

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

Address of Premises

29, Beechwood Villas
Salfords, Redhill,
Surrey, RH1 5EY

The Committee members were

Mrs H C Bowers MRICS
Mr M G Marshall FRICS
Mrs J Playfair

1. Background

On 6th October 2003 the landlord's agent applied to the Rent Officer for registration of a fair rent of £1275 per calendar month for the above property.

The rent payable at the time of the application was £425 per calendar month.
The rent was previously registered on 12th December 2001 with effect from 5th December 2001 following a determination by the Rent Assessment Committee.

On 21st November 2003 the Rent Officer registered a fair rent of £469 per calendar month with effect from 5th December 2003. The uncapped fair rent determined by the Rent Officer was £500 per calendar month.

By a letter dated 8th December 2003 the landlord's agent 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 3rd March 2004 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.

Central Heating

Refurbishment of the Kitchen and Bathroom

Secondary Double Glazing

3. Evidence

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

Neither party requested a hearing at which oral representations could be made. Therefore this matter was considered with reference to the written representations.

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 more particularly to the Committee's own general knowledge of market rent levels in the area of Redhill. Having done so it concluded that such a likely market rent would be £750 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 £750 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 £285 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 £465 per calendar month. A copy of the valuation is attached to this document.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £465 per calendar month.

The section 70 fair rent determined by the Committee is below the same level as 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 £465 per calendar month will be registered as the fair rent with effect from 8th March 2004 being the date of the Committee's decision.

Chairman  _____

Dated 11 / 3 / 04.

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.

29 Beechwood Villas

The following calculation is on a calendar monthly basis:

		£
Open Market Rent:		750
Less allowances for:		
Lack of Carpets, Curtains and White Goods	60	
Kitchen/Bathroom	55	
Lack of Central Heating	75	
Disrepairs	<u>95</u>	
	285	<u>285</u>
		465
Fair Rent	£465	per calendar month