

**SOUTHERN  
RENT ASSESSMENT PANEL & TRIBUNAL**

Statement of Reasons  
for the Decision by a Committee of the Panel upon an  
Inspection carried out on  
Tuesday 11<sup>th</sup> July 2006

**RENT ASSESSMENT COMMITTEE**  
**Mr Michael R Horton FRICS (Chairman)**  
**Mr D L Edge FRICS**  
**Mr R D Yeomans**

<i>Reference</i>	<i>Address</i>	<i>Tenant</i>	<i>Landlord</i>
CHI/24UE	20 Bridge Street	Mr R T Roberts	Trendgrove Properties.
F77/2006/0082	Titchfield Fareham Hants PO14 4EA		Limited

**Summary**

- 1.1 This was an objection by the Landlord against the registration by the Rent Officer of a Fair Rent for the property of £160.00 per week (p.w.) registered on 11 May 2006 and effective from that date.

The Landlord had requested a fair rent of £1,890.00 per cal. month. (£436.15 p.w.)

The previous Fair Rent, registered by a Rent Assessment Committee on 14 April 2004, and effective from that date, was £146.00 p.w. The uncapped fair rent at that time was noted as £157.61 p.w.

- 1.2 Neither party requested a Hearing but Messrs Hamways, as agents, submitted a written representation on behalf of the Landlord.

**The Statutory Provisions**

- 2.1 It may be helpful if we describe the legal background to the function we have to perform. We have paraphrased the provisions of section 70 of the Rent Act 1977 ("the Act") below, in the hope of making them reasonably comprehensible. The actual terms of the Act are in some ways rather more complex than our description indicates. This might suggest that we have failed to apply the terms of the Act properly. Therefore we make it plain that we have in practice carried out our work by reference to the actual wording of the Act and the decided cases upon it, and not by reference to this short description.
- 2.2. Section 70 of the Act provides that in determining what rent is the fair rent for a property let under a regulated tenancy we must have regard to all the circumstances (other than personal circumstances) surrounding the letting. In particular we are to have regard to the property's age, character, locality and state of repair.

- 2.3 Section 70 (2) of the Act requires us to take account of the letting market in the locality (which must be a substantial one) where the property is situated. We have to assume that the number of tenants looking for property to rent is roughly the same as the number of similar properties available. If there are, in our view, more tenants than properties, and if we consider that this has pushed up open market rents substantially, then we have to estimate the financial effect on open market rents of this "scarcity". In that case we must make an allowance for it when we fix the fair rent.
- 2.4 Section 70 (3) requires us to disregard certain other matters when we make our determination. First, we must disregard any disrepair or other defect because of a failure by the tenant under the regulated tenancy (or any of his predecessors under the same tenancy) to comply with any of its terms. Secondly, we must also disregard any improvement carried out by the tenant or any of his predecessors, except one that he was required to make by the terms of his tenancy. An "improvement" for these purposes usually includes the replacement of any fixture or fitting, but not a repair.
- 2.5 The Rent Act (Maximum Fair Rent) Order 1999 ("the Capping Order") came into effect on 1 February 1999. In January 2000, the Court of Appeal declared that it had been improperly made because the Act under which it had been purported to be made did not give Parliament power to bring in secondary legislation of this nature. That decision in turn was reversed by the House of Lords in December 2000, and so the provisions of the Order apply to our decision.

The effect is to limit the amount of any increase in the fair rent by the way that the Order sets out, and which we have described below.

### **Inspection**

- 3.1 On Tuesday 11 July 2006 the Committee, in the presence of the tenant, inspected the property. The Landlord was not represented.
- 3.2 The Committee found the property to comprise a semi-detached house having brick and rendered elevations under tiled and slated roofs with a single storey addition to the rear.

The property is of some character and is situated on the edge of a popular village enjoying many amenities while the town of Fareham is not far distant.

Bridge Street is a fairly narrow road and carries a certain amount of traffic and the house is close to the road..

- 3.3 Accommodation is arranged as follows:

**Ground Floor** Entrance passage/hall, Front Living Room, Middle Living Room and Dining Room/Kitchen. **First Floor** Three Bedrooms and Bathroom/W.c. **Outside** Large paved parking area and good sized rear garden.

