



**PRIVATE RENTED HOUSING PANEL**

**RENT (SCOTLAND) ACT 1984**

**Notification Of Decision By The Private Rented Housing Committee**

<b>REFERENCE NO:</b>	<b>OBJECTION RECEIVED</b>	<b>OBJECTION</b>
RAC/G42/649	16 July 2008	Landlord

**ADDRESS OF PREMISES**

2/2, 1 Somerville Drive, Glasgow, G42 9BQ

**TENANT**

Mrs J McVey

**NAME AND ADDRESS OF LANDLORD**

Scottish Prudential  
Investment Association Ltd.

**AGENT**

Hacking & Paterson  
1 Newton Terrace  
Glasgow  
G3 7PL

**DESCRIPTION OF PREMISES**

Traditional Second floor tenement flat circa 1900 with gas central heating and partial double glazing comprising one room, living kitchen and bathroom.

**SERVICES PROVIDED**

None

**COMMITTEE MEMBERS**

**CHAIRMAN**  
**SURVEYOR**  
**HOUSING MEMBER**

Mrs J Taylor LLB Dip LP NP  
Mr G Campbell FRICS  
Mr S Campbell

<b>FAIR RENT</b>	<b>DATE OF DECISION</b>	<b>EFFECTIVE DATE</b>
£ 2650.00 p.a.	12 November 2008	12 November 2008

**J Taylor**

Chairman of Private Rented Housing Committee

19<sup>th</sup> November 2008

Date

## **STATEMENT OF REASONS**

*in connection with*

**INSPECTION HELD ON 12<sup>th</sup> November 2008**

*of the property*

*Flat 2/2, 14 Somerville Drive, Glasgow*

### **1. THE PARTIES**

The landlords are Scottish Prudential and they are represented by Hacking and Paterson, 1 Newton Terrace, Glasgow, G3 7PL.

The tenant is Mrs J McVey. Her tenancy commenced in March 1968 and it is a registered tenancy in terms of the Rent (Scotland) Act 1984.

### **2. BACKGROUND**

The current rent is £2150 per annum. The landlords applied for the rent to be increased to £3240. The Rent Officer registered a rent of £2650 per annum with effect from 23<sup>rd</sup> June 2008. The Landlord referred the determination to the Private Rented Housing Panel ('PRHP').

### **3. THE INSPECTION**

The committee inspected the property, which is a second floor flat in a four storey, traditional buff and red sandstone tenement, which is located close to Hampden Stadium.

The accommodation comprises one room, with bed recess off, living kitchen and narrow bathroom. The windows in the property are single glazed with the exception of one window in the kitchen, which is double glazed.

The tenant obtained a grant from the Scottish Executive to install central heating in the property. There is a communal area at the rear of the tenement and the bin storage area is located here. There is a communal close entry system.

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

No services are provided.

#### **4. THE HEARING**

No hearing was requested.

#### **5. THE DECISION**

The committee had the following documents before them:-

- A copy of form RR1, the landlord's application for registration of the rent.

Written Representations from the landlord's agents which state:- *'We refer to previous case reference No RAC/G12/413 for property at 0/2, 12 Crosswell Street where the Rent Assessment Committee found that there was no evidence of scarcity and were of the opinion that this remains the case and therefore a higher rent should be registered, more in keeping with a market rent.'*

- List of comparable rents, provided by the clerk:-

Address	Accommodation	Description	Effective date	Registered Rent
0/1, 61 Daisy Street, Glasgow	2 rooms, living kitchen and bathroom	Tenement flat	14 <sup>th</sup> February 2008	£3300
0/1, 12 Annette Street, Glasgow	Living room, box bedroom, dining kitchen and bathroom	Tenement flat	23 <sup>rd</sup> November 2007	£3300

The committee considered the documents provided. The committee had obtained details of other properties available to lease in the area, from news paper advertisements and the internet.:-

- Cathcart Road, Glasgow.

The accommodation comprises one room kitchen and bathroom. The Advertised rent was £ 395 per month.

The property had been refurbished.

- Holmlea Road, Glasgow.

The accommodation comprises two bedrooms, kitchen and bathroom. The rent paid for the property was £495 per month.

