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Renters (Reform) Bill: An Overview

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AGENDA



[AS INTRODUCED]

A
B I L L
TO

Make provision changing the law about rented homes, including provision abolishing fixed term assured tenancies and assured shorthold tenancies; imposing obligations on landlords and others in relation to rented homes and temporary and supported accommodation; and for connected purposes.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

- 1. Context
- 2. Early changes
- 3. Headlines
- 4. Grounds for possession
- 5. LRS and PRS database
- 6. Enforcement & penalties
- 7. Shared ownership
- 8. Transitional provisions
- 9. What next?



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Context





CONTEXT

- **1980s:** Principal housing acts
- **2016 (& 2022):** Renting Homes (Wales) Act
- **2017:** “Once-in-a-generation overhaul of housing laws”
- **2019:** Manifesto pledge
- **June 2022:** “A fairer private rented sector” white paper
- **17 May 2023:** Bill introduced to Parliament
- **NOTE:** TBC – amendments, additions, further regulation...



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**Early changes &
matters to come**



Changes to the Bill

NRLA & propertymark



INDUSTRY NEWS SALLY WALMSLEY 26/05/2023

Renters Reform: Action needed on student lets

NRLA warnings that ending fixed term tenancies for student lets could decimate the sector are gaining momentum – with the association to continue to lobby Government for change.

The Renters (Reform) Bill, published last week, outlined proposals to end most fixed-term tenancies, including those currently offered to students in the private rented sector to cover the academic year.

The Government claims the move will strengthen tenants' rights, however student landlords say introducing indefinite periodic tenancies will render their business models unworkable, making it near-impossible to operate in the market.

To add insult to injury the Government has exempted purpose-built student accommodation (PBSA) from the new rules, meaning that in high-end build-to-rent 'halls' and apartments bosses will still retain the right to use the fixed term.

Clause to exempt to guarantee vacant possession

An article in The Telegraph today, 23 May 2023, states Michael Gove MP, Secretary of State for Levelling Up, Housing and Communities, is now considering an amendment to the Renters (Reform) Bill introduced into Parliament on 17 May 2023. An amendment to this would be expected to allow landlords to guarantee vacant possession for the next cohort of students and to retain their yearly let business model. A specific clause would then be added to the Bill for privately let student property.

A government spokesperson stated they will continue to engage on these measures to ensure things work for both parties, as they feel the vast majority of students move out at the end of the academic year and will not be impacted.

To come

Private Rented Sector White Paper (June 2022)



- Apply the Decent Homes Standard to the private rented sector
- Make it illegal for landlords and agents to have blanket bans on renting to tenants in receipt of benefits or with children
- Strengthen local councils' enforcement powers and introduce a new requirement for councils to report on enforcement activity
- A modern, digital Court service, prioritisation of ASB cases
- End-to-end digitisation of court process
- **What about lifetime deposits – a manifesto pledge?**





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Headlines



What's IN



STRUCTURE OF THE BILL

HEADLINE MEASURES

CHANGES TO TENANCIES

SECTION 21



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Changes to possession grounds



Possession claims

Clauses 3 & 4; Schedule 1 Annex B, Explanatory Notes



Amended Grounds	New Grounds	Repealed Grounds
1* - occupation by landlord or family	1A* & 1B* – sale of demise	3 – holiday accommodation
2* – sale by mortgagee	2ZA* – superior lease ends	
4** – student accommodation	2ZB* – previously owned by PRP etc.	
5* – Ministers of religion	5A* – occupation by agricultural worker	
5C* – former ground 16; occupied by reason of T's employment (now mandatory)	5B* & 5D* – occupational requirements for tenancy and their end	
6* – redevelopment	5E & 5F – return to use as supported accommodation/use effectively	
7* – death of tenant	5G – homelessness duty	
8 – rent arrears	6A* – to allow compliance with enforcement action	
14 – 'capable of' rather than 'likely to cause' ASB	8A – repeated rent arrears	
	18 – non cooperation with supported tenancy	

