

RENT ASSESSMENT PANEL FOR SCOTLAND

RENT (SCOTLAND) ACT 1984

NOTIFICATION OF DECISION BY THE RENT ASSESSMENT COMMITTEE

-REFERENCE NO.	OBJECTION RECEIVED	OBJECTION
RAC/PA61/407	13 December 2005	Landlord

ADDRESS OF PREMISES

No. 6 Glassard, Isle of Colonsay, Argyll, PA61 7YN

TENANT

Mrs S Pelling

NAME AND ADDRESS OF LANDLORD

The Honorable DA Howard
Colonsay Estate
Isle of Colonsay
Argyll
PA61 7YU

AGENT

CKD Galbraith
3 Main Street
Milngavie
Glasgow
G62 6BJ

DESCRIPTION OF PREMISES

Semi detached house circa 1923 with double glazing comprising two rooms, dressing room, kitchen and bathroom.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN

Mrs I Montgomery BA (Hons) NP

PROFESSIONAL MEMBER

Mr R Buchan BSc FRICS

LAY MEMBER

Mr S Campbell

FAIR RENT

£2400.00per annum

DATE OF DECISION

22 February 2006

EFFECTIVE DATE

22 February 2006

I Montgomery

Chairman of the Rent Assessment Committee

22nd February 2006
Date

RENT ASSESSMENT COMMITTEE
STATEMENT OF REASONS
INSPECTION: 22nd FEBRUARY 2006

PROPERTY: - 6 GLASSARD, ISLE OF COLONSAY

INTRODUCTION

1. The Committee comprised Mrs I.R. Montgomery (Chairman), Mr R. Buchan (Surveyor) and Mr S. Campbell. The landlord is The Hon. D A Howard, Colonsay Estate, Isle of Colonsay, Argyll PA61 7YU represented by Messrs CKD Galbraith, 3 Main Street, Milngavie, Glasgow G62 6BJ. The tenant is Mrs S. Pelling. This reference to the Rent Assessment Committee for the determination of a Fair Rent under the Rent (Scotland) Act 1984 in respect of the semi detached cottage known as 6 Glassard arises from dissatisfaction on the part of the landlord.
2. The previous rent was £1,300.00 per annum. The landlord applied for a rent of £2,600.00 per annum. The rent determined by the Rent Officer was £2,000.00 per annum.

DESCRIPTION OF THE PROPERTY

3. On the morning of the 22nd February 2006, the Committee, accompanied by the Clerk, Mr Robert Shea, inspected the semi-detached cottage known as 6 Glassard Cottage on the Isle of Colonsay. The Isle of Colonsay lies off the coast of Argyll and is one of the more remote of the inhabited Hebridean islands. It has its own primary school, a hotel, a post office and a café/restaurant. The island is served by a ferry service from Oban three times a week in the winter with an additional service to Islay in the summer months. The property under consideration is on the coast with spectacular sea views. It is conveniently located for the ferry terminal and the post office shop and café. It is located towards the end of a row of houses overlooking the water where it will not be affected by much passing traffic.
4. The property was built around 1923 and is of grey roughcast construction with a slate roof. It has rugged garden ground consisting mainly of grass on three sides. Externally the property seemed to be in good condition. The property is double-

glazed throughout and has been rewired some years ago. There is no central heating system. Hot water is obtained via a back boiler behind the open fire and/or by electric immersion heater.

5. The accommodation extends to a living room, one double bedroom accessed via a small room now used as a bedroom, a kitchen, and a bathroom. The tenant accesses her property by a side door which opens onto the hallway. The bathroom is off to the right of the hallway and the kitchen is off to the left. In order to reach the living room by this access, it is necessary to pass through the kitchen first. There is a porch which would offer access to the property without having to pass through the kitchen, but the porch was sealed off at the time of the inspection and is no longer used by the tenant. The property is on two levels. The living room is large and bright with two single windows, one at each end. The room has an open outlook over the sea. The only form of heating is a coal fire. There is a cupboard in this room. In order to reach the double bedroom, it is necessary to pass through the smaller bedroom which the tenant stated was originally a dressing room. That explanation would seem likely. The Committee did not consider that this smaller annex could properly be described as a second bedroom as any occupant does not have privacy. This factor would considerably restrict the uses to which it could be put. The kitchen is small but functional with large windows on two of the four walls, affording a panoramic view of the sea. The units and work surfaces were all supplied by the landlord some years ago. The bathroom is ventilated by a double glazed window. The landlord provided a bath, WC and wash hand basin in the bathroom. All the fittings were functional as at the date of the inspection. The property was in reasonable decorative order throughout. The tenant advised the Committee that it is her responsibility to paint the exterior of the property.

