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Housing

What you need to know about the Renters (Reform) Bill

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Introduction

There are currently 4.4 million households in the private rented sector (PRS) in England, making it the second largest tenure (19 per cent of households). Whilst the majority of PRS properties are well maintained, nearly a quarter do not meet basic decency standards. The sector is often associated with insecure housing as the end of an assured shorthold PRS tenancy (the most common) is the second biggest cause of homelessness; latest government figures show 24,060 households were threatened with homelessness in England from a section 21 notice in 2022 – up 50 per cent on 2021.

The [Renters \(Reform\) Bill](#), introduced to the House of Commons on 17 May, is designed to deliver on the commitments made in the government's 2019 manifesto and 2022 policy paper, [A fairer private rented sector](#). The Bill, which applies to England, and in certain minor respects Wales, proposes some of the largest changes to the private rented sector (PRS) in 30 years.

Summary of changes

The Bill will:

- End section 21 'no fault' evictions and move to a simpler tenancy structure where all assured tenancies are periodic – providing more security for tenants and empowering them to challenge poor practice and unfair rent increases without fear of eviction
- Introduce more comprehensive possession grounds so landlords can recover their property (including where they wish to sell their property or move in close family) and to make it easier to repossess properties where tenants are at fault, in cases of anti-social behaviour and repeat rent arrears
- Provide stronger protections against backdoor eviction by ensuring tenants can appeal against excessively above-market rents

designed to force them out. Landlords will still be able to increase rents to market levels for their properties

- Introduce a new private rented sector Ombudsman that private landlords must join that is intended to provide fair, impartial, and binding resolution to many issues and to be quicker, cheaper, and less adversarial than the court system
- Create a privately rented property portal to help landlords understand their legal obligations and demonstrate compliance, alongside providing better information to tenants to make informed decisions when entering into a tenancy agreement. It will also support local councils – helping them target enforcement activity where it is needed most
- Give tenants the right to request a pet in the property, which the landlord must consider and cannot unreasonably refuse. To support this, landlords will be able to require pet insurance to cover any damage to their property.

The government has also committed to further reforms to support landlords and tenants, as set out in its earlier policy paper. It will bring forward legislation (which we understand to mean amendments to the Bill) at the earliest opportunity to:

- Apply the Decent Homes Standard to the private rented sector. (Government launched a consultation in September 2022 to ensure the Decent Homes Standard is applied and enforced appropriately and fairly in the private rented sector.)
- Make it unlawful for landlords and agents to have blanket bans on renting to tenants in receipt of benefits or with children – ensuring no family is unjustly discriminated against when looking for a place to live
- Strengthen local councils' enforcement powers and introduce a new requirement for councils to report on enforcement activity – to help target criminal landlords.

End of no-fault evictions ('section 21')

The vast majority of PRS homes are let on assured shorthold tenancies (ASTs) which allow for no-fault (section 21) evictions where, if notice is correctly served, the tenant has no effective defence and must leave their home within two months. In the third quarter of 2022-23, the ending of an AST was the most common reason for households being owed a prevention duty – accounting for 37 per cent. In 2021 Generation Rent claimed that the cost of moving home for the median private renter household was £1,700, including deposit, time off work, cleaning costs, van hire, broadband installation and paying rent on two properties while moving.

The Bill will end fixed-term tenancies and move to periodic tenancies, which do not have an end date. The maximum rental period will be one month. Ending fixed terms means the tenant will only be liable for rent during the two-month notice period instead of the whole of the (fixed term) contract. This will provide tenants with greater bargaining power while retaining the flexibility that privately rented accommodation offers. Tenants will be able to stay in their home until they decide to end the tenancy by giving two months' notice or the landlord can evidence a valid ground for possession (see section below). Landlords will not be able to use grounds for moving in, selling or redevelopment for the first six months of the tenancy.

The assured tenancy regime also applies to private registered providers of social housing (typically housing associations) and providers of supported accommodation, as well as landlords providing temporary accommodation to homeless households. The reforms aim to balance providing maximum security to all tenants with ensuring specialist sectors can continue to house some of the most vulnerable households.