Possession Grounds

The highlights



1. Ground 14 – the ASB ground – replaces likely to cause a nuisance with capable of causing a nuisance (similar wording to ASB injunction).
2. New mandatory rent arrears ground - 8A – where rent arrears of at least 2 months/8 weeks on 3 separate occasions in 3 years prior to service of NSP
3. For ground 8 – the mandatory rent arrears ground – if UC housing costs unpaid and entitled to it then this rent element is ignored.
4. 2 years (not 1) to seek possession where tenancy devolved under will or intestacy – Ground 7
5. New mandatory grounds, including:
 - 2ZA: superior lease ends
 - 5A/5B: to accommodate employees of landlord
 - 5G: no longer needed for s.193 full (homelessness) housing duty

Notice seeking possession

The changes – clause 3



1. Can issue Ground 7A case immediately after notice (28 days at present – reviews??) – s.8(4)
2. Longer periods of notice – 4 weeks – for rent grounds (14 days at present) – s.8(4AA): *and Grounds 5E, 5F, 5G, 8A & 18*
3. Those grounds starred on previous slide have a 2 months provision (& ground 9), and those double starred have a 2 weeks provision & grounds 7B, 12, 13, 14ZA, 14A, 15 & 17).
4. *A tenant's notice to quit is extended to 2 months unless a shorter period is agreed – in or outside the tenancy agreement - between the parties – clause 14.*

Orders for possession Clause 3

At least 14 days from service of NSP if only grounds made out are 7A and/or 14 – s.7(5B).



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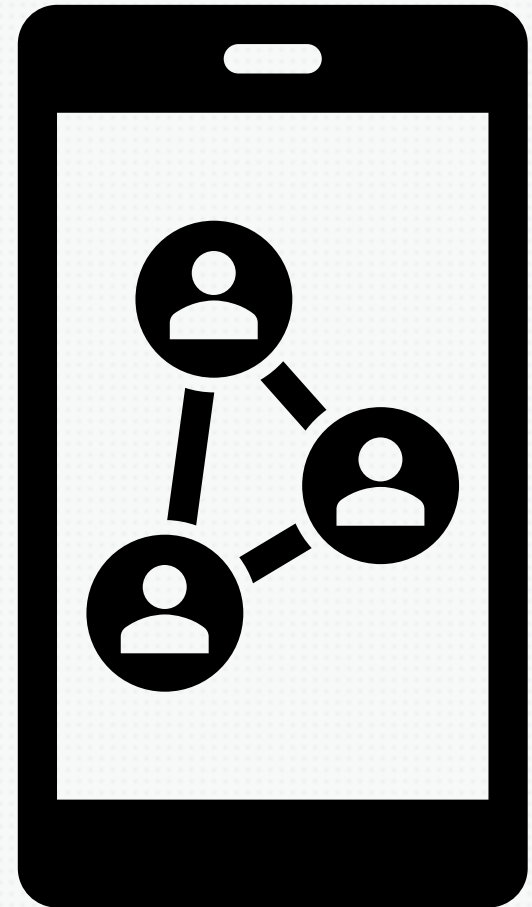
Landlord Redress Scheme and PRS database



Landlord Redress Scheme and Private Rented Sector database



- **New Landlord Redress Scheme**
 - Private landlords **must** join
 - Aims to resolve issues more efficiently
- **New PRS database or “Property Portal”**
 - Residential landlords
 - Privately rented properties





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**Financial penalties &
enforcement**



Enforcement: offences, financial penalties and procedure



- Financial penalties & offences
 - New ss.16E-H HA 1988
 - Unlawful eviction
- Landlord redress scheme
- PRS Database
- Further provision – procedure, appeals and proceeds





