

## Research Note – Changes in Lieu of Renters Reform Bill

From improving renters positioning in rental arrangements, government promised to produce a reform, hence the Renter Reform Bill.

### **Overview of the Bill:**

- Abolishment of Section 21 – and transition to a simpler tenancy structure, where all tenancy is periodic. So that, they can face tenants' poor practices and unfair rent increases heads on.
- Induction of comprehensive possession grounds – allowing landlords to recover their property (including selling of property and moving in with family). Smoother to repossess for cases where tenants are at fault.
  - o Grounds claimed to repossess the land can either be mandatory or discretionary. For Mandatory Grounds, judges must award possession, given landlord can evidence the ground is met. Discretionary Grounds allow a judge to conder where awarding of possession is reasonable, even where ground has been established.

Ground	Explanation	Notice Period	Mandatory / Discretionary
Moving in	Landlord or close family members wishing to move back.	2 months	Mandatory
Selling	Landlord wishing to sell the property	2 months	Mandatory
Selling (rent to buy)	Landlord being a private registered buyer of social housing, and there is rent to buy agreement.	2 months	Mandatory
Mortgage Repossession	Property stand subjected to a mortgage and the lender exercises a power of sale requiring vacant possession.	2 months	Mandatory
Superior Lease Ending	Social / Agricultural landlord lead is under a superior tenancy that is terminated by the superior landlord	2 months	Mandatory

Superior Lease Ending	Landlord's lease is under a superior tenancy that is more than 21 years and is coming to an end.	2 months	Mandatory
Possession by Superior Landlord	After a superior tenancy ends, superior landlord of a social housing provider or agricultural tenant becomes the tenant's direct; landlord, and seeks to take possession	2 months	Mandatory
Possession by Superior Landlord	After a superior lease of more than 21 years ends, the superior landlord becomes the tenant's direct landlord and seeks possession	2 months	Mandatory

And many other grounds, which can be found here: [Guide to the Renters \(Reform\) Bill - GOV.UK \(www.gov.uk\)](#)

- Stringent protection against backdoor eviction – allowing tenants to appeal on above market rents. Rents increase will be capped on market value, while independent tribunal will make a final verdict on that.
- Introduction of a new private Rented Sector Landlord Ombudsman – a must join for private tenants, for fair, impartial and binding resolutions and, less adversarial than Court system.
- Creation of a Private Rented Property Portal – assisting tenants understanding their obligations and demonstrating compliance.
- Establishing tenants' right to request a pet in the property – which the landlord must consider and cannot unreasonably refuse.
- Application of Decent Homes Standard to Private Rented Sector – for provision of safe and better value homes. This will help in delivering of Government's Levelling UP mission to halve the number of non-decent rented homes by 2030
- Illegal for landlords and agents to have blanket bans on renting to tenants – ensuring no one is unjustly discriminated when finding their new home.
- Strengthening Local Council's enforcement power to report on enforcement activity.

#### **Current Eviction Mechanism:**

- Private tenancies are governed by Housing Act 1988.

- Landlords are obligated to serve a legal notice for termination of a tenancy. For when tenants refuse to leave, landlord must resort to Court, where instruction to bailiffs can follow, to enforce eviction.
- Contemporarily, landlord can evict tenants without putting forth a reasonable reason, Section 21. Leading to the tenant getting 2-month notice. After which a mandatory eviction order is follows.
- Another ground for seeking possession is Section 8 – listed scenarios where landlord can evict a tenant, i.e. notice period.

#### **Need for the reform:**

- Section 21, landlord can evict a tenant in any circumstance. Tenants are disadvantaged, feeling insecure in their own homes, getting slapped with unexpected evictions. Interrupting their daily life chores.
- It has been evidenced that some landlords have been using Section 21, for rogue intent, to evict tenants, how voice their complains about legitimate issues.
- Current system doesn't work for landlord either. Many tend to struggle in recovering the property, when they have faced anti-social and wilful non-payment of rent.

#### **New Eviction Mechanism:**

- While the Section 21 is to be abolished, other rights of possession have been strengthened.
- Landlord will be able to repossess the property, following the grounds mentioned above and in the following link, [Guide to the Renters \(Reform\) Bill - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/674442/Guide_to_the_Renters_Reform_Bill_-_GOV.UK.pdf).
- For when landlord seeks possession suing Section 8 grounds, the process is like what was of Section 21.

#### **Once Enforced, how will tenant end a tenancy:**

- By giving 2 months' notice, while the end date will need to align with the end period of rent.
- For the initial 6 months, tenant will be unable to end the tenancy, unless the landlord has agreed.
- Moving further, after first 6 months have elapsed, tenant can end tenancy at any point, if 2-month notice is served.

#### **What evidence will be expected of a landlord:**

- In a scenario, where tenant does not leave upon serving an eviction notice, landlord will be needed to prove to court that they are seeking possession for reason amongst the ones specified in the legislation.

- For what to prove is upon the landlord, it can be per say, that the landlord has instructed his agent / solicitor that he wishes to sell the property.

