

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision

File Reference Number:
1018477/College Road

Address of Premises 271 College Road Whitchurch Cardiff Cf14 2NW	The Committee members were Mr Rhys Taylor (legal chairman) Mrs Ceri Trotman Jones MRICS
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(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.	454per month (This amount excludes council tax and water rates but includes any amounts entered in boxes 3-5 below.)
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(2) The effective date is: The new rent will apply from this date.	27 July 2012
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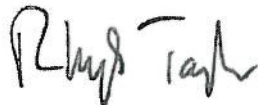
(3) The rent is not to be registered as variable.	
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(4) The amount for services is:	na
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(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:	na
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(6) The rent is not exempt from the maximum fair rent because of repairs or improvements carried out by the landlord.	
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(7) Details (other than rent) where different from Rent Register entry: na	
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Date of decision: <u>27 July 2012</u>	 Chairman
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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: £501.50	
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EXAMPLES OF HOW THE MAXIMUM FAIR RENT IS CALCULATED

Example 1 – The rent officer's decision

The rent officer receives an application for the rent of 1A Acacia Avenue to be re-registered. The rent was last registered at £200 per month in March 2009. The published RPI (all items) for the month of March 2009 was 211.3. The rent officer is to register the rent on 31 March 2011. The latest published RPI (all items) on the first day of March 2011 is 229.0.

Firstly, the rent officer works out the change in the RPI since the last registration was made:

$$229.0 - 211.3 = 17.7.$$

He divides the result by the RPI figure for the month when the last rent registration was made to get the proportionate change:

$$17.7 \div 211.3 = 0.0837671.$$

He then adds the equivalent of an additional 5% (7.5% if this is the first application for registration after the limit was introduced, subsequent registrations will be 5%).

$$0.0837671 + 0.5 = 0.1337671.$$

He then adds 1 = 1.1337671.

He then multiplies the result by the existing registered rent:

$$£200 \times 1.1337671 = £226.75.$$

He then rounds the result up to the nearest 50 pence. The maximum fair rent the rent officer could register is therefore £227 per month.

Example 2 – The Rent Assessment Committee’s decision

The tenant objects to the rent of £227 per month set (in example 1) by the rent officer for 1A Acacia Avenue. The case is referred by the rent officer to the rent assessment committee to decide the rent. The committee agrees that the case is not exempt from the maximum fair rent. The committee is to decide the rent on 15 May 2011. The latest published RPI (all items) on the first day of May 2011 is 232.5. The published RPI (all items) for the month of March 2009 when the rent was last registered at £200 per month was 211.3. (This was the last registration before the current application for a new rent registration was made to the rent officer.)

Firstly, the committee works out the change in the RPI since the last rent registration was made:

$$232.5 - 211.3 = 21.2.$$

It divides the result by the RPI figure for the month when the last rent registration was made to get the proportionate change:

$$21.2 \div 211.3 = 0.1003312.$$

It then adds the equivalent of an additional 5% (7.5% if this is the first application for registration after the limit was introduced, subsequent registrations will be 5%:)

$$0.1003312 + 0.05 = 0.1503312$$

It then adds 1 = 1.1503312.

It then multiplies the result by the existing registered rent:

$$£200 \times 1.1503312 = £230.06.$$

It then rounds the result up to the nearest 50 pence. The maximum fair rent the rent assessment committee could decide is therefore £230.50 per month.

address of property

271 College Road, Whitchurch

date

27.7.12

(populate the pink cells with figures)

market rent

£ 650.00 per month

adjustments

lack of central heating	30	
carpets curtains	20	
condition	0	
basic bathroom	5	
basic kitchen	5	
double glazing	0	
other (tenants improvements)	0	
total		60
<u>adjusted market rent</u>		£ 590.00

scarcity %

15 %

amount of reduction

£ 88.50

fair rent

£ 501.50

add services if any

0

maximum fair rent calculation

a) present RPI for last month published	241.8	
b) RPI for month of last registration	223.6	
c) = a) less b)		18.2
d) divide c) by b)		0.081395
e) add enhancement factor		0.05
add 1		1
f) total		1.131395
g) last registered rent		£ 401.00
H) multiply f) and g)		£ 453.69
i) round up to nearest 50 pence		£ 454.00

Rent Assessment Committee (Wales)

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REASONS FOR DECISION OF RENT ASSESMENT COMMITTEE (WALES) Rent Act 1977 s.70

