



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)
(Formerly the Rent Assessment
Committee)**

Case reference : **KA/LON/00AQ/MNR/2019/0096**

Property : **17a North Parade, Mollison Way,
Edgware, Middlesex**

Landlord : **Sanghvi JB Limited**

Representative : **Mr J Sanghvi**

Tenant : **Mr E Graham, and Mrs J Graham**

Representative : **In person**

Type of application : **Housing Act 1988, Section 14 –
Determination of a new rent**

Tribunal members : **Judge Lancelot Robson
Mr D I Jagger MRICS**

**Date and venue of
determination** : **3rd October 2019
10 Alfred Place, London WC1E 7LR**

**Date of reasoned
decision** : **4th November 2019**

Decision with Reasons

Background

On 1st August 2019 the tenant of the above property referred to the Tribunal a notice of increase of rent served by the landlord under Section 13 of the Housing Act 1988.

The landlord's notice which proposed a new rent of £1,595 per month with effect from 25th September 2019, was dated 18th July 2019.

The tenancy commenced on 25th October 1995. The tenant remains in occupation as a statutory periodic tenant. The current rent payable is £1,305 per month.

Inspection

The Tribunal inspected the property on 3rd October 2019 in the company of the landlord, and found it to be in fair condition. The property is a first and second floor flat over commercial premises in a shopping parade. The property is accessed from the rear of the building via a narrow pathway with an external staircase. The building comprises 3 floors with a pitched roof behind a parapet to the front, and a flat roof over the rear extension. At first floor level there was a living room, dining room, and kitchen. On the second floor was a double bedroom, a second bedroom, a bathroom, and a second wc. There was UPVC double glazing throughout, and the flat had been well decorated by the tenants. The water heater was old but serviceable. The property had only electric heating. The white goods in the kitchen belonged to the tenants. The living room sizes were modest. There was some useful cupboard storage. There were signs of water ingress in the second bedroom, which was acknowledged by the landlord as resulting from a roof leak.

3. Evidence

Pursuant to Directions dated 12th August 2019, the parties made written representations, and gave oral evidence at a hearing to the Tribunal on 3rd October 2019.

The tenant's representations were dated 19th September 2019. They considered that the proposed new rent was much too high, and was an increase of 22%. In their view, house prices in the area were static and rent increases were 1-3%. The property was in a poor area, and the rubbish outside was a problem. Noise from downstairs had been a contentious issue. Repairs took time to be done. The landlord was basing its proposed rent on three bedroom flats, but this flat had only 2 bedrooms.

The landlord made written representations dated 23rd August 2019. It was agreed that the tenants had an Assured Periodic Tenancy. The property had been completely refurbished in 2012, and the landlord attended to minor repairs. Some similar properties in the area had been converted into two two bedroom flats. The rents of such flats ranged from £950 - £1,200 per month, fully furnished. The last rent increase for this property was on 20th September 2017.

4. The Law

The Tribunal must first determine that the landlord's notice under section 13(2) satisfied the requirements of that section and was validly served. It was so satisfied.

The Housing Act 1988, section 14 requires the Tribunal to determine the rent at which it considered that the subject property might reasonably be expected to be let on the open market by a willing landlord under an assured tenancy.

In so doing the Tribunal is required by section 14(1), to ignore the effect on the rental value of the property of any relevant tenant's improvements as defined in section 14(2) of that Act.

5. Valuation

There was no specific comparable rental evidence from the landlord or the tenant. Particularly, there was no supporting evidence for the landlord's proposed figure of £1,595 per month. The Tribunal decided to rely upon its own knowledge and experience. The range of rents for smaller 2 bedroom properties in the neighbourhood, furnished and good condition seemed to be in the region of £1,250 per month.

The Tribunal decided that a reasonable open market rent for the subject property in good condition, was £1,500 per month, to reflect the larger floor

area.

However, the actual property is not in the condition and held on the terms considered usual for a modern letting at a market rent. Therefore it was first necessary to adjust that hypothetical rent to allow for the differences between the condition and terms considered usual for such a letting and the condition and terms of the actual property as observed by the Tribunal (disregarding the effect of any disrepair or other defect attributable to the tenant or any predecessor in title). The Tribunal, having inspected, considered that a reasonable deduction was required to reflect lack of central heating, tenants' kitchen appliances, the roof leak, poor accessway, as well as the different terms of tenancy required in a typical modern assured shorthold letting. It deducted a global figure of £150 per month from the rent.

This leaves an adjusted market rent for the subject property of £1,350 per month. It should be noted that this figure cannot be a simple arithmetical calculation and is not based upon capital costs, but is the Tribunal's estimate of the amount by which the rent would need to be reduced to attract a tenant.

The Tribunal's calculation was thus:

Market Rent in good condition	£1,500 per month
Less deductions for:	
Outstanding repairs, White goods,	
Lack of central heating, Terms of	
tenancy	150

Net Rent	£1,350 per month

6. Decision

The Market Rent determined by the Tribunal, for the purposes of section 14 of the Housing Act 1988, was accordingly £1,350 per month with effect from 25th September 2019, being the date that the new rent was to take effect.

Tribunal Judge: Lancelot Robson Dated: 4th November 2019

