


RR9 Rent Assessment Panel for Wales

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| Notice of the Rent Assessment Committee Decision | | File Reference Number: 1045163/RAC/0026/04/12 |
| Address of Premises 24 Cedar Avenue, Ty Newydd Farm Estate, Rhyl | The Committee members were J D M Jones Colin Williams FRICS W Brereton | |
| (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. | £245.00 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. | 23 rd April 2013 | |
| (3) The rent is not to be registered as variable. | | |
| (4) The amount for services is: | Nil per | |
| (5) The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is: | Nil per | |
| (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: 23rd April 2013 |  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 | | |

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%).

$$0.0837671 + 0.05 = 0.1337671.$$

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: 1045163/RAC/0026/04/12

Property: 24 Cedar Avenue, Ty Newydd Farm Estate, Rhyl

Landlord: Clwyd Alyn Housing Association

Tenant: Mrs J Jones

COMMITTEE: J D M Jones Chairman
Colin Williams FRICS
W Brereton

REASONS FOR THE DECISION OF THE RENT ASSESSMENT COMMITTEE

Sitting on 23rd April 2013 at The Town Hall, Rhyl.

1. We were duly convened as a Rent Assessment Committee under the provisions of the Rent Act 1977 on the 23rd April 2013 at The Town Hall, Rhyl. We had before us a reference from the Rent Officer for North East Wales in respect of a detached bungalow situate at and known as 24 Cedar Avenue Ty Newydd Farm Estate Rhyl ("the Property"). The Rent Officer had registered a rent for the Property of £249.78 per calendar month effective from the 17th October 2012. Mrs J Jones (the Tenant) objected to the rent which had been registered and accordingly the matter was referred to us. The Application for Registration of a Fair Rent made by Clwyd Alyn Housing Association (the Landlord) and dated the 25th September 2012 requested the Rent Officer to register a Fair Rent of £190.50 per calendar month. The Application indicated that £5.53 per month was attributable to services.
2. The Tenant's interest in the Property arises under the provisions of a Lease dated the 23rd November 1983 made between the Landlord (1) and the Tenant (2). The Lease is for a term of 99 years from the 1st March 1983 and it is noted that the Tenant owns a 25% share in the Property.

3. The Committee inspected the Property on the afternoon of the 23rd April 2013. The Property is a detached bungalow built in or about 1983. Outside it has a front garden a vehicular access to the side a detached garage and a sizeable rear garden. Internally the accommodation comprises an entrance hall (with storage area) , a kitchen/dining area, living room, double bedroom, single bedroom and bathroom/W.C. We were informed that the Tenant had enlarged the lounge window and had installed double glazed windows in the lounge, in the dining area and in the larger of the two bedrooms. All other windows were single glazed. All carpets and curtains were provided by the Tenant. The Property had the benefit of full gas fired central heating. The Property is located in a pleasant residential area of Rhyl about a mile from the centre of the town, reasonably close to shops, schools and other facilities. Although the Tenant had undertaken some alterations to the Property, such as the installation of new internal doors and the removal of a partition between the kitchen and dining area, the kitchen and bathroom fittings were original.
4. The hearing took place at the Town Hall, Rhyl. Although the Tenant was present at the inspection of the Property, she indicated that she did not wish to attend the hearing. The Landlord was represented by Mr R Hopkins, the Leasehold and Sales Manager of the Landlord.
5. Mr Hopkins explained that the Tenant had purchased the Property in 1983 under one of the early do-it-yourself Shared Ownership Leases. She purchased 25% of the equitable interest in the Property and entered into the Landlord's standard form of Lease in use at this time. The Tribunal had before it a photo-copy of a Lease dated 23rd November 1983 made between the Landlord (1) and the Tenant (2). However, this copy Lease was incomplete. Mr Hopkins confirmed that he was unable to produce a complete copy of the Lease, however, he was aware of the contents of the standard Lease used at the relevant time. He confirmed in particular that the Lease contained a covenant by the Landlord to insure the buildings and that there was a covenant by the Tenant to indemnify the Landlord in respect of the insurance

costs incurred. He further confirmed that the Lease contained a full Tenant's repairing covenant.