More comprehensive possession grounds for landlords

Whilst strengthening security of tenure for renters, the Bill also includes measures to enable landlords to regain their property when their circumstances change, or tenants do not fulfil their obligations. The number of mandatory grounds for possession (i.e., where the court must grant possession if the ground is proven) will be increased.

The landlord will be able to get possession if they wish to sell or move themselves/close family (defined in law) into their property, though not in the first six months of the tenancy (NB the original consultation proposal was for two years). If the landlord uses this ground of possession (or if the tenant leaves after service of the notice on this ground), the landlord cannot let or advertise to let the property for the next three months. If the landlord does let inside the three months, the local authority may impose a financial penalty of up to £5,000 or prosecute for a criminal offence.

The existing mandatory grounds for rent arrears, anti-social behaviour and letting to undocumented migrants will be broadened as follows:

- **Rent arrears (serious or repeated):** Where a tenant is either (a) at least two months in arrears at the time notice is served and the court hearing. NB. There is an exemption for outstanding benefit payments or (b) where a tenant has been in at least two months' rent arrears three times within the previous three years. (Up from two to four weeks' notice)
- **Anti-social behaviour:** Where a tenant or anyone living in or visiting the property has been guilty of causing nuisance or annoyance to the landlord or anyone living in, visiting or in the locality of the property, or has been convicted of using the premises for illegal or immoral purposes, or has been convicted of an indictable offence in the locality. (No notice)
- **No right to rent:** Where at least one tenant has no right to rent under immigration law. (Two weeks' notice)

The Bill also introduces new mandatory grounds for possession to support specialist sectors. These allow repossession where it is critical that supply is available for new tenants, such as for temporary accommodation, students and agriculture. Further details on reformed grounds for possession are set out [here](#) (see table 1).

A number of new discretionary grounds for possession will also be introduced. Discretionary grounds allow a judge to consider whether it is reasonable to award possession, even where the ground is met.

Court reform

Alongside the Bill, the Department for Levelling Up, Housing and Communities is working in partnership with the Ministry of Justice and HM Courts and Tribunals Service, to ensure that, in the small proportion of tenancies where court action is required, court users can use a modern, digital service. Following the recommendation of the Levelling Up, Housing and Communities Select Committee, government will align the abolition of section 21 and new possession grounds with court improvements. This includes end-to-end digitisation of the process and work with the courts to explore the prioritisation of certain cases, including anti-social behaviour, as flagged in the government's recent Anti-Social Behaviour [Action Plan](#).

Stronger protections against backdoor evictions

Landlords will be able to raise rents annually to market prices (replicating existing mechanisms) and must provide two months' notice (increased from one month) of any change.

Tenants who receive a rent increase that they do not believe is representative of the market value will be able to challenge this in the [First-tier Tribunal](#). Government will issue guidance on this process to ensure that it is clear for everyone. As now, landlords will be allowed to increase rents to market price for their properties and an independent tribunal will make a judgement on this, if needed. To avoid fettering the freedom of the judiciary, the tribunal will continue to be able to determine the actual market rent of a property. (This appears to be a step back from the PRS policy paper which indicated the tribunal would not be able to increase the rent.)



A new Ombudsman for private renters

All social renter tenants in England have the right to escalate a complaint about their landlord to the Housing Ombudsman. At present only private tenants whose landlord has voluntarily opted into the Housing Ombudsman scheme or where their landlord uses an agent to manage the property have access to an independent property redress scheme if they make a complaint. Currently only around half of private landlords use a managing agent.

The Bill will require all private landlords who rent out property in England to join a government approved redress scheme – an Ombudsman – regardless of whether they use an agent. This will ensure all tenants have access to redress services in any given situation and should be quicker, cheaper, less adversarial, and more proportionate than the court system.

The new Ombudsman will allow tenants to seek redress for free, where their landlord has failed to deal with a legitimate complaint about their tenancy. This could include complaints about the behaviour of the landlord, the standards of the property or where repairs have not been completed within a reasonable timeframe.

The Ombudsman will have powers to put things right, including compelling landlords to issue an apology, provide information, take remedial action, and/or pay compensation of up to £25,000.

