

**RENT ASSESSMENT PANEL FOR SCOTLAND**

**RENT (SCOTLAND) ACT 1984**

**NOTIFICATION OF DECISION BY THE RENT ASSESSMENT COMMITTEE**

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<b>REFERENCE NO.</b>	<b>OBJECTION RECEIVED</b>	<b>OBJECTION</b>
RAC/G22/424	9 March 2006	Tenant

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**ADDRESS OF PREMISES**  
2/2, 165 Killearn Street, Glasgow, G22 5HY

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**TENANT**  
Mr R Lawrence

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**NAME AND ADDRESS OF LANDLORD/AGENT**  
North Glasgow Housing Association, 50 Reidhouse Street, Glasgow, G21 4LS

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**DESCRIPTION OF PREMISES**  
Second floor tenement flat C.1900 with gas central heating, comprising two rooms, galley kitchen and bathroom

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**SERVICES PROVIDED**  
Backcourt maintenance, and landlords supply.

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**COMMITTEE MEMBERS**

<b>CHAIRMAN</b>	<b>Mrs E J Docherty BL</b>
<b>PROFESSIONAL MEMBER</b>	<b>Mr G Campbell FRICS</b>
<b>LAY MEMBER</b>	<b>Mrs T Ahmed</b>

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<b>FAIR RENT</b>	<b>DATE OF DECISION</b>	<b>EFFECTIVE DATE</b>
<b>£2,145.00 per annum</b> (inclusive of services less than 5%)	<b>10 May 2006</b>	<b>18 February 2006</b>

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**J Docherty**

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**Chairman of the Rent Assessment Committee**

*10th May, 2006*  
.....  
**Date**

**RENT ASSESSMENT COMMITTEE OF WEDNESDAY, 10<sup>TH</sup> MAY 2006****STATEMENT OF REASONS**

**PROPERTY** second floor right hand house (2/2) at 165 Killearn Street, Possilpark, Glasgow, G22 5HY (hereinafter referred to as "the flat")

**INTRODUCTION**

This is a reference to a Rent Assessment Committee for the determination of a fair rent of the flat under the Rent (Scotland) Act, 1984 (hereinafter referred to as "the Act"). The Landlords of the flat are North Glasgow Housing Association Ltd., Ned Donaldson House, 50 Reidhouse Street, Glasgow, G21 4LS. The tenant is Mr. R. Lawrence who has lived in the flat since 1985. The current annual rent of £1850 was last registered with effect from 18<sup>th</sup> February 2003. On 25<sup>th</sup> November 2005 the Landlords applied to have the annual rent increased to £2544.12 inclusive of service charges of £289.20. On 7<sup>th</sup> March 2006 the Rent Officer determined the fair rent at the figure of £2500 per annum inclusive of service charges of £289.20. The tenant has made the reference to the Committee

**INSPECTION**

The Rent Assessment Committee visited the property on the morning of 10<sup>th</sup> May 2006 but it was unable to gain access to the flat. From an external viewing of the property it was able to identify that the flat lies within a four-storey traditional red sandstone tenement part of a block of similar tenement properties stretching from Saracen Street to Hamiltonhill Road. This whole range of tenements would appear to, have been refurbished possibly some twenty years ago. The roofs are tiled. The windows of the flat appear to be single glazed. There is a security door on the close which gives access to the close and stairway. The Committee was able to gain access to the close and stairs, which were clean and well decorated although there was some graffiti on the security door itself. From a landing window, the Committee was able to see the back garden which comprises simply a grassed area with surrounding and criss-crossing flagstones. At the time of the inspection the grass was needing cut. The bin-shelter at the rear of the garden was tidy but its corrugated roof was damaged. As the Committee was unable to inspect the flat it made a point of taking an external look at the tenements of the other two flats which have been listed by the Clerk as comparable properties. Both of these tenements 149 and 197 Killearn Street are virtually the same as the tenement 165 Killearn Street with similar back greens. The parking in Killearn Street is off street in bay areas. The area is residential with considerable building work in progress at the rear of the properties. The shopping and transport facilities are good.

## **HEARING**

The Hearing took place on the morning of Wednesday 10<sup>th</sup> May 2006 in the Offices of the Rent Assessment Committee 140 West Campbell Street, Glasgow, G2 4TZ. The Landlords were represented by Ms. Gillian McKay, a Housing Officer

The tenant did not attend.

The Committee had before it the following documents:-

- a. RRI Application dated 25<sup>th</sup> November 2005.
- b. Tenant's objection letter dated 28<sup>th</sup> February 2006.
- c. Rent Register page of 7<sup>th</sup> March 2006.
- d. Representation from Landlords dated 27<sup>th</sup> April 2006 with Schedule of Services
- e. List of comparables.

