R Simms FRICS MCIArb  
Ms J Dalal

**1. Background**

On 08/12/2003 the landlord applied to the rent officer for registration of a fair rent of £145.00 per calendar month for the above property. The tenant occupies the property under a standard form of shared ownership lease whereby the tenant pays rent only in respect of the landlord's share of 75%.

The rent payable at the time of the application was £134.95 per calendar month.

The rent was previously registered on 12/02/1993 with effect from the same date at £134.95 per calendar month following a determination by the rent officer.

On 12/01/2004 the rent officer registered a fair rent of £209.00 per calendar month with effect from that date.

By a letter dated 19/01/2004 the tenant 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 02/03/2004 and found it to be in good condition as described more particularly in the Rent Officer's survey sheet which had been copied to the parties.

The property comprises a small modern end of terrace house built around 1980 of brick under a tiled roof, situated in a pleasant residential estate in West Ifield,

Crawley. The accommodation consists of one through living room with a kitchen on the ground floor, and 2 bedrooms plus bathroom/WC on the first floor. There are front and rear gardens.

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

Replacing wooden windows with upvc, converting a warm air heating system to radiators, refitting the kitchen, replacing the bath and shower attachment, laying wood block flooring, and redecorating throughout. Under the terms of the shared ownership lease, the tenant has a full repairing liability for the property.

### **3. Evidence**

The Committee received written representations from the tenant and these were copied to the parties. No written representations were received from the landlord.

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 Crawley, West Sussex. Having done so it concluded that such a likely market rent would be £150.00 per week (without shared ownership).

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 £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 £21.00 per week calculated as follows:

Gross market rent		£150.00
Lack of white goods	£5.00	
Lack of carpets and curtains	£8.00	
(all provided by tenant)		
Tenant's full repairing liability	<u>£8.00</u>	£ 21.00

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £21.00 per week calculated as follows:

Central heating improvements	£3.00	
Kitchen fittings	£5.00	
Replacement windows	<u>£5.00</u>	£ 13.00
 Total deductions		 £ 34.00

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 £116.00 per week, equivalent to £502.66 per calendar month.

This figure was then further adjusted to reflect the shared ownership agreement at 75% of the total rent, giving £377.00 per calendar month. In addition the lease allows for a charge for management and an insurance premium of £26.11 per calendar month, making a total of £403.11.

## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £403.11 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 £209.50 per calendar month.

**Accordingly the sum of £209.50 per calendar month will be registered as the fair rent with effect from 02/03/2004 being the date of the Committee's decision.**

Chairman

J Talbot

Ms Jane Talbot

Dated

30/03/04

---

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.