


Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0017/01/16
Address of Premises 11 Alexander Road Chepstow NP16 5QU	The Committee members were P H Williams R Baynham	
(1) The Committee has decided that the rent for the above premises is: The new rent will be entered by the rent officer in the rent register.	£106.00 per week (This amount excludes council tax and water rates but includes any amounts entered in boxes 3-5 below.)	
(2) The effective date is: The new rent will apply from this date.	20 th May 2016	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	n/a	
(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:	n/a	
(6) The rent is exempt from the maximum fair rent because of repairs or improvements carried out by the landlord.		
(7) Details (other than rent) where different from Rent Register entry:		
Date of decision: <u>20th May 2016</u>	Chairman 	
If the fair rent the Committee determined was higher than the maximum fair rent, the limit on fair rent increases may apply. If this is the case, the uncapped fair rent the committee determined is shown in box 8. This is shown for information purposes only and does not affect the rent payable.		
(8) The uncapped fair rent was: £106.00 per week		

6. The Tenant has carried out a number of improvements. She has installed a gas fire and surround in the living room, work tops and wall and base cupboards in the Kitchen, a handrail to the stairs and in the garden, replaced the Landlord's sink in the Kitchen and knocked through the original wall between the Kitchen and the dining room. In addition she installed the two sheds and greenhouse. In accordance with Section 70 (3) of the Rent Act 1977 we have disregarded these improvements in assessing a fair rent.
7. The Property is situated in the Bulwark area of Chepstow and is close to a shopping area and approximately one mile from the small town of Chepstow which has all the usual urban amenities.

The Hearing

8. The hearing was by way of written representations. We first considered the representations made by the Landlord's Agents. They expressed concern over the differential between market rents and fair rents in the Chepstow area, irrespective of the capping rules. They also objected to the amount deducted for the Tenant's improvements and to the scarcity deduction of 20%, and did not believe that the Rent Officer had sufficiently taken account of the Landlord's improvements following the last registration. The Agents emphasised that the Property was larger than modern properties and had good room sizes, greater ground floor accommodation and pleasant garden areas of a good size with a rear communal pedestrian access in addition to the front access off the front road. They pointed out that the Property had a lobby with an outside Water Closet in addition to the Bathroom, which also had a Water Closet. The Agents added that if the Rent Officer's figures were accepted there would be no incentive for landlords to make improvements.
9. The Agents pointed out that the property was a good sized house in a pleasant residential area and on a level site and within walking distance of local amenities and shopping. The Agents argued that in their experience a two bed roomed property was more easily let than a three bed roomed house. They also objected to any deduction by the Rent Officer for the age and character of the Property given its nature and standard and the Landlord's improvements. The Agents referred us to the five suggested comparable properties in support of their contention that the rents were too low. See Appendix One.
10. The Agents then explained the breakdown of the SERS Energy Solutions invoice for the installation of external wall insulation Invoice (which was omitted from our papers), advising that the total cost was £8004.05p, including a Grant of £3750.00p.
11. In conclusion the Agents stated that they considered the starting point for the market rent should be £145.00p a week, to which should be added the sum of £10.00p a week for the Landlord's improvements, and that scarcity should not exceed a 10% deduction.

12. The responsibilities for exterior repairs and decoration and internal repairs is that of the Landlord, with the Tenant only responsible for internal decoration in accordance with Section 11 of the Landlord and Tenant Act 1985.

Our Findings

13. The Property is a spacious three bedroomed mid terraced property in satisfactory condition. The Rent Officer has assessed a market rent of £138.46p a week from which he has made four deductions.

14. The correct address is 11 Alexandra Road and not Alexander Road and we note that the Rent Register shows the incorrect name in the address.

15. We comment on the Agents' representations as follows :-

- a. We note that the Rent Officer's range of market rents is between £127 and £164 a week. In assessing a market rent we make the assumptions that the Property is in good condition and has Central Heating, a modern Bathroom and Kitchen, double glazing and carpets and curtains and thereafter we make deductions as appropriate in order to establish the adjusted rent. We determine that the open market rental value shall be £150.00p a week.
- b. The Rent Officer is correct in disregarding Tenant's improvements as referred to above.
- c. As regards scarcity, in recent times a deduction of 10% has been the appropriate figure for the Chepstow area. However, at present there is considered to be a shortage of properties available for rent and we have decided that a deduction of 15% is more appropriate, and that the Rent Officer's figure of 20% is too high.
- d. We acknowledge that the landlord has improved the Property as stated above and that the EWI was a recent improvement and all these improvements are reflected in our assessment of the open market rental value.
- e. We do not accept that the damp in Bedroom 3 is condensation or the fault of the Tenant and we consider that it has arisen through the chimney stack having been removed, with the damp entering through the void.
- f. We are not persuaded that a two bedroomed property is more easily let than a three bedroomed one; and we have only considered the three bedroomed suggested comparables. We viewed all the suggested comparable properties externally and whilst these were of some assistance we do not consider them to be truly comparable as 11 and 17 Camp Road were end of terrace properties and 18 Alexandra Road appeared to be a smaller property and none of the properties have had their EWI taken into account in their current rent.
- g. We do consider that the age and character of the property is material in assessing the open market rental value, and we have reflected these factors in our assessment.