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Shared ownership



Current position

shared ownership



- Most landlords are private registered providers of social housing
- Subject therefore to “ordinary” tenancy provisions of the Act: *Richardson v Midland Heart Ltd* [2008] L.&T.R. 31
- Forfeiture therefore only required if assured tenancy status lost – e.g. no longer living at the property as T’s only or principal home
- Despite being ‘long leases’ – though not for Part 2, Commonhold & Leasehold Reform Act 2002 purposes, s. 76 - SOs are assured shorthold tenants – not exempt by Schedule 1, Housing Act 1988
- SOs are long leases for FtT purposes and so s.168, CLRA applies (i.e. determination of breach before s.146 notice): s.169(5), CLRA

Proposed change

Clause 21



- New paragraph to Schedule 1, Housing Act 1988 (tenancies which cannot be assured tenancies)
- This will encompass fixed term tenancies of more than 7 years from date of grant of tenancy
- In those cases where either possession proceedings are commenced - or if not commenced the notice seeking possession has been served and is still 'live' (i.e. 12 months has not expired since it's service – s. 8(3), Housing Act 1988) - before this provision is brought into force, the SO arrangement remains assured
- Possession proceedings will therefore be exclusively a question of forfeiture
- Landlords will have to be very alive to waiver actions (e.g. acceptance or demand of rent)/impact
- Right to manage/enfranchisement/lease extension? *Avon Ground Rents Ltd v Canary Gateway (Block A) RTM Co Ltd*



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Transitional provisions



Transitional provisions

Clause 68, Schedule 4



- In Schedule 4 – and see later regulations
- Section 21 proceedings may continue and tenancy remains an AST
- Rent increases before the extended application date will be protected
- Pre-extended application date conduct will not attract financial penalties/criminal offence
- Updated statement of terms not required if pre-commencement tenancy wholly or partly in writing but L is required to advise T in writing of changes brought in by Act
- Pre-Act NTQs valid



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What next?



WHAT NEXT?



**POLITICAL
REACTION**

PARLIAMENT

••• Conclusion:
••• A “better deal for renters”?

What is promised by the Government



“The Renters’ Reform Bill is the first, important step to levelling up the Private Rented Sector and rebalancing the relationship between tenants and landlords. It will provide the legislative basis to deliver on the comprehensive reforms outlined in this White Paper...Our reforms will create a Private Rented Sector that is fit for the 21st century, with equal access to decent rented properties across the country and the security for tenants to make their house a home.”

