

RENT ASSESSMENT PANEL FOR SCOTLAND

RENT (SCOTLAND) ACT 1984

NOTIFICATION OF DECISION BY THE RENT ASSESSMENT COMMITTEE

REFERENCE NO.	OBJECTION RECEIVED	OBJECTION
RAC/ML4/452	23 October 2006	Landlord

ADDRESS OF PREMISES
1/1, 195 Main Street, Bellshill, ML4 1AH

TENANT
Mr J Port

NAME AND ADDRESS OF LANDLORD/AGENT
Park Lane Estates, per WM Cumming Turner & Watt, 195 Main Street, Bellshill, ML4 1AH

DESCRIPTION OF PREMISES
First floor tenement flat with attic over shop C.1890 entered through pend to rear enclosed common stair, comprising living room, two attic bedrooms with steep stair access, kitchen (subdivided by tenant to form kitchenette and separate dining room) and bathroom with shower. Gardens to rear with shared facilities and secure car parking space. With central Heating and double glazing.

SERVICES PROVIDED
None

COMMITTEE MEMBERS

CHAIRMAN	Mrs J Docherty BL
PROFESSIONAL MEMBER	Mr R Buchan BSc FRICS
LAY MEMBER	Mrs T Ahmed

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 2,590.00 per annum	24 November 2006	24 November 2006

J Docherty

.....
Chairman of the Rent Assessment Committee

24. 11. 06
.....
Date

RENT ASSESSMENT COMMITTEE OF FRIDAY, 24TH NOVEMBER 2006**STATEMENT OF REASONS**

PROPERTY First floor left hand house (1/1) at 195 Main Street, Bellshill, Lanarkshire.ML4 1AH (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 Park Lane Estates Ltd. whose Agents are W.M. Cumming Turner and Watt, Property Managers, 195 Main Street, Bellshill ML4 1AH. The tenant is Mr. James Port who has been the tenant of the flat for 47 years. The annual rent for the flat was last registered on 15th October 2003 at the figure of £1970. On 2nd August 2006, the landlords applied to have this rent increased to £2250. The Rent Officer determined the rent for the flat at the figure of £2184.17 per annum with effect from 26th September 2006. The landlords have made the reference to the Committee.

INSPECTION

The Committee inspected the flat on the morning of 24th November 2006. The tenant and his wife were present throughout the inspection. No representative of the landlords attended. The flat lies on the first and attic floors of a two storey and attic buff sandstone property built in 1890. The building is part of the line of properties which front Main Street Bellshill. These properties all now have shops on the ground floor and flats and/or offices on the upper floor and in some of the properties there is also attic accommodation. It is likely the properties were originally designed and built as two- storey dwelling houses with, in some cases, the roof space having been utilised as attic accommodation. The roof of the property at 195 Main Street is slated but would appear to need some repair at the base of the two brick chimneys serving the property. The stonework appears to have been cleaned sometime ago. The flat is accessed through a pend leading off the Main Street. This pend gives access to a courtyard that serves both 195 Main Street and the neighbouring property 197 Main Street. From the courtyard there is a door and stairway which leads to the flat and also to the offices of the landlords’ Agents. The flat has a narrow hall leading onto the tenant’s accommodation at first floor level. This accommodation at first floor level comprises what was probably a room and kitchen but the kitchen has been partitioned by the tenant into a kitchenette and dining room. The living room is accessed through the dining room and lies to the front of the flat. It is a good size comfortable room with a double window looking onto Main Street. The dining room is fairly small and has no window having simply the borrowed light from the kitchenette. The kitchenette has a window looking onto the back courtyard. The tenant has supplied all the fittings in the kitchenette. The bathroom of the flat, which is accessed from the narrow hall, lies at the back of the flat. It is a narrow L-shaped room and the tenant has supplied all the fittings in the bathroom. There is a cupboard in the bathroom in which a gas combi-boiler is fitted. This provides hot water and radiators throughout the flat. From the hallway there is a very steep flight of stairs which leads to the attic

accommodation used by the tenant. This accommodation comprises two attic bedrooms both capable of being used as double bedrooms although the sloping ceilings restrict the full use of the rooms. Both have shallow bay dormer windows looking onto the backcourt. There are cupboards in both rooms. In both rooms, high instrumental moisture readings were noted on the ceilings and walls below the chimney stacks. Throughout the flat, new pvc double glazed windows have recently been fitted. The tenant advised that the flat has also recently been rewired. The gas central heating, which was installed about a year ago, was fitted under the Scottish Executive Central Heating programme at no cost to the landlords or tenant. At the back of the property there is a hard-scaped courtyard where the tenant keeps his car and caravan. Off the courtyard is a tidy garden with drying green which has been well maintained by the tenant over the years. The occupier of the flat at 197 Main Street shares the drying green with the tenant. The gate into the courtyard can be kept locked and secure. Main Street is a busy street with a good variety of shops and is convenient for transport. Bellshill is well located within easy access to both the M8 and M74 motorways.