The Committee explained that it had been unable to gain access to the flat. Ms. McKay advised the Committee that she had never been in the flat but was familiar with other similar flats in Killearn Street. She was unable to produce plans of the flat as these are in storage.

She said the flat has a living room and galley kitchen to the front and a bedroom and bathroom to the back. The tenements in Killearn Street were all refurbished about twenty-five years ago. Gas central heating and new kitchen fittings were installed in the flat two years ago. The combi boiler also heats the water. There is a bay window in the living room. The windows are single glazed and the wiring would have been renewed at the time of the original refurbishment.

Ms. McKay was asked to present the landlords' case for seeking the increased rent of £2544.12. She advised that it was the policy of the landlords to bring all the regulated rents up to the same level as assured rents. All assured tenants of one bedroom flats are being charged rent at this rate. The only advantage that regulated tenants have is that they are not being charged for stair cleaning. The landlords arrange the stair cleaning but do not pass on a charge to the regulated tenants. Ms. McKay advised that the landlords have 700 flats in the Possilpark area. She estimated that of these approximately 20 now remain as regulated tenancies. She also thought that about 100 of the flats are one-bedroom flats.

Ms. McKay was asked to comment on the objections made by Mr. Lawrence in his letter of 28<sup>th</sup> February 2006. She was not familiar with the letter so the letter was read aloud to her. His objections were (firstly) that the rent was increased by 32%, (secondly) that the galley kitchen has very limited space and (thirdly) that some of the service costs are unacceptable.

She felt she had already explained the landlords' reason for the amount of the increase.

She agreed the galley kitchen is narrow but it is similar to the other one-bedroom flats in the properties.

The Committee then went through the Schedule of Services item by item.

The backcourt maintenance of £10.41 per month for each of the eight houses in the tenement amounts to a charge of almost £1000 per annum for this small back garden. Ms. McKay explained that the landlords apportion the total backcourt maintenance costs for all their 700 properties equally among all their tenants irrespective of the size of accommodation of each flat or the area of the relative garden ground. Their Contractors are Land Engineering Services who look after all the gardens in both tenement and terrace properties and also some common amenity areas

Ms. McKay advised that in relation to all the other items shown on the Schedule of Services, each of the 700 tenants was asked to pay an equal share of the total costs of the services listed on the schedule. Ms. McKay was unable to produce any receipts for these total costs. The landlords' Finance Section would have these figures

With regard to the charge for bulk uplift, Ms. McKay agreed that again the tenants were paying for the service irrespective of whether or not they used the service.

The Committee then addressed the question of valuation of the flat.

Ms. McKay said she had no knowledge of the price which the flat would fetch in the open market as these properties never came up for sale

The Committee made reference to similar sized flats in the Springburn and Firhill areas with capital values of £30,000 to £50,000. She considered that both Springburn and Firhill were superior areas.

The Committee asked Ms. McKay to comment on the two houses on the Clerk's list of comparables. The first, (3/1) 149 Killearn Street where the Landlords are West of Scotland Housing Association has with effect from March 2006 a registered rent of £1932.14 with services of £25. The other, (1/1) 197 Killearn Street where the landlords are also North Glasgow Housing Association has with effect from 18<sup>th</sup> February 2006 a registered rent of £2500 with services of £289.20

Ms. McKay said that although the West of Scotland H.A. are the landlords of the first flat, it is the North Glasgow H.A. who factor both properties and she could not explain the difference in the rents for two similar houses.

Ms. McKay advised that the landlords have a waiting list of approximately 500 and there is a high demand for the houses. There is not a great turnover in the properties. When a house is vacated the landlords carry out any upgrading required and the houses are re-let as quickly as possible. There are virtually no voids in the properties.

Ms. McKay apologised for not having a copy of the Lease to exhibit to the Committee.

The Hearing was then concluded.

## **DECISION**

The Committee considered carefully the written documentation listed above and also the oral submissions of the landlords

The Committee had not seen a copy of the tenant's lease and without that and without details of the landlords' housing stock and global figures for service costs, it was difficult for the Committee to appreciate the landlords' method of apportioning these costs.

The Committee in seeking to determine a fair rent for the flat in the first instance looked at the two houses listed by the Clerk which have virtually the same effective dates, viz:-

(3/1) 149 Killearn Street with a registered rent of £1932.14 including services of £25 providing a basic rent of £1907.14 and

(1/1) 197 Killearn Street with a registered rent of £2500 including services of £289.20 providing a basic rent of £2210.80.

