

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision

File Reference Number:
21 Glenbrooke Drive/1017225

<p>Address of Premises</p> <p>21 Glenbrook Drive Barry South Glamorgan CF63 2FB</p>	<p>The Committee members were</p> <p>Mr Rhys Taylor (legal chair) Mrs Ceri Trotman Jones MRICS</p>
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<p>(1) The Committee has decided that the rent for the above premises is:</p> <p>The new rent will be entered by the rent officer in the rent register.</p>	<p>188.83 per month</p> <p>(This amount excludes council tax and water rates but includes any amounts entered in boxes 3-5 below.)</p>
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<p>(2) The effective date is: The new rent will apply from this date.</p>	<p>22 August 2012</p>
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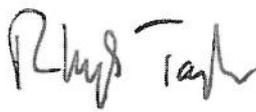
(3) The rent is to be registered as variable.

<p>(4) The amount for services is:</p>	<p>7.83 per month</p>
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<p>(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:</p>	<p>Na</p>
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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.

(7) Details (other than rent) where different from Rent Register entry: na

<p>Date of decision: <u>22 August 2012</u></p>	<p> Chairman</p>
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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.

<p>(8) The uncapped fair rent was: £227.69</p>

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%).

$$0.0837671 + 0.5 = 0.1337671.$$

$$\text{He then adds } 1 = 1.1337671.$$

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.

Rent Assessment Committee (Wales)

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

Premises: 21 Glenbrook Drive, Barry, South Glamorgan ("the property")

Ref: 1017225/Glenbrook Drive

Hearing: 22 August 2012 (inspection 27 July 2012)

Tenant: Mr Reynolds

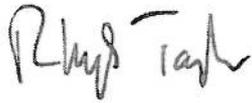
Landlord: Places for People

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

DECISION

1. The fair rent for the property shall be registered in the sum of £188.83 per month (including services), which shall apply from the 22 August 2012.

22 August 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 16 May 2012, concerning the registration of a fair rent for the property.
2. The property is held by the parties under a shared ownership scheme, where the Tenant owns 25% and the Landlord 75%. We are therefore concerned with the rental value of 75% of the property.
3. The portion of the property with which we are concerned is governed by a lease which contains typical repairing and management covenants by the Landlord which are then recovered via the Tenant's covenant to pay the Landlord a variable service charge. We also note that the Landlord's calculations include provision for a ground rent of 89 pence a month. We cannot see how the ground rent is relevant to the lease, where a fair rent is due in any event, and we can find no mention to it. We also note that the Rent Officer's calculations have included provision for the ground rent. We have removed this from our calculations.
4. By application dated 29 February 2012 (but received by the Rent Officer on the 28 March 2012) the landlord applied for the rent to be registered at £188.87 per month inclusive of services and insurance.
5. The previous rent, registered on 18 July 2008, was for £2,085 per annum (or £173.81 per month, inclusive of services) effective from 18 July 2008.
6. The Rent Officer registered a new fair rent on the 16 May 2012 in the sum of £210.05 per month, inclusive of services and insurance, to be effective from 24 May 2012.
7. The tenant objected to this figure in a letter dated 21 May 2012 and the Rent Officer accordingly referred the matter to us by letter dated 23 May 2012.

Inspection.

8. The committee inspected the property on the 27 July 2012.

9. The property is a mid terrace two story, one bedroomed house of traditional construction with rendered front elevation. The main walls support timber pitched roof structure overlaid with concrete interlocking tiles. The rear roof is of step pitch, incorporating velux style roof light to the bedroom.
10. The internal accommodation comprises, entrance hallway, kitchen and lounge with one gallery style bedroom at the top of the stairs next to the bathroom. The property has central heating installed by the tenant and single glazed timber windows.
11. There is a small enclosed rear garden with shrubs. The property has an allocated parking space.

Written submissions.

12. The landlord has indicated that it does not require a hearing and has elected to make no written representations.
13. The tenant has also elected for a papers only decision. His written representations are effectively his letter dated 21 May 2012. The letter refers to his age, disabilities and distinguished service in the Air Force. Whilst we are sure that everything the tenant says in his letter is correct, we are bound by statute not to take the tenant's personal circumstances into account so these matters are simply not relevant to the decision we must make which will be based upon statutory considerations only.

