

Rent Assessment Panel for Wales

Notice of the Rent Assessment Committee Decision		File Reference Number: RAC/0004/04/15
Address of Premises Flat 27 Charles Kavanagh House St Nicholas Square Marina Swansea SA1 1UE	The Committee members were Richard Payne Paul Lucas FRICS	
(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.	£89.31 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.	19 th June 2015	
(3) The rent is not to be registered as variable.		
(4) The amount for services is:	£11.41 per week	
(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:		
Date of decision: <u>19th June 2015</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: £		

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RESIDENTIAL PROPERTY TRIBUNAL
RENT ASSESSMENT COMMITTEE
(Rent Act 1977)

Reference: RAC/0004/04/15

Property: Flat 27, Charles Kavanagh House, St.Nicholas Square, Marina, Swansea, SA1 1UE

Applicant: Mrs Anita Garland

Respondent: Family Housing Association (Wales) Limited

COMMITTEE: Richard Payne LLB MPhil
Paul Lucas FRICS

REASONS FOR THE DECISION OF THE RENT ASSESSMENT COMMITTEE

The registered rent for Flat 27, Charles Kavanagh House, St.Nicholas Square, Marina, Swansea (“the property”) is determined at £89.31 per week.

The registration of the rent takes effect from 19th June 2015.

Background

1. On 6th March 2015, the Respondent applied under s.67 of the Rent Act 1977 (RA) for registration of a fair rent. The Respondent sought a new weekly rent of £88.07 per week inclusive of £11.41 for services. The registered rent at the time of the application was £85.77 per week, effective from 29th March 2013.
2. The Applicant has been the tenant of the property for thirty one years and by letter of 13th April 2015, wrote to object to the rent determined by the Rent Officer of £92.41 per week effective from 1st April 2015. The Rent Officer referred the matter to us and we also had the benefit of further written representations from the Applicant in a letter dated 27th April 2015 sent to the Rent Officer service, together with other documents including the range of rents considered by the Rent Officer and papers from previous rent officer inspections including an inspection on 28th January 1986. The Respondent indicated on 11th May 2015, through Housing Manager Mrs Lisa Rees, that they did not have any queries as to how the Rent Officer had determined the new rent.

The Inspection

3. The Tribunal inspected the property on 19th June 2015 in the presence of the tenant and her son in law Mr Glynwyn Thorne. The Landlord had been notified of the date and time of the inspection but was not represented at the same.

Situation & Description

4. The property is a small one bedroom flat on the ground floor facing onto St Nicholas Square. It is situated in the popular marina quarter of Swansea and is close to the city centre and to local amenities. There is a cafe and a convenience store (Marina Stores) very close by and a small supermarket a little further away but still within the marina area. The property is entered from a communal hallway which serves a block of six flats. The property itself has a small entrance hallway with wood laminate flooring from which the bathroom and bedroom are reached. It leads to the lounge which has an open archway leading into the small kitchen which looks out over the square. This contained a gas combination boiler. The hallway has two built in cupboards in it.
5. The bathroom has a bath with shower over it, as well as a toilet and wash hand basin. The bedroom has a built in wardrobe. The property is centrally heated and double glazed throughout. The property was in reasonable condition generally with no damp, for example, noted.

The Law

6. 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.
7. At the same time, s.70 requires us to disregard:
 - The personal circumstances of the parties ;
 - 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
8. 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.
9. 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.
10. By virtue of section 72 of the RA 1977, the registration of the rent takes effect from the date when the Tribunal reached its decision.

Representations before the Tribunal.

11. An oral hearing was heard at the Waterfront Church, Swansea, in which the Applicant and Mr Thorne attended. The Respondent was represented by Mrs Lisa Rees.
12. Mrs Garland explained her concerns about the rent increase. She was worried that the increased rent would mean that there she would be facing an increase in the amount that she was to contribute to the rent from her personal income after housing benefit had been taken into account and she was concerned that she could be caused considerable personal hardship as a result.