The committee were mindful of the terms of section 48(1) of The Rent (Scotland) Act 1984, which requires the committee 'to have regard to all of the circumstances (other than personal circumstances) and in particular to

apply their knowledge and experience of current rents of comparable property in the area, as well as having regard to the age, character and locality of the dwelling house in question and to its state of repair and, if any furniture is provided for use under the tenancy, and to the quantity, quality and condition of the furniture'. Also section 48(2) which requires them to 'assume that the number of persons seeking to become tenants of similar dwelling- houses in the 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 which are available to let on such terms.'

The committee carefully considered the landlords written submission to the effect there is no evidence of scarcity in the rental market. They are aware that the 'credit crunch' started almost a year ago and has had a significant effect on the market. They acknowledged that it has generally reduced the availability of mortgages, especially for first time buyers and it has resulted in a severe slowing of the sale/ purchase property market.

They considered a report prepared by S1 homes.com in July 2008, which states: 'The city's residential market is in its healthiest state in years. Occupancy in Glasgow has been at almost 100% this year....Glasgow is witnessing unprecedented demand for rental property..... the demand has become more acute as the slump in the mortgage market continues. More people are taking their time before committing to purchasing so are moving into rental properties.....some home owners are deciding to rent out rather than sell.'

They also considered a report prepared by citylets.co.uk in July 2008, which states:... 'Property across Scotland is letting faster than at any time in recent years with continuing high tenant demand. The citylets quarterly report shows that more properties are being let, and are being let more quickly than in the same quarter of last year. The report also shows Scottish rents rose by 4.5%- the highest rate of increase recorded. The Q2 report (April-June) shows the average time it takes to let one/two bed flats- particularly in Edinburgh and Glasgow has dropped sharply, as rent levels rise. The number of properties let in the quarter increased 21% on Q" 2007 and taken together with falling time to lets, rising rents and high levels of property for sale all points to the increasing popularity of renting over buying. The surge in demand for rented accommodation first seen in November of last year has been maintained. The ongoing credit crunch and difficult housing market suggests that there will be no let up in people looking to rent in the short to medium term.... Glasgow experienced a significant fall in the average time taken to let two bedroom flats- sitting at 31 days which is six days less than in Q2 2007. The average rent for all properties rose in Glasgow to £581- up from £559 in Q1 2008...'

The committee telephoned a local letting Company who advised that there is a plentiful number of people wanting to rent, it is now a matter of shortage of supply of suitable properties available for rent. Consequently they had placed an advert in their window urgently seeking property to lease'. The committee contacted another

letting agency who advised that demand is now exceeding supply as people are now choosing to rent rather than buy.

The committee therefore considered that there is now scarcity of supply, and that a deduction of 20% from market rents was reasonable to reflect the current level of scarcity in Glasgow.

The committee considered the comparable properties provided by the clerk to be located in a different area, namely Govanhill and therefore they did not find this evidence to be of assistance. They considered that the property Flat 2/2, 14 Somerville Drive, Glasgow to be directly comparable with the advertised property at Cathcart Road, Glasgow. The advertised market rent of that property was £395 per month (£4740).

They acknowledged that 2/2, 14 Somerville Drive, Glasgow was in a poorer condition than the improved property at Cathcart Road and therefore a reasonable deduction was required to reflect the differences between the two properties. They considered that the cost of supplying furniture and appliances, installing full double glazing, rewiring the property, replacing the bathroom and kitchen fittings, decorating and replacing the flooring would be in the region of approximately £14000. They considered that this capital expenditure would have a reasonable average life expectancy of 10 years which justified a reduction of £1400 from the annual rent of the comparable property at Cathcart Road ie £3340. Also a deduction of 20% was required to reflect the element of scarcity now pertaining resulting in the rental figure of £2672 per annum. The committee acknowledged that this figure is very close to the Rent Officers assessed rent of £2650 therefore they decided to confirm the Rent Officer's rent.

After consideration of all these factors the committee decided that the fair rent for the property was £2650 per annum.

In reaching this decision the committee have had regard to all the considerations required to be taken into account in terms of Section 48 of the Rent (Scotland) Act 1984.

This decision takes effect from the Twelfth day of November Two thousand and eight.

**J Taylor** .....

Chairperson, ~~19th~~ November 2008