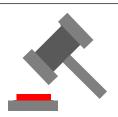


R3 BRIEF Legal Update #10



Executive Summary

We're delighted to publish our ninth legal newsletter in our effort to provide updates twice a year on any relevant information that affects tenants and their rights.

TENANCIES & PETS



A reminder on what "pet-friendly" language actually means in the context of tenancies.

STAMP DUTY LAND TAX



The recent increase in SDLT threshold to £250,000 will also be applied to residential tenancies. We look at what this means in practice for prospective tenants.

LEGISLATION UPDATES



A brief overview of the most recent legislation updates relating to residential leases and what they mean for tenants.

Tenancies and pets

Model Tenancy Agreement

There has been some confusion on "pet-friendly" language introduced back in January 2021. So it's worth reaffirming what this means in practice.

Under the January 2021 Model Tenancy Agreement, landlords will no longer be able to issue blanket bans on pets.

Consent is the default position

Consent for pets will be the default position, and landlords will have to object in writing within 28 days of a written pet request from a tenant and provide a "good" reason.

Landlord's consent

This does not mean tenants have an overriding right to keep pets. Landlord's consent takes precedence and valid objections include situations where it is not practical to keep pets (i.e. large dogs in small flats, head leases prohibitions, allergies etc).

Stamp Duty Land Tax on residential leases

Who is responsible

It is worth remembering that tenants, not landlords or agents, are liable for paying stamp duty land tax (SDLT) at the start of a lease.

Exempt threshold increase

SDLT is a tax on transactions relating to the creation of leases, payable to the UK Tax Authorities; a duty of 1% is levied on the net present value of the rental payments above the exempt threshold.

On 23 September 2022, the government announced that the threshold for paying stamp duty would be raised from £125,000 to £250,000 – this also applies in the context of residential leases.

When is it payable?

The form needs to be submitted within 14 days of the effective date (the date the contract becomes legally binding) and the payment needs to be made within 14 days of this date too. Penalties are payable on late submission / payment.

Legislation updates

Rent Reform White Paper

The Government published its Rent Reform White Paper back in June establishing, across 12 different areas, a framework for a 'a fairer private rented sector'.

These include, amongst others, abolishing Section 21 'no fault' evictions (see below), rent increases limited to once per year, improved mechanisms for tenants to challenge rent increases, and the ability for landlords to request that their tenants buy pet insurance.

Full details of how these ambitious plans will be implemented is still unclear and none are yet included in the current legislation.

Section 21 Notice

Section 21 enables private landlords to repossess their properties from assured shorthold tenants without having to establish fault on the part of the tenant. This is sometimes referred to as the 'no-fault' ground for eviction.

Private tenants, their representative bodies, and others working in the sector argue the ability of landlords to terminate an assured shorthold tenancy at short notice has a detrimental effect on tenants' wellbeing.

It has been recently confirmed that the Government's promised abolishment of Section 21 Notices is to go ahead. **Renters Reform Bill** will be introduced in the 2022-23 parliamentary session. Timing on this is still unclear.

Smoke & Carbon Monoxide (S&CM) Alarms

The Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 came into force on 01 October 2022. These are:

- All rooms with a fixed combustion appliance (excluding gas cookers) must contain a Carbon Monoxide alarm.
- All S&CM alarms should be tested and working before a tenancy begins.
- Tenants must inform landlords as soon as the fault is detected and landlords must repair or replace an alarm which is faulty as soon as reasonably practicable.