

SHOOSMITHS

A build to rent  
operator's guide to the  
Renters' Rights Act

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WHAT  
MATTERS

# Introduction

The much-discussed Renters' Rights Act seeks to provide greater flexibility and security for residential tenants in England by abolishing the “no fault” grounds of possession under section 21 of the Housing Act 1988, as well as imposing additional restrictions and obligations on private landlords.

The legislation is aimed at discouraging and regulating unscrupulous landlords and giving more transparency and recourse to tenants – creating space for professional, responsible building owners with the ability and capacity to absorb the additional administrative burden, while raising standards across the sector by improving the quality and sustainability of housing stock.

The key reforms under the Act will take effect from 1 May 2026. This is the date when the vast majority of new and existing tenancies in the private rented sector will become assured periodic tenancies (APTs), and the changes to the possession grounds and rent review process will come into force.

Shoosmiths have a dedicated residential landlord and tenant team who can help you with any review and due diligence exercises now, or advise on a case by case basis and issue any notices and possession claims required.



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## Next steps

Whilst increased regulation will come at a cost, the biggest concern for build to rent operators will be the risk of rental voids, particularly where they cannot quickly obtain possession in order to relet to new, paying tenants.

There are however positives to be seen in the push towards a more professional, regulated residential living sector where landlords are required (and seen) to be transparent and fair. With greater resources, institutional BTR landlords are well positioned to absorb changes and deliver quality homes.

# The proposed changes

Whilst headline rents may be about to increase due to lack of supply, it is not all good news for landlords.

## Rental security

The ability of landlords to demand security for rent is limited by the Act.

Under the Act, rental periods can only be a maximum of one calendar month. Any clause in the agreement requiring rent to be paid in (say) yearly or quarterly instalments will be void.

Although landlords can require payment of the initial one calendar month's rent before the term of the lease begins, providing the tenancy agreement has been signed by both parties and is in force, any advance payment made before that period is prohibited. Landlords can be fined for inviting, encouraging or accepting a prohibited pre-tenancy payment of rent.

Whilst these up-front lump sum payments are banned, genuine deposits remain lawful and are not affected by the Act (but must still comply with the existing limits under the Tenant Fees Act 2019 and other requirements e.g. they must be protected and prescribed information must be provided).

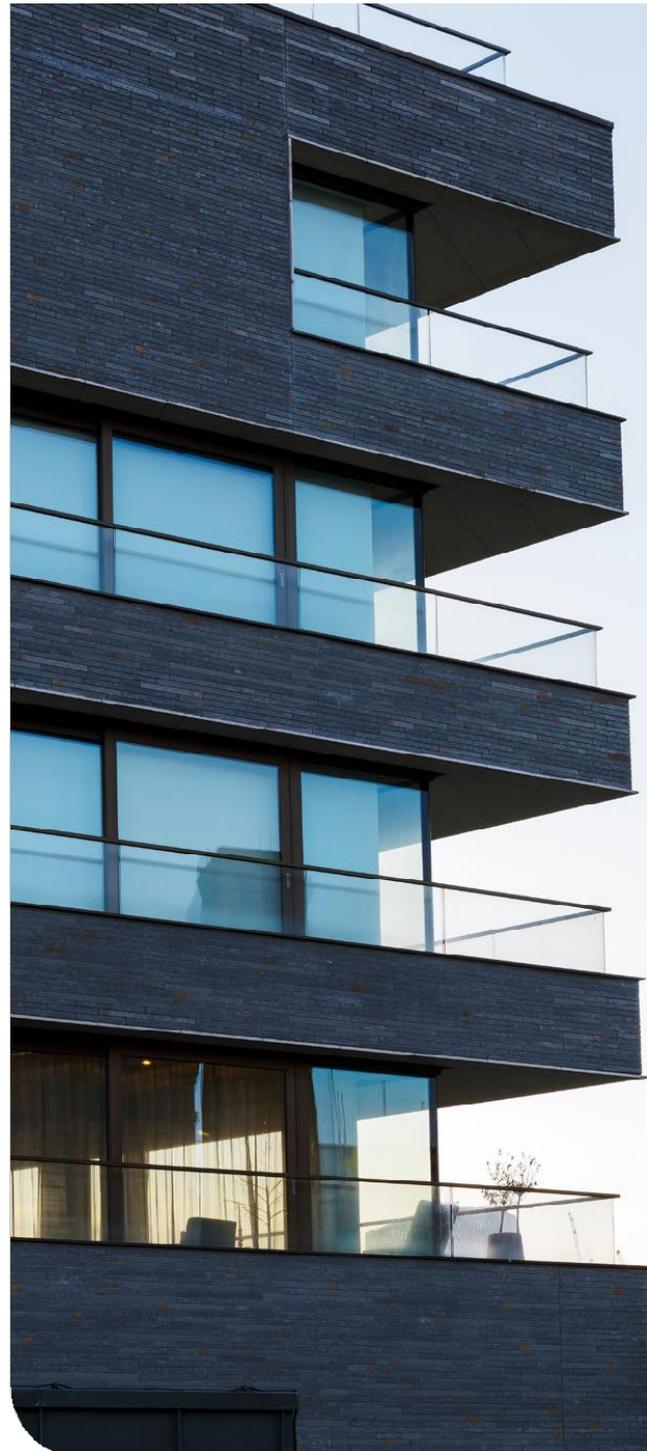
Landlords may consider taking out rental guarantee insurance across their portfolios, but note that any premium cannot be directly re-charged to tenants (due to restrictions imposed by the Tenant Fees Act 2019).

