



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

Case Reference	:	CAM/00MC/F77/2020/0022
Property	:	20 York Road, Reading, Berkshire, RG1 8DX
Applicant	:	Mountview Estates plc (Landlord)
Representative	:	None
Respondent	:	Mrs A. Hardy (Tenant)
Representative	:	None
Type of Application	:	S.70 Rent Act 1977 – Determination of a new fair rent
Tribunal Members	:	Mr N. Martindale FRICS
Tribunal	:	First Tier Tribunal (Eastern) HMCTS Cambridge CB1 1BA
Date of Decision	:	15 February 2021

REASONS FOR DECISION

Background

- 1 By an application dated 8 August 2020 the landlord applied to the Rent Officer for registration of a fair rent of £225 per week for the Property. The rent payable at the time of the application was £195 per week registered on 26 September 2018.
- 2 On 15 October 2020, the Rent Officer registered a fair rent of £103 per week with effect from 3 November 2020. By a letter dated 13 November 2020, received on 18 November 2020 by the Rent Officer and then forwarded to the First Tier Tribunal, the landlord objected to

the rent determined by the Rent Officer and the matter was referred to the First Tier Tribunal Property Chamber for a fresh determination of the rent.

Directions

- 3 Directions dated 14 December 2020 were issued for case progression. The landlord did not request a hearing. The tenant did not respond. There was no inspection owing to Covid 19 restrictions. The landlord made written representations. None were received from the tenant.

Hearing

- 4 The application was decided on the papers. There was no hearing.

Inspection

- 5 There was no inspection owing to Covid 19 restrictions. The Tribunal referred to a Google 'streetview' image (at July 2014) of the front elevation of the Property. It is a mid terrace house built around 1900. It appears to have accommodation on ground and floor levels. The Property appears to be of traditional brick and slate construction. There was small garden to the front. There was on street parking.
- 6 The Property was described by the applicant as having 3 bedrooms and 2 reception rooms, with a kitchen and bathroom/WC.
- 7 The front elevation of the Property (at July 2014) appeared to be in a fair state of repair and decoration.
- 8 The front windows appeared to be of UPVC frames with double glazed units. These were said to have been installed by the landlord. Space heating was by means of a gas fired boiler and radiators, also provided by the landlord.
- 9 It is assumed that the internal fittings to kitchen, bathroom and WC were at least functional and installed by the landlord.
- 10 According to the Rent Officer's records no white goods, curtains or carpets were provided by the landlord.

Law

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

- 12 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 emphasized
 - (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

- 13 Where the condition of a property is poorer than that of comparable properties, so that the rents of those comparables are towards twice that proposed rent for the subject property, it calls into question whether or not those transactions are truly comparable. Would prospective tenants of modernized properties in good order consider taking a tenancy of an unmodernised house in poor repair and with only basic facilities or are they in entirely separate lettings markets? The problem for the Tribunal is that the only evidence of value levels available to us is of modernised properties. We therefore have to use this but make appropriate discounts for the differences, rather than ignore it and determine a rent entirely based on our own knowledge and experience, whenever we can.
- 14 On the evidence of the comparable lettings and our own general knowledge of market rent levels in Reading, we accept that the subject property if modernized and in good order would let on normal Assured Shorthold Tenancy (AST) terms, for £265 per week. This then, is the appropriate starting point from which to determine the rent of the property as it falls to be valued.
- 15 A normal open market letting would include carpets, curtains and "white goods", but they are absent here. To reflect this we deduct £15, leaving the adjusted market rent at £250 pcm.
- 16 The Tribunal also has to consider the element of scarcity and whether demand exceeded supply. The Tribunal found that there was no scarcity in the locality of Reading and therefore makes no further from the adjusted market rent to reflect this element. The fair rent to be

registered would therefore be £250 per week but, this figure is subject to the Market Fair Rent Cap.

- 17 The Tribunal is also required to calculate the Maximum Fair Rent Cap (MFR). This is determined by a formula under statutory regulation, which whilst allowing for an element of inflation may serve to prevent excessive increases. The capped rent would be £214.50 per week.
- 18 As this cap is below the fair rent determined by the Tribunal for the purposes of S.70, **the new fair rent is capped at that figure of £214.50 and is effective from and including the date of determination, 15 February 2021.**

Chairman N Martindale FRICS

Dated 15 February 2021