6. The Landlord and the Tenant made written representations to the Tribunal. In her representations dated the 19th November 2012, the Tenant referred to the Rent Register, indicating that the Landlord was responsible for all repairs and decorations. In the light of the evidence given, the Tribunal accept that such liabilities were in fact the Tenant's. The Tenant also referred to expenses she had incurred in repairing the central heating boiler and it is accepted that the Tenant has responsibility for such repair.
7. The Landlord in its written representations dated the 22nd November 2012 indicated that the rent requested in their Application, £190.50, (including Service charges) was the rent which was in line with the Landlord's policy of applying benchmarked rents. In oral evidence, Mr Hopkins confirmed that the Landlord manages many similar properties where such criteria were applied in fixing rents. He confirmed that the figure of £190.50 included £5.53 for insurance.
8. Questioned by the Tribunal as to scarcity of property of this type available for letting in the area, Mr Hopkins said that in his opinion demand outstripped supply and that rental levels in the area were high, especially for one and two bedroom properties. He said that the Landlord manages 145 private properties throughout North Wales and considered that the Market Rent for property of this type would be in the region of £500.00 to £525.00 per annum.
9. It is noted that the Rent Officer has dealt with the Insurance payment as a Service charge, although on the basis of the evidence before the Tribunal, we are satisfied that there is a covenant in the Lease for the Landlord to insure and for the Tenant to reimburse the Landlord the cost of insurance. On the basis of this evidence, the Insurance premium is not a Service charge but an obligation contained in the covenants within the Lease.

10. The Committee is required to assess a Fair Rent in accordance with the provisions of Section 70 of the Rent Act 1977 and have regard to all the circumstances (other than personal circumstances) and in particular to the age, character, locality and state of repair of the Property. In addition, the Committee shall assume that the number of persons seeking to become Tenants of similar dwelling-houses in the locality on the terms of this tenancy is not substantially greater than the number of such dwelling-houses in the locality which are available for letting on such terms. The evidence given by Mr Hopkins is that there is scarcity. This is also accepted by the Rent Officer in his calculation and on the basis of this evidence we agree that there is scarcity and assess this at 15%. The Committee consider that there are other adjustments to be made to arrive at the Adjusted Market Rent and we make adjustments to reflect provision by the Tenant of carpets and curtains, basic kitchen and bathroom and the lack of double glazing in its original condition.

11. Our calculations are as follows:

| | | |
|---|--------------|----------------|
| MARKET RENT | | £550.00 |
| LESS ADJUSTMENTS | | |
| Carpets / Curtains | 20.00 | |
| Basic Kitchen / Bathroom | 50.00 | |
| Double Glazing | <u>30.00</u> | <u>100.00</u> |
| ADJUSTED MARKET RENT | | £450.00 |
| Deduct for Scarcity 15% | | <u>67.50</u> |
| Normal Fair Rent | | £382.50 |
| DEDUCT: | | |
| Repairing Liability 15% | £57.37 | |
| Management/Administration | 19.12 | |
| Insurance Premium | <u>5.53</u> | <u>£82.02</u> |
| | | £300.48 |
| LESS 25% for equity stake owned by Tenant | | <u>75.12</u> |
| | | £225.36 |
| ADD BACK | | |
| Management/Administration | £19.12 | <u>19.12</u> |
| | | <u>£244.48</u> |
| | Say | <u>£245.00</u> |

12. The Tenancy is subject to the Maximum Fair Rent Order 1999 and we are required to calculate the Maximum Fair Rent based on the reports of those regulations.

13. Our calculation of the Maximum Fair Rent is as follows:

| | | |
|---|--------------|-----------------------|
| Present RPI | | (a) <u>247.6</u> |
| Less RPI at last Registration | | (b) <u>225.3</u> |
| | | (c) 22.3 |
| Divide result by RPI at last registration i.e. (c) by (b) | | |
| (c) 22.3 | | |
| <u> </u> equals | | 0.0989791 |
| (b) 225.3 | | |
| | | 0.05 |
| | | <u>0.1489791</u> |
| Add 1 | | 1.00 |
| | | <u>1.1489791</u> |
| Multiply by last registered rent net of variable services | | |
| Last registered rent | £225.00 | |
| Less variable services | <u>10.34</u> | <u>£214.66</u> |
| | | £246.64 |
| We are required to round this figure up to nearest 50p | | <u>£247.00</u> |

The Fair Rent fixed by this Committee is less than the Maximum Fair Rent and shall be £245.00 per calendar month.

For the purposes of S.72 (1) of the Rent Act 1977 (as amended by S.6 (1) of the Housing Act 1988) it is declared that this Committee made its decision on the 23rd day of April 2013.

DATED this 23rd day of April 2013

A handwritten signature in black ink, consisting of a large, stylized 'D' followed by a series of connected loops and a horizontal line at the end.

CHAIRMAN