



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

Case Reference : LON/00AP/F77/2023/0366.

Property : Ground Floor Flat 1,
11 Church Lane, London N8 7BU.

Applicant : B & E Estates Limited.

Representative : In person.

Respondent : Mr. and Mrs. Jones.

Representative : In person.

Type of Application : Rent Act 1977 (“the Act”) reasons for the
determination of the fair rent of a property
following an objection to the rent
registered by the Rent Officer

Tribunal Member(s) : Tribunal Judge Aileen Hamilton-Farey.

Date of Decision : 19 January 2024.
Date of Reasons: 19 January 2024.

REASONS FOR THE DECISION

1. By an RR1 dated 5 July 2023, the landlord made an application to register the rent of the subject property. At the time of the application the rent passing under the statutory tenancy was £500.00 per month, but this had not been registered by the previous landlord. This application therefore is for a first registration of rent under the Rent Act 1977
2. The landlord objected to the rent registered and the matter was referred to this tribunal for determination.
3. The tribunal issued directions on 17 November 2023 which advised the parties to provide details of any information they wished the tribunal to consider, including details of any market rents for similar properties in the area.

Tenant's representations:

4. The tenant replied to the tribunal by letter setting out the background to the tenancy. They said that when they first occupied there was no hot water in the property, the bathroom and toilet was on the first floor landing (presumably therefore not self-contained) as this is a ground floor flat. They also say that with permission of the landlord they re-wired and replumbed the property, installed new doors, bathroom and toilet plus shower and made the flat self-contained. In addition, they installed the kitchen units, a new boiler and upgraded radiators all without contribution by the landlord.
5. During the ownership of the previous landlord the tenant had cleaned the hallway and stairs for which a rent-free period of one week per year was given. This arrangement has now ceased.
6. No details of similar accommodation in the locality was provided.

Landlord's representations:

7. The landlord completed the tribunal's standard enquiry form to say that the flat was 'enormous' with large rooms and a garden. No other details were provided and no details of similar accommodation in the locality was provided.

Inspection

8. The property was not inspected, and the tribunal used the documents provided to it that included the Rent Officer's notes following a consultation with the tenants (the landlord did not attend).

The law

9. 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, but

excluding any personal circumstances of either the landlord or tenant. The tribunal 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. In this case, no evidence was provided of disrepair were provided, but significant improvements had been carried out by the tenant during the tenancy, that must be disregarded when carrying out the valuation of the property.

10. 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).

Consideration and Valuation

11. The tribunal must therefore consider that if this property came to the market (without the tenants' improvements) what would a willing tenant pay.
12. Without any evidence from the parties, I must rely on my own experience of rental values in the area to be considered under the legislation. Case law requires the tribunal to consider a wide locality and in this case I use the Greater London Area.
13. On this basis I find that a market rent for a similar property, fully modernised and with the usual white goods, carpets and curtains found in such a tenancy would be **£1,400.00 per calendar month.**
14. However, I must discount from that figure that value of the tenants' improvements. In the tribunal's view a willing tenant in the current market would seek a significant reduction in rent to take account of the fact that the property has no hot water, does not have kitchen units, boiler, radiators, or is not self-contained. That no white goods, carpets or curtains are provided and the tenant has a decorating liability, that would not exist in a standard assured shorthold tenancy. In the tribunal's opinion a reduction of **50% would be reasonable, leaving an adjusted market rent of £700.00 per calendar month.**

15. The tribunal is then required to make further adjustments to reflect the scarcity of properties in the Greater London area. In this case a deduction of 20% was made, resulting in a **fair rent of £560.00 per calendar month.**

16. As this is a first registration the tribunal is not required to apply the statutory formula under the Maximum Fair Rents Order and therefore the fair rent per calendar month with effect from 19 January 2024 is **£560.00.**

Name: Ms. A. Hamilton-Farey
Date 19 January 2024.

RIGHTS OF APPEAL

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.
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.