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# THE RENTERS' RIGHTS BILL

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### **ABOUT RICHARD SNAPE**

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**Lecture is aimed at:** Property professionals and fee earners involved in both contentious and noncontentious property work

**Learning Outcome:** To give an increased knowledge of the subject matter. To update on current issues, case law and statutory provisions and to be able to apply the knowledge gained in the better provision of a service to the client.

#### Satisfying Competency Statement Section: B – Technical Legal Practice

For further information please see http://www.sra.org.uk/competence

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#### THE RENTERS' RIGHTS BILL 2024/25

The Renters (Reform) Bill was introduced into Parliament on May 17<sup>th</sup> 2023. When Parliament was dissolved on May 24<sup>th</sup> 2024 it had passed through the Commons but was only at first reading in the House of Lords and was dropped. The Renters' Rights Bill is the replacement. It received 1<sup>st</sup> reading on September 11<sup>th</sup> 2024. It passed through committee stage on November 5<sup>th</sup> 2024 with very few changes. There were over three hundred amendments suggested by the House of Lords but all have been rejected. It went through committee stage of the House of Lords on May 15<sup>th</sup> 2025 and started report stage on July 1<sup>st</sup>. It is touch and go whether it receives the Royal Assent by the summer recess on July 22<sup>nd</sup>. Implementation is expected between October and early next year. It is 149 clauses and five schedules long and much has little impact on conveyancing. Most provisions apply to England only, the Welsh Government having already abolished assured tenancies and replaced them with occupation contracts under the Renting Homes (Wales) Act 2016 which came into force on December 1<sup>st</sup> 2022. In Wales occupation contracts have replaced assured tenancies. The occupier must be given at least 6 months fixed term and after the end of this period must be given at least 6 months notice to quit. They must also be given a written statement of the terms of the occupation contract within 14 days of the contract being entered into. Non-compliance may result in the occupier being repaid rent and also there being no ability to serve notice.

#### **ASSURED TENANCIES**

The definition of an assured tenancy is in S.1 Housing Act 1988. The lease must constitute a tenancy of a dwelling-house let as a separate dwelling to an individual or individuals as their only or principal home. This will not include sharing accommodation with the landlord or genuine licences such as lodgers or service occupiers. Merely calling something a licence will not suffice, see *Street v Mountford [1985] AC809.* However, see *A.G. Securities v Vaughan [1990] 1AC417* where occupiers who were unknown to one another in advance and were given different agreements on different dates were held to be occupying under licences. In Wales, licences can give rise to occupation contracts.

Company lets are also excluded from the definition. In *Hilton v Plustitle [1989] 1WLR 149*, the occupier was required to purchase an off the shelf company and became managing director who then gave themselves occupation. This was a valid exclusion of the Act as a company cannot be an individual. Whether such methods will be used in the future with the end of short hold tenancies remains to be seen.

Various exclusions are contained in Schedule 1 of the Act:

- Where the rent is £250 or less, or £1,000 or less in London per annum;
- If the rent is more than £100,000 per annum;
- Business tenancies including mixed business residential under the Landlord and Tenant Act 1954;
- Where agricultural land exceeding 2 acres is let with the land;
- Agricultural holdings and farm business tenancies;
- Lettings to students by specified educational institutions;
- Genuine holiday lets;
- Resident landlords; and
- Crown tenants.

The Government state in their explanatory notes that Purpose Built Student Accommodation cannot give rise to an assured tenancy. This is wrong as the exemption only applies to student accommodation let out by specified educational institutions. The Government are now intending to exclude Purpose Built Student Accommodation from the assured tenancy regime if the landlord has agreed an approved code of practice, i.e. ANUK or Unipol.

Under Clause 1 of the Bill all assured tenancies will be periodic based on the rent but with a maximum period of one month. Unlike the previous Bill this will apply retrospectively on implementation to all existing assured tenancies. The Tenant will be able to give two months notice at any time and there is no exemption for student accommodation. If a leaseholder is permitted to sub-let for a fixed or minimum term but not on a periodic tenancy, this clause will be rewritten to

allow sub-letting on a periodic tenancy. If the leaseholder lawfully granted a subtenancy that is periodic, then they will not be in breach of their own lease.

