

Outline of the Renters Rights Bill

Biggest piece of housing legislation in 40 years.

Background to the Bill

- The most recent English Housing Survey found that 37% of private tenants who moved from privately rented accommodation did not end their tenancy by choice.
- Children from low-income households in insecure housing experience worse educational outcomes, reduced levels of teacher commitment and more disrupted friendship groups, than other children.
- Section 21 'no fault' evictions are also resulting in tenants feeling unable to challenge poor standards in their home
- In addition to this housing insecurity, the PRS currently offers the poorest quality housing of all tenures.
- 1.6 million children are struggling with damp, mould or excessive cold in their home
- Variation in enforcement of existing standards across England can also leave tenants and landlords frustrated and allow criminal operators to thrive.

There are 4 main parts to the Bill:

- 1. Tenancy Reform**
- 2. Residential Landlords**
- 3. Decent Homes Standards**
- 4. Enforcement**

Part 1 Tenancy Reform

Section 21

- An end to Section 21 evictions, giving renters more security and stability. This will apply to both new and existing tenancies at the same time.
- The Government is committed to ending Section 21 evictions as soon as possible.

Grounds for Possession

- Strengthened rights for landlords to reclaim properties when it's necessary, for example to sell or move in. Tenants will benefit from a 12-month protected period at the beginning of a tenancy, during which landlords cannot evict them to move in or sell the property.
- A new ground for possession will allow landlords renting to students in HMOs to seek possession ahead of each new academic year, facilitating the yearly cycle of short-term student tenancies.

Tenancy Agreements & Types

- All tenancies must have a written tenancy agreement. This will ensure that all parties' rights and responsibilities are clear should a dispute arise.
- All tenancies will be periodic assured tenancies rather than Assured Shorthold Tenancies. Tenants will be able to stay in their home until they decide to end the tenancy by giving 2 months' notice. Fixed-terms will be banned.

Rent increases

- Within-tenancy rent increases will be limited to once per year to the market rate. Tenants will be able to challenge the unfair rent increases at the First-tier Tribunal.

Pets

- Through the Bill, every tenant will have the right to request a pet, which a landlord cannot unreasonably refuse. Tenants will be able to challenge unfair decisions.
- The Bill will allow landlords to require insurance covering pet damage. This will provide landlords with reassurance that any damage caused by a pet can be taken care of, and that the responsibility for preventing and resolving damage caused by a pet will fall to the tenant.

Rental Discrimination

- The Bill will make it illegal for landlords to discriminate against tenants who receive benefits or who have children when letting their property.
- This applies to both overt discriminatory practices, such as 'No DSS' adverts, and situations where landlords or letting agents use other indirect discriminatory practices.
- Landlords and agents will still have the final say on who they let their property to and can carry out referencing checks. They will be able to do this based on affordability.

Rental Bidding

- The Bill will end the unfair practice of pitting renters against each other in bidding wars.
- Landlords and letting agents will be required to publish an asking rent for their property.
- Asking for, encouraging, or accepting any bids above this price will be prohibited.
- Councils will have powers to impose civil penalties on landlords and anyone acting directly or indirectly on their behalf up to £7,000 for breaches.

Rent in Advance

- Requiring multiple months of rent in advance places considerable financial strain on tenants and can exclude some people and families from renting altogether.

- The Bill will end the practice of landlords demanding large amounts of rent in advance from tenants looking to secure a tenancy.
- Landlords and letting agents will be prohibited from requiring or accepting any payment of rent before a tenancy agreement has been signed. In addition, a landlord will only be able to require up to one month's rent in the window between a tenancy agreement being signed and that tenancy beginning.

Part 2 Residential Landlords

Private Rented Sector (PRS) Database

- The PRS Database is an intelligence tool for local councils that will benefit tenants and landlords.
- The database will provide a 'one stop shop' for landlords allowing them to access relevant guidance through a single 'front door'.
- It will offer local councils more data about private rented sector properties.
- Landlords must register before advertising or letting property, with penalties for non-compliance
- It becomes a duty for Housing Authorities to enforce the requirements placed on landlords to populate and update the database

Note – there is not a lot of information available as to how they will work including who will administer it. Likely that some of the fees payable will be made available to LAs.

