

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0034/03/14 Ruggles Terrace
Address of Premises 14 Ruggles Terrace Morrison Swansea SA6 7JB	The Committee members were D. J. Evans LLB LLM R. E. Thomas 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.	£76.50 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.	20 th June 2014	
(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 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>20th June 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: N/A		

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL

DECISION OF THE RENT ASSESSMENT COMMITTEE
(RENT ACT 1977)

Reference: RAC/0034/03/14

Property: 14 Ruggles Terrace, Morriston, Swansea, SA6 7JB

Landlord: Family Housing Association (Wales) Ltd

Tenants: Mr and Mrs W Morris

Committee: D J Evans LLB LLM
R E Thomas MRICS

INTRODUCTION

1 We convened as a Rent Assessment Committee under the provisions of the Rent Act 1977 on the 20th June 2014. We had before us a reference from the Rent Officer in respect of 14 Ruggles Terrace, Morriston, Swansea SA6 7JB (the Property). The Rent Officer had registered a fair rent of £79 per week on the 21st February 2014. Both the Landlord, Family Housing Association (Wales) Ltd, and the Tenants, Mr and Mrs W Morris, have 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. One of the Tenants, Mrs Morris, was present and we were 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 between the Morriston and Llangyfelach areas of Swansea. Locally this area is known as Clase and comprises a large former local authority built estate. Ruggles Terrace is accessed through the Pinewood Estate, an area of private housing. Numbers 8 – 14 (evens) were built as prison officers' houses in the 1970's before being acquired by the current housing association owners. Opposite the Property, there is a small development of privately constructed houses and to the rear are the gardens of some local authority houses. There are limited local facilities - convenience stores and schools - but good shopping facilities are available at Morriston, Fforestfach and the Swansea Enterprise Park. There are two major employment centres nearby. The DVLA is within approximately 500 yards of Ruggles Terrace, and Morriston Hospital is approximately 2 miles away. There are good communication links to the M4 (junction 46), approximately 1 mile away, and there are good bus services available to Morriston and Swansea city centre from nearby Long View Road.

4 Numbers 8 to 14 (evens) comprise a terrace of 4 two storey dwellings. The two end walls of the terrace are built of cavity brick but there are solid brick party walls dividing the dwellings. The roof of the terrace is clad in concrete interlocking tiles. The ground floor front and rear walls are of single skin masonry construction, dry lined internally. The first floor appears to be timber framed, clad on the external skin with uPVC and dry lined to the internal face. Numbers 12 and 14 are divided on the ground floor by a shared walkway leading from the front to the rear. The first floor bedrooms are arranged so that the front bedroom of one house and the rear bedroom of the other

are built over the walkway. The walls of the walkway are single brick, dry lined internally. The Property has a small front garden and a good size rear and side garden.

5 The Property, which has two double bedrooms and one single bedroom, is situated at the right-hand end of the terrace (as viewed from the road). The windows are single glazed, but there is gas central heating with a new boiler installed by the Landlord approximately 9 months ago. The Landlord provided new kitchen units approximately 4 to 5 years ago with further units and the white goods provided by the Tenants. The Tenants have carried out several improvements. These include knocking through to combine the kitchen and dining room, changing the internal doors, providing coving and wallpaper to the ceilings, the curtains, blinds and floor coverings throughout including floor tiles and laminate, a bath panel, a shower and a vanity unit, providing (where present) radiator covers, tiling the kitchen and bathroom walls, and substantially improving the outside space at the front and rear by rebuilding or providing new low level retaining walls, a patio and generally landscaping the garden.

6 We noted a number of defects. There was evidence of a heavy condensation in the living room with staining present on the vertical blinds. We were shown various items of furniture that had suffered from condensation. Mrs Morris explained that she had to supply new skirting boards in the living room as the originals had been affected by rot due to damp and condensation.

REPRESENTATIONS

7 In a letter dated the 7th March 2014, the Tenants argue that numbers 8 to 14 were all let at the same time and at the same rent. The rent for number 8 had been registered at £77 pw. The increase in rent for the Property since last registration was 11%, which in the Tenants' view was high.