## The above may cause problems as currently in England any joint tenant can give notice which binds all: see *Hammersmith and Fulham Borough Council v Monk* [1992] 1AC478.

Under Clause 2 S.21 notices and assured shorthold tenancies will be abolished. If a S.21 notice has been served prior to commencement this will still be valid. However, for new tenancies a S.21 notice cannot be served until the lease is 4 months old and as at least 2months notice is required it may be too late to serve notices on new tenants in the near future.

Clause 32 will solve the problem of creating an assured tenancy where the ground rent is more than £250 p.a. or more than £1000 p.a. in Greater London for a lease from January 15<sup>th</sup> 1989 onwards. In the future assured tenancies will not be able to be created for more than twenty-one years or if the tenancy was granted prior to the Act coming into force for more than seven to twenty-one years or during the following two months or at the end of that period under a contact entered into before the end of that period. Regulated home purchase plans, i.e. equity release and Islamic mortgages are also exempted. The problem has already been solved in Wales where occupation contracts cannot be for more than 21 years.

#### A summary of other changes

Ground 1 for possession will be expanded. Currently the Landlord or one of joint Landlords or their spouse or civil partner can require possession as a residence. In future this will also include cohabiting couples, siblings, parents, grandparents, children and grandchildren. There will be no need for a notice to be served no later than entering into the tenancy agreement. Currently, Ground 1 can only be used if a landlord wants to occupy as their only or principal home or has occupier as their only or principal home in the past and wants possession. They also must give written notice of this Ground no later than the entering into of the tenancy agreement.

Under Ground 1A the Landlord will be able to obtain possession if they want to sell. Unlike the previous Bill this will not be able to be used for the first year of the tenancy agreement and will require four months notice.

Under Ground 2 the mortgagee will be able to obtain possession if they wish to sell and will not need a notice served no later than entering into the agreement.

Ground 8, defined rent arrears will go up from two months to three months and the time between serving a notice seeking possession and court application will go up from two weeks to four weeks.

There are various other provisions such as introduction of a Decent Homes Standard and introduction of Awaab's Law whereby safety problems must be dealt with quickly to the private sector. There will also be provisions preventing a blanket ban on pets, benefits tenants or children (with modifications this will apply to Wales). The Landlord will be prevented from allowing bidding

wars. They will have to state the maximum rent they will accept and will not be able to accept a greater amount.

#### **Duty to Provide a Written Statement**

S.16D will be added to the Housing Act 1988. It will apply to all assured tenancies other than those arising by implied surrender of a previous tenancy agreement between the same parties. The Landlord or their agent must give a written statement to the tenant before entering into a tenancy agreement. There are exceptions such as on succession to an assured tenancy where the statement must be given within 28 days. The detail of this will be down to Regulations but it will include:

- I. The tenancy;
- II. The property;
- III. The tenant;
- IV. The Landlord; and
- V. The rights of the landlord and tenant.

On failure to comply with the above the local housing authority may impose a financial penalty of no more than £7,000. The Landlord will also be limited in the grounds for possession which they can use.

#### **Purporting to Terminate the Tenancy**

There will be a new S.16E of the Housing Act 1988 whereby a landlord or their agent must not:

- I. Purport to let on a fixed-term penalty;
- II. Purport to bring a tenancy to an end by notice to quit;
- III. Purport to bring a tenancy to an end orally;
- IV. Serve a purported notice to possession; and
- V. Purport to rely on a ground to possession if they do not believe that they will succeed.

Failure to comply may result in a penalty of no more than £7,000.

#### **Rent Control**

S.13 of the Housing Act 1988 will be amended. The rent for an assured tenant will only be able to be increased by the statutory procedure and at no less than yearly intervals unless the tenancy is a relevant low-cost tenancy of social housing granted by a housing association.

