



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/PA16/835	9 November 2011	Landlord

ADDRESS OF PREMISES

0/1 23 Newton Street, Greenock, PA16 8SA,

TENANT

Miss I Taylor

NAME AND ADDRESS OF LANDLORD	AGENT
-------------------------------------	--------------

Morison Walker
23 Patrick Street
Greenock
PA16 8NB

DESCRIPTION OF PREMISES

Renovated ground floor tenement flat circa 1890 – with double glazing and gas central heating comprising three bedrooms, living room, kitchen and bathroom

Floor area 86square metres

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN	A Cowan LLB(Hons) Dip LP
SURVEYOR	M Links FRICS
HOUSING PANEL MEMBER	C Harvey

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 5,700.00 p.a.	20 January 2012	20 January 2012

A Cowan

Chairman of Private Rented Housing Committee

20/1/12

Date



STATEMENT OF REASONS

by

PRIVATE RENTED HOUSING COMMITTEE

Statement of Reasons in respect of a reference to the PRHP following a

Determination of a fair rent by the rent officer

Flat 0/1, 23 Newton Street, Greenock PA16 8SA

PRHP Ref: RAC/PA16/835

Introduction

- 1 This is a reference to the Private Rented Housing Committee ("the Committee") in respect of Flat 0/1, 23 Newton Street, Greenock PA16 8SA ("the property"). The Landlords are Planet Turf (Hotels) Ltd who are represented by their agents Morrison Walker, 23 Patrick Street, Greenock PA16 8NB ("the Landlord") and the Tenant is Miss I Taylor ("the Tenant"). The Tenancy is a statutory tenancy under the Rent (Scotland) Act 1984 ("the Act"). On 27 October 2011 on the application of the Landlord the rent valuation officer registered a fair rent in respect the property at £3,445.20 per annum, effective from 27 October 2011. The Landlord timeously objected to the registered rent on the grounds that it was too low. Accordingly the matter was referred to this Committee for determination. Both parties were invited to make representations, to attend the inspection of the property, and to attend a hearing. The Landlord made written representations. Both parties indicated that they did not wish to attend a hearing before the Committee.

The Inspection

- 2 The Committee inspected the property on the morning of 20th January 2012.

The property is an improved ground floor flat in a four storey sandstone tenement which dates circa. 1890. The tenement has a slate roof and a communal door entry system. There is a communal area at the rear of the tenement which is well maintained. The property is conveniently situated for public transport and local services.

The property comprises three bedrooms, living room, kitchen and bathroom. The windows throughout the property are double glazed and gas central heating has been installed.

The Tenant advised that the whole tenement block was refurbished by the local housing association around 1995. At that time a new bathroom and kitchen were installed along with gas central heating.

The floor area of the property is approximately 86 square metres.

Documentation

- 3 The Committee had the following documents before them:-

- (a) A copy of the Form RR1, being the Landlord's application for registration of the rent dated 19 May 2011.
- (b) A letter from the Rental Valuation Officer dated 7 November 2011 confirming that the Landlord had objected to the registered rent. The letter enclosed a copy of the ROCAS rent register page which confirmed that the Rental Valuation Officer had registered a rent in the sum of £3,445.20 per annum in respect of the property as at 27 October 2011.
- (c) Written representations from the Landlord which were included within their letter to the Private Rent Housing Panel dated 24 November 2011.

The law

- 4 The Committee is bound to fix a fair rent for the subjects by applying the terms of the Act and in particular Section 48. It is required to have regard to all the circumstances. There is no single or preferred method for the fixing of a fair rent. While various methods are used to reach a final figure, it is for the Committee to determine, based on the evidence before it, the best method to fix a fair rent. The fair rent fixed should be fair to the Landlord and fair to the Tenant. In terms of Section 48 (2) of the Act, the Committee is bound to disregard various factors including any element attributable to "scarcity"; that is excessive demand over supply for the accommodation in question. Where the rent includes an element in respect of charges for services in terms of Section 49 (6) of the Act, the amount to be registered may only be registered as variable if the terms as to variation are reasonable. If the Committee is not so satisfied, the Committee registers a fixed service charge. In this case there are no services provided.
- 5 In terms of Section 48 (1) of the Act it is the duty of the Committee when determining what would be a fair rent under a regulated tenancy, 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 properties in the area as well as having regard to the age, character and locality of the dwellinghouse 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. Disrepair or defect attributable to the Tenant should be disregarded as should any improvements made by the Tenant, otherwise and in pursuance of the terms of the tenancy. Improvements by the Landlord are taken into account. In reaching its final determination the Committee complied with its duty as set out above.
- 6 The Committee carefully considered the limited evidence that had been presented by the parties, together with their own observations made by the Committee at the internal and external inspection. In particular, the Committee carefully considered which of the three alternative methods of ascertaining a fair rent was most appropriate in this case. The three accepted methods used in Scotland are:-
- (a) Determining a fair rent by having regard to registered rents of comparable houses in the area.
 - (b) Calculating the appropriate return based on the capital value of the property.
 - (c) Taking market rents and then discounting any scarcity element and making appropriate disregards as required by Section 48 (3) of the Act.