Will come into force at a later date than some of the other measures in the Bill.

Private Rented Sector (PRS) Landlord Ombudsman

- All private landlords in England with assured or regulated tenancies will be required by law to join a new PRS Landlord Ombudsman.
- Tenants will be able to use the service for free to complain about a landlord's actions or behaviours.
- It will offer fair, impartial and binding resolution for tenants, and will have powers to compel landlords to issue an apology, provide information, take remedial action, and/or pay compensation.

Decent Homes Standard

- Applying a Decent Homes Standard (DHS) to privately rented homes will ensure tenants benefit from homes that are safe and decent. Currently only applies to social housing.
- The Bill will allow regulations to be made setting out DHS requirements for private rented sector homes. This will help landlords by clarifying requirements and establishing a level playing field.
- Proposals to implement new Minimum Energy Efficiency Standards (MEES) aimed at improving tenant welfare through warmer homes and

low energy bills for privately rented sector, will be set out in a consultation planned for early 2025.

- Landlords in the private rented sector will need to make improvements to their properties by 2030 to meet the MEES of EPC C. Local authorities will be provided with effective and proportionate enforcement powers.

For info:

Decent Homes Standard ensures that properties (currently only social housing) are in a reasonable state of repair, have reasonably modern facilities (e.g., kitchens and bathrooms) and provide a suitable degree of thermal comfort, ensuring proper insulation and heating.

Decent home standard must meet following criteria:

1. Meets the current statutory minimum standard for housing - free from any 'category 1' hazards (the more serious hazards under HHSRS)
2. In a reasonable state of repair - fails this if:
 - any of the key building components (eg roof, chimneys, external walls, windows, heating, plumbing, electrics) are old and, due to condition, need replacing/major repair
 - two or more other (not 'key') building components are old and, due to condition, need replacing/major repair
3. Has reasonably modern facilities and services - must have 3 or more of:
 - reasonably modern kitchen (20 years old or less)
 - kitchen with adequate space and layout
 - reasonably modern bathroom (30 years old or less)
 - appropriately located bathroom and WC
 - adequate insulation against external noise (where external noise is a problem)
 - adequate size and layout of common areas for blocks of flats.
4. Provides a reasonable degree of thermal comfort -effective insulation and efficient heating.

We are expecting more information and guidance to follow on this requirement.

Awaab's Laws

- The Renters' Rights Bill will extend Awaab's Law to privately rented homes, currently only applies to social housing.
- All private landlords will have to meet Awaab's Law requirements – for example, on timescales for dealing with hazards such as damp and mould – when these are set out in regulations.
- This will ensure that all renters in England are empowered to challenge dangerous conditions.

- If landlords fail to comply, tenants will be able to challenge them through the court for breach of contract.
- There is not an enforcement expectation for LAs in regards to this.

Part 4 Enforcement

The reforms are underpinned by an effective, consistent and proportionate enforcement framework.

One of the key changes brought by the Bill will be the duty to enforce.

Clause 107

Renters' Rights Bill
Part 4 – Enforcement
Chapter 2 – Enforcement authorities

107 Enforcement by local housing authorities: general duty

(1) It is the duty of every local housing authority to enforce the landlord legislation in its area.

(6) For the purposes of this Part, a reference to taking enforcement action is a reference to—

- (a) imposing a financial penalty, or
- (b) instituting proceedings against a person for an offence, under the landlord legislation.

- Local councils will be able to issue civil penalties against landlords who fail to comply with our reforms – for example if they fail to register on the Private Rented Sector Database.
- First or minor non-compliance will incur a civil penalty of up to £7,000 and serious or repeat non-compliance a civil penalty of up to £40,000.
- Additionally, the Bill provides councils with a range of new investigatory powers

Clause 110

Reporting to Central Government. Central government will require reports on our enforcement activity, probably quarterly.