13. Mrs Garland was also concerned that she was paying the same amount of rent as the flats on the first and second floors above her, which she believed had a greater area and more room. She referred to a bay window in the flats above, and indeed we had noted on inspection there was a small window area that protruded from the building in the flats above that Mrs Garland did not have. In addition, she believed that in her bedroom, she had less space owing to the location of the external communal staircase.
14. Mrs Garland confirmed that when she moved into the flat in or around 1984, that save for the kitchen units and the previous old boiler, the flat was bare. Mrs Garland confirmed that a new kitchen had been installed in September 2014 and there was a new boiler in the kitchen. She had no complaints about the condition of the property.
15. Mrs Rees confirmed the fitting of the new kitchen and boiler but said that this would not have contributed to an increase in the rent and stated that the rent had not gone up by more than 15% of the previous rent. She said that the Respondent would not increase the rent to the amount registered by the Rent Officer in any event. She explained that the Respondent work to a basic rate for one bedroom properties that she described as the "assured rent baseline". She pointed out that the rent officer was stating £92.41 and the Association was charging £90.32 rent, namely a core rent of £78.91 and £11.41 for services.
16. With regard to the bay window and the space issues raised by Mrs Garland, Mrs Rees said that she did not believe that this would make any material difference to the rents and pointed out that, although Mrs Garland had lived in the property for many years, that this was the first time that she had raised this issue. She confirmed that the service charge was the same for each property.
17. Upon the question of scarcity, Mrs Rees said that the property was in a highly sought after area and that one bedroom flats in particular are subject to high demand. She explained that the spare room subsidy otherwise known as "the Bedroom Tax" has, in her view, had a particularly noticeable effect on the demand for one bedroom properties throughout Swansea, with this demand increasing in the last eighteen months. She said that one bedroom flats are very sought after and that the priority housing list has many people seeking such accommodation who have been affected by the bedroom tax.
18. The tribunal invited comments on the market rent for the subject property and evidence of market rents generally in Swansea and drew the parties attention to the range of rents proposed by the Rent Officer and to some evidence that the tribunal had obtained itself from the Rightmove website in relation to one and two bedroom flats and apartments in Swansea. The parties were given the opportunity to consider and comment on this evidence if they wished to do so.
19. Mrs Garland confirmed that her primary concern was the financial effect on her that an increase in the rent would have, rather than wishing to make any particular representations about market rent and or scarcity.

Assessment of the rent

20. 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.
21. The Rent Officer had had regard to a range of rents for both converted flats and self contained purpose built flats/apartments with one bedroom, in the SA1 1 postal area, but we were not provided with the addresses of these properties. The rents ranged from £69.23 to £230.77 per week

or £300 to £1000 per month. Based upon that evidence, the Rent Officer set the initial market rent for the property at £115.38 per week.

22. Considering all of the evidence and using our own skill and expertise, having regard to the size and location of the property, we consider that £115.00 per week is the appropriate market rent.
23. Carpets and curtains would usually be provided by the landlord in a rented property. That was not the case here and we therefore deducted £5 from the market rent, to reflect this.
24. The kitchen as provided by the landlord was small and basic (notwithstanding the recent improvements) as was the bathroom. Market rents today would reflect better kitchen and bathroom facilities and we therefore deducted a further £10 per week to reflect this. We deducted a further £5 to reflect the situation in the bedroom whereby the wardrobe was built into a narrow alcove that was cramped and not easy to access. Again, modern market rental figures would reflect better such facilities than this. Therefore the total deductions from our starting point of £115 comprised £20 to leave an adjusted market rent of £95.
25. On the issue of scarcity, the Rent Officer had made a deduction of 18%, from an adjusted market rent of £120.79 inclusive of services. We consider that there is a level of scarcity for properties of this nature in the locality and, in light of the striking evidence given by Mrs Rees about the demand for one bedroom flats being very high and continuing to rise in the light of the bedroom tax, we agree with the Rent Officer that 18% is a realistic figure for scarcity in this instance.

Calculations

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

Market Rent	£	£
		115.00
Less Adjustments (if appropriate)		
Lack of Central Heating	0.00	
Carpets/Curtains	5.00	
Basic Kitchen/Bathroom	10.00	
Condition	0.00	
Double Glazing	0.00	
Other (specify)	<u>5.00</u>	
	<u>20.00</u>	
Adjusted Market Rent		95.00
Deduct for Scarcity	18%	<u>17.10</u>
Fair Rent (excl services)		77.90
Add services (if any)		<u>11.41</u>
		89.31
Fair Rent (to nearest 50p)		89.50

27. We calculated the Maximum Fair Rent using the present RPI as at the date of inspection of 258.50 and determined the MFR as being £92.91. 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.

Conclusion

28. The fair rent for the property is therefore £89.50 per week.
29. The registration of the rent takes effect from 19th June 2015, the date we reached our decision.

DATED this 16th day of July 2015

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

Richard Payne
CHAIRMAN

