

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0024/01/17
Address of Premises 4 Sycamore Avenue Cimla Neath SA11 3NT	The Committee members were David Evans LLB LLM Mark Taylor BSc 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.	£395.00 per calendar month (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.	21 st April 2017	
(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:	Nil	
(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>21/04/17</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/0024/01/17

Property: 4 Sycamore Crescent, Cimla, Neath, SA11 3NT

Landlord: Low Moor Properties Ltd

Tenant: Mr G H Raisbeck

Committee: D J Evans LLB LLM
M Taylor BSc MRICS

PENDERFYNIAD / DECISION

INTRODUCTION

- 1 We convened as a Rent Assessment Committee under the provisions of the Rent Act 1977 on the 21st April, 2017. We had before us a reference from the Rent Officer in respect of 4 Sycamore Crescent, Cimla, Neath, SA11 3NT (the Property). The Rent Officer had registered a fair rent of £406.00 per calendar month on the 4th January 2017. The Landlord, Low Moor Properties Ltd, has 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 £456.00 per calendar month (pcm).
- 2 Before considering the matter, we visited the Property. The Tenant, Mr G H Raisbeck, was present and we were able to inspect internally and externally. The Landlord did not attend.

INSPECTION

- 3 The Property is a three bedroom semi-detached house located in Cimla, a residential area of Neath, about a mile from the town centre. The house was constructed as a family accommodation for employees of the Metal Box Company. However, some years ago most of the employees' houses were sold off but for reasons which are of no concern to this reference, the Tenant did not take the opportunity to purchase the Property. The house has been rendered with a brick porch and a tiled roof. There is a small front garden and a concrete driveway (constructed by the Tenant) leading down to a garage. There is no lighting in the garage. A narrow gully set into the concrete is intended to direct rainwater away from the garage, but with only limited success as on occasions the water seeps under the garage door. The building has uPVC doors and double glazed windows. Heating is by means of gas fires in the principle living rooms and electric storage heaters elsewhere. The Tenant has provided the white goods and the floor coverings (except for the original tiled floor in the kitchen) as well as the blinds and curtains. The Property has a large well-kept garden with a lawn and flower beds. It is at a lower level than the house with

steps leading from a concrete plinth running along the back wall of the house. There has been significant movement and the plinth is pulling away from the remaining structure no doubt as a result of underground mine workings. The Tenant erected a wooden fence to the right of the garden. The link fence on the left was installed at a cost shared between the Tenant and the neighbour. The back fence is the responsibility of the adjoining property. There is some local shopping but the centre of Neath is in easy reach with its bus and main line rail links and there is only a short distance to the M4.

- 4 Downstairs, the Property has a front living room with a gas fire in a surround provided by the Tenant. We noticed however that there were only two power points in the room. Indeed the lack of power points was evident throughout the house. The rear dining room again has a gas fire with the surround again provided by the Tenant. There is a hatch through to the kitchen which is on the small size with a range of units provided by the Tenant. As referred to earlier, the Tenant has provided the white goods. In the hallway, the Tenant has installed a shower room. Upstairs, there are three bedrooms. Two are small double rooms, one at the back and one at the front. Both have storage heaters and in both the Tenant has provided fronts over the alcoves each side of the chimney breast to create fitted wardrobes. There is in addition a small front bedroom with an electric heater and a fitted unit at the base of the single bed installed by the Tenant to provide storage.

