

1999 No. 6

LANDLORD AND TENANT, ENGLAND AND WALES

The Rent Acts (Maximum Fair Rent) Order 1999

<i>Made - - - -</i>	<i>11th January 1999</i>
<i>Laid before Parliament</i>	<i>11th January 1999</i>
<i>Coming into force</i>	<i>1st February 1999</i>

The Secretary of State for the Environment, Transport and the Regions as respects England, and the Secretary of State for Wales, as respects Wales, in exercise of the powers conferred upon them by section 31 of the Landlord and Tenant Act 1985(a), and of all other powers enabling them in that behalf, hereby make the following Order:

Citation, commencement and interpretation

1.—(1) This Order may be cited as the Rent Acts (Maximum Fair Rent) Order 1999 and shall come into force on 1st February 1999.

(2) In this Order “the 1977 Act” means the Rent Act 1977(b).

Maximum fair rent

2.—(1) Where this article applies, the amount to be registered as the rent of the dwelling-house under Part IV shall not, subject to paragraph (5), exceed the maximum fair rent calculated in accordance with the formula set out in paragraph (2).

(2) The formula is—

$$\text{MFR} = \text{LR} \left[1 + \frac{(x - y)}{y} + P \right]$$

where—

MFR is the maximum fair rent;

LR is the amount of the existing registered rent for the dwelling-house;

x is the index published in the month immediately preceding the month in which the determination of a fair rent is made under Part IV;

y is the published index for the month in which the rent was last registered under Part IV before the date of the application for registration of a new rent; and

P is 0.075 for the first application for rent registration of the dwelling-house after this Order comes into force and 0.05 for every subsequent application.

(3) Where the maximum fair rent calculated in accordance with paragraph (2) is not an integral multiple of 50 pence the maximum fair rent shall be that amount rounded up to the nearest integral multiple of 50 pence.

(4) If $\frac{(x - y)}{y} + P$ is less than zero the maximum fair rent shall be the existing registered rent.

(a) 1985 c. 70; amended by S.I. 1993/651.
 (b) 1977 c. 42.

(5) In applying this article no account shall be taken of any variable sum to be included in the registered rent in accordance with section 71(4) of the 1977 Act.

(6) Subject to paragraph (7), this article applies where an application for the registration of a new rent in respect of a dwelling-house is made after this Order comes into force and, on the date of that application, there is an existing registered rent under Part IV in respect of that dwelling-house.

(7) This article does not apply in respect of a dwelling-house if because of a change in the condition of the dwelling-house or the common parts as a result of repairs or improvements (including the replacement of any fixture or fitting) carried out by the landlord or a superior landlord, the rent that is determined in response to an application for registration of a new rent under Part IV exceeds by at least 15% the previous rent registered or confirmed.

(8) For the purposes of this article:

- (a) references to Part IV are to Part IV of the 1977 Act;
- (b) "common parts", in relation to a building, includes the structure and exterior of the building and common facilities provided for the occupiers of the dwelling-houses in the building;
- (c) "index" means the monthly United Kingdom Index of Retail Prices (for all items) published by the Office for National Statistics.

Modification

3. The 1977 Act shall be modified in accordance with the Schedule.

Signed by authority of the Secretary of State for
the Environment, Transport and the Regions

Nick Raynsford
Parliamentary Under Secretary of State,
Department of the Environment,
Transport and the Regions

11th January 1999

Signed by authority of the Secretary of State for
Wales

Peter Hain
Parliamentary Under Secretary of State,
Welsh Office

8th January 1999

AMENDMENT TO THE 1977 ACT

After paragraph 9A of Schedule 11 insert—

“Maximum Fair Rent

9B. This Schedule has effect subject to article 2 of the Rent Acts (Maximum Fair Rent) Order 1999 and accordingly—

- (a) the rent officer, in considering what rent ought to be registered, shall consider whether that article applies; and
- (b) where a matter is referred to them, the committee shall consider whether that article applies and, where it does apply, they shall not, subject to paragraph (5) of that article, confirm or determine a rent for the dwelling-house that exceeds the maximum fair rent calculated in accordance with that article.”

EXPLANATORY NOTE

(This note is not part of the Order)

This Order imposes a maximum fair rent limit on the rent to be registered in respect of applications for rent registration, made after this Order comes into force, under Part IV of the Rent Act 1977, including applications made under section 13 of the Rent (Agriculture) Act 1976 and section 87 of the Rent Act 1977 (housing association tenancies).

Article 2 sets out the formula for the maximum fair rent. This is the existing registered rent for the dwelling-house plus the percentage difference between the United Kingdom Retail Prices Index published in the month immediately preceding the month in which the new determination is made and the published index for the month in which the previous rent registration (i.e. the rent registered before the current application for rent registration) was made plus 7.5% (first applications after the Order comes into force) or 5% (any subsequent applications).

Where the result of the formula would be to reduce the existing registered rent, the maximum fair rent to be registered shall be the existing registered rent at the time of the application.

Under paragraph (5) of article 2 variable service charges will not be affected by the maximum fair rent limit.

Paragraph (6) of article 2 applies the maximum fair rent limit to all applications for registered rent made after the Order comes into force where there is an existing registered rent for the dwelling-house.

Paragraph (7) of article 2 provides an exemption to the application of the maximum fair rent.

Article 3 and the Schedule to this Order make a consequential amendment to Schedule 11 of the Rent Act 1977.

The United Kingdom Retail Prices Index is published monthly by the Office for National Statistics and copies can be obtained from their offices at 1 Drummond Gate, London SW1V 2QQ (Telephone number: 0171 533 5874).