There will be a minimum period of two months notice prior to the rent increase and not one month as is the case currently. Any attempts to include a contractual rent review will be void and may give rise to a penalty.

The tenant may apply free of charge to a first tier tribunal to question the increase rent which can be no more than a market rent. Unlike currently the tribunal cannot increase the rent to that beyond which the landlord has stated in the notice. No application may be made if the rent payable under the tenancy is pursuant to a previous determination under S.16 or more than 6 months have elapsed since the beginning of the tenancy.

#### **Rental Bidding Wars**

Any advertising of a tenancy must state what the maximum rent will be. A tenant can bid up to that value, but a landlord cannot accept a bid above the value. Failure to comply may give rise a penalty.

#### Guarantors

If the guarantor became a party to an assured tenancy guarantee after commencement of the legislation, then if a sole tenant dies, they will no longer be liable for rent. If two or more tenants die, they will not be liable after the last of the tenants die. If there are two or more tenants and the guarantor only guarantees a family member then they cease to be liable when the family member dies. If there are two or more family members, they cease to be liable when the last of the family members dies.

#### **Prohibition of Rent in Advance**

Schedule 1 of the Tenant Fees Act 2019 will be amended in relation to assured tenancies. Initially a rent of no more than a month in advance may be paid but anything more will be prohibited. This may cause problems in relation to people who cannot find guarantors in the UK such as overseas students who will not be able to pay yearly in advance.

A landlord must not encourage an assured tenancy to make a prohibited pre-tenancy payment of rent, accept an offer to make a prohibited pre-tenancy payment or accept a prohibited pre-tenancy payment of rent. A letting agent will be under the same obligations.

Rent will not be able to be claimed for any time beyond the tenant's notice.

#### **Other Duties**

S.16E Housing Act 1988 will prohibit certain actions by a relevant person in an assured tenancy. A relevant person will usually be the landlord or someone acting for them or purporting to do so. This will include letting agents. The relevant person will be prohibited from purporting to let for a fixed term, purporting to bring the tenancy to an end or requiring that it is brought to an end orally or via notice to quit. They are also prohibited from serving a purported notice of possession or specifying a ground that the person does not reasonably believe that the landlord may be able to get possession on, for example purporting to sell in the first year of the tenancy. Breach may give rise to either prosecution by the local authority or a fine of up to £40,000.

#### **Mandatory grounds**

1. Occupation by landlord or family

The landlord or their close family member wishes to move into the property. Cannot be used for the first 12 months of a new tenancy. Notice period of 4 months. The notice may be served during the 12 months. Current notice is 2 months.

A. Sale of dwelling-house

The landlord wishes to sell the property. Cannot be used for the first 12 months of a new tenancy. Notice period of 4 months. The notice may be served during the 12 months. If the landlord does not then sell the property either freehold or grant a lease of more than 21 years duration they will not be able to grant a lease of the premises for another 16 months. This will include holiday lets.

B. Sale of dwelling-house under rent-to-buy

The landlord is a private registered provider of social housing and the tenancy is under a rent-to-buy agreement. Notice period of 4 months.

2. Sale by mortgagee

The property is subject to a mortgage and the lender exercises a power of sale requiring vacant possession. Notice period of 4 months. Current notice is 2 months.

A. Possession when superior lease ends

The landlord's lease is under a superior tenancy that is ending. Can only be used by private registered providers of social housing, agricultural landlords, a person who held the dwelling for the purposes of making it supported accommodation or a company majority owned by a local authority. Notice period of 4 months.

B. Possession when superior lease ends

The landlord's lease is under a superior tenancy that is coming to an end or has ended. Can only be used if the superior lease was for a fixed term of over 21 years. Notice period of 4 months.

C. Possession by superior landlord

After a superior tenancy ends, the superior landlord becomes the tenant's direct landlord and seeks to take possession. Can only be used where the intermediate landlord prior to reversion was a private registered provider of social housing, agricultural landlord, a person who held the dwelling for the purposes of making it supported accommodation or a company majority owned by a local authority. Notice period of 4 months.

