

# Renters' Rights Bill

**The Renters' Rights Bill is anticipated to become law within the next few months and will affect three key areas for residential landlords: rent, length of occupation, and increased regulation. Strutt & Parker are on hand to advise you on the steps you can take now to prepare for the upcoming law, and how you can comply with it.**

## Rent

### SETTING RENTS

- **New Lettings:** Landlords must advertise new lettings at a fixed rent. Landlords and their agents cannot accept rent above this fixed amount (but can accept a lower rent).
- **Rent Review:** Rent reviews will be controlled under the Housing Act 1988 section 13 process and contractual rent reviews will be banned. Rent increases cannot be above market rent.

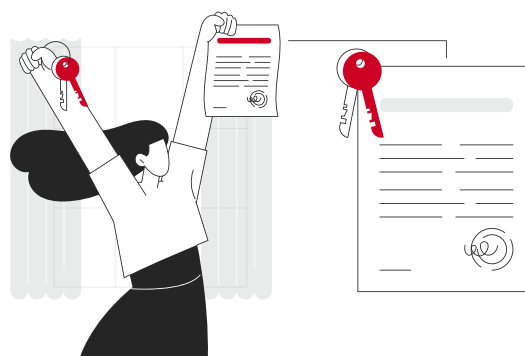
Rent reviews can only be carried out once in every 12 month period. The 12 month period begins on the date of determination of the previous rent (and so if the rent was determined by the court, it cannot be increased again until 12 months after this date of determination).

**Strutt & Parker has the market intelligence to advise you on the appropriate rent for your property throughout the letting.**

### CHALLENGING RENTS

- **New Lettings:** If the tenant considers that the initial contractual rent is above market rent, they can challenge this rent at the First Tier Tribunal (FTT) within the first 6 months of the tenancy.
- **Rent Review:** If the tenant considers the landlord's proposed rent at rent review is above market rent they can challenge this proposal at the FTT.

The FTT has the power to revise the starting rent and any rent review proposal to the lower of (i) market rent and (ii) the starting contractual rent/proposed rent (as applicable). The FTT will not revise the rent upwards if it determines the market rent is above the starting rent or proposed rent.



A court determined rent will be payable from the date determined by the FTT.

- In determining the starting rent, the FTT can set the payment date from the date of the tenant's application: i.e. the court can back-date the period of the new rent.
- In determining a rent review, the FTT can set a payment date from the date of determination or from the start of the next rental payment period: i.e. the tenant would pay the previous passing rent from the rent review date to a date on or following the FTT determination.

**Rent levels must be carefully considered and Strutt & Parker can assist you to justify any set rent, with comparables and other data to evidence market rent.**

### RENT PAYMENTS

Landlords can only collect one month's rent in advance. Other rent payments periods, such as quarterly or yearly rent payments, will not be permitted. Where an existing tenancy provides for multiple months' rent to be paid in advance, e.g. quarterly, half-yearly or yearly, such provision will become ineffective; however there may be a delayed commencement of the reform applying to existing tenancies to take account of any advance payments in credit.

**Strutt & Parker can advise on tenant referencing and security, and can assist with rent collection throughout occupation.**

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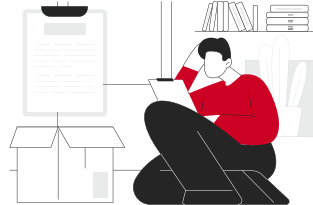
# Length of Occupation

**Fixed Terms banned:** The tenancy term will match the rent payment frequency and both will be a maximum period of one month. All existing tenancies will automatically convert to monthly periodic tenancies on commencement of the Bill.

**Strutt & Parker can assist you with our updated tenancy documents which will accommodate the upcoming legal changes.**

## TERMINATIONS

**Tenant termination:** Tenants will have a day 1 rolling right to quit on 2 months' notice without cause.



### Landlord terminations:

- Landlords will no longer be able to terminate the tenant's occupation without cause. Section 21 of the Housing Act 1988 will be abolished and landlords will not be able to serve section 21 notices after the commencement date of the Bill.
- Landlords can only terminate a tenancy through the specified grounds set out in the Housing Act, and only then with the satisfaction of the court. Each ground has a different notice period and evidential burden and the Bill has updated many of these grounds for possession. These updates include granting a landlord possession for: :
  - rent arrears of 13 weeks/3 months (increased from 8 weeks/2 months);
  - a landlord occupying for themselves or their family, or selling the property (in each case on condition that the tenant has been in occupation for at least a year);
  - the property was let as a result of the tenant's employment with the landlord and the employment has come to an end.
- Once a tenant is in occupation only the tenant can end the tenancy, unless one of the specified grounds exists.

**Strutt & Parker can advise you on the full list of specified grounds. Landlord possession claims will have to be granted by a court and landlords will need to prove that the relevant specified ground exists. We can guide you through the possession process and can introduce you to a specialist legal advisor who can prepare the necessary documents to regain occupation.**

## SECURITY

- Rent deposits will remain capped at 5 weeks' rent, and it will no longer be possible to collect more than one month's rent in advance.
- Guarantors will be unaffected, save that their guarantee will be limited to a one month rolling term. Landlord costs for obtaining a guarantor remain banned by the Tenant Fees Act.

**Strutt & Parker will continue to provide tenant referencing and can advise on the appropriate tenant security for your letting.**

# Increased Regulation

## PETS

Tenants will have the right to request pets. Landlords must not unreasonably withhold consent to such a request (and consent may be conditional on the tenant obtaining pet insurance to cover for any damage caused).



## NEW DOCUMENTS

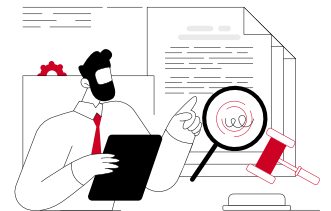
Under the new law landlords must issue a statement of terms before the start of all new tenancies and within one month of the law coming into effect for all existing tenancies. Details of the content of this statement are to be confirmed.

## NEW REGISTRATIONS

- Landlords must register (and pay a fee) for a new tenant redress scheme. The scheme will aim to resolve disputes in the first instance. Landlords cannot market the property or recover possession unless they are registered. Details (including the fee sum) are still to be confirmed by the government.
- Landlords must register (and pay a fee) for a new landlord database into which they will also upload compliance documents (assumed to be EPC, fire safety certificate etc). Each property must be registered, and landlords will be given a unique property reference number for use when marketing. Landlords cannot market the property or recover possession unless they are registered with the database. Details (including the fee sum) are to be confirmed.

## NEW STANDARDS

- Properties must comply with the Decent Homes Standard. Details of this Standard are still to be confirmed, but it will relate to the state of repair of the property and its facilities.
- New terms are implied into assured tenancies that the landlord will resolve issues where hazards pose a serious risk to the health and safety of the resident and the household ("Awaab's Law"). Response times require investigation within 14 days, with emergency works to begin within 24 hours and non-emergency works to begin within 7 days. Further details are to be confirmed.



**Strutt & Parker can assist you with the additional registration and regulatory requirements. We can also continue to assist you with lease events and tenant requests.**

For the finer things in property.