As well as resolving individual disputes, the Ombudsman will tackle the root cause of problems, address systemic issues, provide feedback and education to members and consumers, and offer support for vulnerable consumers.

Membership of the Ombudsman will be mandatory for private landlords (with the fee tbc) and local councils will be able to take enforcement action against those who fail to join. This will range from a civil penalty of up to £5,000, through to a £30,000 fine or criminal prosecution and the potential for a Banning Order for repeat offenders.

It will be mandatory for landlords to comply with any decision of the Ombudsman, should the complainant accept the final determination.

Failure to comply with a decision may result in a landlord being expelled from the Ombudsman until they do so. If they continue to act as a landlord, this will make them eligible for enforcement action from their local council.

A new property portal

Private landlords who fail to meet their legal obligations to their tenants may do so either inadvertently (for example if they lack the knowledge or the skills of what is required of them) or, in a minority of cases, because they have no intention of meeting them. Whilst local authorities are responsible for enforcement of property standards (and in the case of houses in multiple occupation, management standards) they can only do so if they are made aware of the problem if the tenant makes a complaint. In the most extreme cases, such as those that involve trafficking or abuse, landlords may operate without the local authority being aware of their existence.

The Bill will introduce a new PRS database, which will support the future digital property portal service. All landlords will be legally required to register themselves and their properties (at a fee tbc) on the portal and could be subject to penalties if they market or let out a property without registering it and providing the required information.

The portal will provide a 'one stop shop' for landlords allowing them to access relevant guidance, helping landlords understand their obligations and demonstrate compliance. The portal will also be used for communicating changes to requirements – ensuring landlords have access to simple up-to-date information about their responsibilities.

For tenants, the portal will increase transparency and the information available before they decide to rent a property and throughout their renting journey. This will allow them to take effective action to enforce their rights and be aware when they can escalate issues to their local council or the PRS Ombudsman.

The portal will also provide local councils with more data about PRS properties, providing a consistent intelligence source and supporting enforcement against criminal landlords. (The

portal will replace the functionality of the 'rogue landlords database'.)

The government is still determining the exact information which will be available to the public and this will be set out in regulations. It is planning for this to include information related to property standards. Government has indicated it is committed to carefully balancing landlords' privacy concerns with private tenants' need to make informed decisions about their housing options when designing a new system. Tenants will be able to access necessary information in relation to their landlord's identity and details of the property, but it is not envisaged that all data will be publicly accessible.

The right to request pets

The right to own a pet within a rented property has long been a contentious issue, with prohibition clauses in tenancy agreements being standard practice. The Bill will ensure landlords do not unreasonably withhold consent when a tenant requests to have a pet in their home, with the tenant able to challenge unfair decisions (via the Ombudsman).

The Bill will allow landlords to require insurance covering pet damage (via an amendment to the Tenant Fees Act 2019) which will provide landlords with reassurance that the responsibility for preventing and resolving damage caused by a pet will fall to the tenant.

Government will publish guidance for landlords and tenants before the new rules come into effect.

Timing of reforms

There will be a two-stage implementation phase to allow time for transition. At least six months' notice will be provided before the first implementation date, after which all new tenancies will be periodic and governed by the new rules (including the changes to renting with pets). The date of this will be dependent on when Royal Assent is received, and when the court system is ready to implement the new

system. All existing tenancies will transition to the new system on a second implementation date, which will be at least 12 months after the first date. After this point all tenancies will be protected from section 21 eviction.

Government has acknowledged the importance of ensuring these changes are enforced and will consider the case for new or strengthened penalties to tackle any breaches by landlords and landlords will have access to a full range of strengthened grounds.

The Ombudsman and property portal will be introduced as soon as possible after Royal Assent.



Further measures to come

Government has indicated that it remains committed to implementing reforms on:

- Applying the Decent Homes Standard to the private rented sector
- Making it illegal for landlords and agents to have blanket bans on renting to tenants in receipt of benefits or with children
- Strengthening local councils' enforcement powers and introduce a new requirement for councils to report on enforcement activity - to help target criminal landlords.

