



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER
(RESIDENTIAL PROPERTY)**

Case Reference : **CHI/24UF/F77/2020/0001**

Property : **Flat 8, Holland House, 130 Forton
Road, Gosport, Hampshire PO12
4RL**

Type of Application : **Decision in relation to Rent Act
1977**

Date of Decision : **16 March 2020**

Reasons for the decision

Background

1. On 23 October 2019 the landlord made an application to register the rent of the property at £226.46 per month inclusive of £84.63 per month for services made up of;

	£
Building insurance	4.24
Cleaning	10.67
Communal electric	1.08
Management fee	19.80
Reserves/sinking fund	37.57
Repairs	8.27
Service charge admin eligible	<u>3.00</u>
Total charge	84.63
2. The rent currently being charged was indicated to be £132.54 per month.
3. On 26 November 2019 the Rent Officer registered a Fair Rent of £248.09 per calendar month inclusive of £60.59 per month for services with effect from 7 November 2019. This being a shared ownership property the Gross Rent was noted as £352.37 per calendar month (50% ownership). The uncapped rent was £260.82 per calendar month.
4. The tenant objected and the matter was referred to the First Tier Tribunal, Property Chamber.
5. The Tribunal made standard directions on 13 January 2020 requiring the landlord to send to the tenant and to the tribunal a written statement as to their assessment of the rent and for the tenant to respond.
6. The Tribunal received a copy of the landlord's statement dated 22 January 2020 sent to the tenant which indicated that the rent to be charged from 1 February 2020 would be £226.46 and that the full market rent of the property was £650 pcm based on a desktop valuation from Openrent.co.uk (with 50% ownership equating to £325 pcm)
7. The tenant made no submissions to the Tribunal as to the reason for his objection.
8. From the papers provided by the Rent Officer their open market rent starting point was £500 pcm from which an allowance of £40 was made to reflect the tenant's repairing obligations and the lack of white goods, curtains and floor coverings

Inspection

9. We inspected the property in the company of the tenant, the landlord had previously indicated that they would not attend.

10. The property comprises a first floor flat in a block of similar units. Access was through a door entry system into a common hall and stairs with landings on each floor. The front door led into a narrow hall leading to the bedsitting room off which was a galley kitchen with stainless steel sink unit and a range of very dated cupboards with built in oven and hob. The walls are part tiled and there is an extractor fan.
11. The bathroom has a panelled bath, pedestal wash basin, low level WC and electric heated towel rail.
12. Heating is from a storage radiator and water is heated by an immersion heater.
13. The lease includes parking space No 8 located in the car park.
14. Internal decoration required attention, externally it is fair.

The law

15. When determining a fair rent the Tribunal, in accordance with the Rent Act 1977, section 70, must have regard to all the circumstances including the age, location and state of repair of the property. It must also disregard the effect of (a) any relevant tenant's improvements and (b) the effect of any disrepair or other defect attributable to the tenant or any predecessor in title under the regulated tenancy, on the rental value of the property.
16. Case law informs the Tribunal;
 - a. That ordinarily a fair rent is the market rent for the property discounted for 'scarcity' (i.e. that element, if any, of the market rent, that is attributable to there being a significant shortage of similar properties in the wider locality available for letting on similar terms - other than as to rent - to that of the regulated tenancy) and
 - b. That for the purposes of determining the market rent, assured tenancy (market) rents are usually appropriate comparables. (These rents may have to be adjusted where necessary to reflect any relevant differences between those comparables and the subject property).

Decision

17. Thus, in the first instance the Tribunal determined what rent the landlord could reasonably be expected to obtain for the property in the open market if it were let today on the terms and in the condition that is considered usual for such an open market letting. The landlord's "desktop" valuation is £650pcm, the Rent Officer's £500 before adjustments and the tenant makes no submissions.

18. This is a small “bedsit” with night storage heating, galley kitchen and bathroom. In the Tribunal’s collective experience such properties do not command the level of rent referred to by the landlord. Using our own general knowledge and experience we determine that the starting point should be as indicated by the Rent Officer to be £500 per calendar month.
19. However, the rent referred to in the above paragraph is on the basis of a modern open market letting where the tenant has no liability to carry out repairs or decorations and the landlord supplies white goods, carpets and curtains. In this case the Tenant supplies white goods, carpets and curtains and clause 3.(3) of the lease places onerous repairing obligations on the tenant.
20. In making its own adjustments to reflect the lower bid a prospective tenant would make to reflect the differences between the property in a modern lettable state and that as provided by the landlord we make a deduction of 20% arriving at a rent of £400.00 per calendar month.
21. In the absence of any challenge to the level of service charge the Tribunal allows it in full.
22. We then considered whether there should be an adjustment for “scarcity” as referred to in paragraph 16(a) and decided that there was none in this area of Hampshire.
23. Adjustments have to be made to reflect that the tenant owns 50% of the equity in the property as follows;

Equivalent Fair Rent	£400
Less Service charge	<u>£84.63</u>
Gross Rent	£315.37
x 50% to reflect shared ownership	£157.68
Add back Service Charge	<u>£84.63</u>
Fair Rent	<u>£242.31</u>

24. We therefore determined that the uncapped Fair Rent is ££242.31 per calendar month exclusive of council tax and water rates with effect from 16 March 2020.
25. As this amount is below the rent calculated in accordance with the Maximum Fair Rent Order details of which are shown on the rear of the Decision Notice **we determine that the sum of £242.31 per calendar month** is registered as the fair rent with effect from today’s date.

D Banfield FRICS (Chairman)
M J F Donaldson FRICS MCI Arb MAE
16 March 2020

1. A person wishing to appeal this decision to the Upper Tribunal (Lands Chamber) must seek permission to do so by making written application to the First-tier Tribunal at the Regional office, which has been dealing with the case. The application must arrive at the Tribunal within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
2. If the person wishing to appeal does not comply with the 28-day time limit, the person shall include with the application for permission to appeal a request for an extension of time and the reason for not complying with the 28-day time limit; the Tribunal will then decide whether to extend time or not to allow the application for permission to appeal to proceed.
3. The application for permission to appeal must identify the decision of the Tribunal to which it relates, state the grounds of appeal, and state the result the party making the application is seeking.