



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/PA2/683	25 March 2009	Landlord

ADDRESS OF PREMISES

18 Thistle Street, Paisley, PA2 9PR,

TENANT

Miss M Elliott

NAME AND ADDRESS OF LANDLORD

Scottish Prudential Investment Assoc

AGENT

Ross & Liddell Ltd
60 St Enoch Square
Glasgow
G1 4AW

DESCRIPTION OF PREMISES

Mid-terrace two storey red brick house C1900 comprising 4 rooms, kitchenette and bathroom.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN
SURVEYOR
HOUSING PANEL MEMBER

A Devanny LLB NP
G Campbell FRICS
S Brown

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 4,500.00 p.a.	20 May 2009	20 May 2009

A Devanny

Chairman of Private Rented Housing Committee

Date

20th May 2009



PRIVATE RENTED HOUSING COMMITTEE

STATEMENT OF REASONS

In connection with

Inspection held on Wednesday 20 May 2009

of the Property

18 Thistle Street, Paisley PA2 9PR
(hereinafter referred to as "the property")
REFERENCE No. RAC/PA2/683

INTRODUCTION

Reference has been made to the Private Rented Housing Committee for the determination of a fair rent for the property under the Rent (Scotland) Act 1984 ("the 1984 Act").

The Landlords of the property are Scottish Prudential Investment Assoc. Ltd., whose agents are Ross and Liddell Ltd., 25 Gauze Street, Paisley PA1 1ES. The Tenant of the flat is Ms. Margaret Elliot. The annual rent for the property was last registered on 16 January 2006 at the figure of £3025. On 14 November 2008, the Landlords applied to have the annual rent increased to £4800. The Rent Officer determined the annual rent for the property at the figure of £3705 with effect from 16 January 2009.

The reference to the Private Rented Housing Committee has been submitted by the Landlords.

INSPECTION

The Committee inspected the property on the morning of 20 May 2009. The Tenant and her sister were present. No Representative of the Landlords attended the inspection.

The property is a mid-terraced two storey red brick house constructed circa 1900. The house has a slate roof. The property has the original single glazed sash windows with the exception of the kitchen and bathroom windows which have been replaced with single glazed timber units. Externally the property appears in reasonable repair. There is no front garden and entry is from the street.

A small square hall leads directly to a sitting room, which in turn leads to a diningroom with kitchenette off. The Tenant explained that she had lived in the house for 79 years and during that period her father had boxed-in the open-plan staircase in the diningroom to give additional storage under the stair and to provide a closed staircase giving access to the upstairs of the property. The staircase to the upstairs is steep with narrow treads. On the upper floor there is a hallway with two double bedrooms and a bathroom. The property is largely in an unimproved condition. There was evidence that some of the windows were poorly fitting and the Tenant has attempted temporary repairs to keep the dining-room window wind and watertight. There was evidence of damaged decoration due to past water ingress in the diningroom, upstairs hall and one bedroom. There was no visible evidence that this remained a problem and the Tenant confirmed that repairs had been carried out to rectify the problem. The kitchen is basic and the kitchen units and water heater have been provided by the Tenant. The Landlords provide no furniture, appliances or services. The gas fires in the sitting room, diningroom and front bedroom have been provided by the Landlords. The Tenant indicated that the sitting-room gas fire had not worked since February and the pilot light in the bedroom gas fire keeps going out and for that reason she is reluctant to use it. The bathroom suite has been relaced by the Tenant some years ago and she has provided an electrical shower. The flat has no space heating provided by the Landlords apart from the gas fires mentioned and water is heated by an immerser heater. The flat has been rewired. There is a small rear garden which has been covered in concrete and the surface of this is breaking. There is also a coal house located in the rear garden and access from the rear garden leads to a road with lock ups. The Tenant advised that she did not have the use of a lock up.

Parking for the flat is on street and at the time of inspection there were spaces available adjacent to the property. The flat has a pleasant outlook and lies in a desirable residential street. It is centrally situated for shopping facilities, transport links and is located within walking distance of the Royal Alexandra Hospital.

HEARING

The Landlords' agents intimated that they wished to attend the hearing before the Committee and the hearing took place at the offices of Private Rented Housing Panel at West Campbell Street, Glasgow following the inspection. The Landlords' agents were represented at the hearing by Mrs. Isabelle Doyle, Estate Agency Manager/former Letting Manager of Ross and Liddell Ltd. The Tenant did not attend the hearing.

At the hearing the Landlords' agent submitted that the rental sought of £400 per calender month was based on investigations with local letting agents which revealed

that modern 2-bedroomed terraced houses in a comparable area were being advertised at monthly rents of £450 to £495 per calendar month which equate to annual rents of £5400 to £5940. She indicated that these comparables were indicative that if the property was upgraded, then the market rent which could be obtained for the property would be in the region of £450 to £500 per calendar month. She stated that the property is in a desirable area. She indicated that there was a plentiful supply of properties for rent in the area and that scarcity did not apply. She stated that consideration of current market rents provided the best method of assessing a fair rent. She did not believe that the Committee should use return on capital value as an appropriate method of reaching a fair rent.

