


**Rent Assessment Panel for Wales**

<b>Notice of the Rent Assessment Committee Decision</b>		File Reference Number: RAC/0010/07/15 Kings Mill
Address of Premises  22 Kings Mill Road Wrexham LL13 8NH	The Committee members were  Mr J Rostron Mr C H Williams	
(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.	£97.00 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.	8 October 2015	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	0	
(5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is:	0	
(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: None		
Date of decision: <u>8 October 2015</u>	Chairman	 <u>J Rostron</u>
<b>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.</b>		
(8) The uncapped fair rent was: Not applicable		

## **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.

## **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**  
**RENT ASSESSMENT COMMITTEE**  
**(Rent Act 1977)**

**Reference:** RAC/0010/07/15 Kings Mill

**Property:** 22 Kings Mill Road, Wrexham, LL13 8NH

**Landlord:** Low Moor Properties Ltd., C/o Allsop Residential Investment Management (Arim) Ltd., 33 Park Place, Leeds, West Yorkshire, LS1 2RY.

**Tenant:** Mrs M Barnes

**COMMITTEE:** Chairman J Rostron  
Surveyor C H Williams

**REASONS FOR THE DECISION OF THE RENT ASSESSMENT COMMITTEE**

**INTRODUCTION**

1. We were duly convened as a Rent Assessment Committee on Thursday 8<sup>th</sup> October 2015 at; 22 Kings Mill Road, Wrexham, LL13 8NH. We had before us a reference from the Rent Officer. Mr Tim Margetts, on behalf of 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 30<sup>th</sup> April 2015 by the Rent Officer. It was submitted by the Landlord; via their agent Arim Ltd., 33 Park Place, Leeds, West Yorkshire, LS1 2RY.

3. The application by the Landlord was for an asking rent of £108.60 per week. The rent registered by the Rent Officer being £95.00 per week. The rent was registered on the 30<sup>th</sup> June 2015, with an effective date of 30<sup>th</sup> June 2015. The previous fair rent was £90.50 per week and registered on 30<sup>th</sup> April 2013. For clarification purposes the committee was not aware of services having been considered or requested in previous references to the Rent Officer.

## INSPECTION

4. The Committee inspected the Property at 11.00 am on the 8<sup>th</sup> October 2015 in the presence of the Tenant, Mrs M Barnes. Neither the Landlord nor their agent attended.

5. The Property is a semidetached house built we believe pre1919. It has no front garden and is accessed via steps directly from a footpath adjoining the main road. The rear garden consists mainly a lawn and hard surfaced area. There is no direct vehicular access to the house or car parking space. The Property is located within the town of Wrexham which contains a wide range of services. The Property is surrounded by mixed use development.

6. The Property is of brick construction. The roof is made of slate with lead rolled jointing. It possesses upvc guttering and downspouts. The external fabric was in a reasonable state of repair. The accommodation comprised on the ground floor; three rooms and kitchen. On the first floor; three bedrooms and a bathroom.

7. All curtains, carpets and white goods had been provided by the Tenant. There is central heating and upvc double glazing throughout. The house had been completely renovated in 1997 following a public sector funding scheme.

## THE LAW

8. 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.

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).

10. 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

11. Neither the Landlord nor Tenant provided comparables in their written submissions. However, the Tenant has made written representations stating that;... "The property was renovated in 1997 and it was agreed that if I installed central heating boiler, gas fire, tiled floors & utility room, garden lawned and cemented the rent would stay the same"... "I have spent over the years on the property, for example new kitchen and numerous other things which should be done by the owners of the property and not myself".

12. The Landlord has made written representations stating; "We manage over 8000 tenancies throughout the United Kingdom"... "One of our largest clients has noted a growth in rental levels of 7.5% for Assured Shorthold Tenancies over the past year with even greater increases in Assured Tenancies. The trend shows ever sign of continuing for the foreseeable future. Fair rents continue to lag substantially behind market rents more than the deductions made with reference Section 70(1) warrant. We believe that there is little if any element of scarcity in the private rented sector and this borne out by the longer void periods that landlords have been experiencing over the past year. It is our opinion that the maximum fair Rent continues to represent a substantial discount from the open market rent after adjustments".

13. It is noted from the Rent Officer's documentation that he registered the rent of £95.00 per week, this being registered on the 30<sup>th</sup> June 2015. In determining the registered rent he allowed as a starting point, a rent of £127.00 per week, and deducted adjustments from this of £22.00 per week concerning; age, character, etc. He further reduced the adjusted rent of £105 per week by £10.50 because of scarcity resulting in a fair rent of £95 per week [rounded appropriately]. 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 did not apply.

14. The Committee considered and did take into account the Tenant's and Landlord' submissions. Using its skill and judgement and utilising its experience, the committee determined that the starting point rent for a property of this type in a similar locality would be £127 per week.

15. From the above market rent the Committee have made the following adjustments;

Market Rent per week	£127.00
Less adjustments	
Lack of Carpets and Curtains	£12.00
Dated Bathroom	£2.00

Dated Kitchen	£5.00	
	-----	
	£19.00	
		£108.00
Less 10% Scarcity	(Appropriately rounded) £11.00	
		-----
		£97.00

16. The Maximum Fair Rent Calculation is as follows;

RPI at last registration	249.5
RPI applicable in October 2015	259.8
Enhancement factor	0.05
Last registered rent	£90.50
Maximum Fair Rent	£99.00

The Maximum Fair Rent regulations do not apply and accordingly the Fair Rent is £97.00 per week.

**It is declared the Committee has decided the fair rent for 22 Kings Mill Road, Wrexham, LL13 3NH shall be £97.00 per week from the 8<sup>th</sup> October 2015.**

An Appeal on a point of law only may be made to the Upper Tribunal (Lands Chamber) within 28 days of the issue of the Reasons for the Rent Assessment Committee's decision (or such period as the Upper Tribunal may allow).

DATED this 13<sup>th</sup> day of October 2015



CHAIRMAN J Rostron