

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0008/04/14 Danygraig Road
Address of Premises 130 Danygraig Road Port Tennant Swansea SA1 8NB	The Committee members were D. J. Evans LLB LLM P Tompkinson BSc MRICS	
(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.	£81.50 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.	9 th July 2014	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	Nil	
(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:	Nil	
(6) The rent is not 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: N/A		
Date of decision: <u>9th July 2014</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: £86.00 per week		

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RESIDENTIAL PROPERTY TRIBUNAL

DECISION OF THE RENT ASSESSMENT COMMITTEE
(RENT ACT 1977)

Reference: RAC/0008/04/14

Property: 130 Danygraig Road, Port Tennant, Swansea, SA1 8NB

Landlord: Family Housing Association (Wales) Ltd

Tenant: Mr G Lloyd

Committee: D J Evans LLB LLM
P Tompkinson BSc MRICS

INTRODUCTION

1 We convened as a Rent Assessment Committee under the provisions of the Rent Act 1977 on the 9th July 2014. We had before us a reference from the Rent Officer in respect of 130 Danygraig Road, Port Tennant, Swansea SA1 8NB (the Property). The Rent Officer had registered a fair rent of £80.50 per week on the 21st February 2014. The Landlord, Family Housing Association (Wales) Ltd, has objected to the Rent Officer's decision and the Rent Officer has referred the matter to us. The Landlord had applied for the rent to be increased to £90.96 pw.

2 Before considering the matter, we visited the Property. The Tenant, Mr G Lloyd, was present and we were therefore able to inspect both internally and externally. The Landlord did not attend.

INSPECTION

3 The Property is a three bedroom end of terrace house located in a residential area of Swansea known as Port Tennant. It was constructed approximately 100 years ago as workers' accommodation for people employed in local industries. It has spa rendered, solid walls, uPVC doors and windows and a tiled roof. There is double glazing and central heating throughout except for the living room where there is a gas fire with a back boiler which the Tenant regards as inadequate to provide instant hot water when it is also providing hot water for the radiators. The Tenant has provided the tiled flooring in the kitchen and the floor coverings elsewhere as well as the curtains and blinds. The Tenant has tiled the upstairs bathroom and provided additional tiling in the kitchen. He has added new doors and skirtings and also plastered some walls, provided timber panelling in the kitchen, replaced the ceiling after a leak and added coving. The Property has a small front garden, and a sloping south facing rear garden, laid out by the Tenant, with sea view and rear lane access. The houses in the immediate terrace are similar in style. The Property is located close to Swansea City centre with its shopping and transport connections. There are some locally based facilities for shopping and schools.

4 Downstairs, the Property has a front living room, a middle dining room, and a kitchen with most units installed by the Landlord. The Tenant has provided the white goods, a cooker hood and three additional units. Upstairs, there are three bedrooms. There is evidence of settlement in the back bedroom. We were unable to inspect the external wall properly as it had had a new external

wall insulation system installed. However, we were told that the Landlord had monitored the situation and from our inspection internally, it seemed to us that the settlement was historic. The upstairs bathroom is old fashioned, basic and functional. The Tenant has also redone the ceiling and the flooring. There is no shower.

REPRESENTATIONS

5 The Landlord argues, in its letter of the 25th March 2014 addressed to the Rent Officer, that it had requested an increase of the rent to £90.96 pw, but the increase allowed was only to a rent of £80.50 pw which was a shortfall of £10.46 pw equating to £543.92 pa plus any additional increase for the year 2015/2016. The proposed increase was consistent with the rents of comparable properties in the area and in line with the benchmark rents for assured properties for the current year. The disparity would have an adverse effect on the Landlord's finances. We were not provided with any comparables by either party.

6 In his representations dated the 17th May 2014, the Tenant states that the increase allowed by the Rent Officer was proportionate and in line with previous increases. The Property has never been updated and the increase requested by the Landlord reflected the rents in the private sector and not those of a non-profit making housing association. He sets out many of the matters referred to in paragraphs 3 and 4 above.

