



STATEMENT OF REASONS

by

PRIVATE RENTED HOUSING COMMITTEE

Statement of Reasons in respect of a reference to the PRHP following a
Determination of the market rent under The Housing (Scotland) Act 1988
41 Brunstane Road South, Edinburgh, EH15 2NQ

PRHP Ref: RA/16/0166

Introduction

- 1 This is a reference to the Private Rented Housing Committee ("the Committee") in respect of 41 Brunstane Road South, Edinburgh EH15 2NQ ("the property").

The Landlords are South Castle Properties Limited, (Registered in Scotland Number 126595) 61A North Castle Street, Edinburgh EH2 3LJ ("the Landlords") and the Tenant is Miss Carol Paxton who resides at the Property ("the Tenant").

- 2 The current rent for the property is £425 per calendar month (£5,100 per annum). By way of Form AT2 dated 29 March 2016 the Landlords proposed a new rent of £800 per calendar month (£9,600 per annum). The reference by the Tenant to the Private Rented Housing Committee is by way of an application in Form AT4 for the Determination of Rent under Section 24 and Section 34 of The Housing (Scotland) Act 1988. The date of receipt of the Tenant's application in this respect is 25 April 2016.

The Inspection

- 3 The Committee inspected the property on the morning of 17 August 2016. The Committee comprised George Clark (Chairman) and Robert Buchan (surveyor member). A file of photographs, taken at the inspection, is attached to and forms part of this Statement of Reasons. The Tenant was present at the inspection and subsequent hearing, where she was accompanied by her sister, Angela Orr. The Landlords were represented by Mr Michael Baynham, who attended the inspection and the hearing. The hearing took place in George House, 126 George Street, Edinburgh.



PRIVATE RENTED HOUSING PANEL

Housing (Scotland) Act 1988

Register Of Rents Determined Under Statutory Assured Tenancies

REFERENCE NO.

PRHP/RA/16/0166

APPLICATION RECEIVED

25 April 2016

ADDRESS OF PREMISES

41 Brunstane Road South, Edinburgh, EH15 2NQ

TENANT

Miss Carol Paxton

NAME AND ADDRESS OF LANDLORD

South Castle Properties Limited
61A North Castle Street, Edinburgh, EH2 3LJ

RENTAL PERIOD

Calendar Monthly

DATE TENANCY COMMENCED

29 November 1980

DESCRIPTION OF PREMISES Mid-terraced, unmodernised, two-storey house, stone with pitched, slated roof, dating from the early part of the 19th Century. Approx. 5 miles east of city centre. Accommodation comprises, on ground floor, living room, small kitchen off the living room, and bathroom off the kitchen and, on upper floor, two double bedrooms, one with small storage cupboard off, and small boxroom. Walk-in storage cupboard off living room, with window. No central heating. Coal fire and back boiler. Single glazed windows. Small garden to front. Parking space.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRPERSON

George Clark

SURVEYOR MEMBER

Robert Buchan

PRESENT RENT

£425.00

PROPOSED RENT

£800.00

DETERMINED RENT

£600.00

DATE OF DECISION 17 August 2016

EFFECTIVE DATE 25 April 2016

Georg Clark, Chairman,
Private Rented Housing Panel

Date: 17 August 2016

The property is a mid-terraced, two-storey house, built of stone with a pitched, slated roof, dating from the early part of the 19th Century. It forms part of a row of 5 houses, formerly farm workers' cottages, numbered 35-43 Brunstane Road South, Edinburgh, approximately 5 miles east of the city centre.

The property is close to local amenities, including a railway station and a large superstore. The immediately surrounding area has been extensively developed with modern housing, and the adjacent farm steading building is currently undergoing renovation and development into residential use. The property is understood to be a Category B Listed Building and has a gross internal floor area of approximately 72 square metres.

The accommodation within the property comprises, on the ground floor, a living room, a small kitchen off the living room, and a bathroom off the kitchen and, on the upper floor, two double bedrooms, one with a small storage cupboard off, and a small boxroom. There is a walk-in storage cupboard off the living room, with a window to the rear of the property.

