

R3 BRIEF LEGAL UPDATES



Executive Summary

Every six months, in addition to our quarterly Market Updates, R3 will publish Legal updates to include any relevant information that affect tenants and their rights. In this newsletter, we look at:

Minimum Energy Efficiency Standards



The rules have become stricter for Landlord from 1 April 2018 – with minimum EPC ratings of E required on newly rented properties.

Tenant Fees Bill



You will remember a draft Bill was published on 1 November 2017 proposing a ban on Agent's fees. This Bill is now being scrutinised by Parliament with a final Act not expected until 2019.

New obligations for Landlords and Agents under Consumer Protection Legislation



Newly published guidance from the former the Office of Fair Trading highlights how the European Union Legislation to protect consumers affects landlords and agent when they let a rental property to a tenant or manage it.

If you have any questions on any of these, R3Location would be delighted to help.

Minimum Energy Efficiency Standards

E minimum rating for EPC

From **1st April 2018** there will be a requirement for any properties rented out in the private rented sector to have a minimum energy performance rating of E on an Energy Performance Certificate.

Timings

The regulations came into force for new lets and renewals of tenancies on 1st April 2018 and for all existing tenancies they will apply from 1st April 2020.

What does it mean for Landlords?

It will be unlawful to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption. A civil penalty of up to £4,000 will be imposed for breaches.

For most landlords this will mean that they will no longer be able to rent out a property with a rating of F or G after 1st April 2018. There are several nuances and exemptions – to find out how the new legislation will impact on tenants' rights, **please contact R3Location.**

Tenant Fees Bill

The Draft Bill

The Government's Draft Tenant Fee Bill was published on 1 November 2017. Its aims is to deliver 'a fairer, more competitive, and more affordable lettings market where tenants have greater clarity and control over what they will pay'.

What does it say?

Broadly the draft Bill would prohibit landlords and lettings agents requiring any payment from a tenant for the 'grant, renewal and continuation' of any tenancy or license. The bill includes payments which are permitted (rent and deposit but also holding deposits - to a degree) and a payment in the event of tenants' breaches. In addition, the deposit payable under any tenancy or license will be limited to 6 weeks. It may not necessarily apply to Common Law agreements.

Practical implications

Many feel that subject to fees being open, transparent and reasonable, they represent legitimate costs to the business that needs to be covered. Any loss of revenue, or pressure to pass on these costs

to Landlords, may see Landlords seek to recoup them through higher rents.

Limiting deposits to 6 weeks may affect the decision of the Landlord to accept Pets and they may look for a higher rent to cover the risks of permitting animals as part of the lease.

What stage is it at?

It was submitted to Parliament at the end of last year and currently being scrutinised by the Communities and Local Government Committee. It will likely not become Law, subject to changes, until some time in 2019.

New obligations for Landlords and Agents under Consumer Protection Legislation

Competition and Market Authority (CMA)

Newly published guidance from the CMA (formerly the Office of Fair Trading) highlights how the European Union Legislation to protect consumers impacts when a landlord or agent is letting a rental property to a tenant or managing it.

Your rights as a tenant

Agents should make sure that the property is available at a time and at the rent and deposit level agreed with the tenant, that any promised work has been carried out and any contents such as furniture or appliances agreed with the tenant, are present.

The tenants must be supplied with all relevant information including (and this is also a tenancy law legal requirement) copies of a gas safety certificate, EPC, and the government's How to Rent Guide, as well as a tenancy agreement. Tenants should also have information explaining who to contact for serving notices, or in case of any problems with the tenancy.

Tenants must also be given sufficient opportunity to review the inventory and challenge any points of disagreement.

R3's Best practice

R3 has been implementing this rigorous approach on behalf of its clients for some time – so for us, it's second nature to protect assignees in this way. If you want to know more about our services and how they are delivered, **please get in touch!**