

Notice of the Tribunal Decision

Rent Act 1977 Schedule 11

Address of Premises

Flat 37 Caroline House, Bayswater Road,
London, W2 4RQ

The Tribunal members were

Richard Waterhouse MA LLM FRICS

Landlord

Glass Rose Limited

Tenant

Mrs M E AL Khyami

1. The fair rent is

£25,200

Per

year

(excluding water rates and council tax
but including any amounts in paras
3&4)

2. The effective date is

10th December 2021

3. The amount for services is

£5472.15

Per

year

negligible/not applicable

4. The amount for fuel charges (excluding heating and lighting of common parts) not counting for rent allowance is

£409.75

Per

year

negligible/not applicable

5. The rent is/is not to be registered as variable.

6. The capping provisions of the Rent Acts (Maximum Fair Rent) Order 1999 apply.

7. Details (other than rent) where different from Rent Register entry

8. For information only:

- (a) The fair rent to be registered is not limited by the Rent Acts (Maximum Fair Rent) Order 1999, because it is the same as/below the maximum fair rent of £ 28,310 per year including £5472.15 per year for services (variable) prescribed by the Order.

Chairman

Richard Waterhouse
MA LLM FRICS

Date of decision

10th December 2021

MAXIMUM FAIR RENT CALCULATION

LATEST RPI FIGURE X 312.00

PREVIOUS RPI FIGURE Y 291.00

X 312.00 Minus Y 291.00 = (A) 20.00

(A) 20.00 Divided by Y 291.00 = (B) 0.068728

First application for re-registration since 1 February 1999 YES/NO

If yes (B) plus 1.075 = (C)

If no (B) plus 1.05 = (C) 1.18728

Last registered rent* £23,844.00 Multiplied by (C) = £28,309.504

*(exclusive of any variable service charge)

Rounded up to nearest 50p = £28,310.00

Variable service charge YES / NO

If YES add amount for services £5472.15 pa

MAXIMUM FAIR RENT = £28,310.00 Per year

Explanatory Note

1. The calculation of the maximum fair rent, in accordance with the formula contained in the Order, is set out above.
2. In summary, the formula provides for the maximum fair rent to be calculated by:
 - (a) increasing the previous registered rent by the percentage change in the retail price index (the RPI) since the date of that earlier registration and
 - (b) adding a further 7.5% (if the present application was the first since 1 February 1999) or 5% (if it is a second or subsequent application since that date).

A 7.5% increase is represented, in the calculation set out above, by the addition of 1.075 to (B) and an increase of 5% is represented by the addition of 1.05 to (B).

The result is rounded up to the nearest 50 pence.
3. For the purposes of the calculation the latest RPI figure (x) is that published in the calendar month immediately before the month in which the Tribunal's fair rent determination was made.
4. The process differs where the tenancy agreement contains a variable service charge and the rent is to be registered as variable under section 71(4) of the Rent Act 1977. In such a case the

variable service charge is removed before applying the formula. When the amount determined by the application of the formula is ascertained the service charge is then added to that sum in order to produce the maximum fair rent.



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

Case Reference : **LON/OOBK/F77/2021/0276**

Property : **Flat 37 , Caroline House, Bayswater Road,
London , W2 4RQ**

Tenant : **Mrs M E L Al Khyami**

Landlord : **Glass Rose Limited**

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

Tribunal : **Mr R Waterhouse MA LLM FRICS**

HMCTS Code : **P-Paper**
(paper, video, audio)

Date of Decision : **10th December 2021**

Date of Statement of Reasons : 10th December 2021

Statement of Reasons

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Background

The Tribunal gave formal notice of its decision by a Notice dated 10th December 2021 of £25,200 per year with effect from the same.

On the 29th June 2021 the Landlord of the property applied to the Rent Officer for re registration of a fair rent of £27,500 per annum, the rent having been previously registered on 26th September 2019 at £23,844 per year.

On the 27th September 2021, the Rent Officer registered a fair rent of £23,900 per week with effect from 27th September 2021.

In a letter received by the Rent Officer on the 9th August 2021 the Tenant objected to the rent determined by the Rent Officer and the matter was referred to the First –tier Tribunal (Property Chamber) (Residential Property).

Directions were issued by the Tribunal on the 12th October 2021. In those Directions, the parties were informed that in accordance with Public Health England’s advice to avoid unnecessary travel and social interaction for the time being, the Tribunal would not hold an oral hearing, unless so requested by either or both the parties, or would it inspect the property. Neither party has requested a hearing.

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. In due course, the Landlord and the Tenant filed their written submissions.

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.

Following the issue of the Tribunal’s decision which was based on the written and visual evidence submitted by the parties that was germane to the determination of a fair rent, the landlord sought extended reasons for the Tribunal’s decision.

The Property

The property is a flat, centrally heated, four rooms, a kitchen and bathroom /wc and separate wc.

Relevant Law

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.”

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).

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

The Landlord completed their reply form noting the accommodation and its specification.

Tenant

The tenant completed Reply Form notes; the kitchen is the original being 40 years old, two bedrooms were refurbished 20 years ago by the Tenant, the bathroom refurbished by the Tenant 15 years ago, and the separate WC refurbished by the Tenant 5 years ago.

Reasons for Decision

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. In the absence of any material evidence as to the market, the Tribunal acting in its capacity as an expert tribunal and using its general knowledge of market levels in the area, concluded that such a likely market rent, if a market rent is adopted would be £42,000 per year.

However, the Property is not in the condition considered usual for a modern letting at a market rent. Therefore, it is necessary to adjust the above hypothetical rent by 10%.

In addition, the Tribunal determined that there should be a further deduction of 10% to reflect the fact the Tenant provided the floor coverings, curtains and white goods and is responsible for internal decorating.

Thereafter the Tribunal considered the question of scarcity in section 70 (2) of the Rent Act 1977. A figure of 20% was adopted.

Market rent	£42,000 pa
Less condition	£4200 pa
Less Terms	£4200 pa

Less Scarcity £8200 pa

Fair Rent = £25,200 pa

Rent Acts (Maximum Fair Rent) Order 1999

The rent to be registered is not limited by the Rent Acts (Maximum Fair Rent Order) 1999.

The rent in accordance with the Maximum Fair Rent Order is £ 28,309.00. The fair rent value is £25,200 pa. Accordingly, the sum of £25,200 pa will be registered as the fair rent with effect from 10th December 2021 being the date of the Tribunal's decision.

Valuer Chair: Richard Waterhouse FRICS

Date: 10th December 2021

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.