

# News & Legislative Update July 2019

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# Contents

- 1. Government to end Section 21 I-II**
- 2. Section 21 Consultation Proposed Changes I-III**
- 3. Section 21 - What you can do**
- 4. Rogue Landlords Database Consultation Announced**
- 5. English Housing Survey 2017-18 Released**
- 6. Tenant Fees Act**
- 7. Tenant Fees Act: Fees & Deposits**
- 8. Right to Rent – High Court Ruling**
- 9. Landlords to be legally required to join redress scheme**
- 10. Five Year Electrical Safety Checks to be Compulsory**

## Government to end Section 21 (I)

- New Government proposals to abolish Section 21.
- Section 8 grounds and court system to be reformed – though landlords will need specific grounds to evict.
- This has been enacted due to concerns about security of tenure in the PRS.
- The 12 week consultation opened on Sunday 21<sup>st</sup> July and will close on the 12<sup>th</sup> October.
- NLA feels onus on Gov to get this right, ‘it’s entirely dependant on the Gov ability to re-balance the system through Section 8 and court process so that it works for LL and tenants alike’

# Government to end Section 21 (II)

## Proposed Changes

- Proposes removal of ASTs from the Housing Act 1988
- Changes will NOT be retrospective, existing ASTs will still have use of S21
- Replacing ASTs with a fixed term or periodic **assured** tenancy. A fixed term tenancy not ended by tenant or by landlord using a Section 8, could either be renewed to new fixed term or automatically becomes assured periodic tenancy
- Govt proposes six month transition period once law. Changes unlikely to be in force before late 2020 / early 2021. Changes won't be retrospective

## Section 21 Consultation Proposed Changes (II)

- Section 8 grounds and court system to be reformed – landlords will need specific grounds to evict.
- Introduce new ground when the landlord wants to sell or move back into property.
- Amending ground 8 rent arrears so that LLs need two months' arrears on notice, one month's arrears at the time of the hearing
- Possibility of strengthening antisocial behaviour grounds

## Section 21 Consultation Proposed Changes (III)

- Domestic violence ground to be made available to private landlords.
- Strengthens ground 13 for LLs if tenants routinely refuse access to the property for repairs & safety checks.
- Proposes introducing accelerated process for possession for mandatory grounds (removing need for court hearing)
- Consultation does not ask about court reforms, but indicates ongoing work on the issue.

## Section 21 Consultation: What you can do

- The consultation will be available on the MHCLG website until the 12<sup>th</sup> October – make your submission to ensure your voice is heard! (NLA producing guide to help respond)
- Lobby your MP about proposed changes & impact will have on private rented sector and ability to offer tenancies (lobbying guide available)
- Vital we speak with a single voice to Govt and have strong evidence of the impact – send case studies to [contact@landlords.org.uk](mailto:contact@landlords.org.uk)
- We will be producing a guide to help you navigate the process.

## How you can stop Section 21

- Join our campaign to [#SaveSection21](https://www.instagram.com/SaveSection21)
- Fill in our postcard or online form at [landlords.org.uk/section21](https://www.landlords.org.uk/section21)
- We'll deliver the postcards to No. 10
- Remember to share details of this campaign with as many people as possible
- Follow the hashtag to receive social media updates





## Rogue Landlords Database Consultation

- Gov announced Oct'18 they intended to allow public access to the database. This consultation was launched Sunday 21 July – Sat 12 October
- Currently includes LLs with **two or more** civil penalties within a 12 month period.
- Govt proposes reducing threshold for entry (e.g. one civil penalty), broadening scope of database to include other offences and allowing tenants access.
- Consultation asks which offences to include, how long LLs should be on database and who can access it.
- NLA warn changes pointless if local authorities don't use existing enforcement powers.

## English Housing Survey 2017-18 Released

- A quarter (25%) of private renters had been in the private rented sector for 5-10 years. Around half (49%) had been in the PRS less than 5 years.
- 84% of private renters 'satisfied' or 'very satisfied' with their accommodation
- Nearly two thirds of private renters have no savings
- Private renters spent a third (33%) of their household income on rent (compares to 17% for mortgagees)
- Proportion of household income spent on rent higher for renters in London (42%) than rest of England (30%)

# Tenant Fees Act

- Bans all fees from letting agents *and* landlords to tenants. Came into force 1<sup>st</sup> June 2019
- Gives exemptions for payments arising because of the action of the tenant ('in default').
- Will impose a cap on security deposits of 5 weeks' rent and a cap on holding deposits of **1 week's rent**.
- Creates a civil offence with a fine of **£5,000**.
- Creates a criminal offence for repeat offenders.
- Allows civil penalties of up to **£30,000**.



# Tenant Fees Act – Transition Period - Fees

- For all tenancies signed before 01/06/19, there will be a transition period to the 01/06/2020
- Fees can still be charged for existing tenancies till the 01/06/2020
- Afterwards, even if tenancy agreement includes fees, you will not be able to charge them



# Tenant Fees Act – Transition Period - Deposits



- From **01/06/20** any provision in ASTs, SPTs, student housing or license to occupy regarding tenancies that breach fee ban or deposit cap will **no longer be legally binding**.
- Landlord or Agent will be required to refund part of the deposit at the end of the tenancy, any new tenancy after this will need to comply with new deposit cap.
- Landlords are not immediately obliged to refund part of security deposit above the cap if deposit was paid before 01/06/19
- If tenant signed agreement before 01/06/19 then tenant will be bound by terms until contract is renewed or terminated.

## Right to Rent High Court Ruling

- The High Court scheme contravenes the European Convention on Human Rights' prohibition of discrimination.
- Judge rules it causes Landlords to discriminate
- Case brought by the Joint Council for the Welfare of Immigrants (JCWI)
- Right-to-Rent **remains in force** unless and until Parliament changes the law.

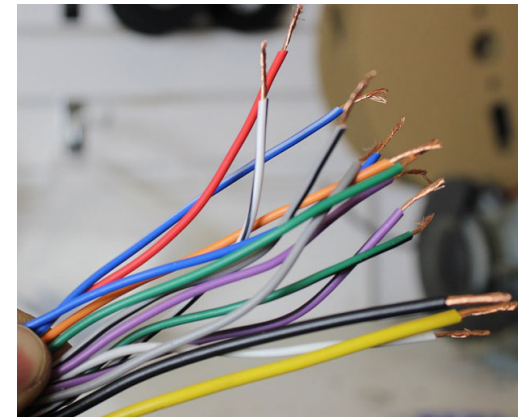
# Landlords to be Legally Required to Join Redress Scheme

- New [Housing Complaints Resolution Service](#) will make it easier for tenants to claim compensation
- Landlords fined **up to £5,000** if they do not join.
- We do **NOT** expect this to be implemented in 2019
- A working group will now be formed to flesh out dates and conditions



# Five Year Electrical Safety Checks to be Compulsory

- Banning orders for repeated or serious offences
- Landlords fined **up to £30,000** if found to be in breach
- **NO DATE** has been announced for the implementation
- Landlords need to ensure inspectors have necessary skills and competence





# Why join the NLA?

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- NLA Tenant Check
- NLA Rent Protect
- NLA Inventories
- NLA Landlord Vision
- NLA Rent on Time
- NLA Mortgages
- myDeposits
- NLA e-newsletter



# Thank You

Any questions?

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