CONSIDERATION

7 We are required to determine a fair rent in accordance with section 70 of the Rent Act 1977 (the Act) and the principles laid down in the case law. We are also required to ignore the personal circumstances of the parties. Neither the fact that the rent is lower than the benchmark rent nor its potential effect on the Landlord's finances are matters which we are able to take into consideration. The fact that a housing association is non-profit making is also not something we can take into account. We must, however, consider the rental value disregarding any improvements which the Tenant has made (see section 70(3)(b) of the Act). Not all improvements add to the rental value. For example, new doors or additional kitchen units may be a matter of personal taste rather than adding value.

MARKET RENT

8 Neither party had provided us with any comparables. The list of rentals provided by the Rent Officer is none too specific, and gives no more than an indication of rents in the general area - between £69.23 pw and £126.92 pw. We are, therefore, entitled to rely upon our own knowledge and experience of the property market. The Rent Officer's figure is £114.23 pw less £5.00 pw for age, character, location and repair. This gives a figure of £109.23 pw. In our view, this is about right. We are aware of a three bedroom property in Sea View Terrace at £595 pcm (£137.31 pw), an area which would command significantly higher rents. In our view the market rent for the Property would be £110.00 pw on the basis that it has a modern bathroom and with white goods, floor coverings and curtains provided by the Landlord as are generally expected in the market.

ADJUSTMENTS

9 The Tenant has provided the kitchen appliances, the floor coverings as well as the curtains and blinds. Such matters, as well as the basic bathroom, are bound to impact upon the attitude of prospective tenants when viewing the Property. We therefore make the following adjustments:

For the provision of a basic kitchen and bathroom	£3.00 pw
For lack of floor coverings and curtains	<u>£6.00</u> pw
TOTAL DEDUCTIONS	£9.00 pw

We therefore determine that the adjusted market rent is £101.00 pw.

SCARCITY

10 We are required by the Act to take into account in assessing a fair rent for the Property whether there is an excess of demand over supply of accommodation such as this in Swansea and the wider area. We are satisfied on the basis of our own knowledge that there is very little in the way of rented accommodation available at the present time over the wider area. Properties are generally not on the market for long. Social landlords have insufficient properties available to fulfil the area's housing needs. Of course, the demand for social housing will be higher as the rents are generally lower than in the private sector, but downsizing, affordability and mortgagability are all applying pressure on the rental market. Applying our own knowledge and experience, we are satisfied that there is still a strong demand for properties of this type in Swansea and the wider area. We therefore conclude that it is appropriate to reduce the adjusted market rent by 15% to take this scarcity into account.

11 Accordingly, we have deducted £15.15 pw from the adjusted market rent to reflect this, making the fair rent for the Property £85.85 pw, say £86.00 pw.

MAXIMUM FAIR RENT

12 We are required to consider whether the provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply. The existing rent, registered on the 2nd March 2012 was £73.00. The Retail Prices Index (RPI) published for March 2012 was 240.8. The RPI published in June 2014 was 255.9. The relevant increase in the RPI was 15.1. The appropriate enhancement factor in accordance with the Order is 0.05. To calculate the maximum fair rent we apply the formula as set out in the Order as follows:

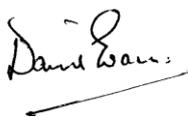
$$\text{Maximum Fair Rent} = £73.00 \times \left(1 + \frac{15.1}{240.8} + 0.05\right) = £81.23$$

Rounding up to the nearest £0.50p, we assess the maximum fair rent to be £81.50 pounds per week.

DECISION

13 We therefore determine the fair rent for 130 Danygraig Road, Port Tenant, Swansea, SA1 8NB to be £81.50 pw.

DATED this 13th August 2014



CADEIRYDD/CHAIRMAN