



PRIVATE RENTED HOUSING PANEL

RENT (SCOTLAND) ACT 1984

Notification Of Decision By The Private Rented Housing Committee

REFERENCE NO:	OBJECTION RECEIVED	OBJECTION
RAC/G20/706	29 July 2009	Landlord

ADDRESS OF PREMISES

Flat 2 R , 115 Oran Street, Glasgow, G20 8LS

TENANT

Mr J O'Neill

NAME AND ADDRESS OF LANDLORD

Lanero Property Co. Ltd.

AGENT

Hacking & Paterson
1 Newton Terrace
Glasgow
G3 7PL

DESCRIPTION OF PREMISES

Second floor traditional tenement flat built circa 1900 comprising living room with kitchenette, two bedrooms & bathroom in need of upgrading. Central heating provided under Government Scheme.

Floor area 52 square metres or thereby

SERVICES PROVIDED

None

COMMITTEE MEMBERS

CHAIRMAN
SURVEYOR
HOUSING MEMBER

Mrs E Devanny LLB NP
Mr R Buchan BSc. FRICS
Mrs S Brown

FAIR RENT	DATE OF DECISION	EFFECTIVE DATE
£ 2800.00 p.a.	15 September 2009	15 September 2009

A Devanny

Chairman of Private Rented Housing Committee

15th September 2009
Date

RENT ASSESSMENT COMMITTEE

STATEMENT OF REASONS

relating to the property

Flat 2/R, 115 Oran Street, Glasgow G20 8LS
(hereinafter referred to as "the flat")

Inspection held on Tuesday 15 September 2009

INTRODUCTION

A reference has been made to the Rent Assessment Committee for the determination of a fair rent of the flat under the Rent (Scotland) Act 1984 ("the 1984 Act").

The Landlords of the flat are Lanero Property Co. Ltd whose agents are Messrs. Hacking & Paterson, 1 Newton Terrace, Glasgow G3 7PL. The Tenant of the flat is Mr. John O'Neill. Mr. O'Neill has occupied the flat for 42 years.

The annual rent for the flat is £2458 per annum. On 18 May 2009 the Landlords applied to have the rent increased to £5500 per annum. The Rent Officer determined the rent for the flat at the figure of £3600 per annum with effect from 22 June 2009.

The reference to the Rent Assessment Committee has been submitted by the Landlords.

INSPECTION

The Committee inspected the flat on the morning of 15 September 2009. The Tenant was present throughout the inspection. No Representative of the Landlords attended.

The flat is located on the second floor of a four storey traditional buff sandstone tenement which was constructed circa 1900. The external sandstone on the ground floor has been painted but the finish is spalling. The tenement has a tiled roof. There are two flats on each of the four storeys. A secure entry system leads to the common close and stair which although free from rubbish is generally in poor decorative order beyond the ground floor and in need of general upgrading. There is no front garden area and the common close takes entry from the street. The communal area to the rear is accessed

via a door to the rear of the common close, which has an internal slip-bolt but no lock and the space above the door is open to the elements. The rear back court is slabbed with overgrown shrubs and a common bin store. There are no drying facilities. Warning notices from the local authority about rat infestation were noticed at the rear entry.

The flat lies on the second floor landing. The accommodation of the flat comprises a narrow hall with two cupboards, living-room with recessed area where there is a basic kitchen sink unit and very limited kitchen fittings which are in very poor condition, two bedrooms, and bathroom. The bathroom also is basic with broken fittings and a cracked window and evidence of old water penetration to the ceiling which has caused damage to the plastering. The front bedroom and the livingroom are an unusual shape with the wall adjoining the street at an angle to the side walls of the flat. The flat is unimproved and in poor condition with the original sash single-glazed windows which either are unable to be opened or cannot remain open without being wedged due to broken cords; the boiler prominently situated on the wall of one bedroom with exposed pipework running vertically and horizontally on three walls of the bedroom; a front door which is damaged and has attached to it metal plates and timber strips to make it secure: and signs of settlement which has caused cracking in the plasterwork. The electrical wiring is old and requires to be checked and upgraded. A gas central heating system has been installed under the Government Scheme. No services, floor coverings or furniture are provided by the Landlords.

Parking for the flat is on street and at the time of inspection there were spaces adjacent to the property. The locality is mainly residential with good shopping and leisure facilities, and good bus and road links.

