



OVERVIEW OF THE RENTERS REFORM BILL AND ITS IMPLICATIONS

TIMINGS OF THE RENTERS REFORM BILL

On 24 April, the Renters Reform Bill passed through the House of Commons with a number of amendments agreed and will now enter the House of Lords.

Assuming there are no further delays, the Government is under pressure to ensure that the Bill receives Royal Assent before the General Election, which must take place before 28th January 2025, but will likely be held in either October or November of this year. Once the Bill receives Royal Assent, most of the provisions will come into effect on the first “commencement date”, within six months, while the remainder of the provisions will come into effect at the second commencement date, which will be within 12 months of the first.

For those tenancies already in place on the first commencement date, there will be transitional arrangements for the implementation of many of the changes, including the abolition of Section 21, the abolition of fixed term tenancies, the new implied right for tenants to have pets, and changes to rent increases for existing tenancies. The majority of these will most likely be implemented at the second commencement date.

OBJECTIVES OF THE RENTERS REFORM BILL

The Bill aims to rebalance the rights and responsibilities of renters and landlords through a number of objectives, including:

- **Enhancing Tenant Security:** Providing tenants with greater security and stability in their rented accommodation.
 - **Improving Standards:** Setting minimum property standards ensures that rented properties meet basic safety and habitability requirements, improving living conditions for tenants.
 - **Addressing Affordability:** Discussions around removing automatic rental increases seek to address the issue of affordability, particularly in areas where rental prices are rising quickly.
 - **Balancing Rights:** The Bill aims to strike a balance between the rights of tenants and landlords, ensuring fairness and transparency in the renting sector.
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To achieve this, the Bill proposes several key changes, including:

- **Abolition of Section 21:** A main aim of the Bill is to simplify tenancy structures by transitioning all tenancies to periodic contracts. This means that a tenancy will end only if the tenant chooses to leave, or if the landlord has a valid reason. This removes the need for Section 21 'No Fault' evictions, which currently allows landlords to evict tenants without providing a reason.
- **Changes to Section 8:** Following the removal of Section 21, which comes with the pledge to improve the courts process for landlords before the changes come into effect after the second commencement date, landlords will need to use Section 8 of the Housing Act 1988 to regain possession of their property, typically by providing grounds for eviction, which will also include a number of new and strengthened grounds for eviction.
- **Periodic contracts:** The Bill will end fixed term tenancies. This change will come in two stages whereby all new tenancies from the first commencement date will be on periodic contracts.
- **Changes to minimum notice periods:** All existing fixed term tenancies will transition to periodic contracts at renewal or the second implementation date. Tenants will be given the right to end their tenancy at any time providing they have lived in the property for a minimum of four months and give an additional two months' notice. Landlords will also be able to give tenants two months' notice should they wish to sell or move into their rental property, while notice periods for other grounds (anti-social behaviour, rent arrears, etc.) will continue to vary. The timing for this change will, again, refer to the different commencement dates for new and existing tenancies.
- **Minimum Property Standards:** The Bill includes an amendment to the Housing Act 2004 that, for the first time, sets minimum property standards to ensure that rented properties meet certain criteria for safety and habitability.



Landlords should also be aware of:

- Rent reviews will be restricted to one per year, with a two-month notice period.
- An overhaul of Rent Repayment Orders will provide additional recourse for tenants or local authorities to go to a tribunal if a landlord commits certain offences.
- A ban on “no children” and “no DSS” advertising.
- In addition to strengthened grounds for eviction due to anti-social behaviour, tenancy agreements will also be required to contain clauses setting out forms of behaviour that are likely to lead to eviction.
- Once a property has been repossessed on the grounds of a sale or owner occupation, it cannot then be re-let on a short term basis by the landlord.
- Tenants will be allowed to keep a pet, as long as the landlord consents within 42 days of the request being made.
- Landlords will be required to sign up to a new digital property portal to help them understand and demonstrate compliance with their legal requirements.

WHAT THIS MEANS FOR TENANTS

For tenants, the Renters Reform Bill should offer greater security, stability, and improved living standards. While some critics have argued that the Bill does not go far enough to support tenants, the abolition of Section 21 will mean that tenants will no longer face the threat of eviction without valid reasons and be granted greater flexibility in choosing when to end their lease. Additionally, minimum property standards will ensure that tenants enjoy safe and habitable living conditions.

On the flip side, the removal of fixed term contracts means that tenants will no longer be able to lock themselves into long term tenancies with their rents fixed at a specific amount.

WHAT THIS MEANS FOR LANDLORDS

The Bill poses several potential challenges to landlords, including:

- **Reduced Flexibility:** The removal of Section 21 will limit landlords' ability to regain possession of their property without sufficient grounds, for which they may need to go to court (at the expense of time and money), potentially reducing their flexibility in managing their properties.
- **Financial Implications:** Periodic tenancies increase the possibility of a higher turnover of tenants, which could result in additional administrative costs and time spent securing a new tenant.
- **Compliance Costs:** Landlords may have to spend money to ensure that their properties comply with minimum property standards. Furthermore, there will be additional administration costs to sign up to the new property portal.



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