



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/EH8/831	26 October 2011	Landlord

ADDRESS OF PREMISES

PF3, 7 Milton Street, Edinburgh, EH8 8EZ,

TENANT

Mr Di Placido

NAME AND ADDRESS OF LANDLORD

Mr DJM Maule

AGENT

James Gibb Property Management
4 Atholl Place
Edinburgh
EH3 8HT

DESCRIPTION OF PREMISES

A ground floor flat in a traditional tenement block of flats built around 1900. The accommodation comprises a kitchen/living room, a bedroom and a shower room which has a shower, w.c. and wash hand basin.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN
SURVEYOR
HOUSING PANEL MEMBER

Mr R Handley LLB.
Mr R Buchan BSc. FRICS
Mr J Blackwood

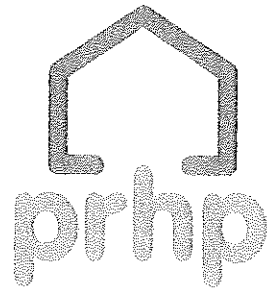
FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ £5,160 per year	13 December 2011	13 December 2011

R Handley

Chairman of Private Rented Housing Committee

27 DECEMBER 2011

Date



PRIVATE RENTED HOUSING COMMITTEE

STATEMENT OF REASONS

PROPERTY:

PF3, 7 MILTON STREET, EDINBURGH EH8 8EZ



PRIVATE RENTED HOUSING COMMITTEE

HELD ON: 13 DECEMBER 2011

PROPERTY: PF3, 7 MILTON STREET, EDINBURGH EH8 8EZ

Case reference RAC/EH8/831

STATEMENT OF REASONS

INTRODUCTION

This is a reference to the Private Rented Housing Panel for the determination of a fair rent under the Rent (Scotland) Act 1984 ("the Act") by the landlord, Mr D J M Maule in relation to the property at PF3, 7 Milton Street, Edinburgh, EH8 8EZ ("the dwellinghouse"). The tenant is Mr C Di Placido. The proposed rent is £4,750.00 per annum. The Rent Officer determined a rent of £3,816.00 per annum.

The case was referred to a Private Rented Housing Committee (hereinafter referred to as "The Committee") comprising Ron Handley, Chairman, Robert Buchan and John Blackwood.

The tenant was present at the inspection (held on 13 December 2011) but the landlord did not attend and was not represented. Neither party had requested a Hearing and consequently no Hearing was held.

THE DOCUMENTATION

The Committee had before it the Form RR1, the Rent Register documents and a representation sheet from the landlord.

DESCRIPTION OF THE DWELLINGHOUSE

The dwellinghouse comprises a ground floor flat in a traditional tenement block of flats built around 1900. The dwellinghouse is located in a residential area of the city. The accommodation comprises a kitchen/living room, a bedroom and a shower room. The landlord has provided an electric fire in the kitchen/living although at the time of the inspection the tenant was using his own electric fire to heat the room. The landlord provided the cooker, fridge and kitchen units. Hot water is supplied by means of an electric immersion heater. The shower room has a shower, w.c. and wash hand basin. The tenant has provided all the

furniture and the floor coverings. The dwellinghouse has single glazing. The internal floor area measures approximately 37 square metres. The dwellinghouse would benefit from redecoration and the kitchen and the shower room would benefit from modernisation. Dampness was also noted in the bedroom.

The Scottish Parliament, Hollyrood Park, Meadowbank Sports Complex, schools, shops and bars are located in the area. There are good public transport links to the city centre.

DECISIONS AND REASONS

Section 48 of the Act provides that:

(1) In determining for the purposes of this part of the Act what rent is or would be a fair rent under a regulated tenancy of a dwelling house, it shall be the duty of the rent officer or, as the case may be, of the Rent Assessment Committee (now the Private Rented Housing Committee), subject to the provisions of this section, to have regard to all 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, to the quantity, quality and condition of the furniture.

(2) 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 on the terms (other than those relating to the rent) of the regulated tenancy is not substantially greater than the number of such dwelling houses in the locality which are available for letting on such terms.

In terms of section 48 of the Act, the Committee is required to fix a rent that is or would be a fair rent under a regulated tenancy.

