



**PRIVATE RENTED HOUSING PANEL**

**RENT (SCOTLAND) ACT 1984**

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

**REFERENCE NO:**

RAC/PA16/823

**OBJECTION RECEIVED**

5 August 2011

**OBJECTION**

Landlord

**ADDRESS OF PREMISES**

0/2, 30 South Street, Greenock, PA16 8UD

**TENANT**

Mrs Moorehead

**NAME AND ADDRESS OF LANDLORD**

Inverclyde Royal Hospital

**AGENT**

Morrison Walker  
Property Management  
23 Patrick Street  
Greenock  
PA16 8NB

**DESCRIPTION OF PREMISES**

Unimproved traditional ground floor tenement flat circa 1890 comprising three rooms, internal kitchenette and dark bathroom.

Floor area = 69.3 square metres

**SERVICES PROVIDED**

None

**COMMITTEE MEMBERS**

**CHAIRMAN**

**SURVEYOR**

**HOUSING PANEL MEMBER**

Mrs J Taylor LLB Dip LP NP

Mrs S Hesp

Mr C Harvey

**FAIR RENT**

£ 3580.00 p.a.

**DATE OF DECISION**

29 September 2011

**EFFECTIVE DATE**

29 September 2011

**J Taylor**

Chairman of Private Rented Housing Committee

12<sup>th</sup> October 2011

Date



## **STATEMENT OF REASONS**

*in connection with*

### **THE INSPECTION HELD ON 29<sup>th</sup> September 2011**

*in relation to the property*

*Flat 0/2, 30, South Street, Greenock.*

#### **1. BACKGROUND**

The Landlord is Inverclyde Royal Hospital, care of Morison Walker, 23 Patrick Street, Greenock.

The Tenant is Mrs R Moorehead. She has been a tenant of the property since 31st January 1966. Her tenancy is a registered tenancy in terms of the Rent (Scotland) Act 1984.

The current rent is £2184 per annum. The Landlord applied for the rent to be increased to £3600.00.

The Rent Officer registered a rent of £2544.36 per annum with effect from 22<sup>nd</sup> July 2011. The Landlord referred the determination to the Private Rented Housing Panel ('PRHP').

#### **2. THE INSPECTION**

The committee inspected the property, which is an unimproved ground floor flat in a four storey, traditional blonde sandstone tenement, which dates from circa 1890. The tenement has a slate roof. A communal door entry system had been installed approximately three years ago.

The accommodation comprises one bedroom, dining room, living room, internal kitchenette and internal dark bathroom. The windows throughout the property are single glazed and there is no central heating in the property. The Tenant had installed a gas fire in the lounge. The property was re-wired approximately thirteen years ago.

There is a shower cubicle, w c and sink in the bathroom which were provided by the Landlord.

The kitchenette had been formed in the formed bed recess. The Landlord had provided a sink unit and one base unit at the commencement of the tenancy. These had been replaced by the Tenant who had installed additional units and appliances in the kitchenette. The Tenant had decorated the property.

The floor area of the property is approximately 69.3 square metres. There is a communal area at the rear of the tenement and the bins are stored there. There is also a communal cellar in the basement that pertains to the property. The services of common garden maintenance are arranged by the Landlord and paid for by the Tenant.

The property is conveniently situated for public transport and local services.

#### **4. THE HEARING**

No hearing was requested.

#### **5. THE DECISION**

The committee had the following documents before them:-

- A copy of form RR1, the Landlord's application for registration of the rent.
- Written representations from the Landlord which state:-

*'The rent for this property has been set at £2544 per annum or 3212 per calendar month. This compares to a rent applied for of £3600 per annum or £300 per calendar month.*

*We have evidence of a similar flat being sold at 24 South Street in March 2011 for £75000. A rent of £300 per calendar month is more than keeping with a flat valued at £75,000 to provide a reasonable return on capital invested.*

*In addition we have evidence of a similar 2 bedroom flat being rented in South Street for £450 per calendar month furnished and an unfurnished flat at 20 South Street at £380 per calendar month.*

*We also have evidence of similar flats in nearby Brisbane street and Kelly Street being offered for rent at £400- £425 per calendar month.*

*Our contention is that a rent of at least £300 per calendar month is not unreasonable given the value of the property in the open market and the rents being achieved for similar properties in the area..'*

- Written representations from the Tenant which state:-

*'I think £118 per month increase in rent is rather a large increase as the flat has neither central heating or double glazing.'*

- The decision of the PRHP dated 21<sup>st</sup> June 2011 which determined the following rents:-