Premises: 271 College Road, Whitchurch, Cardiff, CF14 2NW (“the property”)

Ref: 1018477/College Road

Hearing: 27 July 2012

Tenant: Mrs Jean Snowdon

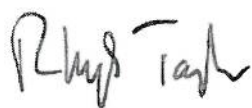
Landlord: Mr Ronald Gordon Hesp

Members of Tribunal: Mr R S Taylor – Lawyer Chairman
Ms Ceri Trotman Jones MRICS

DECISION

1. The fair rent for the property shall be registered in the sum of £454 per month, which shall apply from the 27 July 2012

31 July 2012

A handwritten signature in black ink, appearing to read 'Rhys Taylor'.

Rhys Taylor - Chairman

REASONS

Background.

1. This is an appeal concerning the decision of a Rent Officer dated 24 May 2012, concerning the registration of a fair rent for the property.
2. By application dated 22 April 2012 the landlord applied for the rent to be registered at £550 per month.
3. The previous rent, registered on 28 May 2010, was for £401 per month, effective from 13 July 2010.
4. The Rent Officer registered a new fair rent on the 25 May 2012 in the sum of £428 per month, to be effective from 13 July 2012.
5. The landlord objected to this figure in an email dated 29 May 2012 and the Rent Officer accordingly referred the matter to us by letter dated 1 June 2012.

Inspection.

6. The committee inspected the property on the 27 July 2012.
7. The property is a mid terrace, two storey residential dwelling house, constructed circa 1920, with ground floor bay window. The front elevation is of facing brickwork and rear elevation is rendered. The main walls support a timber pitched roof structure with slated cover. The property has a two storey and single storey extension to the rear. There is a small forecourt garden to front and enclosed good sized rear garden.
8. Internally, the accommodation is of good proportion with open plan living/dining room. The kitchen is located to the rear with a small scullery area. An internal timber staircase provides access to the first floor where two double bedrooms and a large family bathroom are located.
9. The kitchen and bathroom facilities are slightly dated, although functional. The décor is similarly dated although well kept.

10. There is a point of contention between the parties as to rising damp in the property. Whilst we note that the Landlord states he has installed a damp proof course and membrane, we did note some evidence of damp in the scullery area with deteriorating plaster finishes and some rising damp in the kitchen area and located at rear living room wall. Given the extent and location of this damp we do not find that this would have a significant impact on market rental values.
11. The property is situated on the periphery of Whitchurch village, close to its amenities including shops and good schools and the Philog green. We noted there is a public house over the road from the property.
12. We note that there is a disused outside toilet with a damaged door. We also note that the rear garden wall requires repairing at one point. These are matters which should be attended to under the Landlord's implied covenants, but we do not find that they would significantly impact upon the rent, which is our only concern.

Written submissions

13. The Landlord set out his position to two emails, one dated 29 May to the Rent Officer and one dated 19 June addressed to the tribunal. The Landlord had indicated that he wished to attend at a hearing but failed to attend at the listed time. The clerk to the tribunal contacted him and he explained that he had thought the hearing was to take place at the property and that he could not now attend.
14. We are able to consider the Landlord's arguments from the emails which he sent to the tribunal. We are not obliged to deal with each and every point that he has made, but find it convenient to deal with the points we consider relevant after his points which we mark in italics.
15. In summary the arguments in the 29 May email state:-
 - a. *The recent increase has been the lowest for many years, with the exception of years 2006 to 2008. Noted.*
 - b. *With mortgages being more difficult to come by in the current market this has fed through to an increase in rental prices. Whilst this is asserted as fact and may*

well be correct, the Landlord has not supported this point with any data to explain to what extent it may be relevant here.

- c. *The property is in a good condition. We find that it is in average condition and have already noted evidence of some damp penetration.*
- d. *The recent increase is equivalent to 3.35 per annum, which does not keep pace with inflation. The rate of inflation is not the benchmark against we must make our calculations which are governed by the Rent Act 1977.*
- e. *He has a similar property 'not three streets away' which produces a rental income of £825 per month. Whilst it benefits from central heating, and an extra room the differential between the two properties is hard to justify. We note the rent received and would have welcomed precise details so we could properly assess the relevance of the comparable.*
- f. *The landlord has offered to install central heating but the tenant has refused as it would cause too much disruption. We are not concerned with the history of this issue, the simple fact is that there is not central heating and that a tenant in the market would expect there to be central heating.*