## Rent review

From 1 May 2026, landlords will be prohibited by the Act from increasing rent without using the formal procedure under section 13 of the 1988 Act. Any contractual rent review clause will be void, and the landlord will instead need to serve a specific form of notice, giving two months' notice. Rent can only be reviewed once a year.

Tenants will be able to challenge rent increases (or the initial level of rent) via application to the First-tier Tribunal. Whilst the FTT is given jurisdiction to assess and determine the level of market rent under the Act, it does not have jurisdiction to make a costs order or to backdate the new level of rent. Instead, the new – higher – rent will only be payable from the date the claim concludes.

However, in response to concerns about how this may remove the disincentive for tenants to challenge rent, the Act also includes provision for the Secretary of State to amend the effective date for the new rent. Landlords will need to ensure that they have good evidence for any increase – and also that they keep that evidence updated as any claim progresses.



## Increased regulation

The Act introduces a new mandatory Private Rented Sector Ombudsman to handle tenant complaints. Additionally, all private landlords and their properties will need to register with an online Database.

As well as being an obvious administrative burden (with severe consequences for non-compliance), the Ombudsman in particular is again tenant-focussed, with no source for due diligence for landlords or for redress against misbehaving tenants.

Separately, the Act also amends the Housing Act 2004 to provide for regulations setting minimum quality requirements for private rented properties (the “Decent Homes Standard”).

These three schemes will be introduced in Phase 2 of the implementation of the Act, from late 2026 onwards, so there will be a ‘lead in’ time before the obligations become mandatory – but it would be prudent for landlords to start collating and reviewing the relevant information about their tenancies now.



# Grounds for possession

As you will already be aware, from 1 May 2026 residential leases in the private rented sector (both existing and any granted after the commencement date) will no longer have a fixed end date and will roll over indefinitely until a valid notice is served by a landlord or tenant.

The key reform under the Act is the removal of s.21 'no fault' evictions from 1 May 2026, without needing a ground for possession.

## Possession lists

It is worth being aware that currently, even with s.21 evictions being available, if a tenant of a residential property does not vacate in accordance with a notice, a landlord is required to obtain a possession order and, if needs be, to enforce that order by way of obtaining a warrant for execution by a bailiff.

Landlords are currently facing average delays of around 30 weeks to secure possession orders – even in undefended cases – with timescales often longer in London.

Landlords will instead need to rely on the s.8 regime and to detail the specific grounds on which they are seeking to end the tenancy.

Many of the current grounds set out within the Housing Act 1988 will still exist, subject to some amendments which will also take effect from 1 May 2026. We set out below the grounds which are most likely to be of interest to BTR operators.