8 The Landlord argues, in its letter of the 25th March 2014 that it had requested an increase of the rent to £90.96 pw, but the increase allowed was only to a rent of £79 pw which was a shortfall of £11.96 pw equating to £621.92 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. We were not provided with any comparables by either party.

HEARING

9 As well as this application, the Tribunal had received similar applications in respect of numbers 8 and 10 Ruggles Terrace. The Landlord was a party in all three applications. A hearing had been requested for numbers 10 and 14 (not number 8). We therefore invited the parties to these two applications to consider hearing them both together as the arguments and evidence for both would be broadly the same. The Landlord and the Tenants as well as the tenant of number 10 agreed in writing prior to the hearing date being set and this agreement was confirmed at the hearing itself.

10 The Landlord was represented by Ms Lisa Rees, the Senior Housing Officer in the Landlord's Rent Team. She was accompanied by Ms Jagoe- Williams. Mrs Morris and Mrs Carroll attended on behalf of the tenants of their respective properties. Mrs Carroll explained that all the tenants had moved in at the same time and had paid the same rent. Mrs Morris told us that there was a large local authority estate all around Ruggles Terrace. There were new tenants in numbers 2, 4 and 6. The tenants of number 12 were now paying £76.50 pw. The Property did not have double glazing. The house was cold in winter. There was no wall insulation. There was mould on the blinds in the living room. The skirting boards had rotted. The garden store was also damp as it was cut into the sloping garden.

11 The Tenants have provided their own white goods and some additional units in the kitchen, their own carpets, the fitted wardrobes and the living room fire. When the Tenants had first taken

up occupation, the ceilings in the properties had not been skimmed. They had converted the kitchen and dining room into a single room. They had combined the toilet and the bathroom into one room. They had also created a hard standing for their caravan. Mrs Morris explained that the houses were cold in winter and that there was no wall insulation. She accepted that some improvements they had made were for their own comfort and would not necessarily add value to the Property. She also mentioned that her daughter was paying less in mortgage than she and her husband were paying in rent. As this was social housing, they expected to pay less than in the private sector. Mrs Morris also explained that they preferred to do repairs themselves as they had experienced problems with the work undertaken by the Landlord's contractors

12 Ms Rees said that she had no information about shoddy work or damp. When deciding what rent to charge, the Landlord looks at the Welsh Government benchmark rents. All rents are increased in line with the benchmark rents. The rents are not decided on an individual basis. The Landlord does not carry out its own assessment. £90.96 pw is the benchmark rent for a 3 bedroom 5 person house in the Swansea area irrespective of where in Swansea the house is located so the same figure is applied in high rental areas as well as low rental areas. The benchmark rent was actually less than the market rent suggested by the Rent Officer who had taken an average of rents from the information provided.

13 As the parties did not provide comparables, we referred them to two properties located nearby of which we were aware: Rheidol Avenue - £450 pcm (£103.85 pw); and Brangwyn Close - £480 pcm (£110.77 pw). Ms Rees explained that she did not know the area. Mrs Morris told us that Brangwyn Close (in the Pinewood area) would fetch a higher rent than a property in Ruggles Terrace.

14 Ms Rees confirmed that properties in Morryston let quickly and that there were not many houses to let in the area. The same was true of other areas of Swansea. She confirmed that the Landlord was not able to meet the housing needs of the Swansea area. There were many prospective tenants looking for houses. However, she could not say if the demand was from single persons, couples or families. She was aware of people wanting to downsize as a result of the change in housing benefits. The lower rents for social housing contributed to the demand as did the fact that the Landlord did not ask for a deposit or add charges. Rents in respect of Rent Act tenancies could only be increased every two years. If the rent was not to be raised to the benchmark rent the Landlord would lose significantly over the 2 year period.

CONSIDERATION

15 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. The fact that the rent is lower than the benchmark rent and its potential effect on the Landlord's finances are not therefore matters which we are able to take into consideration.

16 Although we were to deal with two properties in Ruggles Terrace at the hearing and a further property (no 8) on the papers, we made it clear that each case was to be considered separately. We also explained that we had inspected all three and that we had noted the condition of each. Points made in the papers relating to number 8 would have no bearing on this case or on that relating to number 10. We were, however, able to note the look of the un-plastered ceiling at number 8.