3. Possession by superior landlord

After a superior tenancy ends, the superior landlord becomes the tenant's direct landlord and seeks to take possession. Can only be used where the superior lease was for a fixed period of over 21 years and has expired, or within a 12 month period of the fixed term expiry date, if the fixed term has been ended early. Or if the superior tenancy comes to an end after the expiry of the fixed term as a result of a valid notice. Notice period of 4 months.

4. Student accommodation

In the 12 months prior to the start of the tenancy, the property was let to students. Can only be used by specified educational establishments. Notice period of 2 weeks. Granting leases of holiday accommodation outside the holiday period will no longer be a ground for possession.

A. Properties rented to students for occupation by new students

A HMO is let to full-time students and is required for a new group of students in line with the academic year. Cannot be used if the tenancy was agreed more than 6 months in advance of the tenancy starting (i.e. the tenant moving in). Notice period of 4 months. Note that this only applies to Houses in Multiple Occupation where there are two or more people who are not related in the premises. The notice must terminate the occupation between June 1<sup>st</sup> and September 30<sup>th</sup>.

#### 5. Ministers of religion

The property is held for use by a minister of religion to perform the duties of their office and is required for occupation by a minister of religion. Notice period of 2 months.

- A. Occupation by agricultural worker
  The landlord requires possession to house someone who will be employed by them as an agricultural worker. Notice period of 2 months.
- B. Occupation by person who meets employment requirements A private registered provider of social housing holds the property for use by tenants meeting requirements connected with their employment and it is required for that purpose (and the current tenant does not fulfil those requirements). Notice period of 2 months.
- C. End of employment by the landlord Previously ground 16 (expanded). The dwelling was let as a result of the tenant's employment by the landlord and the employment has come to an end OR the tenancy was not meant to last the duration of the employment and the dwelling is required by a new employee. Notice period of 2 months.
- D. End of employment requirements A private registered provider of social housing included an employment requirement in the tenancy agreement that the tenant no longer fulfils (e.g., key worker). Notice period of 2 months.
- E. Occupation as supported accommodation The property is held for use as supported accommodation and the current tenant did not enter the tenancy for the purpose of receiving care, support or supervision. Notice period of 4 weeks.
- F. Dwelling-house occupied as supported accommodation The tenancy is for supported accommodation and one of the circumstances set out in the ground, making the accommodation no longer viable or suitable for that tenant, has occurred. Notice period of 4 weeks.

G. Tenancy granted for homelessness duty

The property has been used as temporary accommodation for a homeless household, under s193 of the Housing Act 1996, and a local housing authority has notified the landlord that the tenancy is no longer required for that purpose. The landlord can only use this ground if within 12 months of the date of the notice from the local housing authority. Notice period of 4 weeks.

H. Occupation as 'stepping stone accommodation'

A registered provider of social housing or a charity lets to a tenant meeting eligibility criteria (e.g., under a certain age) at "affordable rent", to help them access the private rented sector and/or transition to living independently, and the tenant no longer meets the eligibility criteria, or a limited period has come to an end. Notice period of 2 months.

#### 6. Redevelopment

The landlord wishes to demolish or substantially redevelop the property which cannot be done with the tenant in situ. Various time limits and/or notice requirements exist for this ground depending on the circumstances. The landlord and tenancy must be of the kind listed in the table. A relevant social landlord who intends to carry out redevelopment work and seeks possession on Ground 6 either through case A or B will need to provide alternative accommodation that meets specific conditions set out in case A or B and is either available or will be available when an order for possession takes effect. Notice period of 4 months. Current notice is 2 months.

#### A. Decant Accomodation

The tenant has been provided with alternative accommodation by a relevant social landlord while redevelopment affecting the tenant's original home is carried out. Notice period of 4 months.

