



PRIVATE RENTED HOUSING PANEL

Rent (Scotland) Act 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO.	OBJECTION RECEIVED	OBJECTION
PRHP/RR/16/0121	4 April 2016	Not Applicable

ADDRESS OF PREMISES

9 Wanlock Street, Glasgow, G51 3AB

TENANT

Mrs Bethia Ross

NAME AND ADDRESS OF LANDLORD AGENT

Govan Housing Association
35 McKechnie Street, Glasgow G51 3AQ

DESCRIPTION OF PREMISES

Mid-terraced 3 storey townhouse with small areas of garden to front and rear. Approximately 21 years old. Traditional construction in cavity brick and block with pitched and tiled roof. Accommodation;- on ground floor, bedroom and dining kitchen; on first floor, living room, bedroom and toilet apartment; on top floor, 2 bedrooms and bathroom with shower over bath. Double glazing. Gas central heating with combi boiler. Modern wiring. Kitchen recently refitted. Close to Govan Cross with local shops and good transport links to city centre.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRPERSON	George Clark
SURVEYOR MEMBER	Mike Links

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 4,000.00 p.a.	1 August 2016	1 August 2016

1 August 2016

George Barrie Clark
Chairman, Private Rented Housing Panel



PRIVATE RENTED HOUSING COMMITTEE

STATEMENT OF REASONS

PROPERTY: 9 Wanlock Street, Glasgow G51 3AB

INTRODUCTION

1. This is a reference to the Private Rented Housing Committee for the determination of a fair rent under the Rent (Scotland) Act 1984 by the tenant, Mrs Bethia Ross ("the tenant") in relation to the property 9 Wanlock Street, Glasgow G51 3AB. The landlords are Govan Housing Association, 35 McKechnie Street, Glasgow G51 3AQ ("the landlords").
2. The registered rent paid by the tenants in respect of property was £3643 per year. The landlords applied for rent of £4380.36 per year for the property. The Rent Officer determined a rent of £4380.36 per year. The tenant referred the Rent Officer's determination to the Private Rented Housing Committee.
3. The tenant was present at the inspection and subsequent hearing, where she was accompanied by her representative, Mr John Foster, chair of the Tenants' Association. The landlords were not present or represented at the inspection or the hearing.
4. The Committee comprised George Clark (chairman) and Mike Links (surveyor member).

THE DOCUMENTATION

5. The Committee considered all the documents referred to it by the parties, in particular, the application and the written representations from the tenants. The landlords did not make any written representations to the Committee.

THE INSPECTION

6. The inspection took place on 1 August 2016. The Chairman of the Committee introduced the Committee to the tenant and the Committee proceeded to inspect the property.

DESCRIPTION OF THE PROPERTY

7. The property is a mid-terraced 3 storey townhouse with small areas of garden to front and rear. It is approximately 21 years old and is traditionally constructed in cavity brick and block with a pitched and tiled roof.
8. The accommodation comprises, on the ground floor, entrance porch, hallway, bedroom and dining kitchen, on the first floor, hallway, living room, bedroom and toilet apartment and, on the top floor, hallway, 2

bedrooms and bathroom/wc with shower above the bath. The windows are of modern design and are double glazed. There is gas central heating with a combi boiler also providing hot water. The electrical wiring is modern. The kitchen was refitted by the landlord in early 2016. The bathroom is original.

9. The property is let unfurnished and the white goods, carpeting and other floorcoverings had all been provided by the tenant.
10. The property is located in a mixed residential area close to Govan Cross, with local shopping and good transport access with bus and subway links to the city centre nearby.
11. The gross internal floor area of the property is 119 square metres or thereby.

THE HEARING

12. The hearing took place at Wellington House, 134-136 Wellington Street, Glasgow G2 2XL. The tenant told the Committee she had appealed the decision of the Rent Officer because the rent increase proposed by the landlord and decided by the Rent Officer represented a very large increase on the rent she was currently paying. The tenant told the Committee that she had been a tenant of Govan Housing Association for 40 years, originally in a tenement flat in central Govan. In 1995, she and her family had moved to the then newly-built townhouse at 9 Wanlock Street. She understood that some of her neighbours, in identical houses, but on assured tenancies were paying approximately £30 per month more than she was and she could see no justification for the much higher rental figure that the landlords had asked for and the Rent Officer had decided.
13. The Committee had determined the rent for an identical property at 46 Wanlock Street in June 2016 and Mr Foster told the Committee that the evidence in relation to the present case was exactly the same as he had given in respect of 46 Wanlock Street. Accordingly, that evidence is repeated in paragraphs 14 and 15 below.
14. Mr Foster told the Committee that this was believed to be one of only two regulated tenancies in the development of which it forms part, all the other flats and houses being let on an assured tenancy basis. The tenant's family had been rehoused, carrying with them the benefits of a prior regulated tenancy. The rent increases for the houses let on an assured tenancy basis had been in the region of inflation plus 2%, so had been about 3%, and there was no justification for imposing much higher increases on regulated tenants.
15. Mr Foster offered comparable figures for registered rents in the area. The rent for 811 Govan Road had been registered at £3702.96 on 4 May 2016, as had a number of other properties in the immediate vicinity. These were 5 apartment town houses, with rooms perhaps a little smaller in dimensions than the properties at Wanlock Street. Govan Housing Association were also the landlords and they were built about 5 years before the houses in Wanlock Street. He argued that an increase in line with those imposed on properties let by the landlords on assured tenancies, namely approximately 3% per annum compounded, was justifiable, but the figure proposed by the landlords and determined by the Rent Officer was far too high. In addition, the property was very close to the River Clyde and the view of insurance companies was that it was liable to flooding. As a result, contents insurance was very much higher than it would otherwise have been.

