

Southern Rent Assessment Panel File Ref. No. CHI/46UD/F77/2006/0030

Rent Assessment Committee: Summary reasons for decision.

Rent Act 1977

Address of Premises

The Willows
12 Newton Toney
Salisbury
Wiltshire
SP4 0HA

The Committee members were

Mr. J. S. McAllister, FRICS
Mr. C. G. Thompson

1. Background

On the 29th November 2005 the landlord, Mrs. Jowett, through her agents, Strutt and Parker, applied to the Rent Officer for registration of a fair rent of £650 per month for the above property.

The rent payable at the time of the application was not known and the rent (if any) had not been previously registered.

On the 25th January 2006 the Rent Officer registered a fair rent of £650 per calendar month with effect from that date.

By a letter dated the 22nd February 2006, Mr. B. Eley, the tenant, 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 the 20th April 2006 and found it appeared to be a good 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 property was a detached house, probably about 150 years old and traditionally built of rendered brick and flint walls under a concrete tiled roof. It had three bedrooms, sitting room, living room, dining room, kitchen, bathroom, cloakroom and conservatory. Outside there was a double (tandem) garage, gardens and the property also had oil fired central heating and double glazed windows.

3. Evidence

The Committee received written representations from the tenant and these were copied to the parties. No written representations were received from the landlord.

Neither party required 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, have regard to all the circumstances including the age, location and state of repair of the property. It also disregards 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 comparable. (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

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 Committee's own general knowledge of market rent levels in the area of East Wiltshire. Having done so it concluded that such a likely market rent would be £950 per month.

However, the actual property is not in the condition considered usual for a modern letting at a market rent (normally assured shorthold tenancies). Therefore, it was first necessary to adjust that hypothetical rent of £950 per 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 total deduction of £275 per month calculated as follows:-

1. Basic condition of kitchen and bathroom - £55 per month.
2. Dampness - £55 per month.
3. Tenant's liability for internal decoration - £75 per month.
4. Lack of carpets and curtains - £45 per month.
5. Lack of "white goods" (fridge, cooker) - £45 per month.

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

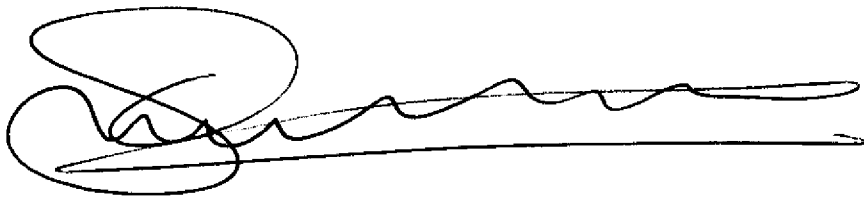
This leaves a net market rent for the subject property of £675 per month, exclusive of Council Tax.

6. Decision

The fair rent initially determined by the Committee, for the purposes of Section 70 was accordingly £675 per month exclusive of Council Tax.

The fair rent to be registered is not limited by the Rent Acts (Maximum Fair Rent) Order 1999 because there was not an existing registered fair rent at the time of the application, i.e. this is the first registrations of fair rent for the property.

Accordingly the sum of £675 per month exclusive of Council Tax will be registered as the fair rent with effect from 20th April 2006 being the date of the Committee's decision.

A handwritten signature in black ink, featuring a large, stylized initial 'M' followed by a series of loops and a long horizontal stroke.

Mr. J. S. McAllister FRICS

Chairman

Dated 15th May 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.