#### B. Compliance with enforcement action

The landlord is subject to enforcement action and needs to regain possession to become compliant. Under this ground, the court will be allowed to require the landlord to pay compensation to the tenant when ordering possession. Notice period of 4 months.

#### 7. Death of tenant

The tenancy was passed on by will or intestacy, and proceedings began within the requisite period of 12 months. The ground can only be used if the new tenant wasn't living in the property immediately before the previous tenant died, the previous tenant also inherited the tenancy or it is a "special tenancy", e.g. supported accommodation. Notice period of 2 months.

#### A. Severe Anti-social Behaviour/Criminal Behaviour

The tenant has been convicted of a type of offence listed in the ground, has breached a relevant order put in place to prevent anti-social behaviour or there is a closure order in place prohibiting access for a continuous period of more than 48 hours. Landlords can begin proceedings immediately. Currently one month notice is required.

B. No right to rent

At least one of the tenants has no right to rent under immigration law as a result of their immigration status and the Secretary of State has given notice to the landlord of this. Notice period of 2 weeks.

8. Rent arrears

The tenant has at least 3 months' (or 13 weeks' if rent is paid weekly or fortnightly) rent arrears both at the time notice is served and at the time of the possession hearing. Notice period of 4 weeks. Current notice is 2 weeks.

#### **Discretionary grounds**

- 9. Suitable alternative accommodation Suitable alternative accommodation is available for the tenant. Notice period of 2 months.
- 10. Any rent arrears

The tenant is in any amount of arrears. Notice period of 4 weeks. Current notice is 2 weeks.

#### 11. Persistent arrears

The tenant has persistently delayed paying their rent, notice period of 4 weeks. Current notice is 2 weeks.

12. Breach of tenancy

The tenant is guilty of breaching one of the terms of their tenancy agreement (other than the paying of rent). Notice period of 2 weeks.

#### 13. Deterioration of property

The tenant has caused the condition of the property to deteriorate. Notice period of 2 weeks.

#### 14. Anti-social behaviour

The tenant or anyone living in or visiting the property has been guilty of behaviour causing, or likely to cause, nuisance or annoyance to the landlord, a person employed in connection with housing management functions, or anyone living in, visiting or in the locality of the property. Or the tenant or a person living or visiting the property has been convicted of using the premises for illegal/immoral purposes, or has been convicted of an indictable offence in the locality. Landlords can begin proceedings immediately

A. Domestic Abuse

A social landlord wishes to evict the perpetrator of domestic violence if the partner has fled and is unlikely to return. Notice period of 2 weeks.

B. Rioting

The tenant or another adult living at the property has been convicted of an indictable offence which took place at a riot in the UK. Notice period of 2 weeks.

#### 15. Deterioration of furniture

The tenant has caused the condition of the furniture to deteriorate. Notice period of 2 weeks.

#### 16. False statement

The tenancy was granted due to a false statement made knowingly or recklessly by the tenant or someone acting on their instigation. Notice period of 2 weeks. Current notice is 2 months.

#### 17. Supported accommodation

The tenancy is for supported accommodation and the tenant is refusing to engage with the support. Notice period of 4 weeks.

#### **DISCRIMINATION AGAINST TENANTS**

#### Right to request permission to keep a pet

New sections 16A B and C will be added to the Housing Act 1988. It will be an implied term of assured tenancies that the tenant may keep a pet with the landlord's consent unless the landlord reasonably refuses. The request must be in writing and the landlord must respond within 28 days. The request must include a description of the pet. It is reasonable for a landlord to refuse consent where this would be a breach of a lease with a superior landlord. The tenant may apply to a court for an order of specific performance if the landlord unreasonably refuses consent. The landlord can require insurance to cover damage caused by the pet. The definition of a pet is an animal kept by a person mainly for personal interest, companionship, or ornamental purposes or a combination of the above. This does not apply to social housing. A Government amendment has been tabled whereby pet insurance will not be required.