- 3.4 The Committee noted the property as having been extensively modernized by the Landlord, circa 1997, and the house incorporates most modern amenities. Generally it is well maintained but the external appearance is starting to look somewhat tired as a result of neglected paintwork.

## **4. Representations**

### **4.1 Representation by the Landlord**

Messrs Hamways, on behalf of the Landlord, submitted that any valuation should show some relationship with market rents and they provided brief details of a 4 bedroom property in Havant let under an assured tenancy at a current rent of £822.50 per calendar month

- 4.2 No representation was received from the Tenant although Mr Roberts did point out at the inspection that since the last registration the large area of paved parking had been provided by the Landlord and this had proved a mixed blessing as it encouraged vehicles to turn and reverse in that area.

## **5. Conclusions**

- 5.1 In coming to their decision the Committee are directed by the provisions of Section 70 of the Rent Act 1977 and, in particular, they have to ignore any improvements carried out by the Tenant, otherwise than in pursuance of the terms of the tenancy. They also have to disregard any failure by the Tenant to fulfil their repairing obligation e.g. internal decorating.
- 5.2 The Committee carefully considered their findings at the time of the inspection, the Rent Officer's inspection and registration notes and the representations on behalf of the Landlord.
- 5.3 With regard to the general state of the property they found it to have been generally well maintained although they consider the deteriorating external paintwork would influence a prospective tenant for what is a property of some considerable character. They also considered the limited size of the front living room also impacted on the property's rental value.

With regard to the comparable property introduced by Messrs Hamways the Committee noted this as being in a somewhat different locality and it also enjoyed four bedrooms.

- 5.4 The Committee did not find the rental evidence submitted on behalf of the landlord particularly helpful and, accordingly, they decided to rely on their own expertise and knowledge of rental values in the area.

As a starting point the Committee adopted a rent of £850.00 p.c.m. (£196.00 p.w.)

However, at this rent a prospective tenant would expect to find, basic furnishings which would include at least white goods, carpets and curtains. They would also expect to find the property in a good external state of decoration.

Further, the "unfurnished" open market assured shorthold tenancy letting would almost certainly be for a term of some six to twelve months and on this basis the landlord would normally be expected to assume responsibility for internal decorations

It is necessary for the Committee to adjust the rental of £196.00 per week in order to reflect these differences.

5.5 The Committee arrived at the following valuation:

Base open market rent: £196.00 per week

Less adjustments:

No basic furnishings e.g. white goods, etc.	£20.00	
Tenants internal decorating responsibility	£12.00	
Deteriorating decorations	£2.00	<u>£34.00 per week</u>

**Adjusted Rent**

**£162.00 per week**

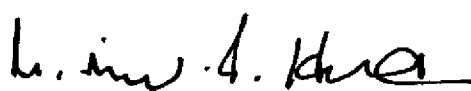
- 5.6 In para. 2.3 above we summarized section 70(2) of "the Act". Under this provision we have to consider whether or not scarcity of this type of property available for letting in the area is *substantial*. If we find this to be the case then we have to give consideration to making an appropriate deduction.

Appeal Court decisions dictate we have to consider the scarcity factor over a wide area and this Committee considers there was no longer any substantial scarcity of such property in this area.

Within this region the Committee, based on their own knowledge and experience, no longer consider scarcity to be *substantial* within the meaning of the "Act" and concluded no further deduction should be applied.

**Decision**

- 6.1 The Rent Assessment Committee determine the Fair Rent of **20 Bridge Street, Titchfield, Hants at £162.00 per week.**
- 6.2 In arriving at their decision the Committee considered their inspection of the premises, the information supplied and representations made to them. They have disregarded the personal circumstances of the parties, have applied their collective knowledge and experience of the locality and they have had regard, in particular, to the provisions of Section 70 of the Rent Act 1977.
- 6.3 This decision was made on Tuesday 11<sup>th</sup> July 2006 which becomes the effective date of the registration.

  
**MICHAEL R HORTON FRICS**  
(Chairman)

Dated 19<sup>th</sup> July 2006