16. In summary the arguments in the email dated 19 June state:-

- a. *The 'dated' (as per Rent Officer's description) décor is a result of the tenant's choice of decoration and should not reflect upon the rent. We have assessed the market rent on the basis that the tenant has complied with her covenants to keep in good repair.*
- b. *The suggestion by the Rent Officer that the carpet is dated is a subjective and wrong description. The Tenant purchased the carpets for the property. We have made an adjustment to reflect the fact that the Landlord has not supplied these.*
- c. *The state of the road outside the property is not within the landlord's control and should not be reflected in the rent. The state of the road is noted and we do not find that this is a significant issue when determining the rent.*

- d. *The property is not opposite a pub and whilst it is near to a pub, it does not cause any loss of amenity. Noted.*
- e. *There are major benefits to the locality such as bus routes, shops, taxi rank, restaurants and health centre. Further the property is situated in a very good school catchment area. Noted and we have reflected this is the market rent we have set.*
- f. *The market rent figure is too low. We agree with this point, see below.*
- g. *The deductions of £65 per month for and character is not justified. We have made our own calculations, independent of the Rent Officer.*
- h. *The deduction of £35 for lack of furniture is too high. We have made our own calculations, independent of the Rent Officer.*
- i. *The deduction of £10 for disrepair to a garden wall and unused outside WC door is unwarranted. We have made our own calculations, independent of the Rent Officer.*
- j. *There is no damp in the property, it having benefitted from a damp proof course. There is some damp.*
- k. *The deduction for scarcity is unwarranted in the Whitchurch area. The landlord has misunderstood the concept of scarcity, which is that element of the rent which is being driven by demand over supply in a geographically wide area, such as South Wales, not local simply local to Whitchurch.*
- l. *He is unaware why £7 per month has been deducted for improvements. We have made our own calculations, independent of the Rent Officer.*
- m. *He does not understand the Maximum Fair Rent calculation. This is published in the Rent Acts (Maximum Fair Rent) Order 1999 which is freely available on the internet.*
- n. *The comparables provided by the Rent Officer do not contain full addresses, so it is impossible to make a proper comparison. We share the Landlord's frustrations with this point.*

Market rent.

17. We have considered the Rent Officer's schedule of comparable rents as used in his determination of the market rent. These range from £495 to £700 per month. However, as noted, we share the landlord's frustrations with this document as the schedule does not particularize addresses save for the partial post code area, so it is of limited value to us. It would be of great assistance, in future, if the Rent Officer was able to indicate which properties were specifically being relied upon as comparables as the schedule affords limited help in its current format.
18. Applying our knowledge and expertise as an expert tribunal, we determine that the market rent for this property should be £650 per month.

s.70 Rent Act adjustments

19. From the headline figure we must make the adjustments pursuant to s.70 of the Rent Act 1977. We make the following deductions:-
 - a. £30 per month per for lack of central heating;
 - b. £20 per month for lack of carpets and curtains; and
 - c. £10 per month for basic fittings in kitchen and bathroom.
20. This means we have a total of £60 per month to come off the market rent of £650 per month. This results in an adjusted market rent of £590 per month

Scarcity

21. The Rent Officer has selected a scarcity discount of 15.74%. Applying the committee's own knowledge and expertise we would adjust this figure to 15% to accord with the committee's decisions in previous matters in the area with which we are concerned, i.e. South Wales.
22. We note that landlord's observations about scarcity in Whitchurch. We are unable to accept this point as scarcity, as a matter of law, must be considered in a wide

geographical area, such as South Wales and not just a particular location. We are satisfied, applying our expertise and skill as a specialist tribunal, that there is demand over supply for rental property in the South Wales area which is, in part, driving rental prices.

23. It would take a more forensic approach to dissuade us that we should depart from the accepted figure which this tribunal currently considers to be appropriate.

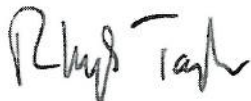
24. This leaves a fair rent of £501.50 per month.

Maximum Fair Rents Order 1999

25. The Rent Acts (Maximum Fair Rent) Order applies in this case. The MFR in this case is £454 per month. We have appended our calculation which arrived at that figure to this decision.

26. The fair rent shall therefore be registered as £454 per month.

Rhys Taylor – legal chairman.



31 July 2012