17 Although the three properties are on different sized and shaped plots, neither the Landlords nor Mrs Morris or Mrs Carroll suggested that this would have an effect on the rental value of any of the properties. In the absence of any evidence or argument to the contrary, we cannot but accept that proposition.

18 Neither party had provided us with any comparables. We are, therefore, entitled to rely upon our own knowledge and experience of the property market. We had informed the parties of the two comparable properties of which we were aware and had invited comment. We had

inspected the exterior of the property in Brangwyn Close. It appeared to be more modern well-presented two bedroom house, somewhat smaller than the Property, in an area of private housing. We accept Mrs Morris' point that properties in Brangwyn Close would be expected to achieve a higher rent than equivalent properties in Ruggles Terrace. We were in possession of brief particulars of the house in Rheidol Avenue, a former local authority Council house, but in our view in a lesser rental area than the Property.

19 We also have to 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, the lack of plaster on the ceiling could affect the rental value, though the application of artex or paper would be a matter of personal taste.

MARKET RENT

20 The Rent Officer had put the market rent for the Property, on the basis that it is in good repair, unimproved, with double glazing and with the white goods, floor furnishings and curtains provided by the Landlord, as would be expected in the open market, at £115.38 pw. In our view, this is a little on the high side. Whilst we accept that, generally, properties in the Pinewood estate would achieve higher rents than properties in Ruggles Terrace, we have to consider the relative sizes of the properties we are comparing as well as their locations. We would certainly expect the Property to achieve a higher rental than the property in Rheidol Avenue (£103.85) and whilst Brangwyn Close (£110.77) is well presented and better located, the Property is nonetheless in a quiet close on a larger plot and has three bedrooms. Even discounting the improvements made by the Tenant (eg the ceilings, the combined bathroom and the extended kitchen), we consider on balance that the location is offset by the Property's other advantages and so we therefore determine the market rent for the Property to be £110.00 pw.

ADJUSTMENTS

21 The Tenants have provided the kitchen appliances and the floor coverings and curtains which modern tenants expect when taking on a tenancy. They have also added a shower and some tiling in the bathroom. Perhaps most significantly, there is the condition of the Property. There are clearly problems. The lack of double glazing and the inadequate insulation causing condensation and mould are matters of concern. They affect the warmth and comfort of the Property and can cause serious health issues. Such matters are bound to impact upon the attitude of prospective tenants when viewing the Property. It would in our view have a substantial depreciating effect on the rental value. 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	£5.00 pw
For lack of double glazing and for condition	<u>£12.00 pw</u>
TOTAL DEDUCTIONS	£20.00pw

We therefore determine that the adjusted market rent is £90.00 pw.

SCARCITY

22 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 Swansea and the wider area. We are satisfied on the basis of our own knowledge and the evidence of Ms Rees that there appears to be very little in the way of rented accommodation available at the present time in the vicinity of the Property and over the wider area. Properties are generally not on the

market for long. The Landlord cannot fulfil the area's housing needs from its current supply of properties. We accept that as a social landlord, the demand 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 and taking account of the evidence given, 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.

23 Accordingly, we have deducted £13.50 pw from the adjusted market rent to reflect this, making the fair rent for the Property £76.50 pw.

MAXIMUM FAIR RENT

24 We are required to consider whether the provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply. The existing rent, registered on the 14th March 2012 was £71.00. The Retail Prices Index (RPI) published for March 2012 was 240.8. The RPI published in May 2014 was 255.7. The relevant increase in the RPI was 14.9. 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:

$$\text{Maximum Fair Rent} = £71.00 \times \left(1 + \frac{14.9}{240.8} + 0.05\right) = £78.94$$

Rounding up to the nearest £0.50, we assess the maximum fair rent to be £79 pounds per week. As this is more than the rent we have determined in paragraph 23 above, the Order does not apply in this case.

DECISION

25 We therefore determine the fair rent for 14 Ruggles Terrace, Morriston, Swansea SA6 7JB to be £76.50 pw.

DATED this 30th day of July 2014



CADEIRYDD/CHAIRMAN