The kitchen is small, but has reasonably modern fittings, which were put in by the Tenant approximately 15 years ago. Prior to that, it had a sink and 2 wall units, the sink having been installed by the Tenant's father, who had taken a lease of the property in 1980. The bathroom opens off the kitchen and does not have a wash hand basin. It is not modernised, but there is an instant shower unit above the bath. There is a window in the bathroom, but no extractor fan. There is evidence of lead piping in the bathroom and kitchen. There was also dampness and softness noted in the floor of the bathroom, suggesting some rot in the flooring.

The property does not have central heating. There is a coal fire in the living room and water is heated by a back boiler, with the hot water tank being located in the kitchen. There is a modern electricity consumer unit in the storage cupboard off the living room and the Tenant advised the Committee that it had been installed approximately one month prior to the inspection.

The roof, external stonework and external plumbing all appear to be in a reasonable state of repair.

The windows of the property are of traditional timber frame single glazed sash and case design. The living room window was replaced by the landlords in 2012. The remaining windows are in a poor state of repair.

There is a small area of garden ground and paved courtyard to the front of the property.

The property does not have a garage, but has the use of a parking space located just beyond the front garden wall.

The property is let unfurnished.

Written Submissions

4 The Committee considered carefully the following paperwork:-

- (a) Form AT2 prepared by the Landlords dated 29 March 2016.
- (b) Form AT4 prepared by the Tenant dated 22 April 2016, with supporting documentation, including a copy of the original lease of the property to the Tenant's father dated 21 December 1980 and letters from the Landlords to the Tenant dated 11 September 2015 and 29 March 2016, the latter of which enclosed the Form AT2.
- (c) Written representations from the Landlords dated 16 May 2016, in which the Landlords gave information on comparable rents within the neighbouring area of the property.

The Hearing

The Tenant told the Committee that, at the commencement of the tenancy in 1980, there had been a large Belfast sink in an iron frame in the kitchen, a twin tub washing machine and a free-standing cooker. The bathroom had been exactly as it now was, apart from the fact that her father had since replaced the toilet. There was a coal fire with a back boiler and no other form of heating.

The Landlords told the hearing that they had purchased the property in 2006 from Lord Palmer. A registered rent of £5,100 per annum had been assessed by the Rent Officer in May 2013. The maximum amount by which landlords were permitted to increase rents in a 12 month period was at that time prescribed by law and the Landlords had increased the rent at that time by the amount that they were entitled by law to do and a second phased increase should have taken place in May 2014, but the Landlords had not applied the final phased increase until September 2015. They had put in a new water supply and a connection to mains sewage in 2011 and had put in the parking area with a marked parking space. Prior to that, parking had been at the entrance to Brunstane Farm. As 3 of the houses in the terrace had been vacant at the time and the Landlords had decided to refurbish and then sell them, they had built stone walls to the front gardens of all the houses in the terrace and created the parking area beyond. They had also updated the electrics in May 2016, fitting a new consumer unit, smoke alarms and a heat detector in the kitchen.

The Tenant told the Committee that her parents had put in a basic kitchen at first and had refurbished it about 15 years ago. They had put in the white goods and carpets and the Tenant had fitted the electric shower. In 2012, they had replaced the living room window and had also repointed the stonework, replaced the chimneys and put in loft insulation and a fire separation wall in the attic. The Tenant pointed out that her father had previously installed loft insulation. The Tenant was not aware of any internal plumbing works having been done or of there being lead piping in the bathroom and, with the bathroom not having a wash hand basin, the property did not meet the tolerable standard. The Landlords told the Committee that this would be addressed.

The Landlords stated that when they had visited the property, the boxroom was being used as a bedroom, but that they had no issue with the Committee should it determine that it was not to be classed as a bedroom.

