

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

Address of Premises

24 Church Street
Lacock
Chippenham
Wiltshire SN15 2LB

The Committee members were

Mr. John McAllister, F.R.I.C.S.
Mr. Michael Ayres, F.R.I.C.S.
Mr. Colin Thompson

1. Background

On the 14th of August 2002 the landlord applied to the Rent Officer for a registration of a fair rent of £3400 per annum (£283.33 per month) for the above property.

The rent payable at the time of application was £3100 per annum (£258.33 per month).

The rent was previously registered on the 2nd of February 1987 effective from that date at £18.23 per week.

On the 15th of October 2002 the Rent Officer registered a fair rent of £360 per month with effect from that date.

By a letter dated the 12th of November 2002 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 of February 2003 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.

3. Evidence

The Committee received written representations from the landlord and tenant, and these were copied to the parties. This included a copy of the tenancy agreement dated the 1st of November 2000.

Neither party requested 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, regards 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 emphasized: -

- (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 had to have regard to the Rent Acts (Maximum Fair Rent) Order 1999. Where applicable, this order essentially limits appropriate rent increases by formula to the increase in the UK Retail Price Index.

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 Committee's own general knowledge of market rent levels in the area of North West Wiltshire. Having done so it concluded that such a likely market rent would be £525 per 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 £525 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 deduction of £75 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 £450 per month.

6. Decision

The fair rent initially by the Committee, for the purposes of section 70, was accordingly £450 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 by virtue of landlord's repair and improvements since the previous registration the rent determined by the Committee exceeds by at least 15% the previous registered rent.

Accordingly the sum of £450 per month exclusive of services of Council Tax will be registered and confirmed as the fair rent with effect from the 20th of February 2003 being the date of the Committee's decision.

Chairman



Dated

14-3-2003

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.