

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

Address of Premises

4 Canada Lane
Stratford Road
Mickleton
Chipping Camden
Gloucestershire
GL55 6SP

The Committee members were

Mr I R Perry BSc (Est Man) FRICS

Mr J R Boddy MRICS

Mr D Wills

1. Background

On 26 January 2006 the landlord applied to the rent officer for registration of a fair rent of £467.83 per month for the above property.

The rent payable at the time of the application was £384.50 per month.

The rent was previously registered on 22 June 2005 with effect from 24 June 2005 at £384.50 per month following a determination by the rent officer.

On 10 March 2006 the rent officer registered a fair rent of £406.50 per month with effect from that date.

By a letter dated 21 March 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 1 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 property comprises a detached brick and tile dwelling house with mains water and electricity, drainage to a septic tank and an oil fired central heating system which has recently been installed by the landlord.

The property is situated within a disused market garden including a number of dilapidated and broken glass houses, some of which immediately abut the curtilage of the property. Access is along an unmade track.

The tenant had carried out a number of improvements to the property including fitting out the kitchen, the installation of timber windows which had been provided at the cost of the landlord, complete decoration, provision of a rear entrance porch, some re-plastering and some wiring.

It was further noted that the fitted carpets and curtains and white goods were provided by the tenant.

3. Evidence

The Committee had received written representations from the landlord and tenant and these had been 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 emphasized

- (a) that ordinarily a fair rent is the market rent for the property discounted for 'scarcity' (ie 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 North Gloucestershire. Having done so it concluded that such a likely market rent would be £650 per month. This included a substantial reduction to reflect the immediate surroundings of the house.

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 £650 per 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 £50.00 per month to reflect the lack of carpets, curtains and white goods.

Furthermore, to allow for the tenant's improvements (listed above), it was necessary to make a further deduction of £140.00 per 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 £460 per month.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £460 per month.

The fair rent to be registered is not limited by the Rents Acts (Maximum Fair Rent) Order 1999 because by virtue of the landlord's improvements, the central heating system, since the previous registration the rent determined by the Committee exceeds by at least 15% the previous registered rent.

Accordingly the sum of £460 per month will be registered as the fair rent with effect from 1 June 2006 being the date of the Committee's decision.

Signed

Mr I R Perry BSc (Est Man) FRICS
Chairman

Dated 6th 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.