



Where are we now?

The Renters Rights Bill had its first reading in the House of Commons on 11 September and is speeding its way through with a second reading scheduled for immediately after the conference recess on 9 October. It is widely anticipated that the Bill will proceed smoothly and quickly containing as it does many of the same provisions as the previous Renter's Reform bill.

Key headlines

Section 21 Abolition

As we anticipated in our previous article the abolition of Section 21 no fault evictions is the headline change to the previous Renter's Reform Bill. In addition, there will be no provision for the Lord Chancellor to assess the county court evictions process prior to this coming into force. Despite suggestions otherwise most county courts remain overwhelmed and this will worsen when no fault evictions which are handled on paper change to Section 8 evictions which all require a hearing and therefore more court time.

It is intended that once the Bill comes into force all existing tenancies will automatically become periodic and governed by the new rules and therefore anybody who wants to remove a problem tenant or sell their property now will be looking to commence Section 21 proceedings immediately before they are left unable to do so. This could lead to a large number of tenants looking for new properties in a market with less properties for them to rent. One of the things the Government wants to prevent is bidding wars between prospective tenants, but these are likely to happen before laws come into force preventing them!



Grounds for eviction

There are some other unexpected changes which could leave smaller landlords who pay a mortgage or cannot absorb rent arrears in substantial difficulty. Tenants must now be three months in arrears of rent before a Section 8 notice can be served which is an increase from the current two months. The period between the Section 8 notice being served and proceedings being issued will increase from 2 to 4 weeks which is likely to hit those landlords who do not have deep pockets the hardest.

Landlords whose own circumstances may change will also be disadvantaged with a one-year moratorium on selling their rental property or moving in and a four month notice period being required. This will be a bitter pill to swallow for anybody who ends up needing to move back into their rental property or who for whatever reason needs to sell the property quickly.

It is not just landlords who will lose out with these proposals, mortgage lenders and superior landlords who need to recover possession of a property will now have to give four months' notice before commencing proceedings.

Tenancy period

Tenants will be able to give two months' notice at any time from the commencement of their tenancy. The Renters Reform Bill had proposed that there be an initial four months before notice could be served creating a minimum six-month tenancy. The danger here is that people might use properties as some kind of short term let and give notice almost immediately upon commencement because they only have an intention of staying for two or three months. Short term lets have never been popular in the sector and this is likely to be an unintentional cause of making all tenancies periodic. Landlords whose tenants move with any regularity will end up paying more in agency fees and potentially wipe out any profit they have.

Rent

Agents will be required to state what the proposed initial rent is when advertising a property and will not be able to accept a higher figure from a tenant who offers more. Fines will be imposed for anybody who does.

The rules in relation to rent increases will also differ. Tenants must be served a section 13 by their landlord giving two months' notice of a rent increase. That can be challenged by the tenant and the First-Tier Tribunal who will hear that challenge cannot determine the rent be higher than the proposed rent by the landlord. There will almost certainly be a tactical approach to this from tenants who will appeal any proposed rent increase because the Tribunal will have the ability to delay the start date of their new rent by between two and four months.

Awaabs law

As anticipated, this will be brought in but now there are no details yet as to how it will work in the private sector.

And finally – Pets

Tenants will still be able to request that they keep a pet, and a landlord must reply more swiftly than originally anticipated with only a 28-day window being given for them to respond.

We do not anticipate much challenge or change to this bill as it proceeds to the second reading in October but we will keep you informed and if you do have any queries about these proposed changes and how it will affect you as a landlord then please contact our team.



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