Likely that a voluntary return will be due for this year and statutory for subsequent years. More information to come on what information they will request and this will determine whether changes will be required to our database.

Councils to get access to a significantly increased suite of powers to impose Financial Penalties (Schedule 5), and Clauses 12-14 of Schedule 5 ring fence the income from financial penalties to costs and expenses incurred in, or associated with, its enforcement functions. Proceeds not used for this must be paid to the Government.

Part 4 introduces further enforcement powers that Councils haven't had available for Housing and Tenancy enforcement:

- Power of local housing authority to require information from relevant person
- Power of local housing authority to require information from any person
- Business premises: entry without warrant
- Power to seize documents following entry
- Suspected residential tenancy: entry without warrant
- Powers of accompanying persons
- New Offences of Obstruction

Rent Repayment Orders

The Bill introduces a package of measures to strengthen rent repayment orders (RROs), making them easier and more appealing for tenants and local councils to pursue.

- They are expanding RROs to cover more of the sector, including superior landlords and company directors.
- They are doubling the maximum amount of rent a landlord can be ordered to pay from 12 to 24 months and extending the period in which a tenant or local council can apply for a RRO after the offence from 12 to 24 months.

Illegal evictions – duty on council to investigate. Will not be sufficient to advise tenant to speak to Citizen Advice Bureau.

Stats provided that in 2022-23 there were 8748 recorded incidents of illegal evictions (1 illegal eviction every 67 minutes) however there were just 46 LA prosecutions.

Although there are still some steps to go before the Bill becomes an Act, we can be certain of a number of things:

1. The Government has a very large majority, and this Bill was a key part of their Manifesto commitments. They have already been ruthless in dismissing Amendments, and we can expect the Bill to be largely intact when it receives Royal Assent in Spring.
2. We can expect a very early implementation of Part 1 (tenancy reform) and 4 (enforcement), and an expectation on Councils that we get on with enforcing the commitments on eviction and tenant security straight away and using the considerable new powers to do this without delay.

3. Coupled with the Government's determination to meet their election promises, there is a significant expectation, from the voluntary and not for profit sector organisations who support tenants, that Councils will universally use their new powers, and fulfil their new obligations, from day one.

Funding the enlargement of council services

Almost every Council will need to significantly increase the pool of staff that will deal with the duties to enforce the new provisions.

Previous reports by the National Audit Office, the Public Accounts Committee and, in September 2023 by DLUHC, showed that wide variations in staffing and approach in councils was creating a significant postcode lottery for both tenants and good landlords, and allowing poor and criminal landlords to flourish.

We can expect:

1. New Burdens Funding to arrive in 2025/26, and potentially 2026/27, to fund the preparations and initial growth to meet the new duties. It is likely that this will come in a highly specified Section 31 grant. Details of this will not be made available until the Bill has completed the parliament process.
2. Provision for significant financial penalties for people breaching the provisions of the Act, which will be ring fenced for use in enforcing the Act or sent to the Government if not used for that purpose.

LA's have raised concerns that this income will be problematic to manage as it will not normally arrive within the same Financial Year as it is levied.

3. Provision for funding for our enforcement duties at a later date from a portion of the Database registration fees being passed over to us by the Database provider. Still waiting for details on this.

Final notes for consideration

Debt Recovery – clear processes needs to be in place for ensuring that penalty fines are paid and where they are not that this followed-up.

Legal Teams – capacity and expertise to support investigation and further enforcement

Resourcing – there will be massive demand for competent staff, this is a sector already struggling. LAs will likely be competing with each other.

There is a significant risk that we will not be able to recruit and retain officers with the right competency.

Concerns that landlords will sell up and leave the market, also concerns that there will be an impact on properties available to Housing Options Teams.