The parties then addressed the Committee on the matter of rent comparables. The other 4 houses in the terrace were unoccupied, so could not be used as comparables. The Landlords referred the Committee to a 2-bedroomed house at Gilberstoun with an asking rent of £725 per calendar month ("pcm"). It had gas central heating, double glazing and a decent sized garden. The Landlords pointed out that the capital value of that property was considerably lower than the value of the present property and that the location of Brunstane Road South was particularly attractive by comparison to the modern estate at Gilberstoun. The Tenant was of the view that much of the character of the houses in the terrace had gone, with some having had French windows put in at the front and Number 35 Brunstane Road South had taken a very long time to sell. The Tenant understood that it had been sold in a part-exchange deal with a property developer. The Landlords referred again to sale prices in Gilberstoun and in The Murray's Brae which, though in a different area, offered very similar houses to those at Gilberstoun. The Landlords had acknowledged in their written representations, the comparables had been mainly with modern houses with central heating and double glazing, but argued that they were small compared to the present property and that rents for traditional houses appeared to be noticeably higher than modern properties. They did not dispute the suggestion that the present property was unlettable, as it did not meet the tolerable standard and suggested notional figures for the cost of the essential improvement works which the Committee might consider when considering the rent and a period over which those costs should be capitalised. They estimated the cost at £35,000, which would result in a sale value of approximately £240,000. The Landlords were looking for a return on capital of 4-5%, which would produce a rent of approximately £800pcm. They suggested a rent of £830pcm if the property was to be classed as having 3 bedrooms and £775-£800 if it was assessed as a 2-bedroom property.

Decision

The Committee considered all the paperwork before it and the evidence relating to current market rents submitted by both the Landlords and the Tenant in writing and at the hearing.

The Tenant is a second statutory successor to the original tenant, her late father, who held on a regulated tenancy basis. As, however, she became the second statutory successor to the tenancy after 2 January 1989, she is defined as a statutory assured tenant and the rent falls to be reviewed under the provisions of Sections 24 and 25 of The Housing (Scotland) Act 1988, rather than under the previous fair rent provisions contained in the Rent (Scotland) Act 1984. Accordingly, the Committee was required to set a market rent, rather than review a fair rent.

The Committee was of the view that there was so much rental evidence available that it was not appropriate to consider return on capital as the basis of assessing the market rent for the property. Also, the Committee was of the view that the property should be treated as a two bedroom property and not three bedrooms as the Landlords had originally suggested.

Using their own knowledge and experience and having regard to the information available, the Committee considered that the market rent for a typical two bedroom property in the locality of the current property would be in the region of £725 per month. In reaching this view, the Committee had regard to the fact that all the comparables available were modern houses with high amenities, including upstairs bathrooms, modern insulation, driveway parking and private rear gardens.

The Committee also considered that it was appropriate to take account of the fact that both the kitchen and bathroom within the property were particularly small by comparison with other let properties being offered as comparables and that the market for older properties which lacked modern amenities was limited. The property would also benefit from some redecoration. In addition the property did not have double glazing or central heating. The Committee considered that these factors would limit the rental that would be achievable for the property on the open market in its current condition. The Committee considered that it was appropriate to take into account that the property does not meet the tolerable standard or the repairing standard and that a landlord could not let out the property in its current condition on normal terms. Accordingly there are next to no comparable rents for such property on the open market. Rather than take a guess as to how much lower a rent might be achievable on the open market, the Committee considered it appropriate to discount the capital cost of extensive upgrading of the kitchen and bathroom, both to enlarge them and to modernise the layout as had been done in neighbouring houses, together with the provision of central

heating and double glazing, followed by redecoration. The estimated cost of £20,000 discounted over a period of 10 to 15 years for the various elements would be appropriate. Such an exercise would result in a deduction of £125pcm from the estimated rental of £725pcm and the Committee considered this to be a reasonable allowance to reflect the condition of the property.

Having taken all factors into account the Committee were of the view that the current market rent for the property is £600 per month (£7,200 per annum).

No services are provided by the Landlords.

The Committee decided that the rent should be varied with effect from the date of receipt of the application, namely 25 April 2016.

