

The Renters' (Reform) Bill ("the Bill") was introduced to Parliament on 17 May 2023 and, if passed, will overhaul the residential tenancy regime in England. Its aim is to create a fairer rental market. We summarise some of the key proposed changes under the Bill that are relevant to both landlords and tenants of residential properties in England.

Key Changes

1. Section 21 "No Fault" Evictions to Be Abolished

Landlords are currently able to regain possession of their rental properties at the end of a fixed tenancy by issuing a Section 21 notice to the tenants. Currently, tenants must be given at least two months' notice to vacate the property.

The Bill confirms plans to abolish "no fault" evictions under Section 21 of the Housing Act 1988. This would require landlords to go through the court system to regain possession of their properties and landlords will only be able to evict a tenant in reasonable circumstances as set out in the Bill.

2. Confidence for Landlords

The Bill proposes to strengthen the hands of landlords to end a tenancy agreement if they have grounds of lawful eviction. This includes:

- a. A new mandatory ground for repeated serious arrears where a tenant has been in at least two months' rent arrears three times within the previous three years. The court would then make an eviction order regardless of the arrears balance at the time of hearing.
- b. A new ground for landlords if they wish to sell the property or move themselves or family into their rental property (this applies after a tenant has been in the property for at least six months).
- c. Further new grounds of possession in relation to temporary accommodation for homelessness and sectors that give accommodation tied to employment.
- d. Improving landlords' ability to recover possession of properties when dealing with antisocial tenants.

It remains to be seen, if passed, how the Bill will be workable. The reforms set out under the Bill will mean that landlords are likely to now have to go to court to recover possession of properties, which may involve lengthy and expensive proceedings.

3. Fixed-term Tenancies to Be Scrapped and Periodic Tenancies Introduced

The Bill aims to simplify existing tenancy structures and the government proposes that all rental properties will be under a periodic tenancy – rolling over on a weekly or monthly basis – and meaning that tenancies will not have an end date.

It is envisaged that these changes will be implemented in two stages. After the first stage, all new tenancies must be periodic moving forward and the government will give at least six months' notice of this first stage. At the second stage, all existing tenancies will be transitioned to periodic tenancies.

4. Rent Increases

The Bill details plans to end the use of automatic rent increases and rent reviews. In cases where rent increases are disproportionate, the government aims to ensure that tenants are able to challenge unjustified rent increases through the courts.

Under the Bill, landlords would be required to follow a prescribed statutory process in order to increase rents and terms that allow rent increases outside of the statutory mechanism will be of no effect.

5. Reformed Court Process

Wide-ranging reforms are promised under the Bill targeting areas that delay possession proceedings and there is a desire to strengthen mediation services to prevent avoidable evictions.

Other notable proposals are:

- Tenants will have more rights to keep pets at home – landlords cannot unreasonably withhold consent and subject to the landlord requiring pet insurance covering damage to the property.
- A property portal is to be introduced including a database of residential landlords and privately rented properties in England to assist landlords to comply with their legal requirements.
- The Bill enables the government to approve or designate one or more redress schemes, which all private landlords will be required to join. The intention is that the government will introduce a new Ombudsman. The Ombudsman is intended to provide fair, impartial and binding resolution to issues and to be quicker, cheaper and less adversarial than the court system.

Takeaways

The Bill is undoubtedly tenant-friendly, although the reforms of the grounds for possession intend to ensure that the new regime will be fair and efficient from a landlord's perspective.

The Bill, introduced to Parliament on 17 May 2023, will need to pass through Parliament before becoming law. MPs are to consider and debate the Bill in further readings in the House of Commons.

If you are a landlord or a tenant affected by these changes and require advice, do get in touch with our experienced property litigation team.

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