

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

**Address of Premises**

4 Regal Court  
Saltash  
Cornwall  
PL12 6JY

**The Committee members were**

Mr T E Dickinson BSc FRICS  
MR P J R Michelmore FRICS

### **1. Background**

On 22<sup>nd</sup> May 2006 the landlord applied to the rent officer for registration of a fair rent of £1280.00 per quarter for the above property.

The rent payable at the time of the application was £1029.00 per quarter.

The rent was previously registered on 19<sup>th</sup> May 2003 with effect from 15<sup>th</sup> June 2003 at £1029.00 per quarter following a determination by the rent officer.

On 14<sup>th</sup> July 2006 the rent officer registered a fair rent of £1170.00 per quarter.

By a letter dated 25<sup>th</sup> July 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 5<sup>th</sup> October 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 following tenant's improvements had been made to the property.

a) Two night storage heaters & one panel heater.

- b) Cupboard & additional units in the kitchen.
- c) Cupboard in the bathroom.
- d) Limited shelving elsewhere.
- e) Two additional power points.
- f) One telephone point.

### **3. Evidence**

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

A hearing was held on 5<sup>th</sup> October 2006 in Liskeard but neither party attended.

### **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 Saltash, Plymouth & surrounding district. Having done so it concluded that such a likely market rent would be £565 per calendar 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 £565 per calendar 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 £85 per calendar month.

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £20 per calendar month.

The Committee decided that the relevant differences between the subject property and the comparable properties given in evidence were so great as to make it inappropriate to rely on the market rent less scarcity approach in this case. It therefore relied on its knowledge and experience to assess a fair rent of £460 per calendar 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 calendar month.

## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £460 per calendar month. (This equates to £1380 per quarter.)

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 £1181 per quarter. Details are provided on the back of the decision form.

**Accordingly the sum of £1181 per quarter will be registered as the fair rent with effect from 5<sup>th</sup> October 2006.**

Chairman     Mr T E Dickinson BSc FRICS

Dated            5<sup>th</sup> October 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.