DECISION

The Committee considered most carefully the written documentation before it, viz.: -

1. Registration of Rent Application (Form R01) dated 14 November 2008.
2. Landlords' letter of appeal dated 20 January 2009.
3. Notification of fair rent appeal from Rent Registration Service dated 24 March 2009.
4. Rent Register Page.
5. Landlords' written representations dated 9 April 2009.
6. Tenant's letter dated 6 April 2009 indicating that she did not wish to send any written representations.
7. Registered rent decision compiled by the Clerk to the Committee relating to:
RAC/PA2/666 2/1, 122 Neilston Road, Paisley PA2 6EW

The appeal from the Landlords is based on the suggestion that there is no evidence of scarcity and that the rental market is presently in balance and, a higher rent be registered more in keeping with current market rents.

The Committee considered all the written evidence, submissions and representations together with the observations of Committee Members at the inspection. The Committee was mindful of the terms of Section 48 of the Rent (Scotland) Act 1984, which states

“The Committee shall have regard to all of the circumstances (other than personal circumstances) and in particular to apply their knowledge and experience of current rents of comparable property in the area, as well as having regard to the age, character and locality of the dwelling house in question and to its state of repair and, if any furniture is provided for use under the tenancy, and to the quantity, quality and condition of the furniture.” Paragraph (2) then provides that “For the purposes of the determination it shall be assumed that the number of persons seeking to become tenants of similar dwelling-houses in the locality.... is not substantially greater than the number of such dwelling-houses in the locality which are available for letting”. This provision is sometimes known as “the scarcity deduction”. The Committee were also mindful of the observations of the Lord President in **Western Heritable Investment Co LTD v Hunter (2004)** which requires the Committee to proceed on the best available evidence and the use of the other evidence as a cross check where

possible.

The Committee carefully considered the submission from the Landlords' agent that there is no evidence of scarcity in the rental market. Internet sources produced numerous properties for rent in the area where the property is located. A report prepared by Citylets and available at www.citylets.co.uk into 'Trends in Scottish Residential Lettings' for the First Quarter of 2009 states "The demand for rental property should be underpinned going forward by those waiting, or unable, to buy but with this counter-balanced to some degree by factors such as job losses (or fear of) and economic migrants returning home. It seems likely that rents will remain under pressure in the short-term weighed down by high stock levels".....In Q1 2009, "the average time-to-let increased to 48 days, some 12 days longer than in Q1 2008." Taking into account the comments on rental trends and the plentiful supply of properties for rent in the area, the Committee concluded that at present there should be no scarcity deduction.

The Committee went on to consider which of the alternative methods of ascertaining a fair rent was the most appropriate in this case. The three accepted methods are:

- (a) determining a fair rent by having regard to registered rents of comparable houses in the area;
- (b) taking market rents and then discounting for any scarcity element and making any appropriate disregards as required by Section 48(3) of the said Act;
- (c) calculating the appropriate return based on capital value of the property, taking into account the element of scarcity.

None of these methods is regarded as the primary method.

There was no evidence produced by the parties regarding capital values. The only evidence of a registered rent decision for a comparable house in the area related to a one single-bedroomed flat in the area which was not a similar type of property to the mid-terraced 4 apartment property under consideration. Given the lack of available evidence, the Committee decided that it was not appropriate to proceed on the basis of capital values or comparable registered rents. The Committee accepted that the best evidence available was the evidence of market rents of similar houses within the area. The Committee accepted the submission from the Landlords' agent that modern furnished 2-bedroomed terraced houses in the location of the property are being advertised for rent in the region of £450 to £495 per calendar month. The Committee noted that the Landlords' agent indicated that she would seek a rent of between £450 and £500 per calendar month for the property if it was in similar condition to one of the modern furnished 2-bedroomed comparables. The Committee made deductions from the average rent of the comparables presented to reflect the absence of double glazing, gas central heating, laminate floorcoverings, furnishings, and appliances; the unimproved nature of the property; and an allowance for some required repairs. For the reasons already outlined, the Committee considered that no deduction should be made from the rent for scarcity as there was no market imbalance.

The Committee, after considering all the available evidence and making the

necessary deductions, decided that the fair rent for the property would be £375 per calendar month, which equates to £4500 per annum.

In reaching this decision, the Committee has had regard to all the requirements of Section 48 of the 1984 Act.

The decision takes effect from the Twentieth day of May, Two thousand and Nine.

A Devanny

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Chairperson,
20th May 2009