



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

Case reference : **CHI/43UJ/F77/2023/0004**

Tenant : **Mr B Penhallow**

Landlord : **Northumberland and Durham
Property Trust Ltd c/c Grainger Plc**

Property : **23 Chertsey Road, Windlesham,
Surrey GU20 6EN**

Date of Objection : **Referred to First-tier Tribunal
by Valuation Office Agency**

Type of Application : **Section 70 Rent Act 1977 (the Act)**

Tribunal : **Mr R T Brown FRICS
Ms C Barton MRICS
Mr M Woodrow MRICS**

Date of Decision : **13th March 2023**

REASONS FOR DECISION

Background

1. The Tribunal gave formal notice of its decision by a Notice dated 13th March 2023 that the rent will be **£218.00 per week**.
2. On the 9th November 2022 the landlord of the above property applied to the Rent Officer for registration of a fair rent of £262.50 per week (pw). The rent having been previously determined by the Rent Officer at £210.00 pw on 13th January 2021 and effective from 2nd February 2021.
3. On the 21st December 2022 the Rent Officer registered a fair rent of **£218.00 pw** effective on 2nd February 2023.
4. The Landlord objected to the rent determined by the Rent Officer and the matter was referred to the First-tier Tribunal (Property Chamber) (Residential Property).
5. The tenancy appears to be a statutory protected periodic tenancy which commenced on 1st November 1987. There is no written tenancy agreement. The tenancy (not being for a fixed periodic tenancy of 7 years or more) is subject to Section 11 of the Landlord and Tenant Act 1985 (the landlord's statutory repairing obligations).

Factual Background and Submissions

6. Following the Directions dated 3rd February 2023 and the explanation contained therein, the Tribunal did not inspect the premises. A hearing was not requested in the current proceedings.
7. Extracting such information as it could from the papers supplied to the Tribunal by the parties, by reference to information publicly available on the internet and with the benefit of its knowledge and experience, the Tribunal reached **the following conclusions and found as follows:**
8. The property comprises a semi detached house constructed with brick walls under a slate roof. The property is centrally heated and double glazed. The property is situated in a well regarded village. Local amenities are available.
9. The accommodation comprises: GF: 2 reception rooms, kitchen, bathroom/w.c. FF: 3 bedrooms. Outside gardens.
10. The property is let unfurnished without carpets, curtains or white goods.
11. All mains services are assumed to be connected.
12. **The Tenant** completed the Reply Form and a letter to the Rent Officer says (summarised):
 - a) The (new) bathroom was a replacement for the one installed by the Tenant in 1988.
 - b) A new kitchen was offered but the Tenant decided to install his own.
 - c) The leaking roof and repairs to internal damage, including bedroom ceilings has only just been attended to.

13. **The Landlord's agent** did not complete the Reply Form or make any submissions. However included in the application to the Rent Officer was an invoice dated 10th October 2022 in respect of work undertaken as follows:

- a) Replacing bath and wash hand basin.
- b) Repair door frame and replace door to bathroom

The Law

14. When determining a fair rent the Tribunal, in accordance with section 70 of the Rent Act 1977, had regard to all the circumstances including the age, location and state of repair of the property. It disregarded 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.

15. In *Spath Holme Ltd v Chairman of the Greater Manchester etc Committee (1995) 28 HLR 107* and *Curtis v London Rent Assessment Panel [1999] QB 92*, the Court of Appeal emphasised:

(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).

16. The Rent Acts (Maximum Fair Rent) Order 1999 restricts the amount by which the rent may be increased to a maximum 5.00% plus RPI since the last registration.

17. The only exception to this restriction is provided under paragraph 7 of the Order where a landlord carries out repairs or improvements which increase the rent by 15% or more of the previous registered rent.

Tribunal's deliberations

18. The Tribunal considered the matter with the benefit of the submissions made by the Landlord and the Tenant. The Tribunal does not take into consideration the personal circumstances of the Landlord or Tenant in making its determination (including issues between Landlord and Tenant which do not affect the rental value of the property itself).

19. The Tribunal checked the National Energy Performance Register and noted that that there is no recorded Energy Performance Certificate (EPC) for the subject property. The minimum standard is Rating E (unless exempt) for offering a property to let on the open market.

