

Renters Rights Bill

Guide to Letting Agents

Summary of :

Tenancy changes
Growth areas for Agents
Points of concern
Improved / new services to
Landlords

Details so far...

As the Renters Rights Bill is heard in the House of Lords we understand that the Renters Right Bill is likely to achieve Royal assent in April 2025 with implementation shortly thereafter.

Renters Reform Bill

Tenancy changes

Assured Shorthold Tenancies will end - Change to Assured Tenancies:

- No fixed term
- No automatic right to vacant possession at end of fixed term causing problems for Rent 2 Rent .
- LL must have a listed 'ground' for possession
- Tenancy terms will be for a rolling month to month tenancy or regular period less than 28 days.
- All current tenancies will convert on set date to periodic tenancies losing their fixed end date.

-Does not apply where:

- Company tenant
- Rent over £100,000 pa
- Not the tenants main residence
- Serviced accommodation
- Lease of over 21 years
- Where the landlord lives in the same property

Eviction

Tenants: More choice to leave substandard housing and to move when need to by giving 2 months notice.

Landlords: More complicated, slow court processes, Mandatory grounds could be dealt with 'on paper'. More requirement for 'evidence'

Grounds

Ground 1 Occupation by LL or family member (Not in 1st 12 months of tenancy and needs 4 months notice). Provision is given in bill so no requirement in the agreement.

Ground 1A Sale of property with vacant possession (No reltting for 12 months)

Ground 4A HMO student lets for occupation by next student intake.

Ground 8 Rent arrears 3 months rent arrears at time of notice and at date of hearing but must give 4 weeks notice.

New Grounds for possession

Early actions to take

Take actions earlier to account for longer processes

1. Rent advertised is the highest rent you can accept so gain evidence of market rents before advertising.
2. Rent reviews - s.13 notice -start at 9 months to allow for 2 months notice and discussion with T with evidence to gain agreement for increase at the 12 month stage and prevent claim to FTT
3. Encourage rent increases annually -Small yearly incremental increases to rent are likely more acceptable by tenants/FTT.
4. Use dispute resolution through PRS Ombudsman to prevent needing eviction.
5. Pets - Obtain evidence of any reason to refuse during this or previous tenancy from landlord and tenant
6. Make sure you have properly accredited and qualified contractors in all areas of required maintenance who can attend within given timescale to carry out the work (AWAABS law)

Agents areas of concern

Rent Repayment Orders

- RRO increasing from 12 months to 24 months and tenant has 2 years from date of event occurring in which to claim.
 - Tenants and the Local Authority may make a claim where:
 - the landlord has knowingly or recklessly misused a ground for possession,
 - Breached a restriction on letting or marketing the property (e.g. not registered under the Private rented sector database or previously cited they wished to sell or move in themselves/ their family and removed the prior tenant)
 - Breach of Landlord redress scheme
 - Providing false or misleading information on the Private rented sector database and continuing breaches.
 - let the property without a licence where a licence is required. (HMO/ Selective)
- The Agent is also liable where he acts on behalf of the Landlord.

Fines

Fines increasing to £7,000 per breach up to maximum of £40,000 for repeated offences.

Due to failure where LL or Agent:

- does not register property and all owners on the PRS Property database
- does not register with PRS Landlord Ombudsman
- markets the property before PRS Database has active Landlord and Property entries
- does not allow children or applicants on benefits
- does not keep property within the Decent Homes Standard
- does not provide Written Statement of Terms within 28 days of change of landlord or succession
- creates or enforces a Fixed term tenancy
- gives a 'Proposed' rent in advertising not Anchor rent
- gives a Rental period greater than monthly
- rent changing by addendum or otherwise than by s.13 Notice
- evicts by s.21 notice
- invites, encourages or accepts rent in advance (except 1st month

Fines are enforceable as if a Court Order.