DECISION

As no Hearing had been requested the Committee considered most carefully the written documentation before it,

1. RRI Application dated 2nd August 2006.
2. Landlords' objection dated 2nd October 2006.
3. Rent Register pages dated 4th October 2006.
4. Landlords' representations dated 17th October 2006.
5. Previous Decision & Statement of Reasons for the flat dated 16th October 2003.

In their letter of 17th October 2006, the Landlords drew the Committee's attention to the advantages of the flat in respect of its location and its parking and garden facilities. They particularly ask the Committee to consider the improvements made to the flat with the new windows and rewiring which have cost the landlords £6386.77. They then ask the Committee to calculate the rent by reference to a capital value of £55,000 for the flat and in their calculations they allow a scarcity deduction of 30% and seek a yield of 4%. They have added average repairs, insurance and management costs but with no supporting evidence for these charges. They have used no other method of determining the rent and have furnished the Committee with no comparable market or regulated rent figures.

The Committee's duties in terms of s. 48 of the 1984 Act in determining a fair rent for the regulated tenancy of the flat is "to have regard to all the circumstances (other than the personal circumstances) and in particular to apply their knowledge and experience of current rents of comparable property in the area, as well having regard to the age, character and locality of the dwelling-house and to its state of repair...." Para (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 houses in the locality which are available for letting.." This provision is sometimes known as the "scarcity deduction".

Accordingly the Committee had to consider firstly, 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 secondly, is a scarcity deduction appropriate.

The Clerk had been unable to find any comparable rent figures from his records and no comparables at all had been furnished by either the landlords or tenant.

The Committee had from Internet sources and property agents' lists identified only a limited number of comparable rents. The lowest rent figure from these sources related to a one bedroom unfurnished flat in the Bellshill area with a rent sought of £300 per month. There was a one bedroom furnished flat in the area with an asking rent of £325 per month and a one bedroom furnished flat in Main Street quoting a rent of £375 per month. A modern two bedroom flat with new kitchen was available at a rent of £400.

The Committee made a point of talking to a local letting agent and asking if there was a demand for rented accommodation in the area and he said that he was inundated with enquiries for flats and had no difficulty at all in finding tenants for any available properties and indicated that the supply of flats did not meet the demand.

The Committee then very carefully and at great length considered the appropriate market rent of the flat.

There are some obvious problems with the flat namely, the dampness in the attic, the very steep stairs to the attic and possible security problems where there is no secured entry to the shared back stairs which afford access not only to the flat but also to the landlords' offices frequented by the public.

While the flat is described as a two bedroom flat it is not a traditional flat with the accommodation all at the same level. Accordingly the Committee took the view that the market rent of the flat should lie at a figure higher than the monthly rent of £300 for a one bedroom unfurnished flat but lower than the monthly rent of £400 for a modern two bedroom unfurnished flat and determined the market rent for the flat at the figure of £350 per month (£4200 per annum).

From this figure the Committee considered that deductions should be made for the tenant's improvements to the flat and the dampness in the attic. The cost of the replacement of kitchen and bathroom fittings and the cost of roof repairs to eliminate the dampness in the attic is estimated to be in the region of £5000 which, spread over ten years, would result in the sum of £500 being deducted from the rent figure leaving a figure of £3700 per annum.

The Committee then considered most carefully if a scarcity deduction is appropriate in this case.

After a great deal of discussion, the Committee came to the conclusion that the fact that no comparable rent figures had been made available either by the Clerk or by the landlords' Agents or the tenant would indicate that there was not a great supply of flats available for rent. A Search on the Internet had established only six flats to let in the Bellshill area. In addition, a local letting agent had confirmed that in his opinion

there was a high demand for flats to let and accordingly the Committee took the view that as the demand appears to exceed the supply there should be a scarcity deduction from the rent figure, as adjusted above, of £3700.

Traditionally, the scarcity deduction in the Central belt of Scotland as a percentage of the market value was between 30% to 40%. The landlords' Agents in their capital valuation calculation had used a figure of 30% scarcity. The Committee therefore decided to treat the scarcity deduction at this figure, and deduct the amount of £1110 from £3700 providing an annual rent of £2590.

The Committee determined that this figure of £2590 is the fair rent of the flat.

The Committee was aware that this fair rent figure represented a considerable increase in the previous rent of £1970 but it must be remembered that over the past year new double glazed windows have been fitted and those, along with the new central heating system, have considerably added to the comfort of the flat. Although the flat had also been rewired, the Committee considered that the landlords have an obligation to ensure the flat is safe and the cost of rewiring is therefore not a cost to be passed on to the tenant.

In their representations, the landlords had used a capital valuation method for determining the rent but had provided no evidence as to capital value or outlays. The Committee agreed therefore that it preferred the method detailed above of determining the fair rent of the flat by reference to market value.

In conclusion, the Committee has determined the fair rent of the flat at the annual sum of £2590 and in reaching this decision has had regard to all the requirements of s.48 of the 1984 Act.

The Committee's decision takes effect from 24th November 2006.

J Docherty

Chairman

Date 12. XI. 06