DECISION AND REASONS

16. In terms of section 48(1) of the Rent (Scotland) Act 1984, as amended, the duty of the Committee when determining what rent would be a fair rent under a regulated tenancy, is 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 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”.*
17. Disrepair or defects attributable to the tenant should be disregarded, as should any improvements made by the tenant, otherwise than in pursuance of the terms of the tenancy (section 48(3)). Improvements by the landlord should be taken into account. In reaching its determination, the Committee complied with its duty as set out above.
18. The Committee considered carefully all the evidence presented, together with the observations made by the tenant and her representative at the hearing. In particular, the Committee considered carefully which of the three alternative methods of ascertaining a fair rent was most appropriate in this case.
19. 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) taking market rents and then discounting for any scarcity element and making any appropriate disregards as required by section 48(3), or;
 - (c) calculating the appropriate return based on the capital value of the property, taking into account the element of scarcity. None of these methods is regarded as being the primary method, and the method chosen by the Committee will depend in each case upon the evidence available.
20. The Committee was aware of the need to proceed on the basis of the best available evidence, using other available evidence as a check where possible. There was ample evidence available to the Committee of registered rents of comparable properties in the area and the Committee determined that this was a better method to choose than looking at market rents and making appropriate disregards. The Committee was not persuaded that return based on the capital value of the property was the appropriate method to use, where the landlord was a housing association. In these circumstances, the Committee decided that the best method to use in this case was determining a fair rent by having regard to registered rents of comparable houses in the area.
21. The Committee had available to it the registered rent figure for 811 Govan Road provided by the tenant's representative at the hearing. It also, from its own experience, knowledge and information available from the Rent Register, was aware of three houses in Govan Road (813, 815 and 825) with rents registered on 4 May 2016 of £3702.96. These were modern properties and provided suitable comparisons, although the evidence led by the tenant's representative indicated that their rooms were of slightly smaller dimensions.
22. The Committee agreed with the view expressed by the tenant that there was no justification for applying to regulated tenants a significantly higher increase than that which applied to assured tenants. The Committee considered, therefore, the approach suggested by the tenant's representative, namely 3% per annum compounded. Applying this formula to the present rent produced a figure of £3980 per annum which, the Committee noted, was somewhat higher than the registered rents for 811, 813, 815 and 825 Govan Road. The Committee was of the view, however, that this could be justified by the Wanlock Street properties being set back rather than facing a busy and noisy main road. The Committee also had before it its decision in relation to 46 Wanlock Street, made on 13 June 2016, when it had determined the rent at

£4000.00 per annum. The Committee could see no difference between the two properties and no justification for setting a different rent figure.

23. The concept of scarcity is an essential feature of the fair rent scheme under the Rent (Scotland) Act 1984. It is contained within section 48(2) of that Act. The principle behind the inclusion of this section was that tenants "*in a situation of scarcity of supply*" (in other words, where there are more prospective tenants than available houses) should be protected from market forces. It is this factor that distinguishes a fair rent under the 1984 Act from an open market rent. Section 48(2) requires that a neutral market with no scarcity of houses be assumed. In that situation, prospective tenants can be assumed to be willing to pay only what the property is worth, with no additional premium being paid in order to secure a property that is difficult to come by. If that situation does not exist, and there is a shortage of houses, (thus artificially pushing up rents) then section 48(2) requires that the tenant be protected from the financial implications of that.
24. The Committee considered whether any discount should be made for scarcity in this case, but was satisfied that in the Govan area as a whole, there could not be said to be scarcity of similar properties to let at the present time and neither party had presented evidence to the Committee that demand for properties in the area substantially exceeded supply. The Committee was satisfied that no deduction required to be made in relation to scarcity for this type of property at this point in time.
25. Accordingly, having taken all relevant factors into account, the Committee determined that a Fair Rent for the property was **£4000.00** per year. In reaching this decision, the Committee had regard to all the evidence presented by the parties, and to all the circumstances that must be taken into account in terms of section 48 of the Rent (Scotland) Act 1984.

Signed

George Clark, Solicitor
Chairman
Private Rented Housing Committee

1 August 2016