

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

Address of Premises

17 Colliers Wood
Stroud
Gloucestershire GL6 0TL

The Committee members were

Mr G Young MA LL.M
Mr I Perry BSc (Est Man) FRICS

1. Background

On 20th January 2005 the landlord applied to the rent officer for registration of a fair rent of £122.71 per month for the above property.

The rent payable at the time of the application was £113.49 per month being below the current registered rent of £140 including services of £13.31 per month.

On 23rd February 2005 the rent officer registered a fair rent of £160.50 per month including £16.64 in respect of services with effect from that date.

By a letter dated 26th February 2005 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 outside (only) of the property on the 10th May 2005 and found it to be as described more particularly in the Rent Officer's survey sheet which had been copied to the parties.

The Committee was unable to gain access at the appointed time in order to inspect the property internally and therefore made an external inspection only.

The registered rent includes a sum for the services as listed on the rent register.

3. Evidence

The Committee received written representations from the landlord and the tenant and these were 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 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 Nailsworth . Having done so it concluded that such a likely market rent would be £600 per month.

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 £600 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 £20 per month in respect of the Tenant's obligation for decoration and a further deduction of £20 per month in respect of carpets and curtains.

The Committee did not consider that there was any substantial scarcity element and accordingly no further deduction was made for scarcity.

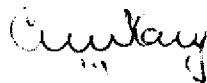
This leaves a net market rent for the subject property of £560 per month. There was then a reduction of 50% because of shared ownership i.e £280 per month to which the sum of £16.64 in respect of services should be added.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £296.64 per month inclusive of £16.64 per month 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 £162.64 per month inclusive of services (Details are provided on the back of the decision form).

Accordingly the sum of £162.64 per month inclusive of services of £16.64 per month will be registered as the fair rent with effect from the 10th May 2005 being the date of the Committee's decision.



Chairman Mr G Young MA LLM

Dated 10th May 2005

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.