6. The landlord was not represented at the inspection.

DOCUMENTATION

7. In addition to the Inspection Report, case summary sheet and extract from the Rent Register, the Committee considered:
 - a) Form RRI application;
 - b) Letter from landlord's agent dated 30th November 2005;

- c) Letter from Rent Officer dated 6th December 2005;
- d) Written representations from the landlord;

The same Committee was also considering the properties situated at 1 and 2 Kiloran Cottage at the same time.

HEARING

- 8. Neither party requested a hearing.

THE DECISION

- 9. The duty of the Committee when determining what rent would be a fair rent under a regulated tenancy, is to have regard to all the circumstances, (other than personal circumstances), and, in particular, to apply their knowledge and experience of current rents of other 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, to the quantity, quality and condition of the furniture. The Committee are required to assume that the number of persons seeking to become tenants of similar dwelling-houses in the locality on the terms (other than those relating to rent) of the regulated tenancy is not substantially greater than the number of such dwelling-houses in the locality which are available for letting on such terms (section 48(2)). Disrepair or defects attributable to the tenant should be disregarded, as should any improvements made by the tenant, otherwise than in pursuance of the terms of the tenancy. There were no such defects in this particular case, nor was any furniture provided. In reaching its determination, the Committee complied with its duty as set out above.

- 10. As mentioned above, in terms of section 48(3)(b) of the Rent (Scotland) Act 1984 any improvements made by the tenant (other than in pursuance of the terms of the tenancy) must be disregarded for the purposes of determining a fair rent. The purpose of this is obviously to prevent the landlord being able to increase the rent to reflect improvements to the property which the tenant himself or herself has made. The landlord is, however, entitled to benefit from improvements he or she has made. In this case the landlord has installed double glazing and provided kitchen and bathroom fittings. These factors must be taken account of when determining a fair rent.

11. The Committee considered carefully all the evidence presented, together with the observations made by the Committee members at the inspection. In particular, the Committee considered carefully which of the alternative methods of ascertaining a fair rent was most appropriate in this case. There are three main guidelines normally used in the calculation of a fair rent under the 1984 Act. The first method is to first take a market rent and then discount for any scarcity element and make any appropriate disregards. The second method is to compare registered rents for other similar protected tenancy properties. The third is to ascertain what would be a fair return to the landlord on the capital value of his house. No method is, as a matter of law, “primary”. Which method should be adopted is a matter for the Committee to determine in each case.
12. Mindful of the observations by the Lord President in **Western Heritable Investment Co. Ltd v Hunter (2004)**, the Committee was aware of the need to proceed on the basis of the best available evidence, using other available evidence as a check where possible. In this case, the Committee had no evidence relative to registered rents for other similar protected tenancy properties. That method was not therefore a viable option in this case. The capital value method is the method least favoured as it can produce inflated and unreliable results in times of high capital values. In the particular circumstances of this case, the Committee was satisfied that the best method to use was that of calculating a market rent and then discounting for any scarcity element and making any appropriate disregards or adjustments to take account of the strengths and weaknesses of the particular property under consideration. The Committee accordingly proceeded on this basis.
13. The Committee had been provided with evidence from the landlord of four open market rents passing on the island. Of the four, two related to larger detached properties and two related to two bedroom semi-detached properties. The Committee considered that the semi-detached properties were closer comparables to the properties under consideration in terms of size and desirability. A detached property is normally regarded as more desirable than a semi-detached property, all other factors being equal. Of the two semi-detached properties, the Committee considered that the property at 2 Hall Cottage Kiloran was the closest comparable

