

R3 BRIEF LEGAL UPDATES



Executive Summary

R3 is delighted to publish its third legal newsletter in its effort to provide updates twice a year on any relevant information that affects tenants and their rights. In this newsletter, we look at:

Tenant Fees Act 2019



It's official! The Act has now come into force and will apply to all new tenancies starting on or after 1 June 2019, with some transitional arrangements in place for ongoing tenancies.

Ministry of Housing Guidance



The Housing Ministry has published new, helpful guidance for tenants and landlords in an effort to give greater protection for tenants looking to rent.

Abolishing s21 Notice?



A proposed consultation will look at the possibility of abolishing s21 Notice with some possible repercussions for landlords and ultimately, tenants.

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

Tenant Fees Act 2019

What does the Bill say?

The Act sets out the government's approach to banning letting fees paid by tenants in the private rented sector.

Permissible fees, prohibited fees

Landlords can no longer require a tenant to make certain payments in connection with a tenancy.

The only payments permitted are:

- the **rent**
- a **refundable tenancy deposit** capped at no more than five weeks' rent where the annual rent is less than £50,000, or six weeks' rent where the total annual rent is £50,000 or above
- a **refundable holding deposit** (to reserve a property) capped at no more than one week's rent with stricter rules attached to it
- **payments to change the tenancy** when requested by the tenant, capped at £50, or reasonable costs incurred if higher
- **payments associated with early termination** of the tenancy, when requested by the tenant
- **payments in respect of utilities**, communication services, TV licence and council tax; and
- a **default fee for late payment of rent** and replacement of a lost key/security device, where required under a tenancy agreement

If the fee charged is not on this list, it is a prohibited payment and should not be charged. The guidance from the Government ([TenantFeeAct_Guidance](#)) is helpful but does span some 59 pages.

What does it mean for tenants?

- Applies to Assured Shorthold Tenancies from 1 June 2019 – and some transitional arrangements are available for ongoing tenancies.
- There are practical repercussions on landlords seeking to evict tenants under s21 Notices, for tenancies falling in the transitional period.
- Some Agents may seek to recover lost revenue streams or additional costs such as references from landlords. Landlords may, in turn, seek to recover costs by increasing rents.
- Administrative fees will still be permissible for Common Law agreement and corporate leases.

And Agents likely to keep these in place.

- Due to cap on deposit, the Act permits landlords to market their property at two rents: one with pets and one without.

New guidance for tenants and landlords

Online support

New online support has been published by the Housing Ministry as part of the government's commitment to give greater protection to tenants.

Serving Notice

This new guidance and information sets out landlord and tenant rights and responsibilities in the private rented sector in the form of two new guides: How to Let (for landlords) and How to Rent (for tenants) guides.

How to Rent & How to Let

These two new guides are freely accessible via the Government website: [HowToGuides](#)

Will s21 be abolished?

Consultation process

The government is proposing to consult on removing Section 21 repossessions in the private rented sector in favour of improving the court system for landlords to have the means to repossess properties.

The Government has not yet announced when this consultation will take place, but when it does, it is likely to be a short one.

Eviction process

Under these proposals, landlords will only be permitted to evict tenants where they have a legitimate reason to do so. Amending Section 8 – mandatory grounds for possession - will be necessary to allow landlords to regain their properties in those instances where they wish to sell or move back into them. More clarity will be needed to understand how this will work.

Some are concerned

There is concern among landlords and landlord representatives that this will affect supply. New legislation to this effect may well serve to discourage new landlords to enter the market and put additional pressure on current landlords, possibly driving rents upwards as a result.