



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/G11/648	13 February 2012	Landlord

ADDRESS OF PREMISES

1/R, 7 Fairlie Park Drive, Glasgow, G11 7SS

TENANT

Miss J Easton

NAME AND ADDRESS OF LANDLORD

Lanero Property Co Ltd

AGENT

Hacking & Paterson
1 Newton Terrace
Glasgow
G3 7PL

DESCRIPTION OF PREMISES

The property is a first floor flat in a four storey traditional red sandstone tenement. The roof of the tenement is tiled. The accommodation comprises two rooms, dining/ kitchen and narrow bathroom. The tenement was refurbished around 1991. There is a communal area at the rear of the tenement The floor area of the property is approximately 70 square metres.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN
SURVEYOR
HOUSING PANEL MEMBER

Andrew Cowan
Carol Jones
Tom Keenan

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 3220 p.a.	20 April 2012	20 April 2012

A Cowan

Chairman of Private Rented Housing Committee

20/4/12

Date



STATEMENT OF REASONS

by

PRIVATE RENTED HOUSING COMMITTEE

Statement of Reasons in respect of a reference to the PRHP following a

Determination of a fair rent by the rent officer

Flat 1/R, 7 Fairlie Park Drive, Glasgow G11 7SS

PRHP Ref: RAC/G11/842

Introduction

- 1 This is a reference to the Private Rented Housing Committee ("the Committee") in respect of Flat 1/R, 7 Fairlie Park Drive, Glasgow G11 7SS ("the property"). The Landlords are Lanero Property Co Ltd who are represented by their agents Hacking & Paterson, 1 Newton Terrace, Glasgow G3 7PL ("the Landlord") and the Tenant is Miss J Easton ("the Tenant"). The Tenancy is a statutory tenancy under the Rent (Scotland) Act 1984 ("the Act"). On the application of the Landlord the rent valuation officer registered a fair rent in respect the property at £2,718 per annum, effective from 1st February 2012. The Landlord timeously objected to the registered rent on the grounds that it was too low. Accordingly the matter was referred to this Committee for determination. Both parties were invited to make representations, to attend the inspection of the property, and to attend a hearing.

The Landlord did not lodge any written representations and did not attend the inspection or the hearing.

The Tenant was represented at the hearing by Mr David Rolwegan.

The Inspection

- 2 The Committee inspected the property on the morning of 20th April 2012.

The property is a first floor flat in a four storey traditional red sandstone tenement. The roof of the tenement is tiled.

The accommodation comprises two rooms, dining/ kitchen and narrow bathroom.

The tenement was refurbished around 1991 when a communal door entry system was installed. The windows in the property are the original timber sash and casement units and are single glazed. There is no central heating in the property and an electric immersion heater provides the hot water supply. There is a communal area at the rear of the tenement and the bin storage is located there.

The floor coverings throughout the property have been laid by the Tenant. The Tenant has installed a new walk-in shower in the bathroom in place of the bath which was previously supplied by the Landlord. The electrical wiring throughout the property is aged (including a number of "round" sockets) and the kitchen fittings are basic. No services are provided.

The property is conveniently located for public transport and local services.

The floor area of the property is approximately 70 square metres.

The law

- 3 The Committee is bound to fix a fair rent for the subjects by applying the terms of the Act and in particular Section 48. It is required to have regard to all the circumstances. There is no single or preferred method for the fixing of a fair rent. While various methods are used to reach a final figure, it is for the Committee to determine, based on the evidence before it, the best method to fix a fair rent. The fair rent fixed should be fair to the Landlord and fair to the Tenant. In terms of Section 48 (2) of the Act, the Committee is bound to disregard various factors including any element attributable to "scarcity"; that is excessive demand over supply for the accommodation in question. Where the rent includes an element in respect of charges for services in terms of Section 49 (6) of the Act, the amount to be registered may only be registered as variable if the terms as to variation are reasonable. If the Committee is not so satisfied, the Committee registers a fixed service charge. In this case there are no services provided.
- 4 In terms of Section 48 (1) of the Act it is the duty of the Committee when determining what would be a fair rent under a regulated tenancy, to have regard to all the circumstances (other than personal circumstances), and in particular to apply their knowledge and experience of current rents of other comparable properties in the area as well as having regard to the age, character and locality of the dwellinghouse in question and to its state of repair and (if any furniture is provided for use under the tenancy), to the quantity, quality and condition of the furniture. Disrepair or defect attributable to the Tenant should be disregarded as should any improvements made by the Tenant, otherwise and in pursuance of the terms of the tenancy. Improvements by the Landlord are taken into account. In reaching its final determination the Committee complied with its duty as set out above.
- 5 The Committee carefully considered the limited evidence that had been presented by the parties, together with their own observations made by the Committee at the internal and external inspection. In particular, the Committee carefully considered which of the three alternative methods of ascertaining a fair rent was most appropriate in this case. The three accepted methods used in Scotland are:-
 - (a) Determining a fair rent by having regard to registered rents of comparable houses in the area.
 - (b) Calculating the appropriate return based on the capital value of the property.
 - (c) Taking market rents and then discounting any scarcity element and making appropriate disregards as required by Section 48 (3) of the Act.