The Committee had great difficulty in reconciling the difference between the rents of these two flats which appear to be very similar and which enjoy the same amenities

and presumably have the same services. No explanation had been put forward by the landlords to explain the difference in the costs of the services notwithstanding that the Committee had been advised that the landlords of the flat that they factor both properties.

It has been very difficult for the Committee to find any evidence of realistic comparables in the Possilpark area. The landlords have said that the rent for all their one bedroom flats throughout the Possilpark area is set at the basic figure of £2254 with an additional cost for services yet the basic rent for one bedroom flats being set by West of Scotland Housing Association is at the lower figure of £1907. The basic rent for the registered flat at (1/1) 197 Killearn Street is £2210.80. The Committee therefore has to consider which of these basic rents figures can be considered as an appropriate figure to use as the basis of determining the fair rent of the flat.

After much discussion and serious consideration, the Committee could find no reason why the figure of £1907 for the similar neighbouring Housing Association flat at 149 Killearn Street, is inappropriate as the comparable basic rent. The Committee was prepared to increase this basic annual rent by the sum of £150 to allow for the time which has elapsed since registration of the neighbouring flat and thus provide a basic rent of £2057 for the flat.

The Committee in the second instance, carefully considered its duties under the Act with particular reference to s. 48 (1) and (2) and accordingly addressed the issues of (firstly) current rents of comparable properties and (secondly) scarcity.

In relation to current comparable open market rents, the Committee had been unable to find other market rentals for one bedroom flats in the Possilpark area. This is not an area where there would appear to be much private commercial house-letting, and it is Housing Associations who in the main are responsible for the provision of rented accommodation.

Rents of £3600 per annum had been identified for one-bedroom flats in the Maryhill and Partick areas but both of these areas were considered both by the Committee and by the landlords likely to attract higher rents and an open market rent of the flat will therefore be lower than this figure.

In relation to scarcity, the Committee is conscious of the fact that in the present climate of the private property letting market there is a strong argument that in many areas of Glasgow, the demand for rented accommodation at present is adequately met by the supply of same and no scarcity deduction is appropriate. However, the landlords' long waiting list, small turnover and absence of voids would indicate that in Glasgow there is a shortage of supply of Housing Association properties.

The Committee therefore took the view that the open market rent of the flat should be lower than those identified in Maryhill and Partick and that it is appropriate to make an allowance for scarcity for this Housing Association flat .

The Committee considered that a lower open market rent of £3000 was appropriate from which an allowance for scarcity of approximately 30% should be made and was satisfied that the resultant basic rent of £2100 sits comfortably with the basic rent figure proposed above.

The landlords had not asked the Committee to consider the calculation of a fair rent by reference to capital value.

The Committee then looked at considerable length at the whole matter of services.

It took the view that it is not acceptable for the landlords to take their total costs for all outlays and allocate on each of their 700 tenants an equal proportion of these costs.

The Services which have been listed by the Landlords and the Committee's observations thereon are:-

Back Court Maintenance £10.41 (£124.92 p.a.) The Committee took the view that a shared charge of approximately £1000 for the annual maintenance of the small back green at 165 Killearn Street is excessive.

Call out charge £1.97 (£23.64 p.a.) agreed

Door entry system 29p (£3.48 p.a.) agreed

Landlords supply and communal lighting The Committee considered only the actual costs of these services should be passed on to the tenant. No figure for these costs has been provided by the landlords. The landlords' Schedule of Services include items such as the upgrading of close lighting. This scheme was introduced by the Council in April 1997 and cannot be regarded as an ongoing service being provided by the landlords.

TV Aerial and smoke alarm. The Committee agreed that a modest cost for maintenance of these items should be passed on to the tenant.

Bulk uplift. The Committee agreed that it was inappropriate to pass on any charge to the tenants for a service which is provided freely by the Council and which the tenant states he has never used.

Without a copy of the Lease, the Committee was unable to identify if there is any provision for the service obligations of the tenant and therefore if these are contractual and variable. It therefore took the view that the services should be restricted to a modified sum for the garden maintenance, a call out charge, a modified sum for the landlords' electricity supply and maintenance of TV aerial and smoke alarm and the Committee calculated that the reasonable cost for all of these services is £88 per annum. In the absence of any evidence to the contrary, these services are non-contractual & non-variable

The Committee in conclusion, determined that the fair rent for the flat is £2145 which includes the said service costs of £88 as specified above which are less than 5% of the rent.

In reaching this decision, the Committee has had regard to all the requirements of the Act.

The Committee decision takes effect from 18<sup>th</sup> February 2006.

Chairman

**J Docherty**

Date

26th June 2006