



**PRIVATE RENTED HOUSING PANEL**

**RENT (SCOTLAND) ACT 1984**

**Notification Of Decision By The Private Rented Housing Committee**

<b>REFERENCE NO:</b>	<b>OBJECTION RECEIVED</b>	<b>OBJECTION</b>
RAC/G31/781	13 September 2010	Landlord

**ADDRESS OF PREMISES**

3/1, 590 Alexandra Parade, Glasgow, G31 3BS

**TENANT**

Ms McDonald

**NAME AND ADDRESS OF LANDLORD**

Robert Henderson Trust

**AGENT**

Macfie & Co  
5 Cathkinview Road  
Glasgow  
G42 9EA

**DESCRIPTION OF PREMISES**

Third floor traditional tenement flat circa 1900 with single glazing and gas central heating comprising two rooms, living kitchen and bathroom.

Gross internal floor area – 78 square metres

**SERVICES PROVIDED**

None

**COMMITTEE MEMBERS**

**CHAIRMAN**  
**SURVEYOR**  
**HOUSING PANEL MEMBER**

Mr A Cowan LLB(Hons) Dip LP  
Mr M Links FRICS  
Mr S Campbell

<b>FAIR RENT</b>	<b>DATE OF DECISION</b>	<b>EFFECTIVE DATE</b>
£ 3600.00 p.a.	19 November 2010	19 November 2010

Chairman of Private Rented Housing Committee

19/11/10

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 3/1, 590 Alexandra Parade, Glasgow G31 3BS

#### Introduction

- 1 This is a reference to the Private Rented Housing Committee ("the Committee") in respect of Flat 3/1, 590 Alexandra Parade, Glasgow G31 1BS ("the subjects"). The Landlords are Robert Henderson's Trust who are represented by their agents Macfie & Co, 5 Cathkinview Road, Glasgow G42 9EA ("the Landlords") and the Tenant is Mrs Olive McDonald ("the Tenant"). The Tenancy is a statutory tenancy under the Rent (Scotland) Act 1984 ("the Act"). On 7 September 2010 on the application of the Landlord the rent officer registered a fair rent of £2,820 per annum effective from 30 October 2010. 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 subjects, and to attend a hearing. Both parties made written representations. Both parties indicated that they did not wish to attend a hearing before the Committee. The Committee inspected the subjects on the morning of 19 November 2010.

#### Findings in fact

- 2 The Committee makes the following findings in fact following its inspection of the subjects, their surroundings and consideration of all written evidence which was made available.
- 3 The subjects are a flat, which is located on the top floor of a traditional, four storey, red sandstone, Glasgow tenement building which contains 9 flats and was built circa 1990. There is a shared backcourt. The accommodation comprises of two rooms, kitchen and bathroom, and extend to 78 square metres gross internal area or thereby. The subjects are located in Alexandra Parade in Glasgow, which is one of the main routes into the city. The ground floor of the tenement is occupied by commercial units. The general area is well served by local amenities.

#### 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.

### **Submissions of the parties**

- 5 Only very limited written submissions were lodged by the parties. The Landlord submitted that a fair rent for the subjects would be £3,900 per annum. The Landlord did not provide any further supporting evidence to support this claim for the level of increased rent. In particular the landlord did not provide any evidence of market comparables of other properties situated in the locality of the subjects. The Landlord made no submissions to support the calculation of rent based on the capital value of the subjects.
- 6 In her submission the Tenant indicated that the electrics in the house require to be upgraded, and she highlighted that a number of electrical points within the property were of the older round pin type.

### **Decision**

- 7 The Private Rented Housing Committee does not accept the determination of the fair rent by the rent officer. The Private Rented Housing Committee determines that a fair rent for the subjects in accordance with Part V of the Act is £3,600 per annum, with effect from 19 November 2010.

### **Reasons for the decision**

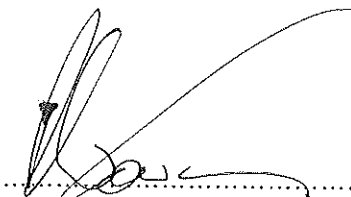
- 8 In terms of Section 48 (1) of the Act it is the duty of the Committee when determining what would be a fair rent under a regulated tenancy, to have regard to all the circumstances (other than personal circumstances), and in particular to apply their knowledge and experience of current rents of other 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.
- 9 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 alternate 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.

- 10 Using its own knowledge and experience and having regard to other properties available for let in the area the Committee considered that the market rent for a double glazed, centrally heated, fully modernised property of the same size, type and in a locality of the current subjects would be in the region of £400 per calendar month (£4,800 per annum). The Committee arrived at this figure after researching the up to date rentals achieved for this type of property through newspapers, the Internet and making enquiries with local letting agents.

Whilst the subject property has the benefit of central heating the Committee considered that the condition of the property was generally in a poor state and it required a new kitchen, together with sink and WC in the bathroom. The subjects require to be comprehensively rewired as the current wiring within the property is dated. For it to be comparable with other modernised properties currently on the market within the locality, the subjects would also require to be provided with new floor coverings, new white goods. It would also be necessary to carry out a decorative upgrade to the property. The Committee considered that a total of £1,200 per annum should be deducted from the open market value of a fully modernised property to take account of the cost of the necessary upgrade. Accordingly this would reduce the annual rental of the property to £3,600 per annum.

- 11 The Committee also had regard to the registered rent of comparable properties within the area. In May 2010 the Private Rented Housing Committee had determined rents on properties of a similar size situated at 664 Alexandra Parade, 672 Alexandra parade and 684 Alexandra Parade, Glasgow. Each of those properties had the same number of rooms as the current subjects. Those flats did have, however, smaller floor space (being 64 square metres) and those flats did not benefit from central heating. In each of those flats the Private Rented Housing Committee had determined that a fair rent for the properties was £3,450 per annum. The Committee in the current case were of the view that this supported their decision that the fair rent of current subjects should be £3,600 per annum, after taking into account the slightly larger floor space within the current subjects, together with the fact that the current subjects had the benefit of central heating.
- 12 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 Glasgow 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.
- 13 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.
- 14 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.

  
.....  
Chairperson

19th November 2010  
Date