20. The Tribunal looked at the Rent Officer's valuation of the Fair Rent under Section 70 of the Rent Act 1977. The Rent Officer had started with a market rent for the property assuming it was in good repair and available in the market today. The Rent Officer found that the Market Rent would be £335.00 pw.
21. The Rent Officer then considered that certain deductions should be made to reflect the condition, facilities and differing nature of the tenancy and concluded that the sum of £93.00 pw should be deducted from the market rent to reflect these matters which included, but not exclusively: Tenant improvements, repairing and decorating liability, no white goods and no floor covering or curtains. The Rent Officer also made an adjustment for scarcity (see explanation below) of 10.00%. The result was a Fair Rent of £218.00. pw. After applying the Maximum Fair Rent Order the rent to be registered was £218.00 pw.
22. The Tribunal, acting as an expert tribunal, determined what rent the landlord could reasonably be expected to obtain for the subject property in the open market if it were let today in the condition and subject to the terms of such a tenancy that is considered usual for such an open market letting. It did this by having regard to the evidence supplied by the parties and the Tribunal's own general knowledge of market rent levels in the wider area of Surrey. Having done so, it concluded that such a likely market rent for a similar property in fair condition with central heating, modern bathroom and kitchen facilities, floor coverings, curtains and an EPC Rating of E or above would be **£335.00 pw**.
23. However, the subject property is not in the condition considered usual for a modern letting at a market rent. It is therefore necessary to adjust that hypothetical rent of **£335.00 pw** to allow for the differences between the condition considered usual (including responsibility of tenants to maintain decorations as opposed to decorate) for such a letting and the condition of the actual property as stated in the papers (disregarding the effect of any disrepair or other defect attributable to this tenant or any predecessor in title), the Tenant's improvements referred to above.
24. The Tribunal considered the valuation carried out by the Rent Officer and using its own knowledge and judgement concluded that there was no evidence to justify amending the Rent Officer's valuation.

Scarcity

25. The matters taken into account by the Tribunal when assessing scarcity were:-
 - a) The Tribunal interpreted the 'locality' for scarcity purposes as being the wider area of Surrey as a whole (i.e. a sufficiently large area to eliminate the effect of any localised amenity which would, in itself, tend to increase or decrease rent.
 - b) Local Authority and Housing Association waiting lists.
 - c) House prices which could be an indicator of increased availability of housing and a reduction in scarcity.
 - d) Submissions of the parties.
 - e) The members of the Tribunal have between them many years of experience of the residential letting market and that experience leads them to the view that there is substantial shortage of similar houses available to let in

the locality defined above.

26. Assessing a scarcity percentage cannot be a precise arithmetical calculation because there is no way of knowing either the exact number of people looking for a particular type of house in the private sector or the exact number of such properties available. It can only be a judgment based on the years of experience of members of the Tribunal. However, the Tribunal concluded that the Rent Officer's assessment was correct.

Relevant Law

27. The Rent Act 1977.
28. Rent Acts (Maximum Fair Rent) Order 1999. In particular paragraph 7 which states:

This article does not apply in respect of a dwelling-house if because of a change in the condition of the dwelling-house or the common parts as a result of repairs or improvements (including the replacement of any fixture or fitting) carried out by the landlord or a superior landlord, the rent that is determined in response to an application for registration of a new rent under Part IV exceeds by at least 15% the previous rent registered or confirmed.

Rent Acts (Maximum Fair Rent) Order 1999

29. The rent **is not** limited by the Fair Rent Acts (Maximum Fair Rent) Order 1999 because it is **below** the maximum fair rent (see calculation on reverse of decision sheet) of **£267.50 pw and accordingly the sum of £218.00 pw** will be registered as the fair rent on and with effect from 13th March 2023 being the date of the Tribunal's decision.

RIGHTS OF APPEAL

1. A person wishing to appeal this decision (on a point of law only) 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. Where possible you should send your application for permission to appeal by email to rpsouthern@justice.gov.uk as this will enable the First-tier Tribunal Regional office to deal with it more efficiently.
2. 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.
3. 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.

4. 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