



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/G31/660	24 October 2008	Landlord

ADDRESS OF PREMISES

1/1, 54 Scott Street, Glasgow, G3 6PR

TENANT

Mr H English

NAME AND ADDRESS OF LANDLORD

Donald McCorkindale's Trust

AGENT

Hacking & Paterson
1 Newton Terrace
Glasgow
G3 7PL

DESCRIPTION OF PREMISES

Traditional first floor tenement flat circa 1900 comprising two rooms, living kitchen and bathroom.

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN
SURVEYOR
HOUSING MEMBER

Mr R Handley LLB
Mr Mr A English FRICS
Mrs T Ahmed

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 3780.00 p.a.	19 December 2008	19 December 2008

R Handley

Chairman of Private Rented Housing Committee

19/12/08

Date

STATEMENT OF REASONS

PRIVATE RENTED HOUSING PANEL

HELD ON: 19 DECEMBER 2008

PROPERTY: 1/1, 54 SCOTT STREET, GLASGOW

INTRODUCTION

This is a reference to the Private Rented Housing Panel ("the PRHP") for determination of a fair rent under the Rent (Scotland) Act 1984 by the landlord, Donald McCorkindale's Trust, in relation to property at 1/1, 54 Scott Street, Glasgow ("the Dwellinghouse").

The registered rent (effective from 15 October 2008) was £2,733.39. It was submitted (on behalf of the landlord) that the rent for the Dwellinghouse should be at least £3,750.00 per annum. The tenant submitted that this rent would be excessive and that the rental had been calculated on the basis of a capital value of £100,000.00. The reference arises from the dissatisfaction expressed on behalf of the landlord.

THE EVIDENCE

The Committee had the following documents before it: the Rent Register documents, representations from the tenant and representations on behalf of the landlord. The Committee also had details of comparable properties. The Committee took account of all these documents and used their knowledge and experience in determining a fair rent.

The tenant indicated that he did not wish to attend a Hearing. Agents on behalf of the landlord had previously intimated that they would only attend a Hearing if the tenant requested one. Consequently no Hearing was held.

THE INSPECTION

Mr Robert Shea, Clerk to the PRHP, introduced the Committee to the tenant at the inspection of the Dwellinghouse which took place on 19 December 2008. The landlord was not represented at the inspection.

DESCRIPTION OF THE DWELLINGHOUSE

The Dwellinghouse is a first floor flat in a block of tenement flats located in a well established area close to the city centre and to shops, schools, leisure facilities, restaurants and public houses. The tenant has access to a small communal drying area

to the rear of the Dwellinghouse. The Dwellinghouse is conveniently located for public transport.

The Dwellinghouse was built circa 1890 and is generally in a reasonable state of repair. Externally the tenement building appeared to be in a reasonable state of repair. The roof is tiled. There was evidence of settlement which had occurred over the years. However this appeared to be historic rather than recent.

There is a security door on the close. The close, stairs and landings were clean and tidy. The Dwellinghouse appeared to have a modern electrical system. All windows were single glazed. The Dwellinghouse does not have central heating. All furniture is supplied by the tenant. The Dwellinghouse is well decorated. No services are provided by the landlords.

The Dwellinghouse comprises a living room, a bedroom, a "dining kitchen" and a bathroom. The front door opens to a hallway. The living room, bedroom, kitchen and bathroom are located off the hallway.

The bathroom has a WC, wash hand basin and bath, all supplied by the tenant. The tenant has also installed a shower.

The tenant has provided all fixtures and fittings in the kitchen. Water is heated by an immersion heater.

The living room has a recess cupboard and a bay window.

DECISION AND REASONS

Section 48 of the Act provides that:

(1) In determining for the purposes of this part of the Act what rent is or would be a fair rent under a regulated tenancy of a dwellinghouse, it shall be the duty of the rent officer or, as the case may be, of the Rent Assessment Panel (now the PRHP), subject to the provisions of this section, to have regard to all 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 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.