G Clark

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(Chairperson)

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17 August 2016
.....
(Date)

Schedule of photographs taken during the inspection of
41 Brunstane Road South, Edinburgh, EH15 2NQ



Front



Rear

Schedule of photographs taken during the inspection of
41 Brunstane Road South, Edinburgh, EH15 2NQ



Kitchen



Open fire

Schedule of photographs taken during the inspection of
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Bathroom



Dampness in the bathroom

Schedule of photographs taken during the inspection of
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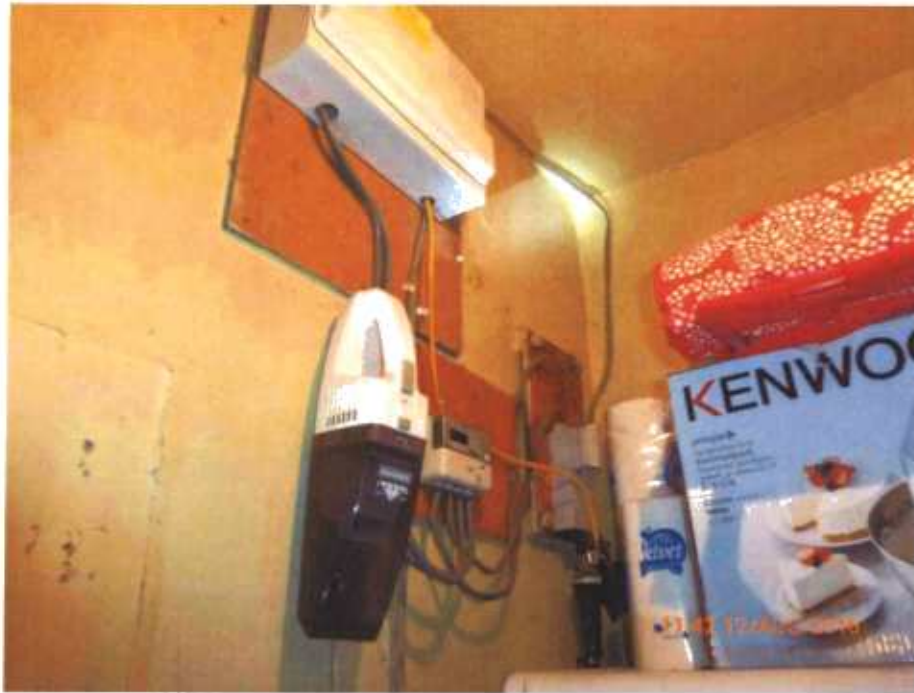


Lead piping



Bath detail

Schedule of photographs taken during the inspection of
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Modern consumer unit

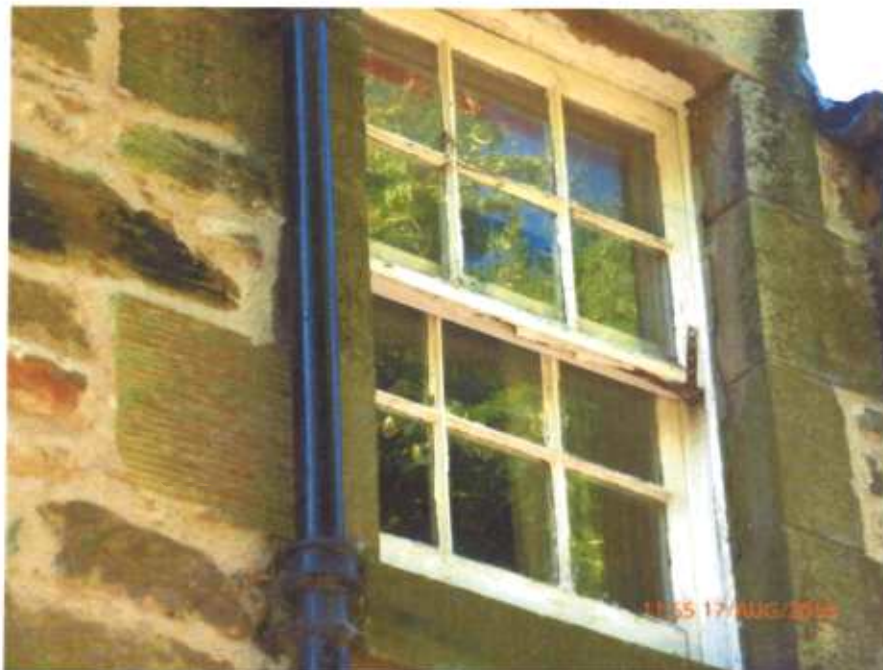


Boxroom

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Traditional single glazed windows



Braced window