#### Discriminating in relation to children or benefits status

Clause 34 prohibits bans and restrictions in the private sector on the basis that the child would live with or visit a person at the property, or any conduct which might otherwise effectively constitute a restriction. The provision applies to assured tenancies apart from social housing or supported accommodation. Behaviour is permissible if the conduct is proportionate in relation to achieving a legitimate aim or to fulfil conditions of an existing insurance contract. An example of proportionate means might include, for instance, property which is too small and might breach overcrowding regulations.

#### **Discrimination relating to benefits**

Clause 35 prohibits discrimination against the letting of private renting sector properties to people in receipt of benefits. This will not apply if the discrimination is necessary to fulfil conditions of an existing insurance contract. Nothing prevents the tenant's income being taken into account.

#### **Other provisions**

Any term in a lease preventing a child living with the tenant or visiting them will be void unless proportionate to achieving a legitimate aim or the landlord's insurance has such a condition. If the insurance was entered into or the duration extended on or after the day the provisions come into force will be void. Any term of the mortgage preventing the above will also be void.

Breach of anti-discrimination provisions may result in the local authority serving a financial penalty of no more than £7000. If the breach continues after the end of 28 days of the penalty, there may be another penalty.

#### **DECENT HOMES STANDARD: CLAUSE 98 AND SCHEDULE 4**

There will be a new system for assessing housing conditions and enforcing housing standards under the Housing Act 2004. This will primarily involve local authority housing that will be down to regulations in relation to assured tenancies, regulated tenancies and supported housing. This will be down to consultation in the future. The requirements will apply to the majority of the private rented sector. Social housing let by registered providers will be excluded as they are already required to meet Government standards. They will also apply to a small number of homes let as social housing which are not provided by registered providers. The Secretary of State will also introduce regulations requiring remedying of hazardous occurrences in dwellings under relevant tenancies or licences in England within a set time. This is an enshrinement of Awaab's Law which already applies to housing associations. It will apply to private sector assured tenancies or regulated tenancies from prior to January 15<sup>th</sup> 1989 under the Rent Act 1977.

#### PRIVATE RENTED SECTOR DATABASE

A database will be established by a database operator determined by the Secretary of State. This must contain entries regarding existing or prospective residential landlords, dwellings which are or intend to be let under a residential tenancy and residential landlords that have received a banning order or conviction or financial penalty in relation to a relevant banning order or a conviction or regulatory action as specified in regulations. There will be regulations in relation to making entries on the database. There may be a grace period in relation to entries that this cannot exceed 28 days.

#### **REDRESS SCHEME**

The Secretary of State will pass regulations providing for a Landlord Redress Scheme. Residential landlords or their representatives will have to join such a scheme, and the fee will be determined by the regulations. The scheme must provide for the independent investigation and determination of complaints of prospective, current and former tenants. A prospective tenant is someone who requests information about a home being marketed as a private rented sector property, visits of request to visit the property or makes an offer to rent the property. Simply viewing information about the property is not enough, e.g. looking online. The scheme provider can require the landlord or agent to apologise or can require damages. There will also be a mediation service to settle disputes.

#### **ENERGY PERFORMANCE OF BUILDINGS**

On April 1<sup>st</sup> 2018 S.49 Energy Act 2011 came into force whereby if a lease on less than 99 years which requires an Energy Performance Certificate is granted it should have a minimum energy rating of E. The proposal was to reduce this for residential leases to C rating by April 2025. In September 2023 the Government announced that this would not be possible by this time. In September 2024 the Labour Government announced that the minimum rating would go down to C by April 2030. Currently, an extension may be applied for in residential leases if reducing to E rating would cost more than £3,500 in which case the cost would be capped at £3,500. This is being consulted on to increase the cap to £10,000.

On February 7<sup>th</sup> 2025 the Government announced a new method of deciding the energy performance of buildings would be consulted upon with a view to introducing it in the latter half of 2026. Separately, they announced that the minimum rating for new residential leases would go down to C by April 2028 and to existing leases by April 2030. The cost cap would go up to £15,000.

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