White Paper

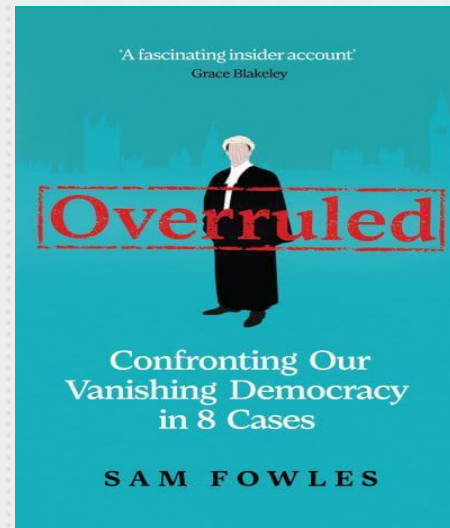
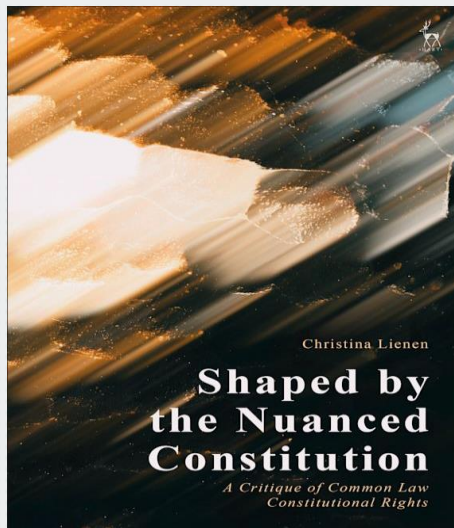
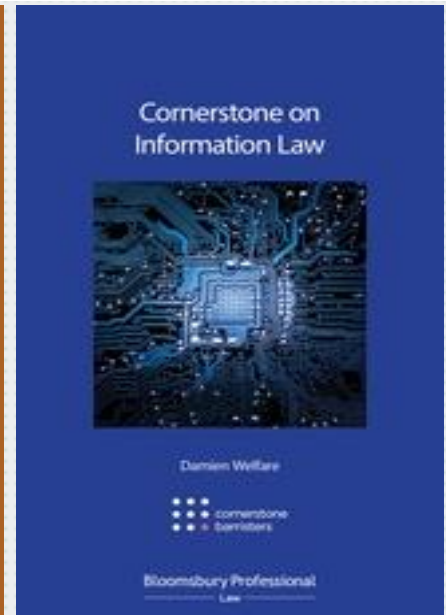
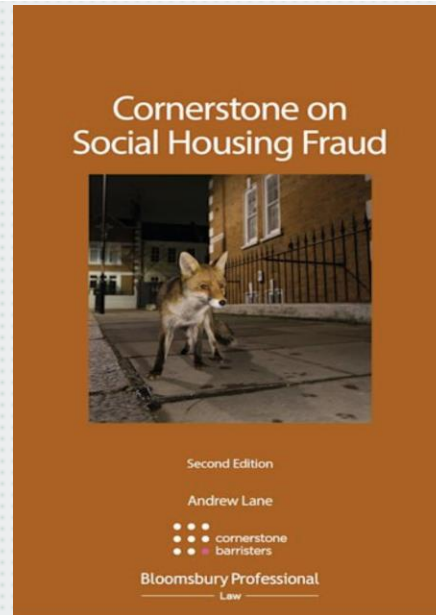
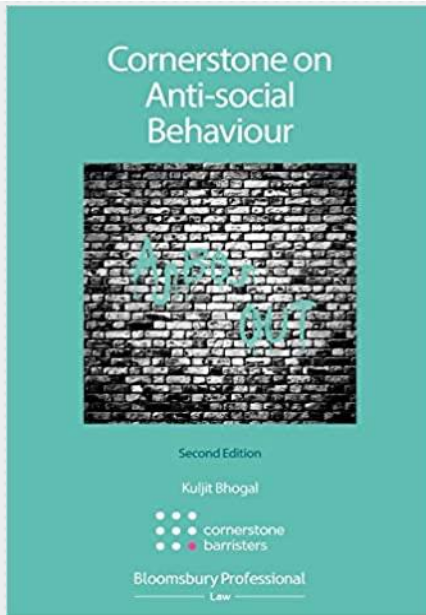
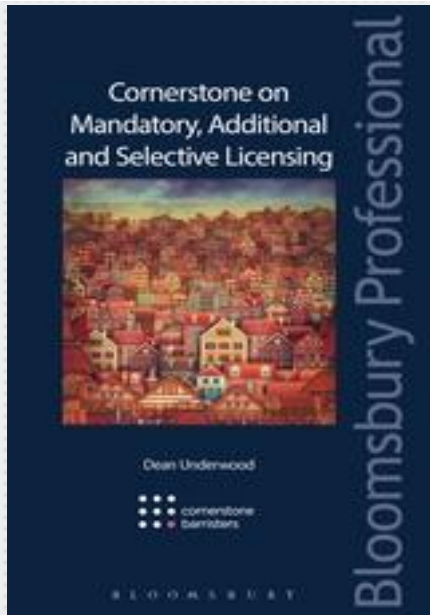
“Our new laws introduced to Parliament today will support the vast majority of responsible landlords who provide quality homes to their tenants, while delivering our manifesto commitment to abolish Section 21 ‘no-fault’ evictions. This will ensure that everyone can live somewhere which is decent, safe and secure – a place they’re truly proud to call home.”

Michael Gove M.P., Secretary of State for Levelling Up, Housing and Communities

Questions



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