#### **Mechanism for increment in Rent:**

- Section 13 will be the only route for increase in rent, requiring landlord to submit a simple form (will be able on GOV.UK), and to be served to the tenant.
- Upon accepting the change, tenant just have to pay the revised amount from the next rent day.
- Increased rent can be challenged through referring the case to First-tier Tribunal, it has to be before the starting date of new proposed rent, and tenants have to notify landlords of their doing.

#### **Implementation of the Reforms:**

- At minimum 6 months' notice will be provided of first implementation date, post-date, all new tenancies will be periodic and governed by the new rules. Date being reliant upon when it receives the Royal Assent, and when the Court is ready to adapt the changes.
- To go around two-tier rental sector tier rental sector, and assuring that landlords and tenants are aware of their rights, all active tenancies will transition to a new system on the second implementation date. After which, tenants will be protected from the horrors of Section 21, and landlord will have set of arsenals to defend their claims of repossession. There will be a 12-month gap, between the two stages.

#### **Reform impact on *Students*:**

- It has been acknowledged that student rental market operates in a different way. Therefore, it remains on the agenda to induce a reform which shall adapt with yearly cycle of short-term student tenancies.
- Private Purpose-Built Student Accommodations (PBSA), will remains exempted given they have joined government approved codes from the tenancy regime, being governed under the Protection from Eviction Act 1977.

#### **Private Rented Sector Landlord Ombudsman:**

- This service will be mandatory for all private landlords. Ombudsman will assist tenants in challenging actions of landlord, without having the need to resort to Court. Free redressals for when landlord has failed to comply with legitimate complaints, such as behaviour of landlord, standards of the property, and repairs not being completed in reasonable time frame. Ombudsman can compel landlord to issue apology to tenants, take remedial action or even pay compensation of up to £25,000.

- Membership of the Ombudsman will be mandatory for private landlords. Local Councils will be able to take enforcement action against those who fail to join. There will be a civil penalty for £5,000 and up to £30,000 or criminal prosecution and potential for a Banning Order for repeat offenders.
- Furthermore, landlord is subject to whatever Ombudsman decides. Failure to comply with their decision will lead to expulsion of their membership, until they have complied.
- As soon as Royal Assent is given, landlords will be expected to sign-up with the Ombudsman.

#### **How will Ombudsman safeguard tenant rights, and resolve their complaints:**

- Complaints will be expected to be raised in first instance, and landlords will have reasonable time to address the issue.
- If the tenant is not satisfied with how landlord has dealt with their complaint, issue can be escalated to the Ombudsman – who will investigate independently, and have the final say on the matter.
- Upon the findings of the investigation, should the Ombudsman agree with the tenant, that the landlord acted unreasonably or unjustly. Ombudsman can instruct landlord to take or cease taking an action, issue an apology, and / or award compensation.

#### **What kind of complaints fall in Ombudsman purview?**

- The jurisdiction of Ombudsman will encircle around actions, inactions, behaviours of landlord which have caused harm or inconvenience.
- There is no list of such complains, thus allowing Ombudsman with much need discretion, to consider circumstantial scenarios.

#### **Landlords complaining about tenants:**

- No, Ombudsman scheme operates to provide services to consumers seeking redress against their members, their role circumventing around protection of consumers.
- Ombudsman will not favour tenants or landlords, albeit, their decision making will be impartial, intending for a good landlord-tenant relationship and sustaining of tenancies.

#### **Process of Joining Ombudsman, repercussions if they don't:**

- Legal requirement will be levied upon landlord to join the Ombudsman. Available via telephone, online and through offline registration process.
- Landlord will be required to present their name, contact information, address, and private rented property details.

- A fine of up to £5,000 is waiting for when landlord breaches ombudsman membership requirement.
- Members will also be required to pay for mandatory redress scheme, variable upon the property.

#### **Will the Ombudsman scheme cover lettings agent?**

- No, they stand outside the purview of this scene.
- There are already two existing schemes for Property Managers and Agents: Property Ombudsman, and Property Redress Scheme.

#### **How would tenant know, whether to go for PRS Landlord Ombudsman or Existing Agent Redress Scheme:**

- There is no wrong place for a complain being made by the tenant, as both bodies work for the same goal, redressal mechanisms for the tenant. Thereof, once initiated, it will be referred on to the right body with input from the complainant.
- For where the complain falls in purview of both schemes, the provision for cooperation in the bill allows the schemes to work jointly on the matter and even issue joint decisions.

#### **Landlords who use agents, required to join?**

- Even having agent, will not them discharge them of their behaviour, they will still retain legal obligations to tenants, especially around standards and repairs.
- For where agents are at fault, landlords and tenants both can receive redressal through existing scheme against agents.

#### **Ombudsman, First Tier Tribunal and Local Councils:**

- Ombudsman – provide fair, impartial and binding solution to matters relating to property standards, repairs, maintenance and poor landlord practice and behaviour in the sector.
- First Tier Tribunal – court system, Ombudsman may reject case being on merit, or more effective to be held in Court. Ombudsman will not consider cases which have already been heard by the First Tier Tribunal.
- Local Council – enforcers, minimum regulatory standard.

#### **Which organization will take on role of new Ombudsman?**

- As per Government's approach, it is likely that Housing Ombudsman Service will take up the role and streamline service for social and private tenants.

