

THE RENTERS (REFORM) BILL AND WHAT IT MEANS FOR YOU

By **Graham Kinnear**

The Renters (Reform) Bill has recently had its second reading and it is now almost inevitable that it will become legislation in the not-too-distant future. Granted, there may yet be some further changes to what is included in the current draft but the underlying principles will doubtless soon be enshrined in law.

I have been asked what the likely impacts are of the legislation at a number of Landlord Q&A sessions that I have been involved with lately and so here are my views based on the current position.

The stated aim of the legislation is designed to provide a fairer rental market for tenants, enhance the protections that renters have under existing legislation and make the private rental sector more accountable going forward.



The initial strapline for the legislation was devised under the leadership of Prime Minister Theresa May and was that Section 21 Notices and the so called no-fault eviction would be abolished. Immediately prior to the second reading of the Bill it was announced that the abolition of Section 21 notices would be delayed until such time as the court system had been improved and could deal with Section 8 claims in a more timely fashion.

I have yet to see any detail in terms of what resource is being given to make these improvements and given the current

lead time for County Court matters, it is conceivable that Section 21 evictions will be around for some time to come.

Once Section 21 is eventually abolished, all eviction claims will be under Section 8. Some commentators have noted that there was a loophole in the draft legislation whereby possession could be gained in the event that the landlord wanted to sell the property. It made provision that if that situation changed, the property would need to be vacant for three months before a reletting could take place.

It seems this loophole is to be closed as the second reading suggests that this period should be made six months to avoid abuse of the legislation.

A further change proposed is that student lettings will be better recognised to ensure that vacant possession can be obtained in time for the following academic year's intake.

The plans in respect of the remainder of the Bill remain as originally intended. There is to be a register holding details of landlords and their properties, and tenants will be able to search this register to get an idea of who they may decide to rent from. Sadly there is not likely to be a register of tenants for landlords to search!

Furthermore, it is envisaged that local authorities may search this database to target landlords for enforcement action. This was perhaps to be expected, so if you get notification from the local authority about one of your properties then you can be sure that any others in that council jurisdiction are being similarly scrutinised.

Where the local authority find fault, the second reading proposed that the fines to be levied be increased from £5,000 to £30,000. It is also proposed that the local authorities will be able to retain this sum and use it in respect of further enforcement action. This may mean that cash-strapped councils may

be quite enthusiastic about exercising their rights under the new legislation.

Another aspect of the Bill is a proposal to remove the requirement where local authorities need to refer requests for selective licensing areas to central government. If this is enacted it is possible that additional selective licensing zones will be introduced, meaning landlords will have to submit for a licence and pay the appropriate fee which has historically been between £500 and £1,500.

One final aspect of the original legislation which has appeared to remain intact following the second reading is the introduction for an ombudsman scheme to which private landlords would need to subscribe. Such a scheme already exists for letting agents and this proposal would in essence level the playing field for renters regardless of whether they rent privately or through an agent.

For those who run their properties in a responsible way and attend to maintenance issues in a timely fashion there is likely little to fear save for increased costs in respect of licensing, ombudsman costs and the like. For those whose properties are of a more questionable standard and who do not respond to tenant maintenance issues there could be some significant headaches heading your way.

If you are an active landlord then I suggest you follow the Renters (Reform) Bill as it heads to the statute books. It will doubtless affect how you run your portfolio and so it is important that you are fully versed about the changes coming.

As always, I am happy to assist YPN readers and can be contacted on 01863 583000 or graham@grahamkinnear.com