The gross internal floor area of the flat is 52 square metres or thereby.

HEARING AND DECISION

As no hearing had been requested, the Committee considered most carefully the written documentation before it, viz.: -

1. RRI Application for the flat dated 12 May 2009.
2. Notification of fair rent appeal from Rent Registration Service dated 27 July 2009.
3. Landlords' letter of appeal dated 22 July 2009.
4. Rent Register page.
5. Landlords' agents letters of 30 and 31 July 2009.
6. Clerk's list of registered rent decisions for
RAC/G20/680 2/2, 6 Mingarry Street, Glasgow G20 8NT

The Landlords' agents' original intimation of an appeal indicates that the amount registered by the Rent Officer does not take account of changes in the rental market over the last few years, particularly with regard to scarcity. They submit that scarcity should not be taken into account when assessing the market rent and, consequently, a rent of £5500 per annum should be registered.

The Tenant made no representations with regard to rent. During the inspection the Tenant did indicate that no house improvements had been made by the Landlords or their agents in the 42 years he had been a resident apart from the installation of the gas central heating system under the Government Scheme.

No submissions with regard to the level of current market rents or return on capital value have been put forward by either the Landlords or the Tenant.

The Committee considered the documents referred to above. The Committee was mindful of the terms of Section 48 of the Rent (Scotland) Act 1984, which states:-

" The Committee shall 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." Paragraph (2) then provides that, " For the purposes of the determination it shall be assumed that the number of persons seeking to become tenants of similar dwelling-houses in the locality.... is not substantially greater than the number of such dwelling-houses in the locality which are available for letting". This provision is sometimes known as "the scarcity deduction". The Committee were also mindful of the observations of the Lord President in **Western Heritable Investment Co LTD v Hunter (2004)** which requires the Committee to proceed on the best available evidence and the use of the other evidence as a cross check where possible.

The Committee considered the rent of £5100 per annum for the Flat 2/2, 6 Mingarry Street, Glasgow which was a recent registered rent comparable. The Committee considered that the flat in Mingarry Street was in a much more attractive and better maintained tenement block with better communal facilities. The flat in Mingarry Street was bigger than the flat under consideration with two double bedrooms, a livingroom with bay window and large walk in cupboard, dining kitchen with recess and narrow bathroom. It had the benefit of double glazed replacement windows and it has been rewired although it had no central heating and an unimproved kitchen. The flat in Oran Street is situated in the Maryhill part of the West End which is a location which is not as popular as Mingarry Street which lies in the North Kelvinside area. The Committee, using its knowledge and experience of market rents, considered that the flat at 115 Oran Street would achieve a rent of £4400 per annum in an improved condition but unfurnished with no white goods or floor coverings. The Committee considered the capital outlay required to bring the flat to an improved condition and considered that a sum at least in the order of £16000 would require to be spent to install replacement windows (£5000), install a new kitchen and bathroom (£6000), rewire the flat (£3000), install a new front door (£500), and carry out the necessary re-decoration works (£2000). Taking a straight line depreciation of 10 years for the kitchen and bathroom costs and the cost of the front door works; a straight line depreciation of 15 Years for the rewiring costs and replacement windows; and a straight line depreciation of 5 Years for the redecoration costs, the

Committee considered that a sum of £1600 per annum should be deducted from the estimated rent achievable for the flat at Oran Street if it was in an improved condition. By this method the Committee concluded that the open market rent of the flat at Oran Street in its present condition would be £2800 per annum. The discount to open market rental reflects the condition of the flat at 115 Oran Street and that demand for such a flat in its present condition would certainly be low unless offered at a reduced rental level.

There was evidence of a plentiful supply of rented accommodation available in the area. The Committee accepted the landlords' submission that no scarcity deduction should be made. There was no disrepair or defects attributable to the tenant, and, with the exception of the tenant's white goods, gas fire and floor coverings, no tenant's improvements were indicated which should be disregarded. The Committee had no evidence of capital values of similar flats within the locality and, therefore, was unable to use this method to cross check the rental figure.

The Committee, after considering all the available evidence, decided that the fair rent for the property was £2800 per annum.

The decision takes effect from the Fifteenth day of September, Two thousand and nine.

A Devanny

Chairperson,
15th September 2009