We will update this guide when further detail is available on these.

Initial CIH view

We welcome measures to improve the experience of private renting, particularly the end of no-fault evictions, which are a key contributor to rising homelessness. It is positive to see action to support both landlords and tenants through the establishment of a PRS Ombudsman and portal to support private landlords to understand and fulfil their obligations, and to enable tenants to better hold them to account. We note the commitment to bring forward further measures, as outlined above, and hope that the government will clarify the timing of these as soon as possible. However, making sufficient resources available for local authority enforcement action is absolutely critical and will be decisive in whether the legislation is successful or not.

Some legal commentators have observed that ending section 21 (the headline reform) is a 'double edged sword' - whilst landlords will no longer be able to get possession by service of notice alone, the Bill will strengthen their rights to possession by clarifying and extending the statutory grounds, for example by introducing new and stronger grounds for possession for rent arrears and anti-social behaviour. Tenants on low incomes already struggling to pay their rent, such as those on universal credit whose rent exceeds their local housing allowance, may still be at risk of eviction. (The Bill does not seek to address affordability pressures in the sector.) As

we highlighted in our [response](#) to publication of the government's recent Anti-Social Behaviour (ASB) Action Plan, ASB can be misidentified, especially in situations where domestic abuse is present. Greater clarity will also be required on the exact meaning of some of the wording on ASB ('Where a tenant or anyone living in or visiting the property has been guilty of causing nuisance or annoyance to the landlord or anyone living in, visiting or in the locality of the property') and how this will be interpreted in court, particularly as this is proposed to be used with no notice required. CIH calls for this to be a discretionary not mandatory ground.

There are several areas where we believe the Bill could be improved to strengthen security of tenure and ensure protections for some of the most vulnerable. These include:

- Where a landlord wants to recover a property to sell or move in, the proposed notice period should be extended. Landlords selling is the biggest reason for section 21 notices and has consistently been the biggest reason for a household being owed a homelessness duty by councils in recent years, accounting for over a third of cases in the third quarter of 2021. This means that in practice tenants have no more protection from eviction than under the current system where they can sign up to an initial six-month term.
- Linked to the above, if a landlord evicts a tenant because they claim they want to sell the property or move in, they can then put the property back on the rental market after just three months. This leaves considerable room for misuse and exploitation. We believe this should be lengthened.
- Where notice is served, a four-month notice period should be granted to allow people time to find a new home and make the necessary arrangements.
- Where grounds for possession are triggered by rent arrears, the timeframe of three years should be reduced. A tenant could have had several crises over a three year period, but on each occasion paid off the arrears in full, but still be subject to a mandatory possession claim. This covers far more than 'persistent arrears' or the intended purpose of avoiding tenants allegedly avoiding section 8 evictions by paying arrears below two months whenever at risk.

- The Bill seeks to expand the grounds for eviction for anti-social behaviour to include behaviour that is “capable” of causing “nuisance or annoyance”. It is important to ensure the new grounds cannot be unfairly misused.
- Given the government’s policy white paper indicated the Bill would include further protections on in tenancy rent increases, we believe it should contain provision to prevent the rent tribunal from awarding a higher rent than the landlord’s original proposal. Without this, tenants are much less likely to risk challenging rent increases.

Given the resource implications of implementing the legislation, the huge size of the PRS, the predominance of landlords who own only a few properties and are not part of formal landlord organisations, and the turnover in tenancies of up to one million annually (English Housing Survey), the government should commit to full monitoring of the legislation’s outcomes and express willingness to take steps necessary to ensure that its objectives are actually achieved.

What’s next?

The Bill will be considered by the House of Commons and then move to the House of Lords. You can follow its passage [here](#). Subject to process and amendments, the Bill is likely to become law in early 2024.

We’ll produce further member briefings as we scrutinise the detail.

For further information

- [Explanatory notes](#)
- [Tenancy reform](#)
- [Private Rented Sector Ombudsman](#)
- [Privately Rented Property Portal](#)
- [Renting with pets](#)
- [Anti-social behaviour action plan](#)

For any questions on this briefing please contact policyandpractice@cih.org.