h. Although the SERS Invoice was not with our papers, in the absence of any contradictory evidence, we have decided to accept the Landlord's Agents helpful breakdown

16. We note that for the purposes of the Rent Acts (Maximum Fair Rent) Order 1999 (the Order) the Rent Officer has applied a 20 year term for the sum of £4404.00p. We consider that it is not reasonable to use a 20 year term as this would be a disincentive for landlords to carry out improvements. The Rent Officer has also apparently discounted the amount of the Grant and, again, we do not consider this reasonable.

17. Whilst it might be the good fortune of the Landlord to benefit from the Grant the Tenant has benefited from the expenditure of £8004.05p and we consider that it is this latter figure which should be used in any calculation pursuant to the Order. Under the Order the main principle is to establish the rent before any improvement and compare it with the rent following any improvement. This will not necessarily equate with the amount spent on the improvement; but the cost will be a factor. As a first step we considered that the rent would be increased by £13.00p a week. As a second check we then followed the method adopted by the Rent Officer by considering the capital cost; but we used a 12 year term as being a fairer period and applied this to the total expenditure of £8004.05p, which resulted in a figure of £12.83p a week. This figure supported our view of an increase of £13.00p a week, as part of our assessment of the open market rental value of the Property.

18. The Rent Officer has made deductions for the age and character of the Property, the absence of Landlord's carpets and curtains, the Tenant's improvements and scarcity. We agree with the Rent Officer that the appropriate deduction for the absence of carpets and curtains is £10.00p a week. The Kitchen and Bathroom were both basic and largely unmodernised and such improvements that have been made were made by the Tenant. We have accordingly made a deduction of £10.00p a week. We have also made a deduction of £5.00p a week for the condition of the Property.

Scarcity

19. As referred to above we have assessed scarcity at 15% in accordance with Section 70 (2) of the Rent Act 1977

Decision

20. We confirm that we determine the open market rental value at £150.00p a week and as the Tenant has supplied the carpets and curtains we have adjusted accordingly

Market Rent	150.00
Less Adjustments	
Absence of carpets and curtains	10.00
Basic Kitchen and Bathroom	10.00

Condition	<u>5.00</u>	<u>25.00</u>
		125.00
Deduct for Scarcity at 15%		<u>18.75</u>
		<u>106.25</u>
Fair Rent SAY		<u>106.00p</u>

Maximum Fair Rent

21. We then considered the Order. Article 7 states, inter alia, that if the Landlord carries out improvements which exceed 15% of the previous registered rent then the Order does not apply. We assessed the increase in rent by virtue of the addition of EWI to be £13.00p a week. The previous registered rent was £83.00p and 15% of same is £12.45p. As this figure is less than £13.00p it follows that the Order does not apply and there is no capping.

22. We accordingly determine that the fair rent for the Property is £106.00p a week exclusive of rates and water rates

It is recorded that this Committee made its decision on the 20th May 2016

DATED this 9th day of June 2016

P H Williams

Chairman

APPENDIX ONE

Landlords Agents' suggested comparable properties re 11 Alexandra Road, Chepstow

1. 18 Alexandra Road. Three bedroomed property with Double Glazing to windows and doors and External Wall Insulation (EWI) and no front porch. Appeared to be a smaller property than the properties the subject of the Hearings. Rent of £132.69 a week.
2. 11 and 17 Camp Road. Three bedroomed end of terrace property with Double Glazed windows and doors. Appeared to be mirrored properties and it also had EWI. Rent of £135.00p a week for both.
3. 25 Alexandra Road. Two bedroomed end of terrace property with EWI but no Double Glazing nor Central heating. Rent of £142.00p a week.
4. 11 Alexandra Road. Three bedroomed mid terraced property with EWI and the subject of an Hearing.
5. 43 Alpha Road. Two bedroomed mid terraced property with EWI. Rent of £140.00p a week.

Note – The properties that had benefited from EWI have not yet had this improvement taken into account for rent purposes.