In Scotland there are three accepted methods of determining a fair rent. These are:

- determining a fair rent by having regard to registered rents of comparables houses in the area;
- taking market rents and then discounting for any circumstances described under section 48(2) (commonly referred to as "scarcity") and making any appropriate disregards as required by section 48(3);
- calculating the appropriate return, based on capital value of the property, taking into account the element of scarcity.

None of these methods is regarded as the primary method.

No evidence was produced by the parties in relation to capital values or investment returns. Neither the tenant nor the landlord provided details of any comparable rentals or evidence relating to scarcity. There were no registered rents available for the particular location.

The Committee noted that a number of flats were available to rent in Milton Street and in the surrounding area as evidenced by "To Let" signs. At least 72 lets of one bedroom flats were found in the post code area by reference to letting agents and the internet and three recent lets were found in the street alone. Given the significant amount of rental evidence available it was considered appropriate to use open market rental evidence rather than any other method and thereafter determine if it was necessary to make a deduction for scarcity and whether it was appropriate to make any further deductions.

The Committee had details of a one bedroom furnished flat at 31 Milton Street which had been let recently at £470.00 per month. Although this flat appeared similar in size and layout to the dwellinghouse, it was noted that it had double glazing, gas central heating and a bathroom. Given this, the Committee concluded that this flat would be likely to achieve a higher rent than the dwellinghouse. The Committee also had details of a first floor one bedroom unfurnished flat at 24 Milton Street which had been let recently at £490.00 per month. Again although this flat was similar to the dwellinghouse, it was noted that it had double glazing and also had a box room (which would provide additional storage space). It also appeared that this flat was in a better decorative order than the dwellinghouse and in all these circumstances the Committee concluded that this flat would be likely to achieve a higher rent than the dwellinghouse. The Committee also had details of a one bedroom furnished second floor flat at 21 Milton Street which had been let recently at £485.00 per month. The Committee noted that this flat appeared to have been recently decorated and had a modern kitchen. It also had a shower room with separate WC. Again the Committee concluded that this flat would be likely to achieve a higher rent than the dwellinghouse.

The Committee noted that two bedroom flats were available for rent in the locality with monthly rentals ranging from £575.00 - £625.00 per month.

As indicated, the Committee noted that there were a number of properties available to let in the locality. It appeared to the Committee that the market was relatively "fluid" in that many properties were let shortly after being placed on the market and were subsequently being re-let on a regular basis indicating quite a degree of "tenant mobility". The number of "To Let" signs affixed to properties and the numbers of properties available to let in publications such as the ESPC Newsletter, in local Estate Agents and on the internet all together with a variability in rents according to location suggested to the Committee that there was no scarcity in relation to the availability of properties to rent which were similar to the dwellinghouse.

From its own experience, knowledge and from the information available on the internet, in the ESPC and in local Estate Agents the Committee were of the opinion that a one bedroom unfurnished flat in a location similar to the area in which the dwellinghouse is located would be available to rent for around £470 per month ("the market rent"). However this would be for a property in good decorative order and having a modern kitchen and shower room. The Committee considered that a deduction should be made to take account of a number of factors including the general condition of the dwellinghouse.

Thus:

Market rent (per month)		£ 470
*Less allowance	£ 40	
		£ 430

* The Committee recognised that some prospective tenants would consider a property with modern white goods (a fridge, freezer, washing machine and cooker), a modern kitchen and modern shower room would be more desirable than one in a similar condition to the dwellinghouse. Similarly an upgraded property with double glazing and floor coverings would increase the marketability of the dwellinghouse. The Committee considered that the cost of a modest upgrading which would include attention to the dampness in the bedroom would be about £5,000 and on a straight line depreciation over 10 years, this would amount to about £40 per month. Consequently the Committee considered that it was appropriate to make a deduction of £40 per month to take account of these factors.

Taking into account all the circumstances which the Committee is required to take into account, the Committee concluded that a fair rent for the dwellinghouse would be £430 per month (£5,160 per year).

The Committee are mindful that the fair rent is considerably higher than the rent presently paid by the tenant and higher than the rent sought. The Committee are also mindful that the increase may well cause the tenant financial hardship. The landlord is reminded that whilst he cannot fix a rent higher than the fair rent, he is entitled to fix a rent which is lower than the rent determined by the Committee. The Committee also reminded the landlord of the provisions of section 33 of the Act.

R Handley

..... Chairman

27 DECEMBER 2011 Date