

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

Address of Premises

1 Hamsey Road
Saltdean
Brighton
BN2 8DE

The Committee members were

Mr R T A Wilson LLB
Mr N Cleverton FRICS

1. Background

On 2nd February 2006 the landlord applied to the rent officer for registration of a fair rent of £86 per week for the above property.

The registered rent at the time of the application was £95 per week.

The rent was previously registered on 11th December 2003 with effect from the same date at £ 95 per week following a determination by the rent officer.

On 3rd April 2006 the rent officer registered a fair rent of £ 106.83 per week including £1.14 in respect of services (variable) with effect from that date.

By a letter dated 13th April 2006 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 31st May 2006 and found it to be in good condition. However, the Committee heard evidence from the tenant that when she had moved into the property in July 2003 the property had been in a derelict condition.

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

- Provision of floor covering throughout
- Installation of a modern designer kitchen
- Rewiring throughout
- Installation of a modern bathroom

3. Evidence

The Committee received written representations from the landlord and tenant and these were copied to the parties.

A hearing was held on 31st May 2006 in Hove at which oral representations were made by the tenant. The landlord was not present or represented.

It became clear that notwithstanding the registered rent, the landlord; Southern Housing Group had been accepting a lower rent from the tenant for some time, presumably as a result of a private arrangement not forming part of the jurisdiction of the Committee.

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 East Brighton. Having done so, it concluded that such a likely market rent would be £173 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 £173 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 £ 9 per week.

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £27 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 £137 per week to which the sum of £1.14 in respect of services should be added.

6. Decision

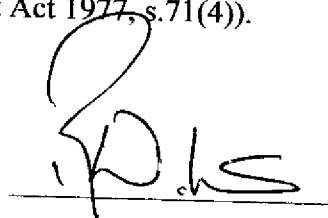
The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £138.14 per week inclusive of £1.14 per week in respect of services.

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 £107.29 per week inclusive of services (Details are provided on the back of the decision form).

Accordingly the sum of £107.29 per week inclusive of services of £1.14 per week will be registered as the fair rent with effect from 31st May 2006 being the date of the Committee's decision.

The registered rent is to be entered as variable in accordance with the terms of the tenancy (Rent Act 1977, s.71(4)).

Chairman



Dated 5th June 2006

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.