

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC0017/07/16
Address of Premises 25 Heol Graigwen Penyrheol Caerphilly CF83 2JQ	The Committee members were Richard Payne Roger Baynham	
(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.	£84 per calendar 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.	12 October 2016	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	Nil	
(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:		
Date of decision: 12.10.2016	 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: £84 per calendar week		

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RESIDENTIAL PROPERTY TRIBUNAL
RENT ASSESSMENT COMMITTEE
(Rent Act 1977)

Reference: RAC/0017/07/16

Property: 25 Heol Graigwen, Penyrheol, Caerphilly, CF83 2JG

Applicant: Shaw Healthcare Group Limited

Respondent: Mrs P Lloyd

COMMITTEE: Richard Payne
Roger Baynham

DECISION OF THE RENT ASSESSMENT COMMITTEE

The registered rent for 25 Heol Graigwen (“the property”) is determined at £84.00 per week.

The registration of the rent takes effect from 12th October 2016.

REASONS FOR DECISION

Background

1. On 8th April 2016, the Applicant applied under s.67 of the Rent Act 1977 (RA) for registration of a fair rent. The Applicant sought a new weekly rent of £103.56. The landlord does not supply any services to the property. This is equivalent to a rent of £448.76 per calendar month. The registered rent at the time of the application was £79.00 per week, effective from 22nd May 2014.
2. The Rent Officer determined a new registered rent of £84.00 per week to take effect from 16th June 2016. The Applicant appealed against the registered rent by letter to the Rent Officer dated 22nd June 2016 and the matter was duly referred to the Rent Assessment Committee by the Rent Officer service by letter dated 7th July 2016.
3. The Applicant’s letter to the Rent Officer of 22nd June 2016 stated that the proposed rent of £84.00 per week was significantly below the amount applied for which the Applicant feels to be a fair rent for the property. It further commented that the standard Local Housing Authority (LHA) rate for three bedroom properties in the Caerphilly area is £103.56 and the property had not changed tenant since 31st October 1988 and *“as a result the total rent charged has over time fallen significantly below the normal market*

value for a rental property in the area. We are, as a result appealing against the level of rent registered for our property, and instead request that a fair rent closer to the standard LHA rate applied to properties in the Caerphilly area is awarded.”

The Inspection

4. The Committee inspected the property on 12th October 2016. The Landlord had been notified of the date and time of the inspection but was not represented at the same. The Respondent tenant Mrs Lloyd was present throughout the inspection.

Situation & Description

5. The subject property consists of a semi – detached house and lies in the Penyrheol area to the North West of Caerphilly. There are local facilities in the area and all other amenities are available in the centre of Caerphilly which is approximately 2 miles distant. The property, which was constructed approximately 70 years, ago comprises a semi-detached house built on a sloping site. There are nine steps leading from the road to a pavement and further steps and a concrete path leading to the front door. The property has brick exterior walls which have been pebble dashed, a tiled roof with plastic rain water goods, and double glazed upvc windows and doors. It has the benefit of gas central heating.
6. The front garden is in lawn with a small wooden decking adjacent to the front door while the rear garden which is at a higher level and reached by steps, consists of a grassed area with a large pigeon loft. The accommodation on the ground floor comprises an entrance hall, a living room (having a w/c directly off provided by the tenant) and a kitchen with base and wall units (which were supplied and installed by the tenant). On the first floor there is a landing with a cupboard housing the gas boiler, a double bedroom, 2 single bedrooms and a bathroom with a walk in disabled type shower, wash hand basin and a w /c.

The Law

7. Section 70 of the RA 1977 sets out the factors to be considered when determining a fair rent. In particular we are required to have regard to the age, character, locality and state of repair of the property.
8. At the same time, s.70 requires us to disregard:
 - The personal circumstances of the parties; (the law constrains us from considering the individual’s circumstances and affordability.)
 - Any disrepair or other defect attributable to a failure by the tenant under the terms of the tenancy; and
 - Any improvements carried out by the tenant, other than as required under the tenancy.

