

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0007/12/18
Address of Premises Flat 1 12 Rhiw Bank Avenue Colwyn Bay LL29 7PH	The Committee members were J Rostron T A Daulby	
(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.	£83.50 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 April 2019	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	£13.03 per week	
(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:	per	
(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:		
Date of decision: 9 April 2019	Chairman J Rostron	
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: £100.00 per week		

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.

Y TRIBIWNLYS EIDDO PRESWYL
RESIDENTIAL PROPERTY TRIBUNAL (WALES)
RENT ASSESSMENT COMMITTEE
(Rent Act 1977)

Reference: RAC/0007/12/18

Property: Flat 1, 12 Rhiw Bank Avenue, Colwyn Bay, LL29 7PH

Landlord: North Wales Housing Association, Plas Blodwel, Llandudno Junction, Conwy,
LL31 9HL

Tenant: Mr T Smith

COMMITTEE: Chairman J Rostron
Surveyor T A Daulby

REASONS FOR THE DECISION OF THE RENT ASSESSMENT COMMITTEE

INTRODUCTION

1. We were duly convened as a Rent Assessment Committee on Tuesday 9 April 2019 at; Flat 1, 12 Rhiw Bank Avenue, Colwyn Bay, LL29 7PH, the 'Property']. We had before us a reference from the Rent Officer. The Landlord objected to the rent certificate they had received, and requested the matter be referred to the Rent Assessment Committee for further determination.
2. An application to register a fair rent under the *Rent Act 1977* was received on the 16 October 2018 by the Rent Officer.
3. The application made by the Landlord contained a statement of case in a letter received by the Rent Officer on 3 December 2018, which stated inter alia ...” Our proposed rents have been calculated in accordance with Welsh Government Rent Policy for registered social landlords, this being an increase of CPI + 1.5% (with an additional £1 or £2 if our rent fell at or below the target band). This falls in line with our calculations for our assured tenancies...Following our proposed rent increases [the Landlord] would remain at the low end of our target rent band, however the registered rents received from the Rent Office are likely to mean we remain below the Welsh Government target rent band”.
4. The rent registered by the Rent Officer was £83.50 per week. The proposed rent being £89.32 per week. The rent was registered on the 21 November 2018, with an effective date being the same. The previous fair rent was £80.00 per week and registered on 20 May 2016, with an effective date being the same. A service charge of £16.54 was registered 20 May 2016. A service charge of £13.03 was registered on 27 November 2018.

INSPECTION

5. The Committee arrived to inspect the Property at 13.15 pm on the 9 April 2019. Neither the Landlord or Tenant attended. The Committee could not gain entry to the Property to undertake a valuation.

6. The Property according to the Rent Officer's certificate consists of a self-contained converted flat built pre-1919 and modernised with central heating. It has two bedrooms, kitchen, bathroom and living room.

THE LAW

7. When determining a fair rent the Committee, in accordance with the Rent Act 1977, section 70:

- i) has regard to all the circumstances (other than personal circumstances) including the age, location and state of repair of the property;
- ii) disregards the effect on the rental value of the property of (a) any relevant tenant improvements and (b) any repair or any defect attributable to the tenant or any predecessor in title under the regulated tenancy;
- iii) assumes (as required by s.70 (2) that, whatever might be the case, the demand for similar rented properties in the locality does not significantly exceed the supply of such properties for rent. In other words that the effect of any such 'scarcity' on rental values is not reflected in the fair rent of the subject property.
- iv) 9. In Spath Holme Ltd v. Chairman of the Greater Manchester etc. Committee (1995) 28 HLR 107 and Curtis v. London Rent Assessment Committee [1999] QB 92 the Court of Appeal emphasised that section 70 means.
 - (a) that ordinarily a fair rent is the market rent for the subject property discounted for 'scarcity' and
 - (b) that for the purposes of determining the market rent, assured (market) rents are usually appropriate comparables. (These rents may have to be adjusted where necessary to reflect any relevant differences between those comparables and the subject property).

8. Thus once the market rent for the property has been determined by the exercise in (ii) above that rent must be adjusted, where necessary, for any scarcity.

DECISION

9. The Landlord and Tenant did not provide any comparables. The only statement of case was that presented by the Landlord which is dealt with in paragraph 3 above.

10. It is noted from the Rent Officer's documentation that he registered the rent of £83.50 per week, this being registered on the 27 November 2018. In determining the registered rent, the Rent Officer allowed as a starting point, a rent of £100.00 per week, and deducted adjustments from this of £3.00 per week concerning; age, character, etc., £6 for furniture. For services and council tax etc £13.03 was allocated. This produced an adjusted market rent of £104.03 per week. He further reduced the adjusted rent by £20.81 because of scarcity resulting in a fair rent of £83.50. per week. The reduction for scarcity according to the Rent Officer's report stems from their analysis of those social and economic factors that affect the valuation process and from information collected from agents and the local authority. The calculation by the Rent Officer meant the Rent Acts (Maximum Fair Rent) Order 1999 SI 1999/6 does not apply.

11. The Committee considered and did take into account the submissions relating to the Property. Using its skill and judgement and utilising its experience, the committee determined that the fair rent should be £83.50per week.

Fair Rent (rounded as appropriate)

£

15. The Maximum Fair Rent Calculation is as follows;

RPI at last registration	262.1
RPI applicable in Dec 2018	285.0
Enhancement factor	0.05
Last registered rent	£80.00
Maximum Fair Rent	£91.00

16. The Maximum Fair Rent regulations do not apply and accordingly the Maximum Fair Rent is £83.50 per week.

It is declared the Committee has decided the fair rent for the Property shall be £83.50 per week from the 9 April 2019.



CHAIRMAN J Rostron