

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

**Address of Premises**

5 Bell Lane,  
Lanner,  
Redruth,  
TR16 6AP

**The Committee members were**

T D George (Chair)  
A J Lumby BSc FRICS

### **1. Background**

On 24<sup>th</sup> February 2006 the landlord's agent applied to the rent officer for registration of a fair rent of £ 500.00 per month for the above property.

The rent was previously registered on 29<sup>th</sup> April 2004 with effect from the same date at £377.00 per calendar month following a determination by the Rent Assessment Committee.

On 23<sup>rd</sup> March 2006 the rent officer registered a fair rent of £410.00 per calendar month with effect from 29<sup>th</sup> April 2006.

By a letter received by the Rent Officer on 30<sup>th</sup> March 2006, the landlord's agents 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 Thursday 4<sup>th</sup> May 2006 and found it to be in fairly poor condition for its age and character 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) Those set out in the Rent Officer's survey sheet and
- (b) Flooring in the kitchen and in the living room.

### **3. Evidence**

The Committee received no written representations from either party but on enquiry the landlord's representatives informed us that the landlord required a hearing and this was duly arranged.

The hearing was held on 4<sup>th</sup> May 2006 at Kerrier Council Offices in Camborne at which oral representations were made by the landlord. The tenant was not present or represented.

### **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).

The Committee also has to have regard to the Rent Acts (maximum fair rent) order 1999 where applicable. Most objections to and determinations of registered rents are now subject to the order, which limits the amount of rent that can be charged by linking increases to the retail price index. It is the duty of the Rent Assessment Committee to arrive at the fair rent under Section 70 of the Act but in addition to calculate the maximum fair rent which can be registered according to the rules set out in the order. If that maximum rent is below the fair rent calculated as above, then that (maximum) sum must be registered as the fair rent for 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 landlord and the Committee's own general knowledge of market rent levels in the areas of mid and west Cornwall. Having done so it concluded that such a likely market rent would be £525.00 per calendar month.

However, the actual property is not in the condition considered usual for a modern letting at a market rent (usually Assured Shorthold Tenancies). Therefore, it was first necessary to adjust that hypothetical rent of £525.00 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 £73.00 per calendar month. This total is made up as follows: (a) General Condition of the property- £30 (b) No central heating - £10 (c) No floor coverings - £8 and (d) Tenant's decorating liability - £25 making a total of £73.00 per calendar month.

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £10.00 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 £442.00 per calendar month.

## **6. Decision**

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £442.00 per calendar month.

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 £415.00 per calendar month.

**Accordingly the sum of £415.00 per calendar month will be registered as the fair rent with effect from 4<sup>th</sup> May 2006 being the date of the Committee's decision.**

Chairman T. D. George  
T D George  
Dated 4<sup>th</sup> May 2006

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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.