

The Renters (Reform) Bill Fact Sheet and Q&A

Introduction

The government finally introduced the Renters (Reform) Bill to Parliament on 17 May. It's one of the most important pieces of legislation for the industry in the last 30 years and will have a significant impact on both landlords and agents.

The UK Parliament still needs to confirm the timeline for its implementation, but you can [track its progress here](#).

You can also access the full 89-page document and the 106-page explanatory notes [here](#), but we've created this fact sheet if you're short on time.

Our Legal and Compliance Director David Cox has reviewed the Bill, highlighted the six main areas of change, and answered some of your key questions below.

What's in the Bill?

1. Section 21 will be abolished

The Bill removes Section 21 and repeals the entire Assured Shorthold Tenancy (AST) regime. There'll be no more 6, 12 or 24-month tenancies. Instead, everything will just be rolling month-to-month agreements.

Tenants will have to give 2 months' notice and the landlord's notice period will be anything between nothing and two months (depending on the reason).

Q. How will tenancies work in the future?

A. We're going back to the assured tenancies of the 1990s. A tenant will need to give two months' notice and landlords can only evict someone with one of the grounds for possession.

Q. Will anything replace Section 21 notices?

A. No, you will have to use a Section 8 notice going forward.

Q. What happens to existing tenancy agreements?

A. Any existing tenancies that are still in a fixed term will stay in place, despite the new legislation. The conditions of those tenancies are relevant. For example, if a Section 21 is served; it will still be valid until the Extended Date Application.

2. There will be a limit on rent increases

Landlords will only be allowed to increase the rent once a year (using the existing Section 13 notice procedure) and the notice period of a rent increase will double from 1 to 2 months.

However, tenants will have greater ability to challenge any rent rises via the First-tier Tribunal, but the tribunal will be prevented from increasing the rent beyond the amount that the landlord is asking for.

Q. Will a new periodic tenancy agreement allow for a rent increase clause within the first 12 months?

A. No, only once every 12 months.

Q. Are we allowed to take upfront payments if the tenant doesn't pass referencing in full?

A. There's nothing in the Bill preventing it.

Q. Can you give notice if a tenant refuses a rent increase?

A. No, you'll need to use one of the grounds for possession.

Q. How will the First-tier Tribunal work?

A. The tribunal will take several factors into account and may inspect the property if necessary. The tribunal can consider the quality and condition of the property as this will affect how much rent the landlord can expect.

3. Landlords will get solid grounds for repossession

Landlords have more effective means for repossessing their properties when needed.

While there's new mandatory grounds for selling, moving in and serious arrears, notice periods have been doubled from 14 days to 1 month, and 2 months in circumstances beyond the tenant's control such as the new ground if the landlord wishes to sell the property.

For the new ground of repeated serious arrears, eviction will be mandatory where a tenant has been in at least two months' rent arrears three times within the previous

three years, regardless of the arrears balance. However, they will prevent tenants from being evicted under this ground if it's a result of bad timing in their benefit payments. This protection will not prevent Deductions from Benefits Orders.

Q. How would a landlord get their property back from a tenant who is not at fault?

A. They wouldn't. They would need a ground for possession to use the courts. The only option would be to come to a commercial agreement with the tenant to surrender the tenancy.

Q. Under the new "Landlord intends to sell the property" ground, is there any clarity on what "intends" actually means? If the property is marketed and doesn't sell or the landlord changes their mind and decides to seek another tenant, does the previous tenant have a case against the landlord?

A. Yes, they would. A landlord cannot re-let a property for 3 months after obtaining vacant possession. Also, landlords can't use this new ground during the first 6 months of a tenancy and must include in the tenancy agreement that they may use this ground in future.

Q. Can a landlord evict the tenant if the property has previously been a holiday let or if the landlord wants it to become a holiday let?

A. They're abolishing the existing ground that allows landlords to evict a long-term tenant if the property has been used as holiday accommodation in the 12 months prior to the start of the tenancy and the longer-term tenancy is for a fixed term of no longer than 8 months. There is no ground for landlords to evict tenants to change the type of let.

4. Tenants will have the right to request pets in a property

Tenants can formally request to have a pet, and landlords won't be able to unreasonably withhold consent.

Pet insurance will also be a 'permitted payment'.

Q. What reasons will a landlord have to refuse a pet?

A. Landlords can't be unreasonable, so the government may issue guidance on what "reasonable" means.

Q. What could happen when a Head Lease stipulates no pets?

A. That will probably be considered a reasonable refusal.

Q. With the pet changes, can we now charge the tenant an insurance policy to pay for damages?

A. Yes, it will be a Permitted Payment under the Tenant Fees Act. You can either ask the tenant to obtain and pay for it, or the landlord can take out the policy and charge the tenant.

5. A new Ombudsman will be created for the sector

A single Ombudsman will exist to improve dispute resolution. It will cover all private landlords, regardless of whether they use an agent.

Q. How will the ombudsman scheme work for landlords that use an agent? Will we be on that register?

A. No, it's not for agents. Just the landlord and the property. Agents have to be registered in their own right under separate legislation.

6. A mandatory property portal will exist

All landlords will need to register both themselves and their properties on a new property portal. This will ensure tenants, landlords and local councils have the information they need.

Landlords will not be able to let a property until they are registered on the portal, and lettings agents can't advertise a property if the landlord and the house isn't registered.

Both registration numbers must be shown in all marketing and there'll be significant financial penalties for anyone breaking the rules.

Q. Should the property portal replace the existing licensing schemes?

A. It should, but it won't.

Q. What will the penalties be for non-compliance? For agents and landlords.

A. The penalty for landlords will be either a fixed penalty notice of £5,000 for the first offence and £30,000 for second and subsequent offences. Tenants will also be able to apply for a Rent Repayment Order of up to 12-months. Agents will be liable if they market a property for rent without the correct registrations.

What's not in the Bill?

Here's a list of key areas that were in the initial White Paper but haven't been included in the Bill:

- The promise that the industry would be given at least 6 months' notice from Royal Assent to the in-force date. The promise that there will be at least twelve months between the in-force date and the Extended Application Date has also not been included. This will now be set out in secondary legislation.
- The plan to prohibit blanket bans on "No DSS" and renting to families with children.
- Encouraging landlords to allow reasonable requests by tenants to redecorate, hang pictures or change appliances.
- Any solutions for a lifetime deposit scheme, also referred to as "deposit passporting", where a tenant's deposit is transferred from one landlord to the next without first being returned to the tenant.
- A Decent Homes Standard for the private rented sector.
- The planned pilot schemes with local councils to trial improvements in the enforcement of existing standards and explore different ways of working with landlords to speed up the adoption of the Decent Homes Standard.
- Any meaningful strengthening of local councils' enforcement powers.
- Court reform of any description.

How long will it take?

The government will implement the new legislation in two stages:

1. Specific timing will depend on when Royal Assent is obtained, but at the first implementation date, all new tenancies will be periodic and governed by the new rules.
2. All existing tenancies will transition to the new system on the second implementation date, known as the "Extended Application Date". On this date, all existing ASTs will automatically transition to Assured tenancy. There will be no renewals. When fixed term ASTs end, the tenancies will automatically transition to a periodic Assured tenancy.



Keep informed about the Renters (Reform) Bill by joining David Cox's News Hour each month.

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