REPRESENTATIONS

- 5 Both parties agreed that the Tribunal could deal with the reference without a hearing. The Tenant made no representations. Representations were, however, submitted on behalf of the Landlord by Allsop Letting and Management of Leeds (Allsop). In its letter of the 3rd February 2017, Allsop raises a number of points:
 - 5.1 Market Rent – It suggests that this should be £7,140 pa. We shall for the sake of convenience use the monthly equivalent, namely £595 pcm). It refers us to two properties:
 - 47 Alexander Road, Rhyddings, Neath. This has an SA10 post code. It is a long way from the Property on the other side of Neath. We do not consider this to be helpful as a comparable. The asking rent is £595 pcm.
 - Cimla Crescent, Cimla, Neath. This is located just around the corner from the Property. The asking rent is £600 pcm.
 - 5.2 Scarcity – Allsop suggests that 5% is an appropriate amount to deduct for scarcity rather than 20% or 25% generally favoured (in its view) by Rent Officers and Rent Assessment Panels without reference to the large numbers of properties to let.
 - 5.3 Condition – Allsop is not aware of any breach of the Landlord's repairing obligations. It does concede that it would be necessary to adjust for any differences between the condition considered usual for open market letting and the actual condition of the Property.

- 5.4 Location – The Property is in a popular location close to schools, amenities and the Groll Country Park.
- 5.5 Conclusion – Allowing for a deduction of 10% for the lack of carpets and white goods, a further 10% for the lack of an updated kitchen and bathroom and 5% (off the full rental value) for scarcity, it suggests a fair rent of £446.25.

Allsop then deals with the issue of Maximum Fair Rent (to which we shall refer later). It concludes that the proposed rent of £425 was reasonable (the amount in the application was actually £456 which would equate to £5,472 pa and not £5,099.90 as stated in the letter).

CONSIDERATION

- 6 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. We must consider the evidence provided by the parties but in assessing this we are entitled to rely upon our own knowledge and experience of the property market.

MARKET RENT

- 7 We were aware of other houses for rent within the general area of the Property with asking rents of between £475 pcm and £550 pcm. There is also another semi-detached property on Cimla Road, not far from the Property with an asking rent of £625 pcm. The rent officer also comments that market rents in the area are in the range of £475 pcm to £620 pcm. In our view, the property in Cimla Crescent is the closest comparable at £600 pcm. Whilst it lacks the external decoration of the neighbouring properties, it appears from the particulars provided by Allsop that it is bigger than the property and that the room configuration would appeal more to a family than the Property. The steps down to the rear garden at the Property would not appeal to a family with small children and the lack of power points would also be a concern for a potential tenant.
- 8 The signs of movement might also affect the marketability of the Property, although as this is a Landlord issue, it might not impact on the rent achievable to the extent it might impact upon a decision to buy it.
- 9 From our inspection of the Property and our external view of the comparable, we have concluded that the market rent for the Property would be somewhat less than the asking rent for the house in Cimla Crescent. The Rent Officer's market rent is based upon too general a class of properties to be a reliable indicator of the rental value. Accordingly, we assess the market rent for the Property on the assumption that it had central heating, a modernised kitchen and bathroom, and carpets and curtains supplied by the Landlord as would be general in the market to be £575 pcm.

