

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

Address of Premises

3/9 RUSSELL STREET
GLOUCESTER
GL1 1NE

The Committee members were

Mr D R Hebblethwaite BA Chairman
Mr M J Ayres FRICS
Mr C G Thompson

1. Background

On 16.06.03 the landlord applied to the rent officer for registration of a fair rent of £53.35 per week for the above property.

The rent payable at the time of the application was £61.00 per week

The rent was previously registered on 20.06.01 with effect from the same date at £61.00 per week following a determination by the rent officer.

On 12.08.03 the rent officer registered a fair rent of £57.00 per week including £9.19 in respect of services with effect from that date.

By a letter dated 03.09.03 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 15.01.04 and found it to be in fair condition. It is a one-bed purpose built flat in a small development near the city centre close to all amenities, with living room with kitchen off, and bathroom. There appears to be off street parking available.

There are no relevant tenant's improvements.

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 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 Gloucester. Having done so it concluded that such a likely market rent would be £70.00 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 £70.00 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 5% particularly having regard to the state of some windows. There was a further 5% reduction to reflect tenant's obligations in this type of tenancy.

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 £63.00 per week to which the sum of £9.19 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 £72.19 per week inclusive of £9.19 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 £67.00 per week inclusive of services (Details are provided on the back of the decision form).

Accordingly the sum of £67.00 per week inclusive of services of £9.19 per week will be registered as the fair rent with effect from 15 January 2004 being the date of the Committee's decision.

Chairman

Dan Heltwate

Dated

09/02/04

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where necessary to reflect any relevant differences between those comparables and the subject property).

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

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Chairman

David Hebblethwaite

Dated

09/02/04

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GL1 1NE

The Committee members were

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Mr M J Ayres FRICS
Mr C G Thompson

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By a letter dated 03.09.03 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 was unable to gain access at the appointed time in order to inspect the property internally and therefore made an external inspection only. The tenant had previously notified the committee that he would be out but stated that the property was identical to 3/9 Russell Street which the committee were inspecting on 15.01.04. This would make it a one-bed purpose built flat in a small development near the city

centre close to all amenities, with living room with kitchen off, and bathroom. There appears to be off street parking available.

There is no evidence of relevant tenant's improvements.

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

3. Evidence

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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.

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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 £70.00 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 5% (including an assumption that the windows were in a similar state to 3/9). There was a further 5% reduction to reflect tenant's obligations in this type of tenancy.

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 £63.00 per week to which the sum of £9.19 in respect of services should be added.

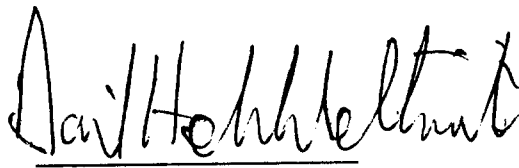
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However, by virtue of the Rent Acts (Maximum Fair Rent) Order 1999 the maximum fair rent that can be registered in the present case is the lower sum of £67.00 inclusive of services (Details are provided on the back of the decision form).

Accordingly the sum of £67.00 inclusive of services of £9.19 will be registered/~~confirmed~~ as the fair rent with effect from 15 January 2004 being the date of the Committee's decision.

Chairman



Dated



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