Procedures and terms

- Take care to do your due diligence on new properties to rent. Full Identity checks and ownership checks. Full AML checks on all. Ensure that possession was not sought under Grounds 1 and 1A or if so 12 months has elapsed.
- Ensure Terms and Conditions with Landlords exonerate your agency from any actions they have taken prior to signing with you and after. (e.g. previous repossession, falsely relying on specified ground for possession, failing to provide written statement to tenant, bringing tenancy to an end orally or by inappropriate notice.) Take care not to take on liability if you do not intend it.
- Ensure landlords are aware of when the rent will be paid. No longer each month in advance but on the day of the rental period - which may not align with mortgage payments.
- Check your landlords sentiments/ plans for the future now to avoid 'void' commission times for you where properties are offered for sale, don't sell and have to lay empty for 12 months before being relet
- Check what you are charging for now - make sure you are charging for everything you do now, and consider the extra work for initial rent advertised and for s.13 rent increases backed with evidence and how you will charge for that.
- Guarantors of family members not liable for rent after death, ensure Landlord has a rent guarantee product.

Agents areas for growth

Evidence and readiness

- Agents are in a strong position to provide plenty of evidence of similar rents for proving s.13 Notice of rent increase, and to prevent T claims to FTT for current and increases in rent.
- Records of all dealings with the Tenants can help with an anti social behaviour claims
- Records of all maintenance reported and timings for completion will help combat claims re Awaabs law.
- A bank of suitably 'qualified' and 'available' Contractors to attend to properties for maintenance and legal certificates.
- Only one months rent can be taken in advance of the start of tenancy once the contract is signed. Referencing of tenants is vital.
- Agents are already used to obtaining full referencing and will be able to extend that to pets.
- Offer Decent Homes Standards HHSRS reviews of the property before marketing

New or improved services to landlords

- Decent Homes Standard HHSRS review
- s. 13 Notice serving with evidence of market rental price
- Negotiations with tenants - in house redress scheme between all parties
- Off market selling for landlords who wish to sell before the Bill becomes an Act
- All staff to be qualified ready for ROPA to demonstrate your professionalism
- Advertise to your landlord market your firms qualifications and knowledge of the market. Most landlords are unaware of new regulations coming
- Compliance, Compliance, Compliance of all aspects of the property portfolio and the Agency
- Offer/ charge for reviews to Let only landlords
- Work with 3rd parties for property financial reviews as Landlords end fixed mortgages
- Review your property portfolio for rents currently under market value and target those landlords.
- Offer Rent protection and legal expenses insurance
- Make sure the portfolio aligns with current tenants needs (e.g. Older renters, students, upwardly mobile)

Procedure changes you may like to think about

- 1.Full Due dilligence check on who the owners of the property are
- 2.Full check on owners identity
- 3.Check and evidence all owners and the property is registered on the Property Database
- 4.Check Landlord has registered with Landlord Redress Scheme (Housing Ombudsman)
- 5.AML and financial sanctions checks on owners/landlords- for all to be let properties
- 6.Updated Agency Terms and Conditions signed by owners/landlords
- 7.Full checks with Property database and paper copies from the landlord/online offical copies of Gas, Electric and EPC certificates.
- 8.HHSRS and Decent Homes standard review of the property
- 9.Advertise the property once Landlord completed full property particulars in compliance with Material Information (CPR's) and take the Holding fee up to 1 weeks rent
- 10.Take full deposit first (up to 5 weeks rent)
- 11.Change tenancy agreement terms to comply. e.g. make it 'subject to receipt of cleared first months rent before collection of keys on start date'. (Possible but up to Courts to decide if allowable)
- 12.Full Right to Rent check and Identity check of all tenants/occupiers.
- 13.Landlord then tenant to sign TA. First months rent to be paid after signing complete.
- 14.Rent from 2nd month of TA is only due on the day. Not in advance. Note to change terms of agency agreement to ensure LL is aware.
- 15.Serve S.4 Notice on HMO properties with students before start of contract to rely on new possession grounds (Unless PBSA as already exempt - no rent in advance still applies)

Watch out for new laws coming soon

Digital Markets Competition and Consumers Act - April 2025

AML- financial sanctions rules 14th May 2025

and ancillary legislation to enact:

- Decent Homes Standard and Awaabs law
- PRS Property portal
- Landlord Redress Scheme



Stanley Strategic Consultants

Management Consultants to Letting and Estate Agents

✉ office@stanleystrategicconsultants.co.uk
💻 www.stanleystrategicconsultants.co.uk
☎ 07905419868

Stanley Strategic Consultants is a Limited liability partnership owned by:

Partners: Karen Stanley LLB. (Hons) and James Stanley LLB. (Hons.)
Address: Silverburn, Gofe Lane, Ringmer, East Sussex BN8 5HP
VAT reg no. 456 4490 70

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