Address	Accommodation	Rent	Notes	Effective Date
2/2, 61 Nicholson Street, Greenock	2 rooms kitchen and bathroom	£3240	Improved property. Double Glazing and Electric heating. Floor area 39 sq m	16 <sup>th</sup> March 2011
3/3, 61 Nicholson street, Greenock	2 rooms kitchen and bathroom	£3800	Improved property. Double Glazing and Central Heating. Floor area 50 sq m	16 <sup>th</sup> March 2011
1/1, 46 Inverkip Street, Greenock	2 rooms kitchen and bathroom	£3800	Improved property. Double Glazing and Gas Central heating. Floor area 75 sq m	16 <sup>th</sup> March 2011
0/2, 7 Brachelston Street, Greenock	2 rooms kitchen and bathroom	£3600	Improved property. Double Glazing and Electric heating. Floor area 50 sq m	16 <sup>th</sup> March 2011
1/1, 8 Murdieston Street, Greenock	2 rooms kitchen and bathroom	£3800	Improved property. Double Glazing and Gas central Heating. Floor area 50 sq m	16 <sup>th</sup> March 2011
1/1, 12 Murdieston Street, Greenock	3 rooms kitchen and bathroom	£4200	Improved property. Double Glazing and Gas Central Heating heating. Floor area 53 sq m	16 <sup>th</sup> March 2011
0/1, 69 Dempster Street, Greenock	3 rooms kitchen and bathroom	£4680	Improved property. Double Glazing and Gas Central heating. Floor area 64 sq m	16 <sup>th</sup> March 2011
1 / 2, 69, Dempster Street, Greenock	2 rooms kitchen and bathroom	£3800	Improved property. Double Glazing and Gas Central heating. Floor area 50 sq m	16 <sup>th</sup> March 2011
1 / 1, 71, Dempster Street, Greenock	2 rooms kitchen and bathroom	£4680	Improved property. Double Glazing.	16 <sup>th</sup> March 2011
2/1, 71 Dempster Street, Greenock	2 rooms kitchen and bathroom	£3800	Improved property. Double Glazing and Gas Central heating. Floor area 50 sq m.	16 <sup>th</sup> March 2011

The committee considered the documents provided.

The committee were mindful of the terms of section 48(1) of The Rent (Scotland) Act 1984, which requires the committee 'to have regard to all of the circumstances (other than personal circumstances)

and in particular to apply their knowledge and experience of current rents of comparable property in the area, as well as having regard to the age, character and locality of the dwelling house in question and to its state of repair and, if any furniture is provided for use under the tenancy, and to the quantity, quality and condition of the furniture'. Also section 48(2) which requires them to 'assume that the number of persons seeking to become tenants of similar dwelling- houses in the locality on the terms (other than those relating to rent) of the regulated tenancy is not substantially greater than the number of such dwelling- houses which are available to let on such terms.'

The committee carefully considered which of the three methods of assessing the rent was appropriate in this case. The three recognised methods used in Scotland are (1) determining the fair rent by reference to comparable registered rents in the area. (2) determining the fair rent by reference to market rents of comparable properties allowing for appropriate deductions for scarcity and (3) determining the fair rent by reference to the anticipated annual return based on the capital value of the property. None of these methods is the primary method. The appropriate method depends on the facts and circumstances of each case.

The committee considered the rental evidence provided by the Landlord's agents. No details of the particular features of the properties were provided and therefore the committee found this evidence to be of limited value.

The committee from its own experience, knowledge and the information it had obtained from the internet acknowledged that the rentals of one bedroom properties in the Greenock area ranged from £350 to £400 per month and the rentals of two bedroom properties in the Greenock area ranged from £400 to £475 per month. The committee acknowledged that the PRHP decision dated 21<sup>st</sup> June 2011 stated that the range of rents for one bedroom properties in the Greenock area were £365 to £375 per month and two bedroom properties in the Greenock area were £400 to £500 per month. Therefore the committee acknowledged that the PRHP decision dated 21<sup>st</sup> June 2011 still reflected the current market rents of comparable properties in the Greenock area.

As stated the committee had obtained details of the market rents of many other similar sized properties available to lease in the area from the internet. In light of this evidence and the PRHP decision dated 21<sup>st</sup> June 2011, referred to above, the committee considered that the method of using comparable market rents was the best evidence available and proceeded to assess the rents of the properties using

this method. The committee also acknowledged that there is a plentiful supply of similar properties to rent in the area and therefore there is no scarcity of supply of such properties at this time.

The committee considered the evidence of market rents in the PRHP decision dated 21<sup>st</sup> June 2011 to be the best evidence available. In particular the committee considered the rental evidence of the property 0/1, 69 Dempster Street, Greenock to be of particular assistance. However adjustments were required to reflect the particular features of the property 0/2, 30 South Street, Greenock including the fact that the property is unimproved, it has a kitchenette formed in a former bed recess of the property, it does not have central heating or double glazing and it has not been rewired and also the Tenant had decorated the property.

Having taken all the relevant factors into account the committee determined that the fair rent for this property is £3580 per annum.

In reaching this decision the committee have had regard to all the considerations required to be taken into account in terms of Section 48 of the Rent (Scotland) Act 1984.

This decision takes effect from the Twenty Ninth day of September Two Thousand and Eleven.

.....**J Taylor**.....

Chairperson, 7<sup>th</sup> October 2011