

RENT ASSESSMENT PANEL FOR SCOTLAND

RENT (SCOTLAND) ACT 1984

NOTIFICATION OF DECISION BY THE RENT ASSESSMENT COMMITTEE

REFERENCE NO.	OBJECTION RECEIVED	OBJECTION
RAC/PA20/585	29 March 2007	Landlord

ADDRESS OF PREMISES

0/1, 13 Bridge Street, Rothesay, Isle of Bute, PA20 0HS

TENANT

Mrs M Crawford

NAME AND ADDRESS OF LANDLORD/AGENT

Fyne Homes, 81 Victoria Street, Rothesay, Isle of Bute, PA20 0AP

DESCRIPTION OF PREMISES

Main door ground level flat in 4 storey stone built slate roofed tenement C.1900, with central heating, comprising 3 rooms, kitchen and bathroom..

SERVICES PROVIDED

Backcourt maintenance

COMMITTEE MEMBERS

CHAIRMAN	Mrs E J Docherty BL
PROFESSIONAL MEMBER	Mr G Campbell FRICS
LAY MEMBER	Mr J Riach

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ £2,797.32 per annum (inclusive of services less than 5%)	3 July 2007	13 April 2007

J Docherty

Chairman of the Rent Assessment Committee

3rd July 2007.
Date

RENT ASSESSMENT COMMITTEE OF TUESDAY 3RD JULY 2007**STATEMENT OF REASONS**

PROPERTY Main-door ground floor house at 13 Bridge Street, Rothesay, Isle of Bute, PA20 0HS (hereinafter referred to as "the flat").

INTRODUCTION

This is an application to a Rent Assessment Committee for the determination of the fair rent of the flat under the Rent (Scotland) Act 1984 ("the 1984 Act"). The landlords are the Housing Association called Fyne Homes Ltd. 81 Victoria Street, Rothesay, Isle of Bute, PA20 0AP. The tenant is Mrs. Mary Crawford who has lived in the flat for more than twenty years. The annual rent of the flat was last registered on 30th January 2004 at the figure of £2248. On 5th March 2007, the landlords applied to have this rent increased to £2797.32. The Rent Officer determined the rent for the flat at this figure of £2797.32 per annum with effect from 13th April 2007. The tenant has made the reference to the Committee.

INSPECTION

The Committee inspected the flat on the morning of Tuesday 3rd July 2007. The tenant was present throughout the inspection but there was no representative of the landlords in attendance.

The flat is the main-door ground floor house in a four storey traditional tenement built about 1900. The flat is the only house on the ground floor. On each of the three upper floors there are two houses. These six houses are accessed by a close at the right hand side of the tenement which leads through to the back garden area from which a common stair leads to the upper houses. The tenement is stone with a roughcast finish on the street front. The roof is slated and the down pipes and outside paintwork appear to be in good condition.

There is no front garden ground at the tenement and the main door of the flat leads into a square porch the internal door of which gives access to the broad T-shaped hall of the flat. At the front of the flat, leading from the front section of the hall, lie the lounge and the larger bedroom. At the back of the flat, leading from the rear section of the hall, lie the second bedroom, the bathroom, the kitchen and also the corridor leading to the back door. In this rear section of the hall there are also three very generous walk-in cupboards.

The tenant advised that the flat had been fully refurbished prior to her taking entry in the 80s and at that time the central heating had been installed and the rewiring and major improvements carried out. More recently, probably about three years ago, the kitchen was upgraded and new units installed.

The lounge is a large square well proportioned room with two windows looking onto Bridge Street. The windows are modern but single glazed. The gas fire in the room was installed by the landlords.

The front bedroom is also a generous sized room with one similar window and also a walk-in cupboard which houses the electricity meter.

The back bedroom is smaller but can comfortably accommodate a double bed. It has one window looking onto the back garden.

The bathroom is a good size and has a three piece suite in good condition. The shower over the bath and tiling in the bathroom were installed by the tenant. There is one window in the bathroom.

The kitchen also looks onto the back garden and is a bright room used by the tenant as a dining kitchen. There is one window in the kitchen. The numerous fitted units and cupboards installed fairly recently by the landlords are modern. The white goods belong to the tenant. There was evidence on the ceiling of a small amount of staining caused by water penetration from one of the upper flats. The tenant advised that at the time of the damage, this had been reported to the landlords and the problem had been dealt with immediately.

The gas central heating boiler provides hot water and heating via radiators throughout the flat.

At the time of the inspection the house was dry, warm and very well maintained.

The back door of the flat leads onto the common back garden and bin shelter. The tidy garden is a good size and is mainly grassed. The tenant advised that the garden is maintained by the landlords and that she pays a proportion of the maintenance costs but was unsure of the amount. The bin shelter is clean and tidy.

