

**Rent Assessment Panel for Wales**

**Notice of the Rent Assessment Committee Decision**

File Reference Number:  
qA1036645

Address of Premises  
Flat 7  
4-6 Margaret Street  
Abercynon  
Mountain Ash  
CF45 4RE

The Committee members were  
David Evans LLB LLM  
D Rhys Davies FRICS

(1) The Committee has decided that the rent for the above premises is:

£69.00 per week

The new rent will be entered by the rent officer in the rent register.

(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.

4<sup>th</sup> December 2012

(3) The rent is to be registered as variable.

(4) The amount for services is:

£10.66 per week

(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:

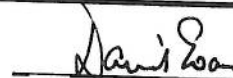
N/A

(6) The rent is 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: 4<sup>th</sup> December 2012

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: N/A

Y TRIBIWNLYS EIDDO PRESWYL  
RESIDENTIAL PROPERTY TRIBUNAL

DECISION OF THE RENT ASSESSMENT COMMITTEE  
(RENT ACT 1977)

Reference: 1036645

Property: Flat 7, 4 – 6 Margaret Street, Abercynon, Mountain Ash, CF45 4RE

Landlord: Cynon Taf Community Housing Group

Tenant: Mr T Flanagan

Committee: D J Evans LLB LLM  
D R Davies FRICS

INTRODUCTION

1 We convened as a Rent Assessment Committee under the provisions of the Rent Act 1977 on the 4<sup>th</sup> December 2012 at the Innovation Centre, Navigation Park, Abercynon. We had before us a reference from the Rent Officer in respect of Flat 7, 4-6 Margaret Street, Abercynon, Mountain Ash CF45 4RE (the Property). The Rent Officer had registered a fair rent of £69 per week on the 22<sup>nd</sup> August 2012. The rent included an amount of £10.66 for services provided by the Landlord, Cynon Taf Community Housing Group. The Tenant, Mr T Flanagan, had objected to the Rent Officer's decision and the Rent Officer had referred the matter to us. The Landlord had applied for the rent to be increased to £70.92 per week including the cost of the services.

2 Before considering the matter, we visited the Property. The Tenant was not there and we were unable to view the inside of the Property but we were able to inspect the common parts both internally and externally. The Landlord did not attend.

INSPECTION

3 The Property is one of 10 flats (the Development) which have been constructed within what was formerly part of a terrace of shops in the centre of Abercynon, close to the railway station. There are shops still operating on either side of the Development and opposite there is a small public car park. The Development has rendered walls and a tiled roof. The windows are upvc double glazed units.

4 Access to the Property is via a communal front door which opens on to a hallway with stairs leading to the first floor landing off which are the entrances to flat numbers 6,7 and 8. We had been provided with a plan of the Property. There is a living room and a kitchen both with windows facing Margaret Street. The bedroom has a window facing the rear and a bathroom which has no natural light. Ms Louise Walrond, the Landlord's Support Services Manager, informed us at the subsequent hearing that the flat has gas central heating in all rooms. The communal area is carpeted, but carpets are not provided within the flat. The Landlord does not provide white goods.

5 To the rear of the Development is an area with 5 undesignated car parking slots and washing lines. This area is accessed from the communal hallway. The refuse bins are stored in the hallway.

## REPRESENTATIONS

6 In an undated response to the Rent Officer's decision, the Tenant wrote stating, as his ground of objection, that the increase from £62.50 to £69.00 was about a 10%. The Landlord wrote to us on the 16<sup>th</sup> October 2012 that the Property was well maintained and located close to all local amenities. Given the comparable rental information, the Landlord felt that the Rent Officer's decision was fair and equitable. The Tenant was sent a copy of the Landlord's representations but he did not reply.

