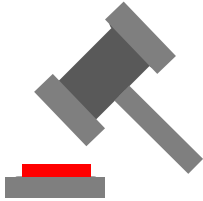


R3 BRIEF Legal Update #13



Executive Summary

We're delighted to publish our legal newsletter in our effort to provide updates twice a year on any relevant information that affects tenants and their rights.

RENTERS (REFORM) BILL



Given the recent developments on the Renters Reform Bill, we have focused the entirety of this update on this important piece of legislation.

In April 2024, the bill made its way for the final time from the House of Commons to the House of Lords.

From here, the Bill will face another five stages before it will receive Royal Assent and become law.

Nevertheless, we are now at a point where significant amendments have been made and approved by the Housing Secretary. This indicates a clear willingness from Government to proceed at pace (it's an election year!) and make these changes.

If and when the bill becomes law, it won't necessarily mean that all policies will come into effect on day one. It is likely changes will be introduced in stages – the details of which have not yet been discussed.

Renters (Reform) Bill

What is it?

This Bill represents the biggest change in the regulation of the private rented sector for over two decades.

What stage is it at?

It is currently slowly making its way through Parliament, and has now gone through the House of Commons for the final time at the end of April 2024. The Bill is now in the House of Lords and will face several other stages before it gains Royal Assent. The Government is clearly keen to progress this Bill before any General Election announcement.

What amendments have been proposed?

Our previous [Legal Update](#) focused on the content of the Bill. Here, we only include comments on the list of significant amendments since the draft.

They include:

- The move to rolling tenancies (and the end of periodic contracts e.g. 12 months contracts) remains in place but tenants now will not be able to give two months' notice to leave a property until they have been in a property for four months. Tenants will therefore have to commit to stay in a property for six months, still an improvement on the more usual 12 months commitment seen in the market over the last two years.
- Section 21 'no fault' evictions won't be abolished until a review of whether the courts can handle increased capacity has taken place.
- As far as pets are concerned, the change is subtle. Landlords must give or refuse their consent in writing within 28 days of the request being made and cannot withdraw consent once given.

In addition, some of the other main provisions have been kept mostly unchanged, including Landlords only being able to **increase rents** once a year by providing at least two months notice, the set up of a new **ombudsman** and new digital **Property Portal**. Please refer to our previous [Legal Update](#) for more detail on this.

How have these changes been received?

Figure 1 below provides an overview of how Estate Agents and Landlords feel about proposed changes to the legislation¹.

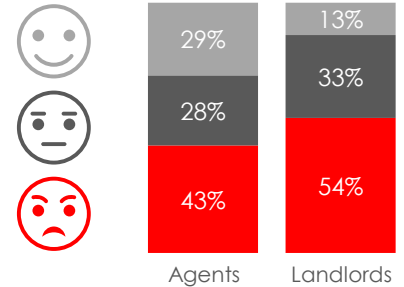


Figure 1: How do you feel about proposed changes?

Overall, the new legislation is not inspiring confidence for Landlords and Agents alike. 54% of Landlords are feeling very pessimistic or somewhat pessimistic and 43% for agents.

A negative sentiment may further discourage Landlords and potential landlords from keeping investment assets in this form, reducing the number of properties available at any given time, and ultimately driving rents upwards.

What about tenants?

The proposed changes in the legislation is meant to further protect tenants' right, and so this should be seen as a positive step forward.

Additionally, R3 believes recent changes will go some way to alleviate initial fears that the Renters Reform Bill was going to introduce measures too punitive for Landlords and ultimately have a detrimental effect on the market overall.

And finally

If and when the bill becomes law, it won't necessarily mean that all policies will come into effect on day one. It is likely changes will be introduced in stages – the details of which have not yet been discussed. We'll keep an eye out for you and continue to provide you with updates as this important piece of legislation progresses.