(2) For the purposes of the determination it shall be assumed that the number of persons seeking to become tenants of similar dwellinghouses in the locality on the terms (other than those relating to the rent) of the regulated tenancy is not substantially greater than the number of such dwellinghouses in the locality which are available for letting on such terms.

In terms of section 48 of the Rent (Scotland) Act 1984, the Committee is required to fix a rent that is or would be a fair rent under a regulated tenancy.

In Scotland there are three accepted methods of determining a fair rent. These are:

- (a) determining a fair rent by having regard to registered rents of comparables houses in the area;
- (b) taking market rents and then discounting for any scarcity element and making any appropriate disregards as required by section 48(3);
- (c) calculating the appropriate return based on capital value of the property, taking into account the element of scarcity.

None of these methods is regarded as the primary method.

Capital value

Whilst the tenant indicated (in Written Submissions) that the Dwellinghouse had been valued at £100,000, no Valuation Report was available to the Committee. No other evidence was produced by the parties regarding capital values. Given the lack of available evidence, the Committee decided it was not appropriate to proceed on the basis of capital values.

Comparable registered rents

As indicated, the Committee had before it details of comparable properties.

The first of these was a tenement flat at 3/1, 57 Rose Street, Glasgow. Like the Dwellinghouse this property had two rooms. The Committee noted the rent for this property had been determined by the PRHP and a copy of the Statement of Reasons was before the Committee. The annual rental for this property had been determined at £3,600.00. Similarly the rent for a two roomed flat at 3/1 57 Rose Street, Glasgow had been fixed at £3,600.00

The Committee also had details of a property at 2/1 13 Willowbank Crescent, Glasgow. The rent for this three roomed property had been determined by the PRHP who determined that the annual rental was £4,500.00. However a deduction of 20% was made to reflect an element of scarcity giving an annual rental of £3,600.00 .

Market rents

The Committee gave consideration to open market rents in establishing a fair rent for the Dwellinghouse. In doing so the Committee recognised that it would be necessary to review what might be an appropriate deduction for scarcity and to make any other appropriate deductions (if any).

Neither party had provided the Committee with specific information or evidence about rents (either in the open market or under registered rents terms) which could be used by the Committee as comparables. However the Committee had details of a number of properties available for rent in this area of Glasgow. The Committee noted that modern two bedroomed flats (located in an area similar to the area in which the Dwellinghouse was located) were available for a monthly rental of around £600.00. The Committee using its knowledge and expertise of market rents in the area, considered that a furnished property similar to the Dwellinghouse in a similar area would be likely to achieve an open market rent of £525.00 per month.

The Committee was of the view that there was no scarcity in relation to properties similar to the Dwellinghouse in its locality. This was confirmed by the numbers of

properties available to let in publications such as the GSPC Newsletter and in local Estate Agents.

However the Committee considered that deductions should be made to take account of a number of factors.

Thus:

Market rent (per month)		£525
Less allowance*	£50	
Less allowance**	£25	
Less allowance ***	<u>£100</u>	
		<u>£175</u>
		£350
Less 10% ****		<u>£35</u>
		<u>£315</u>

* The Committee recognised that some prospective tenants would consider a property with furniture, carpets and white goods. (regardless of condition) more desirable than an unfurnished property. Consequently the Committee considered it appropriate to take account of this factor.

** The Committee considered it appropriate to make a further deduction in rent because the Dwellinghouse did not have central heating.

*** The Committee also considered it appropriate to make a deduction because the Dwellinghouse lacked a modern kitchen, bathroom and other fittings.

**** The Committee considered that there would be a market resistance to a completely empty flat with no carpets or curtains and accordingly deducted 10%.

Consequently, taking account of all the circumstances which the Committee is required to take into account, the Committee concluded that a fair rent for the dwellinghouse would be £3,780 per year.

..... **R Handley** Chairman

..... 20 January 2009 Date