## HEARING

7 Whilst inspecting the communal parts, we spoke to the occupiers of two of the flats and they confirmed that the Tenant had not been away at the time when the Tribunal had been corresponding with him and that he had gone to work that morning. Ms Walrond, who represented the Landlord at the hearing, informed us that the Landlord had received no communication from the Tenant since he had lodged his appeal and although the Landlord had written to the Tenant at some point to arrange an inspection, that likewise had produced no response. In the circumstances as the letters from the Tribunal, including that notifying the Tenant of the hearing, had not been returned, it was reasonable for us to assume that Tenant had received them and had chosen to go to work rather than attend the hearing.

## RENT

8 Ms Walrond told us that rents were set in accordance with the Welsh Government's guideline rents. The proposed rent had been £60.26 (excluding the service charge of £10.66). The total rent proposed was therefore £70.92. The previous rent was £62.50 including the service charge. The increase had been intended to take effect from the first Monday in April 2012. Her organisation did not go around the agents to ascertain market rents, but as a matter of good practice contacted other registered social landlords in the area in order to achieve a level of consistency in rents. The rents have to be competitive, but they also have to maximise their income as new developments have to be funded out of that income.

9 Within the area, there had been an increase in the number of private landlords (buy to let) and they provided a good deal of family housing. The Landlord had found that tenants were leaving to move into the private rented sector where there was good quality housing. Tenants were sometimes particular about the streets that they wished to live in. Nonetheless, the Landlord still has more demand than supply. The demand is constant and the Landlord keeps matters under review. On average it has 210 voids out of 1800 properties. The Landlord closed its lists for a couple of months. It has to prioritise those in greatest need. The demand for the Landlord's properties is affected by the fact that its rents are generally lower, there is security of tenure and the properties are better maintained. Open market rents would, in Ms Walrond's view, be higher than those charged by the Landlord. A private landlord would be charging £75 - £80 per week. It might charge service costs in addition, but the services might not be as comprehensive as those provided by the Landlord so the service charge might be less. For example, a private landlord might not charge for servicing fire equipment. Ms Walrond accepted that when renting a property, prospective tenants looked at the overall cost including the service charge, but they may not consider what extras they were receiving for that charge.

10 The Tribunal referred Ms Walrond to number 1 Margaret Street, at the end of the terrace, which was being rented at £325 pcm.

## SERVICE CHARGE

11 The service was calculated for the period from 1<sup>st</sup> January to the 31<sup>st</sup> December in each year and was charged from the following April to March the year after. A schedule of costs setting out the breakdown of the charges which totalled £5,534.19 for the Development was contained in our papers as part of the original application to the Rent Officer. As there were 10 units in the scheme, this resulted in a weekly unit charge of £10.66. Capital items were depreciated over defined periods of time on a straight line basis. With the revenue costs, the Landlord tended to use local contractors where possible as they were cheaper, although it was looking at the way they procured contractors to try to obtain better value for money. The fire risk assessment involved a full inspection this year. This will not be necessary next year unless there is a major change. The Landlord uses a procurement agent to obtain the best deal for the communal electricity.

12 The Housing Officer in charge of this Development oversees 320 units including 5 sheltered housing schemes and 10 older person schemes. Margaret Street is a basic scheme. Ms Walrond understood that a 15% management charge was a standard Welsh Government figure, but she thought it was a token amount and that the Landlord did not make any money from it.

## CONSIDERATION

13 We are required to determine a fair rent in accordance with section 70 of the Rent Act 1977 and the principles laid down in the case law. We also required to ignore the personal circumstances of the parties. We understand the Tenant's concerns at the increase in his rent of 10% over a period of two years. However, we are required by the Rent Act 1977 to base the fair rent upon the rents applying in the market place, subject only to those adjustments set out in the statute.

## MARKET RENT

14 The Rent Officer has suggested £71.54 per week (exclusive of services) as a market rent for the Property assuming it to be in good condition and with the modern amenities which a tenant in the market would now generally expect. We have the Rent Officer's table of rents dated 22<sup>nd</sup> August 2012, but many of the entries are over a year old and in different postal areas. We also have the information relating to number 1 Margaret Street (£325 per calendar month) which was disclosed to Ms Walrond. We are entitled to rely upon our own knowledge and experience of the property market. Taking into account the evidence to which we have referred we are inclined to agree with the Rent Officer's assessment, and so we determine the market rent for the Property, on the basis that it is in good repair with central heating, double glazing and with the white goods and floor furnishings and curtains provided by the Landlord, as would be expected in the open market, to be £310 per month (£71.50 per week).