property to the properties situated at 1 and 2 Kiloran, as Craigoran Cottage, Scalasaig appeared to be a more desirable property located on the coast in close proximity to the ferry terminal and adjacent to the Post Office. The rent agreed for 2 Hall Cottage was £3,000 with effect from June 2006. The Committee accepted this figure as being the open market rent for a property similar to the properties at 1 and 2 Kiloran. Craigoran Cottage was, however, a good comparable for 6 Glassard, except that it is said to have two bedrooms whereas 6 Glassard has one bedroom and a dressing room annexed to it. Craigoran Cottage was also more centrally located than 6 Glassard. The Committee considered that the market rent for a one bedroom property would be less than that of a two bedroom property. The rent fixed for Craigoran Cottage is £3,600 with effect from 15th October 2005. The Committee considered that this figure would have to be adjusted downwards to reflect the lack of second bedroom and the difference in location. The Committee considered £3,400 to be the open market rent for a property similar to the property under consideration.

14. As the property under consideration is let under a protected tenancy, the Committee proceeded to consider whether there should be any deduction for scarcity in terms of section 48(2). The Committee was aware of the Colonsay Housing Initiative which had been set up in 1999 to address the housing problems on Colonsay, including a shortage of available housing and limited social rented housing. The Committee was satisfied that in 2000 there had been very substantial scarcity and that scarcity did still exist in Colonsay and other Hebridean islands. The landlord himself had acknowledged the existence of scarcity in his written representations and in his capital value calculation had suggested a figure of 50%. That is a very high figure to be set for scarcity and, in the absence of any argument or evidence to justify that figure, the Committee did not consider that it could simply accept such a high figure as being reasonable. To do so would have had the effect of keeping the rents paid under a protected tenancy at a level of only half the market rents paid for other properties (leaving aside any adjustments for condition or disregards). The Committee concluded that scarcity did exist in the Hebridean islands in general and in Colonsay in particular and decided that the level of scarcity could be assessed at 30%. The Committee accordingly made this adjustment for scarcity. The Committee made a small adjustment to reflect the

fact that some four months has elapsed since the rent was fixed for Craigoran Cottage. Having made these adjustments, the Committee concluded that £2,400 was a fair rent for the property at 6 Glassard.

15. The Committee was also considering the properties at 1 and 2 Kiloran. Both of these properties would have been fixed at the same fair rent as each other had it not been for the fact that one had the benefit of central heating and the other did not. This factor is reflected in the lower rental fixed for 2 Kiloran. Both were otherwise in a very similar condition in that both had significant problems with damp and suffered from their proximity to the working farm with its disadvantages of traffic, activity and unpleasant smells. The two properties were very similar in relation to the valuation exercise this Committee was required to carry out and were less desirable residences than the property at 6 Glassard. The Committee considered 6 Glassard to be a more desirable property in a number of ways. It had the advantage of being located on the coast and had clear and very attractive views of the sea from various windows. Not only did it have the benefit of sea views, it was located closer to the ferry terminal and the shop/post office and was not affected by traffic. It had a working damp proof course and did not have the problems of rising damp suffered by the properties at 1 and 2 Kiloran. It had been built at a later point in time and was in better condition due to being of better construction. The properties at 1 and 2 Kiloran, however, had two good sized bedrooms whereas the property at 6 Glassard had one double room and a small annex to that which may originally have been intended as a dressing room. The Committee did not consider that this room could be classed as a second bedroom, as the occupant of the smaller room did not have the benefit of privacy as anyone accessing the other room had to pass through that small room. Taking all these factors into account the Committee considered 6 Glassard to be a more attractive property for which a fair rent of £2,400 was appropriate. The Committee considered these fair rents to be appropriate in comparison with each other and the use of the capital value method as a cross check produced figures compatible with these results.
16. In section 49 of the Rent (Scotland) Act 1984, it is declared that the amount to be registered shall include any sums payable by the tenant for services. In this case

no services are provided. Having taken all relevant factors into account, the Committee determined that a Fair Rent for the property at 6 Glassard was £2,400.00 per annum.

17. In reaching its decision, the Committee had regard to all the circumstances required to be taken into account in terms of sections 48 and 49 of the Rent (Scotland) Act 1984.

18. The registration takes effect from the date when the Committee reached their decision, namely 22nd February 2006.

Signed. **I Montgomery**.....(Chairman)

Date.....*8th March 2006*.....