Market rent.

14. We have considered the Rent Officer's schedule of comparable rents as used in his determination of the market rent. These range from £375 to £495 per month. However, 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.
15. Essentially, we must determine the market rent applying our own knowledge and expertise as an expert tribunal.

16. We determine that the market rent for this property should be £400 per month (exclusive of services)

s.70 Rent Act adjustments

17. From the headline figure we must make the adjustments pursuant to s.70 of the Rent Act 1977. We make the following deductions:-

- a. £20 per month for lack of central heating provision by the Landlord
- b. £10 per month for lack of carpets and curtains;
- c. £10 per month for the lack of double glazing.

18. This means we have a total of £40 per month to come off the market rent of £400 per month. This results in an adjusted market rent of £360 per month.

Scarcity.

19. The Rent Officer has selected a scarcity discount of 20%. 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 for this area.

20. This leaves a fair rent of £306 per month exclusive of services.

Further adjustments to reflect shared ownership provisions.

21. From the fair rent we must make further adjustments to account for the fact that we are fixing the rent for 75% of this property.

22. To do so we must first deduct a notional sum to reflect the fact that, unlike a purely landlord owned property, the tenant is liable under a full repairing covenant. We find that it is appropriate to make a deduction for £30.60 per month to reflect this covenant.

23. Secondly, the portion for management and insurance must also be deducted. We assess the reasonable figure for management to be £13.06. With the insurance of £7.81 the total deduction here is £20.87.

24. Having made these deductions we are left with a Gross Rent of £254.53

25. 75% of the Gross Rent is £190.89 which is the Specified Rent, to which it is necessary to add back the management and insurance which results in a figure of £211.77 per month excluding services.

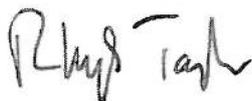
26. To this we then add back the service element which we calculate to be £7.83 (being 44 pence + £5, + £2.71, -46 pence + 68 pence).

Maximum Fair Rents Order 1999

27. The Rent Acts (Maximum Fair Rent) Order applies in this case. The MFR in this case is £188.83 per month, inclusive of services. We have appended our calculation which arrived at that figure to this decision.

28. The fair rent shall therefore be registered as £188.83 per month. The difference between our conclusions and the Rent Officer's, on this point, appears to be that the he has double counted some of the non rent items, by including some in his figure of £179.70 and then adding a full £30.05 on at the end.

Rhys Taylor – legal chairman.



22 August 2012

address of property

21 Glenbrook Drive, Barry

date

27.7.12

(populate the pink cells with figures)

market rent

£ 400.00 per month

adjustments

lack of central heating

20

carpets curtains

10

condition

0

basic bathroom

0

basic kitchen

0

double glazing

10

other (tenants improvements)

0

total

40

adjusted market rent

£ 360.00

scarcity %

15 %

amount of reduction

£ 54.00

fair rent (ex services)

£ 306.00

shared ownership calculation

deduct

Repairing liability

£30.60

management

£13.06

insurance

£7.81

£51.47

GROSS RENT

£ 254.53

SPECIFIED RENT

(i.e. Less 25% for tenant's equity stake)

£ 190.90

Add back

Management

£13.06

Insurance

£7.81

£20.87

Fair Rent ex services

£ 211.77

Services*

£ 7.83

Fair Rent inc services

£ 219.60

* deducting 46p surplus and ignoring ground rent

<u>maximum fair rent calculation</u>		
a) present RPI for last month published	242.1	
b) RPI for month of last registration	216.5	
c) = a) less b)	25.6	
d) divide c) by b)	0.118245	
e) add enhancement factor	0.05	
add 1	1	
f) total	1.168245	
g) last registered rent (ex services)		£ 154.63
H) multiply f) and g)		£ 180.65
Round to nearest 50 pence		£ 181.00
Add services		£ 7.83
Total with services		£ 188.83