ADJUSTMENTS

- 10 Our assessment of the market rent of £575 pcm is on the assumption that central heating, carpets and curtains and a modern kitchen and bathroom are provided by the Landlord. They are not. We must therefore make some adjustments to take account of these as the prospective tenant would not pay this rent if these items were not present. The comparable, for example, has, according to the particulars, an adequate number of radiators. The lack of central heating in the Property would be reflected in an adjustment in the rent. We therefore reduce the market rent by £40 pcm to compensate for this.
- 11 The rent officer explains that “our evidence suggests that in the majority of cases part furnishings, carpets and curtains are included in the rent attained.” The Tenant has provided these. The Landlord accepts that a reduction is appropriate for “carpets/white goods” which it puts at 10% of the market rent (£59.50 pcm). The rent officer’s figure is £43.33 pcm. We would prefer to adopt the general custom of this Tribunal to deal with white goods at the same time as dealing with the kitchen. However, we agree with both the rent officer and the Landlord that an adjustment needs to be made for the lack of carpets and curtains or other floor finishes – the comparable has parquet in the living and dining room, vinyl flooring in the kitchen and “oak effect “ flooring in the upstairs bedrooms with carpet only in the hall and landing. We would therefore reduce the market by a further £35 pcm to reflect this.
- 12 The Rent Officer also rightly refers to the common practice of many private landlords to provide white goods (cookers, fridges and washing machines) as well as modern kitchen units and bathroom fittings in rented properties even though they are let unfurnished. Indeed tenants expect them to be included. The comparable has 10 white gloss base units in the kitchen and integrated microwave/grill, pyrolytic oven, hob, fridge, freezer and dishwasher (the washing machine is upstairs). The bathroom also has a “whirlpool bath” as well as an integrated shower unit. It is important therefore to ensure that we comparing like with like. If not, we must make appropriate adjustments. The Landlord suggested a deduction of a further £59.50 pcm. The rent officer has deducted £13 for the “small bathroom and separate WC”. In our view it is appropriate to deduct a further £35 pcm for the lack of a modern kitchen and bathroom.
- 13 The rent officer has added the sum of £21.66 pcm for improvements, referring to new double glazed windows in the bathroom/WC. We have assumed that this refers to a “Maintenance Works Order” dated the 2nd July 2015 which in part refers to “supply and install window mechanisms to...toilet and bathroom windows”. This appears to be part of the Landlord’s external maintenance and repair responsibility and not an improvement. In any event our assessment of the market rent of £575 pcm is on the assumption that apart from the issue of subsidence to which we refer above, there are no significant repairs required and so no reductions have been made for repair issues. Accordingly we have made the following adjustments:

Market Rent	£575	
Lack of central heating	£40	
Lack of curtains/carpets	£35	
Lack of modern kitchen/bathroom	<u>£35</u>	<u>£110</u>
Adjusted market rent		£465 pcm

This figure is in fact not far off the Landlord's figure (before scarcity) of £476 pcm and the rent officer's figure of £450.66 pcm.

SCARCITY

- 13 We are required by the 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 the wider Neath area. No evidence was provided by the parties, but we are satisfied on the basis of our own knowledge that there is a shortage of rented accommodation available at the present time. There are hardly any houses to let near the Property or even in the Neath area. In the wider area as a whole, there is also a shortage, particularly in the case of 3 bedroom houses. Social housing is still very much in demand no doubt aided by the fact that rents are generally lower than in the private sector. The shortage of available properties has the effect of increasing market rents and the fair rent regime was introduced with a view to counter-balancing this. The Landlord acknowledges that a deduction should be made but suggests that the figure should be 5%. The rent officer states that he has adjusted the market rent by 15% to take the scarcity into account. We agree with that figure. It recognises the fact that over the wider area there is a shortage of properties such as this for rent. Unfortunately, in his calculation, the rent officer has deducted the adjusted market rent by only 10% making the fair rent £406 pcm. If he had deducted the adjusted market rent by 15%, it would have resulted in a figure of £383pcm.
- 14 Accordingly, we have deducted 15% of the adjusted market rent (£69.75 pcm) to reflect this scarcity, making our assessment of the fair rent for the Property £395.25 pcm which we round to £395 pcm.

MAXIMUM FAIR RENT

- 15 We are required to consider whether the provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply. The existing rent, registered on the 19th December 2014, was £380 pcm. The Retail Prices Index (RPI) published for December 2014 was 257.5. The RPI published in March 2017 was 268.4. The relevant increase in the RPI was 10.9. 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:

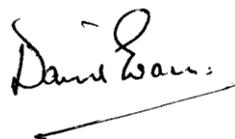
$$\text{Maximum Fair Rent} = £380.00 \times \frac{(1 + 10.9 + 0.05)}{257.5} = £415.09 \text{ pcm}$$

We round this figure up to £415.50. However, as this is more than the fair rent that we have determined, the Maximum Fair Rent provisions do not apply.

DECISION

- 16 We determine that the fair rent for 4 Sycamore Avenue, Cimla, Neath SA10 3NT is £395 pcm

DATED this 11th day of May 2017

A handwritten signature in black ink, appearing to read "David Evans", with a horizontal line drawn underneath it.

CADEIRYDD/CHAIRMAN