None of these methods are regarded as being the primary method and the method chosen by the Committee will depend upon each case and the evidence which is available.

The Landlord had provided, within their written representations, some limited evidence of capital values of the properties within the locality of the subjects. No details of the particular features of these properties were provided however and therefore the Committee found this evidence to be of limited value.

Comparable Registered Rents

- 7 The Committee noted the terms of the previous decision by the Private Rented Housing Panel in relation to a property at Flat 2/1 22 Bank Street, Greenock dated 7th October 2011. The Committee who determined the registered rent in that case had established from their own experience and knowledge and from information obtained from the Internet that the rents of one bedroom properties in the Greenock area ranged from £350-£400 per month and that rents of two bedroom properties in the Greenock area ranged from £400-£475 per month. In reaching their decision that Committee had also considered other recent determinations of rents for similar properties in the Greenock area.
- 8 The current Committee acknowledge that the PRHP decision of 7th October 2011 still reflected the current market rents of one and two bedroom properties in the Greenock area. The subject property is a three bedroom property with a floor area of approximately 86 square metres, and is consequently larger than those properties considered in that earlier decision. There was no direct information available to the Committee of comparable registered rents of three bedroom properties of comparable size and locality to the property which was the subject of the current application.

Comparable Market Rents

- 9 The Committee noted that the Landlord had made reference to two examples of three bedroom flats within the locality of the subjects where the Landlord stated that the rents were £575 per month and £600 per month. It was not known to the Committee whether these rents were "asking rents" or whether they were rents which were actually paid by current Tenants. Further the committee were not presented with sufficient information to establish if these examples were truly comparable in size to the property. It was not known to the committee if the lease of the properties in these examples included furnishings or white goods.
- 10 From their own enquiries the Committee noted that there was another three bedroom property on Newton Street which was currently being advertised for let at a monthly rent of £480 per month. From the information available to the committee it appeared that property was almost directly comparable in size and locality to the property which was subject of the current application.

Decision

- 11 In light of the available evidence, and with the assistance of the previous decisions of the PRHP referred to above, the Committee considered that the method of using comparable market rents was the best available evidence and proceeded to assess of the rent of the property using this method.
- 12 Having regard to the evidence of comparable market rents available, the Committee were of the view that a fully modernised well-appointed three bedroom flat within the locality which was fully furnished and where white goods were available could achieve a rent of between £475 and £550 per month. In reaching this view the Committee noted that this range of possible rents compared favourably with the evidence which was available in relation to comparable registered rents. Given that a recent decision of the PRHP had concluded that a two bedroom property could achieve a rent of between £400 and £475 per month, it was reasonable to conclude that a larger three bedroom property could achieve a rent of between £475 and £550 per month.
- 13 The Committee were of the view that the subject property would achieve a rent at the lower end of that scale. The subject property had been let unfurnished and has no white goods

included. One of the bedrooms is relatively small and the bathroom is fully enclosed with no windows.

- 14 Having taken all the relevant factors into account the Committee determined that the fair rent for this property is £475 per month (£5,700 per annum).
- 15 The Committee then proceeded to consider whether any further deductions required to be made in terms of Section 48 (2) of the Act, (the factor commonly referred to as scarcity) of the Act. The Committee were satisfied that within the Greenock area as a whole there could not be said to be scarcity of similar properties to let at the present time. The Committee were satisfied that there was currently equilibrium in the market.
- 16 Accordingly as there are no other relevant deductions to be made the market rent as calculated by the Committee is the same as the fair rent.
- 17 Since the Committee were satisfied that it would cause hardship to the Tenant if a fair rent determined by it was backdated to the date of the rent officer's decision, the fair rent fixed takes effect from the date of this Committee's decision.

A Cowan

.....
(Chairperson)

20/1/12
.....
(Date)