The tenement in which the flat is located lies in a central location in Rothesay and is very convenient for shopping and transport. The tenant advised that Bridge Street can be noisy with traffic from the neighbouring Supermarket. At the time of the inspection there was no problem at all with street parking.

DECISION

No hearing had been requested and the Committee had very little by way of documentation before it, simply,

1. RRI Application of 5th March 2007.
2. Tenant's letter of appeal dated 26th April 2007.
3. Tenant's written representations of 3rd May 2007.
4. Landlords' written representations dated 14th May 2007.
5. Rent Register pages.
6. Clerk's list with two comparables and relative feedback forms.

The tenant in her letter appealed solely on the ground that the rent increase was excessive.

The landlords in their written representations, submitted that the flat is bright, well maintained property in the heart of the town within easy walking distance of the main shopping street and directly opposite the supermarket in a prime much sought after location. They argued that the rent set by the Rent Officer is not excessive and in keeping with other properties of the same size owned by the landlords. The two flats listed by the Clerk in his list of comparables are both owned by the landlords and the Committee assumed that these were some of the properties referred to by the landlords in their submissions.

Accordingly, the Committee made a point of viewing externally these two flats. The first flat on the Clerk's list is (2/1) 21 Columshill Street, Rothesay with a registered rent of £2723.76 effective from April 2007. This is an upper floor flat in a tenement not dissimilar to the tenement in Bridge Street. The flat is described as having four rooms, kitchen and bathroom. However, it would appear that the floor area of this flat is equivalent to the floor area of the tenant's flat as it extends over the entire width of the tenement as does the tenant's flat. The second flat on the Clerk's list is (0/1) 18 Russell Street, Rothesay with a registered rent of £2588.76 effective from April 2007. This is one of two houses on the ground floor of the tenement and while described as a two-bedroom flat is evidently smaller in area than the tenant's flat.

The Committee had found from Internet sources very little evidence of comparable property to let in the Isle of Bute. Therefore, prior to carrying out its inspection of the flat, the Committee had called at the offices of the two principal letting agents on the Island. The first of these offices confirmed that they had only two two-bedroom flats on their books and they had a waiting list of people looking for flats to rent. In the second office, there was only one one-bedroom flat on their books and this would only become available to let in September 2007. They had no waiting list. The Committee had also checked with a local firm of Solicitors and property agents who advised they dealt only with the sale and never the renting of property.

The Committee aware of its duties under s48 (1) and (2) of the 1984 Act is required to consider what is the level of current rents of comparable properties in the area having regard to age, character, locality and state of repair of the flat and also to consider if a deduction for scarcity from such rent is appropriate.

With such a lack of comparable properties to consider, the Committee agreed in the first instance to rely on the landlords' submissions that a rent of £2797.32 proposed by them for the flat was consistent with the rent of their larger flat at (2/1) 21 Columshill Street whose rent is £2723.76. The Committee took the view that the difference of approximately £50 is justified by the advantages of the flat's location and the fact that the flat has its own front and back doors.

To satisfy itself that this figure of £2797.32 is a fair rent, the Committee endeavoured to find the level of current market rents of comparable properties in the area but could find only one other two-bedroom flat from the Agents' list which appeared to be comparable. No address was provided by the letting Agents but the photograph on

their Schedule showed a property similar to the flat. The rent being sought for this furnished flat is £4200 per annum. The Schedule describes this flat as "furnished to a high standard" and the Committee proposed to deduct £75 per month for the furniture leaving a balance of £3300.

The Committee then addressed the whole question of scarcity and after much discussion and careful consideration it determined that the supply of rented accommodation in the Isle of Bute does not meet the demand for same and it is appropriate therefore to allow a scarcity deduction from the market rent of the flat.

The difference between the above figure of £3300 and the proposed fair rent of £2797.32 is approximately £500 which equates to a scarcity allowance of about one sixth from the market rent. The Committee considered that this allowance is reasonable and was satisfied that a market rent of £3300 for an unfurnished comparable property with a one sixth deduction for scarcity sits comfortably with the fair rent proposed at £2797.32.

As a further safeguard, the Committee also looked at determining a fair rent by reference to a capital valuation of the flat. From lists of properties for sale in the Island, the Committee took the view that the likely value of the flat is £50,000. A scarcity allowance of one sixth leaves a figure of £41,667. If a yield of 6% is allowed, the rent is £2500 and outlays of £300 would provide a figure which also sits comfortably with the proposed rent of £2797.32.

In view of all these deliberations, the Committee confirmed its determination that the fair rent of the flat is £2797.32 per annum.

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

The Committee's decision takes effect from 13th April 2007.

Chairman

J Docherty

Date

5th July 2007.