



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

Case Reference : **LON/OOAW/F77/2024/0190**

Property : **120 Palace Gardens Terrace, London W8
4RT**

Tenant : **Miss A Rose**

Landlord : **Mr G Redfearn**

Type of Application. : **Determination of a Fair Rent under section 70
of the Rent Act 1977**

Tribunal : **Mr R Waterhouse BSc (Hons) MA LLM
FRICS
Mr O Miller**

HMCTS Code : **Hearing with inspection**

Date of Decision : **19 July 2024**

Date of Statement of Reasons: **19 July 2024**

Statement of Reasons

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Decision

1. The decision of the Tribunal is that a fair rent of **£1010.00 per month**, is determined with an effective date of **19 July 2024**.

Background

2. An application was made to re-register a fair rent, dated **8 January 2024** by the landlord of the property **Mr G Redfearn**. Prior to the application to re-register a fair rent, the Rent Officer had registered a rent of **£739.00 per month**, with effect from **3 November 2020**.
3. Subsequently the Rent Officer registered a fair rent of **£991.50 per month**, with effect from **21 February 2024**.
4. In a letter the tenant objected to the rent registered by letter dated **4 March 2024** and the matter was referred to the First –tier Tribunal (Property Chamber) (Residential Property).
5. Directions were issued by the Tribunal on the **29 May 2024**. Thereafter, the Directions made provision for the filing with the Tribunal of the parties' respective written submissions and, in particular, for the completion of a reply form giving details of the Property and including any further comments the parties wished the Tribunal to take into account in making its determination.

The tenancy is a statutory (protected) periodic tenancy. The tenancy (not being for a fixed tenancy of 7 years or more) is subject to section 11 of the Landlord and Tenant Act 1985 which sets out the landlords statutory repairing obligations; the tenant is responsible for internal decorations.

The Property

6. The property is as described by the Rent Register is a self-contained flat over commercial premises without central heating comprising three rooms, one kitchen one bathroom and one WC.

The Inspection

7. The Tribunal did inspect the property. The property is above a restaurant, the subject property is the first floor and only floor above the restaurant. The property has 4 external walls and a flat roof. The Tenant Miss Rose has insulated the property partially by adding insulation to some of the walls and some ceilings. The

property has three rooms one of which is used as a living room. The property has electric heaters in the rooms.

Relevant Law

8. Provisions in respect of the jurisdiction of the Tribunal and the determination of a fair rent are found in Schedule 11, Part 1, paragraph 9(1) to the Rent Act 1977, as amended by paragraph 34 of the Transfer of Tribunal Functions Order 2013, and section 70 of the Rent Act 1977.

Rent Act 1977

Schedule 11, Part 1, paragraph 9 (as amended)

“Outcome of determination of fair rent by appropriate tribunal

9. (1) The appropriate tribunal shall-

(a) if it appears to them that the rent registered or confirmed by the rent officer is a fair rent, confirm that rent;

(b) if it does not appear to them that that rent is a fair rent, determine a fair rent for the dwelling house.”

Section 70: Determination of fair rent (as amended)

“(1) In determining, for the purposes of the Part of this Act, what rent is or would be a fair rent under a regulated tenancy of a dwelling house, regard shall be had to all the circumstances (other than personal circumstances) and in particular to-

(a) the age, character, locality and state of repair of the dwelling-house, ...

(b) if any furniture is provided for the use under the tenancy, the quantity, quality and condition of the furniture [, and

(c) any premium, or sum in the nature of a premium, which has been or may be lawfully required or received on the grant, renewal, continuance or assignment of the tenancy.]

- (2) For the purposes of the determination it shall be assumed that the number of persons seeking to become tenants of similar dwelling-houses in locality on the terms (other than those relating to rent) of the regulated tenancy is not

substantially greater than the number of such dwelling-houses in the locality which are available for letting on such terms.

(3) There shall be disregarded-

(a) any disrepair or other defect attributable to a failure by the tenant under the regulated tenancy or any predecessor in title of his to comply with any terms thereof;

(b) any improvement carried out, otherwise than in pursuance of the terms of the tenancy, by the tenant under the regulated tenancy or any predecessor in title of his;

(c), (d) ...*[repealed]*

(e) if any furniture is provided for use under the regulated tenancy, any improvement to the furniture by the tenant under the regulated tenancy or any predecessor of his or, as the case may be, any deterioration in the condition of the furniture due to any ill-treatment by the tenant, any person residing or lodging with him, or any sub-tenant of his.”

9. Consequently, when determining a fair rent the Tribunal, in accordance with the Rent Act 1977, section 70, has regard to all the circumstances including the age, location and state of repair of the Property. It also disregards the effect of (a) any relevant Tenant’s improvements and (b) the effect of any disrepair or defect attributed to the Tenant of any predecessor in title under the regulated tenancy, on the rental value of the Property.

In *Spath Holme Ltd v Chairman of the Greater Manchester etc. Committee* (1995) 28 HLR 107 and *Curtis v London Rent Assessment Committee* [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 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. (The rents may have to be adjusted where necessary to reflect any differences between the comparables and the subject property).