9. We must also assume that the number of people seeking to become tenants of similar properties in the area on terms identical to the Respondent's tenancy (save as to rent) is not substantially greater than the number of such properties which are available to rent on such terms. In other words, we must make certain assumptions regarding scarcity and demand.
10. In addition, further regulation of Rent Act rents is provided by the Rent Acts (Maximum Fair Rent) Order 1999 ('the Maximum Fair Rent Order'), which places a cap on the permissible amount of the increase of a fair rent between one registration and the next. The cap is based upon the amount of increase in the Retail Prices Index between the dates of the two registrations.
11. By virtue of section 72 of the RA 1977, the registration of the rent takes effect from the date when the Committee reached its decision.

Representations before the Committee

12. The tribunal/Rent Assessment Committee sent letters to the parties inviting representations upon the matter and enquiring whether the parties required an oral hearing. The Respondent tenant returned the tribunal's pro-forma dated 15th August 2016 which indicated that she did not want a hearing, did not want to send in any written representations and did not have any comments on the accuracy of the Rent Officer's documents. The Applicant did not return their pro forma but upon being chased by the tribunal advised by e mail dated 30th August 2016 that it did not require a hearing. No further representations were received from the Applicant who relied upon their comments set out in paragraph 3 above.

Assessment of the rent

13. The starting point in assessing a rent under s.70 of the RA 1977 is to establish the market rent for the property. To that rent, a number of adjustments are made, to reflect the requirements of s.70.
14. The Rent Officer had provided information on a range of rents for three bedroom houses in the locality between £84.23 and £161.54 per week, or £365.00 and £700.00 per month. The Rent Officer had considered the market rent to be £121.15 per week. Taking into account all of the evidence, using our own skill and expertise and having regard to the size and location of the property, we consider that £120.00 per week is the appropriate market rent. The kitchen was basic as was the bathroom and the access to the property was steep and included 9 steps from the road to the pavement and then a further concrete path and steps to the front door. The back garden area was steeply terraced.
15. Carpets and curtains would usually be provided by the landlord in a rented property and for a market rent a prospective tenant would expect the bathroom and kitchen facilities to be superior to those in the property. We adjusted the weekly rent by £5 and £10

respectively to reflect this. We made a further adjustment of £6 per week in the light of the condition of the property overall to include the access matters referred to.

16. On the issue of scarcity, the Rent Officer had made a deduction of 20.11%, from an adjusted market rent of £105.15. We agree that there is a level of scarcity for properties of this nature in the locality, but consider that a deduction of 20.11% is too high. We therefore make a deduction of 15% for scarcity. This leaves a fair rent figure of £84.15 per week which we round down to £84.00.

Calculations

17. Applying our findings and conclusions, we determined the weekly rent as follows:

Market Rent	£	£
		120
Less Adjustments (if appropriate)		
Carpets/Curtains	5.00	
Basic Kitchen/Bathroom	10.00	
Condition	6.00	
)		<u>21.00</u>
Adjusted Market Rent		99.00
Deduct for Scarcity	15%	<u>14.85</u>
Fair Rent (excluding services)		<u>84.15</u>
Add services (if any)		<u>00.00</u>
Fair Rent		84.15

18. We calculated the Maximum Fair Rent using the present RPI as at the date of inspection of 264.4 and determined the MFR as being £86.00 per week. We are to determine the fair rent as being the lowest figure of the MFR or our fair rent calculation. The MFR therefore does not apply in this case.

19. With regard to the Applicant's comments to the Rent Officer in its letter of 22nd June 2016, we note that there was no reference to the status of this tenant as a Rent Act protected tenant and no reference to the MFR. It was unclear to the Committee whether the Applicant understands the implications of Rent Act status or not as no hearing was requested and there was no opportunity to explore this.

Conclusion

20. The fair rent for the property is therefore £84 per week.
21. The registration of the rent takes effect from 12th October 2016, the date we reached our decision.

DATED this 29th day of November 2016

A handwritten signature in black ink, appearing to be 'R Payne', with a stylized flourish at the end.

Richard Payne
CHAIRMAN