None of these methods are regarded as being the primary method and the method chosen by the Committee will depend upon each case and the evidence which is available.

The Hearing

- 6 The hearing was attended by the Tenant's representative Mr David Rolwegan. Mr Rolwegan drew the Committee's attention to the decision of the Private Rented Housing Committee in respect of the property dated 19th November 2008. The decision of the Committee at that date was that the fair rent in respect of the property should be fixed at £2,400 per annum. The Committee noted that, at that time, The Committee had allowed a deduction in respect of the scarcity of supply of property at the rate 20% from market rents. The Tenant's representative also highlighted that in comparing the property with other similar properties which were currently on the open market for rent it would be appropriate to make deductions for the following facts:-
 - (a) The property does not have central heating.

- (b) The windows in the property are in need of repair and are not double glazed.
- (c) The Tenant has supplied all her own white goods within the property.
- (d) The décor within the property is basic.
- (e) The Tenant has installed her own shower within the property.
- (f) The electrics within the property are dated and require to be upgraded.
- (g) The Tenant has supplied her own floor coverings throughout the property.

The Tenant's representative also highlighted that he had let a similar property to the subject property in a neighbouring locale. That property had been let recently at £430 per month and had the benefit of central heating, double glazing and white goods. It is a smaller one bedroom flat but in a better location than the subject property.

Comparable Market Rents

7 The Landlord had supplied no evidence of other comparable market rents within the locale of the property. Using their own knowledge and experience and having regard to other properties available for let in the area the Committee considered that the market rent for a double glazed, centrally heated, fully modernised property of the same size, type and in the locality of the current subjects would be in the region of £420 per calendar month (£5,040 per annum). The Committee arrived at this figure after researching the up to date rentals achieved for this type of property, through newspapers, the internet and their enquiries with local letting agents.

The subject property has no central heating and the condition of the property was generally in a basic state. The property would require to be comprehensively re-wired to bring it up to modern standards as the current wiring within the property was dated. The windows require be replacing and/or renewing with double glazing units. The property would benefit from a new kitchen. To be comparative with other modernised properties currently on the market within the locality the subjects would also require to be provided with new floor coverings and new white goods. It would also be necessary to carry out a decorative upgrade to the property.

The Committee considered that it would be appropriate to make a deduction from the comparable rent of a fully modernised property of this size to take account of the estimated cost of the necessary upgrade work detailed below and the expected life/duration of such upgrade works:

- Kitchen upgrade
- Bathroom upgrade
- Rewiring cost
- Central heating cost
- Redecoration
- Double glazing
- Floor coverings (all rooms)

The Committee accordingly considered that a total of £1,820 per annum should be deducted from the open market value of a fully modernised property (£5,040 as per above) to take account of the cost of the necessary upgrades. Accordingly this would reduce the annual rental of the property to £3,220 per annum. The Committee therefore determined that the market rent for the property taking account of its current condition is £3,220 per annum.

8 The Committee then proceeded to consider whether any further deductions required to be made in terms of Section 48(2) of the Act, the factor commonly known as "scarcity". The Committee were satisfied that within the Glasgow area as a whole there could not be said to be scarcity of similar properties for let at the present time. The Committee were satisfied that there was current equilibrium in the market.

- 9 Accordingly as there are no other relevant deductions to be made to the market rent as calculated by the Committee. The Fair rent for the property is £3,220 per annum.
- 10 Since the Committee were satisfied that it would cause hardship to the Tenant if a fair rent determined by it was backdated to the date of the rent officer's decision, the fair rent fixed takes effect from the date of this Committee's decision.

A Cowan

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(Chairperson)

20/4/12
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(Date)