

THE RENTERS REFORM BILL AND WHAT IT MEANS TO YOU

By **Graham Kinnear**

Last month saw a first reading of the proposed Renters Reform Legislation, heralded to provide a fairer letting environment for tenants. But what could it mean for landlords?

The central part of the proposed legislation is the abolition of non fault evictions. This in itself is an oddity as no sensible landlord has ever evicted a tenant for no reason. What has instead happened is that the landlord has used the easiest method to evict their tenant, which to date has been the Section 21 route.

Evictions will doubtless take place with the new legislation; however, landlords will have to declare a valid reason. This could be that you or a family member needs to move into the property or that you intend to sell it. It will still be possible to evict on the basis of persistent rent arrears and we are promised more robust methods for the removal of tenants who engage in anti-social behaviour.

This change may result in increased mortgage rates if lenders perceive the ability to get a property vacant to be more problematic or time consuming. That said, the legislation is promising a digital end-to-end court process and so some streamlining of the current process could in fact assist.

A further facet of the legislation will be that all tenancies will be issued on a rolling basis rather than having an initial fixed term as is customary currently. Whilst there is an anecdotal suggestion that this may mean that people may take a tenancy for a month or two instead of booking more expensive holiday accommodation, I doubt there will be many cases of this – not least as the majority of rental accommodation is offered on an unfurnished basis.

In my view, this will not alter the overall length of a tenancy. Using myself as an example, my tenancies are all issued with a fixed term of 12 months, which I allow to become periodic upon expiry. My tenants stay for an average of 5.6 years and I don't think this will change.

The legislation is also due to introduce a database that all landlords will need to subscribe to. For those whose financial affairs are slightly less organised than they could be there could be some cause for concern, as I am convinced that such a database will be a goldmine for HMRC, who could presumably readily compare the details on the new landlord database to their records of those declaring income from rented property. We are told that it will be used by local authorities to aid in enforcement and to recognise criminal landlords, but I suspect its use could ultimately become more widespread.

In addition, there is a proposal to introduce an Ombudsman service whereby issues can be resolved in a fair and binding way without the parties resorting to litigation. I am hopeful that such a scheme will not be too tenant-centric; however, we shall have to await seeing further details as the Bill moves through Parliament.

The legislation will also make provision that rents can only be increased once a year. This represents little change from the existing Section 13 process. However, I suspect as the legislation receives attention in its early implementation, landlords may start increasing rents on an annual basis when they perhaps previously never bothered to.

The legislation is supposed to improve the letting landscape for tenants, but I am nervous that the opposite may be achieved. Further legislation may deter landlords from entering our industry and existing landlords may decide against expanding their portfolios further. Any reduction in supply could further push up rental costs and this, in conjunction with a perhaps new wave of annual rent increases by landlords, could make renting a property even more expensive. The lack of rental choice could therefore limit the mobility of tenants, which is contrary to the aim of the legislation.

The one facet of the new legislation with which I entirely agree is the requirement that landlords properly consider requests by their tenants to have pets. I have always allowed my tenants to have pets and have never had a property vacated with significant damage from a pet. People are far more destructive than their pets!

I am presuming that new legislation is likely to move through the ratification process fairly swiftly so that it is enshrined in law before the next general election. Accordingly, as with all legislative changes we need to adapt and embrace them. For landlords who provide good quality accommodation and treat their tenants in a fair manner, I do not think there is much to fear from the proposed new rules.

As always, I am happy to assist YPN readers and can be contacted on 01843 583000 or graham@grahamkinnear.com