10. In considering scarcity under section 70 (2), the Tribunal recognises that:

(a) there are considerable variations in the level of a scarcity in different parts of the country and that there is no general guidance or “rule of thumb” to indicate what adjustments should be made; the Tribunal, therefore, considers the case on its merits;

(b) terms relating to rents are to be excluded. A lack of demand at a particular rent is not necessarily evidence of scarcity; it may be evidence that the prospective tenants are not prepared to pay that particular rent.

Fair rents are subject to a capping procedure under the Rent Acts (Maximum Fair Rent) Order 1999 which limits increases by a formula based on the proportional increase in the Retail Price Index since last registration.

The only exception to this restriction on a fair rent 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.

Submissions

Landlord

11. There are no submissions from the landlord other than the application form.

Tenant

12. The tenant submitted a letter dated 18 January 2024; comments included;

The property has an EPC rated at G.

Damp and mould have appeared on the uninsulated ceilings and entrance stairway wall has rising damp.

There is a leak from the roof above the second bedroom, in the winter months neither this room nor the living room can be unused because of damp and mould conditions.

No gas supply, no central heating and no night storage heaters. The cost of maintaining a liveable temperature in the kitchen and bedroom is crippling for a pensioner.

Considerable money has been spent on insulating the kitchen and bedroom ceilings and

Modernising and refitting the bathroom including insulating the ceiling and walls.

The property is located above a busy restaurant, and shares entrance pathway with it.

The Tenant also completed a Reply Form with several photographs of the interior showing damp.

The Reply Form noted the request for an inspection and a hearing, gave an overview of the accommodation and noted the carpets, curtains and white goods were supplied by the Tenant.

The Reply Form also noted improvements, the tribunal carefully noted whether the landlord or the Tenant had undertaken the works in each case.

Defects and other comments were noted by the tribunal additionally.

The Hearing

The landlord did not attend the hearing, but the tenant did. The tenant submitted the property was very cold in the winter and that they had carried out various works since starting their occupation. Works comprised insulating the hallway, fitting the kitchen and insulating the ceiling, fitting the bathroom and insulating the ceiling also. Additionally, it was noted the landlord had replaced the WC but the tenant had replaced the cistern. Electric heaters throughout were the tenant's improvement. The tenant noted that there were some leaks in the roof, and these caused patches of damp on the ceilings in some of the rooms. The restaurant did on occasions disturb by noise the tenant's occupation of the flat.

In terms of the rent, the tenant considered if the flat was in contemporary condition, it may achieve a rent of about £3000 to £4000 per month.

Reasons for Decision

- 13.** The rent to be determined must reflect the condition found on the date of the hearing disregarding all tenants' improvements.

14. The process for determining a fair rent is the application of Rent Act 1977 section 70 on the subject property and then comparison with the maximum rent permitted under the Maximum Fair Rent Order 1999. This means that comparison with other properties the subject of Fair Rent is not material.
15. Initially 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 in the condition that is considered usual for such an open market letting. Considering evidence submitted and the Tribunal acting in its capacity as an expert tribunal and using its general knowledge of market levels in the area, concluded that the rent was £3200.00 if let on a contemporary assured shorthold basis.
16. The Property is not, when the pre improvement condition is considered, in the condition considered usual for a modern letting at a market rent, therefore, it is necessary to adjust the above hypothetical rent, a deduction of **25%** is made. In addition, the Tribunal determined that there should be a further deduction of **10%** to reflect the fact the terms and conditions and goods supplied under the tenancy would differ from those of a contemporary assured shorthold tenancy, from which the rental comparables are derived. Thereafter the Tribunal considered the question of scarcity in section 70 (2) of the Rent Act 1977. A figure of **20%** was adopted.

The calculation

17. The rent prior to adjustment for condition, terms and scarcity,

	£3200.00 per month
Less 25% condition	£800 per month

	£2400.00 per month

Less 10% for terms and supplied goods inc white goods	
	£240.00 per month

£2160.00 per month
Less 20% for scarcity **£432.00** per month

£1728.00 per month

18. The rent after this final adjustment is **£1728.00 per month.**

Rent Acts (Maximum Fair Rent) Order 1999

19. The rent to be registered is limited by the Rent Acts (Maximum Fair Rent Order) 1999. The rent calculated in accordance with the Order is **£1010.00 per month.** This figure is lower than the figure calculated by reference to the market rent with adjustments, of **£1728.00 per month.**

20. Accordingly, the sum of **£1010.00 per month,** from **19 July 2024** being the date of the Tribunal's decision.

Valuer Chair: Richard Waterhouse FRICS

Decision Date: 19 July 2024

Extended reasons: 19 July 2024

Appeal to the Upper Tribunal

A person wishing to appeal this decision to the Upper Tribunal (Property Chamber) on a point of law must seek permission to do so by making a written application to the First-tier Tribunal at the Regional Office which has been dealing with the case which application must:

- a. be received by the said office within 28 days after the Tribunal sends to the person making the application written reasons for the decision.
- b. 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.

If the application is not received within the 28–day time limit, it must include a request for an extension of time and the reason for it 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.