## ADJUSTMENTS

15 The Rent Officer has deducted £6 per week from the market rent to take into account the lack of furnishings, carpets and curtains at the Property. This would reduce the market rent to £65.54 per week. The lack of white goods as well as carpets and curtains is bound to impact upon the rent which a prospective tenant would pay. In the market, he/she would expect these items to be provided by the Landlord. We agree with the Rent Officer's assessment that the market rent should be adjusted by £6 per week to take account of this. We therefore determine that the adjusted market rent is £65.50 pw.

## SCARCITY

16 We are required by the Rent 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 Abercynon and the wider area. The Rent Officer has deducted approximately 10%, although in so doing she has deducted 10% of the service charge as well. This is not correct. The service charge is variable and the Landlord is entitled to recover 100% of the costs which are fairly attributable to those services. Applying our own knowledge and experience and taking the evidence of Ms Walrond into account, we conclude that there is a reasonably strong demand for properties of this type in Abercynon and the wider area. We agree again with the Rent Officer that it is appropriate to reduce the adjusted market rent by 10% to take this scarcity into account.

17 Accordingly, we have deducted £6.50 from the adjusted market rent to reflect this, making the fair rent for the Property £58.95 per week exclusive of the service charge.

## SERVICE CHARGE

18 The Tenant has raised no specific issue with regard to the quality of the services provided by the Landlord or their cost. Having heard the evidence of Ms Walrond, we are satisfied that the costs charged were fairly attributable to the services provided. We have noted that the Landlord's cost of organising and supervising the services is charged at 15% of the cost of those services. As a percentage, this is higher for non-sheltered accommodation than that usually allowed by this Tribunal. The Landlord has also applied the same percentage for the communal electricity account. We must, however, consider the management charge as a whole. There are only 10 units in Margaret Street. Only a few services are provided and the total cost is relatively low. The cost of management in such circumstances is bound to represent a higher proportion than it would in a larger development where economies of scale would apply. Overall, a charge of £11.31 per week for the Development is not unreasonable –ie £1.13 per week per unit.

19 We determine that the charge for services of £10.66 per week is fairly attributable for the services provided. The total rent including the variable service charge is therefore £69.61. In our view this is sufficiently close to the Rent Officer's figure for us to confirm her figure of £69 per week inclusive of the variable service charge.

## MAXIMUM FAIR RENT

20 We are required to consider whether the provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply. The existing rent registered on the 16<sup>th</sup> June 2010 was £62.50 per week inclusive of the variable charge for services of £10.16. The rent net of the service charge was therefore £52.34 pw. The Retail Prices Index (RPI) published for June 2010 was 224.1. The RPI published in November 2012 was 245.6. The relevant increase in the RPI was 21.5. 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:

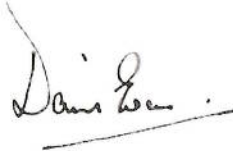
$$\text{Maximum Fair Rent} = £52.34 \times \left(1 + \frac{21.5}{224.1} + 0.05\right) = £59.98 \text{ per week}$$

Rounding up to the nearest £0.50p, we assess the maximum fair rent to be £60.00 per week which together with the variable service charge of £10.66 totals £70.66. As this is more than the rent we have determined in paragraph 19 above, the Order does not apply in this case.

DECISION

21 We therefore determine the fair rent in respect of Flat 7, 4 -6 Margaret Street, Abercynon, Mountain Ash to be £69.00 per week inclusive of the variable service charge of £10.66 per week.

DATED this 15th day of January 2013

A handwritten signature in black ink, appearing to read "David Lee", is written over a horizontal line.

CHAIRMAN