

Rent Assessment Committee: Reasons for decision.
Rent Act 1977

Address of Premises

8 Rowlands Close
Copthorne
Crawley
West Sussex
RH10 3HT

The Committee members were

Mr B H R Simms FRICS MCIARB
Mr J N Cleverton FRICS
Ms J K Morris

1. Background

On 27th May 2005 the landlord applied to the rent officer for registration of a fair rent of £144 per week for the above property.

The rent payable at the time of the application was £100 per week.

On 15th July 2005 the rent officer registered a fair rent of £90 per week.

By a letter dated 26th July 2005 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 1st September 2005 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 property now has a combined kitchen & living room & a further bedroom & bathroom with W.C.

The following tenant's improvements had been made to the property.

The tenant has replaced the bath with a shower & has fully tiled the walls & floor in the bathroom. The kitchen built in units have been renewed by the

tenant. Modern bedroom cupboards have been installed. The tenant installed central heating with water filled radiators powered by an oil fired boiler. The garden has been substantially improved.

3. Evidence

The Committee received written representations from the landlord and tenant and these were copied to the parties. We received a valuation prepared by the Valuation Officer in October 2004 on the basis of an assured tenancy at £625 p.c.m. This was made without an internal inspection.

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 Landlord and the Committee's own general knowledge of market rent levels in the Crawley & Horsham area. Having done so it concluded that such a likely market rent would be £138 per week.

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 £138 per week 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 £22 per week.

Furthermore, to allow for the tenant's improvements (listed above) it was necessary to make a further deduction of £15 per week.

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 £101 per week.

6. Decision

The fair rent initially determined by the Committee, for the purposes of section 70, was accordingly £101 per week.

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.

Accordingly the sum of £101 per week will be registered as the fair rent with effect from 1st September 2005 being the date of the Committee's decision.

Chairman Mr B H R Simms FRICS MCIARB

Dated 1st September 2005

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.