

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

### **Rent Act 1977**

**Address of Premises**

1 Shafto Mews  
London  
SW1X 0JT

**The Committee members were**

Mrs T J Gordon  
Mr T N Johnson FRICS  
Mrs E A V Lewis

### **1. Background**

On 9 July 2004 the tenant applied to the rent officer for registration of a fair rent of £3,185 per quarter for the above property.

The rent payable at the time of the application was £3,575 per quarter.

The rent was previously registered on 30 November 1999 with effect from the same date at £14,300 per annum ( = £3,575 p.q.) following a determination by the rent officer.

On 3 August 2004 the rent officer registered a fair rent of £3,339.53 per quarter.

By a letter dated 22 September 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 17 December 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.

In addition to fully complying with his obligations under the tenancy the tenant had effected various additional improvements to the property.

### **3. Evidence**

No written representations were received from either party.

A hearing was held on 17 December 2004 at 10 Alfred Place at which oral representations were on behalf of the landlord and by and on behalf of the 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).

## **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 Chelsea. Having done so it concluded that such a likely market rent would be £10,075 per quarter.

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 £10,075 per quarter to allow for onerous terms of the tenancy and 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 £5,037.50 per quarter.

This leaves an adjusted market rent for the subject property of £5,037.50 per quarter.

The Committee found that there was substantial scarcity in the locality of Greater London and therefore made a deduction of approximately 25% from the market rent to reflect this element.

## **6. Decision**

The uncapped fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £3,780 per quarter.

The section 70 fair rent determined by the Committee is below the maximum fair rent permitted by the Rent Acts (Maximum Fair Rent) Order 1999 and accordingly that rent limit has no effect. Details are provided on the back of the decision form.

**Accordingly the sum of £3,780 per quarter will be registered as the fair rent with effect from 17 December 2004 being the date of the Committee's decision.**

Chairman: T J Gordon

Dated: 17 December 2004

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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 written request to the committee clerk at the Panel Office which must be made within 28 days from the date of issue of this document.

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