

SOUTH WESTERN RENT ASSESSMENT PANEL

In the matter of Sections 13 & 14 of the Housing Act 1988

Rent Assessment Committee: I R Perry FRICS Chairman
 J Boddy MRICS

REASONS FOR THE DECISION OF THE COMMITTEE

Re: Moravia, The Green, Northleach, Cheltenham, Glos, GL54 3EX

1 Background

On 22 February 2004, the landlord applied to the Rent Officer for registration of a fair rent of £448 per calendar month for the above property.

The rent payable at the time of the application was £373 per calendar month.

The rent was previously registered on 26 June 2002 with effect from the same date at £373 per calendar month following a determination by the Rent Officer.

On 6 May 2004 the Rent Officer registered a fair rent of £409.50 per calendar month with effect from that date. The Rent Register noted that for information only, the uncapped rent was £450 per calendar month and the increase was limited by the Rent Act (Maximum Fair Rent) Order 1999.

By a letter dated 28 May 2004, 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 12 August 2004 and found it to be in reasonable condition as described more particularly in the Rent Officer's survey sheet which had been copied to the parties. There were now double glazed UPVC windows to the kitchen, bathroom, bedroom one and attic room.

The following tenant's improvements had been made to the property: installation of kitchen units, significant works to the front garden, fitting of a wooden floor to the hallway, relaying part of the living room floor, provision of the hand-shower and water cylinder in the bathroom, replacement of the central heating pump and some additional electrical power-points in the bedrooms.

It was noted that in recent years, the property had been rewired by the landlord, a cracked beam in bedroom one had been supported and bolted, metal gutters had been renovated, some external cracking had been repointed and keystones pushed back into place.

During the course of the inspection, the Committee noted damaged floorboards to the staircase and landing, water penetration around the electrical wires in the kitchen, uneven flooring in the attic room and cracked plasterwork within bedroom two.

The landlords had also recently replastered part of the living room and “stitched” a crack beneath the plasterwork.

3 Evidence

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

At the inspection held on 12 August, Mr and Mrs Paxford were both in attendance but the landlord 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 their 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 the market rent levels in the area of the North Cotswolds. Having done so it concluded that such a likely market rent would be £850 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 £850 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 made a deduction of £25 per calendar month to reflect the tenant's provision of the carpets and curtains and a further £50 per calendar month to reflect the defects to the property.

Furthermore, the Committee made a deduction of £85 per calendar month to reflect the tenant's provision of kitchen units and a further £40 per calendar month to reflect the other tenant's improvements.

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 £650 per calendar month.

6 Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £650 per calendar month.

However by virtue of the Rent Acts (Maximum Fair Rent) Order, the maximum fair rent that can be registered in the present case is the lower sum of £414.50.

Accordingly the sum of £414.50 was registered.

Chairman

I R Perry FRICS

Dated

12 August 2004

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.