

Rent Assessment Panel for Wales**Notice of the Rent Assessment
Committee Decision**File Reference Number:
RAC/0022/03/22

Address of Premises 55 Bunkers Hill Milford Haven SA73 1AQ	The Committee members were Siân Westby (Chairperson) Peter Tompkinson MRICS (Valuer) Eifion Jones (Lay Member)
(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.	£462.00 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.	27 July 2022
(3) The rent is not to be registered as variable.	
(4) The amount for services is:	N/A
(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: N/A	
Date of decision: <u>27 July 2022</u>	Chairman <i>S. Westby</i>
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: RAC/0022/03/22

Property: 55 Bunkers Hill, Milford Haven, SA73 1AQ

Landlord: Great Parndon Investments Limited

Tenant: Mrs D. Allen

Committee: Mrs Siân Westby (Chairperson)
Mr Peter Tompkinson MRICS (Surveyor Member)
Mr Eifion Jones (Lay Member)

Decision of the Rent Assessment Committee

A fair rent of £462.00 per calendar month was determined by the Committee on 27 July 2022 with effect from the same date.

Reasons for Decision

Background

1. This matter concerns a reference from the Rent Officers Wales in respect of 55 Bunkers Hill, Milford Haven, SA73 1AQ (“the Property”). The landlord, Great Parndon Investments Limited (the “Landlord”) had appealed a rent of £458.00 per calendar month which had been determined by Rent Officers Wales on 2 December 2021. The previous rent, registered on 31 October 2018, had been £442.00 per calendar month and the rent that had been proposed by the Landlord was £480.00 per calendar month.
2. Since October 1965 the Property has been tenanted by Mrs D. Allen (“the Tenant”).
3. By way of a letter dated 13 December 2021, the Landlord objected to the registration of the new rent of £458.00 per calendar month and, accordingly, the matter was referred to this Committee.
4. Together with the Landlord’s letter of objection, the Rent Officer also submitted to this Committee his fair rent valuation calculations.

Inspection

5. An inspection of the Property was carried out by Mr Peter Tompkinson, the valuer member, on 20 July 2022.

6. The Property is a 3- bedroom semi-detached bungalow on a small estate in Steynton, close to Milford Haven. It was built in or around the 1960s and is of a conventional brick cavity wall construction with a pitched roof overlaid with tiles. The Property has the benefit of PVC windows and doors throughout and central heating.
7. To the side of the house is a garage with off-street parking in front. There is a small garden at the front of the Property, enclosed a by a small brick wall and hedging, and a larger garden to the rear enclosed by established hedges and wooden panel fencing.
8. The accommodation consists of 3 bedrooms, a kitchen and a living room. It was noted that the Property was dated with the carpets looking tired and well-worn and the kitchen and bathroom requiring improvement.

Representations

9. In addition to the Landlord's letter dated 13 December 2021, referred to in paragraph 3 above, the Committee also received a letter from the Landlord dated 10 May 2022. The letter confirmed that the landlord did not require a hearing and objected to the new rent of £458 per calendar month. The landlord stated that, from its application being sent to the Rent Office, it had taken 14 months for the new rent to be registered and that the new rent had not been backdated. The letter also referred to the previous registered rents, the percentage increases on those previous rents and the desired gross return for the Landlord.
10. The Tribunal was surprised to note that it had taken the Rent Office so long to determine a new rent for the Property and that this had obviously exacerbated the landlord's frustration.
11. No representations were received from the Tenant although the Committee did receive correspondence from the Tenant but only to state that she did not require a hearing of the matter.
12. Neither party submitted market rent comparables, nor any evidence of market rent levels for the Tribunal to consider.

The Law

13. When determining a fair rent the Committee, in accordance with Section 70 of the Rent Act 1977 ("the Act"):
 - 13.1 has regard to all the circumstances (other than personal circumstances) including the age, location and state of repair of the property;
 - 13.2 disregards the effect on the rental value of the Property of (a) any relevant tenant improvements; and (b) any disrepair or other defect attributable to the tenant or any predecessor in title under the regulated tenancy;
 - 13.3 assumes (as required by Section 70(2) of the Act) 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, the Committee must make certain assumptions regarding scarcity and demand for rental properties in the area.

14. 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 of the Act means:
- 14.1 that ordinarily a fair rent is the market rent for the subject property discounted for “scarcity”; and
 - 14.2 that for the purposes of determining the market rent, assured tenancy (market) rents are usually appropriate comparables (although these rents may need to be adjusted to reflect any relevant differences between these comparables and the subject property (e.g. furnished and unfurnished)).
15. Accordingly, once the market rent for the Property has been determined pursuant to Section 70 of the Act, that rent must then be adjusted, where necessary, for any differences between the relevant comparables and scarcity.
16. The Committee is also required to have regard to the Rent Acts (Maximum Fair Rent) Order 1999 (the “Maximum Fair Rent Order”), which places a cap on the permissible amount of increase of fair rent between one registration and a subsequent registration. The cap is based upon the amount of increase in the Retail Prices Index between the dates of the respective registrations.
17. By virtue of Section 72 of the Act, the registration of the rent takes effect from the date upon which the Committee reached its decision. In this case, that date is 27 July 2022. The Committee is unable to backdate a new registered rent by virtue of this provision.

Committee’s Assessment of the Rent

18. The starting point in assessing a rent under Section 70 of the Act is to establish the market rent for the Property. To that market rent, a number of adjustments are made in order to reflect the requirements of Section 70 of the Act. As stated at paragraph 13.1 above, the Committee is restrained from considering the personal circumstances of the parties by law. This includes any expectations a landlord may have as to a gross return on its investment.
19. As stated above, neither the Landlord nor the Tenant provided evidence as to rent of other similar properties in the locality.
20. The Committee, having made its own enquiries, utilising its own experience and expertise and having regard to all the requirements of Section 70 of the Act, find that the market rent for the Property before the relevant deductions (as outlined below) is £600 per calendar month.
21. From this the Committee has deducted £21.67 to reflect the condition of the carpets in the Property and another £43.33 to reflect the condition of the kitchen and bathroom. A further £21.67 was deducted to account for the general overall condition of the Property.

22. As regards to scarcity, the Rent Officer made a deduction and we agree with his view that the appropriate deduction in this instance is appropriate at 10% because we are satisfied that there is a degree of scarcity for this type of property in Milford Haven.
23. This produces a rent of £462.00 per calendar month.

Calculations

24. Applying the Committee's findings and conclusions, the Committee has determined the rent as follows:

Market Rent (per calendar month)	£600.00
Less adjustments	
Lack of Central Heating	(£ 0.00)
Carpets/Curtains	(£21.67)
Basic Kitchen/ Bathroom	(£43.33)
Condition	(£21.67)
Double Glazing	(£ 0.00)
Other (specify)	(£ 0.00)
Adjusted Market Rent	£513.33
Deduction for scarcity at 10%	(£51.33)
Total	£462.00
Fair Rent (adjusted to nearest 50p)	£462.00

25. The rent is subject to the capping provisions of the Maximum Fair Rent Order. The maximum fair rent under this order is capped at £550.50.
26. Accordingly, as the Order does not apply, we record that the fair rent for the Property is £462.00 per calendar month.
27. For the purposes of Section 72 of the Act (as amended) the decision was made on 27 July 2022.

Dated this 25th day of August 2022.

S. Westby
(Chairperson)