These delays are expected to worsen as a surge in claims is likely before proposed legislative changes take effect, further straining an already overstretched court system.

The Government has stated that they will support the justice system with more funding, to include the provision of a new digital end to end possession service in the county courts from 2026 and an alternative body to the First-tier Tribunal to deal with rent reviews. However, the system is likely to remain under pressure in the near term, which may result in voids and loss of rent for extended periods.

GROUND	NOTICE PERIOD	COMMENTS
<b>1A: Landlord to sell property</b> (amended ground)	Four months	The landlord intends to sell a freehold or leasehold interest in a residential property, or intends to grant a lease of the property for a term certain of more than 21 years.  The current tenancy must have existed for at least one year, or the landlord must be selling to a local authority following a notice of compulsory acquisition.  The ground is not available where the landlord is a non-profit registered provider of social housing, a body registered as a social landlord, a housing trust, or where the property is social housing or let on an agricultural tenancy.
<b>2: Repossession by the landlord's lender</b> (amended ground)	Four months <b>(increased from two months)</b>	Available where the property is subject to a mortgage and the mortgagee is entitled to exercise a power of sale.  It is no longer necessary for the mortgage to have been granted before the beginning of the tenancy, or for prior notice to have been given to the tenant.
<b>4: Student Accommodation</b> (amended ground)	Two weeks	Certain educational establishments (as specified in secondary legislation) can serve notice where, in the twelve months before the start of the tenancy, the property was used to house students.

GROUND	NOTICE PERIOD	COMMENTS
<b>4A: Student let</b> (new ground)	Four months, ending 1 June-30 September	Where the property is let as an HMO to full-time students who meet a particular test, landlords can recover possession at the end of the academic year so long as the new tenancy is also to full-time students. A warning notice must be given before the tenancy is entered into (or within 28 days of the date the tenancy becomes an assured tenancy), and the agreement must be entered into not earlier than six months before the students can take up occupation. Note that full time students in smaller flats or houses will not be subject to this ground.
<b>6: Property required for redevelopment</b> (amended ground)	Four months	The landlord is seeking possession to demolish or substantially redevelop which cannot be done with the tenant in situ. Certain conditions will apply, including that the tenancy must have existed for at least six months at the time of service of any notice.
<b>6B: Possession to allow compliance with enforcement action</b> (new ground)	Four months	Available where the landlord is subject to certain enforcement action, e.g. relating to: <ul style="list-style-type: none"> <li>• a banning order under section 16 of the Housing and Planning Act 2016.</li> <li>• an improvement notice under section 11 or 12 of the Housing Act 2004 specifying overcrowding.</li> <li>• a prohibition order under section 20 or 21 of the Housing Act 2004, which prohibits the use of any part of the property or the common parts for purposes that are incompatible with continued use by the tenant.</li> <li>• refusal by the local authority to grant an HMO licence or the licence has been revoked.</li> <li>• refusal by the local authority to grant a licence under s.85 of the Housing Act 2004 or the licence has been revoked.</li> </ul> The purpose of this new ground appears to be to allow/facilitate works at properties where landlords have work to do in terms of bringing the property up to standard.
<b>7A: Antisocial behaviour</b> (no change)	Immediate, but the possession order can only take effect at least 14 days after service of the notice	Available where certain conditions are met such as the tenant being convicted of a serious offence, and anti-social behaviour offence or has been found in breach of an anti-social behaviour injunction.
<b>7B: Tenant does not have a right to rent</b> (no change)	Two weeks	Available where certain conditions are met such as the tenant being disqualified from occupying the property due to their immigration status.
<b>8: Serious rent arrears</b> (amended ground)	Four weeks <b>(increased from two weeks)</b>	Where possession is sought on basis of rental arrears and where arrears: <ul style="list-style-type: none"> <li>• total at least three months' worth of rent (where rent is paid monthly); or,</li> <li>• more than 13 weeks' worth of rent (where rent is paid weekly).</li> </ul> When calculating arrears, if the tenant is entitled to receive universal credit for housing under Part 1 of the Welfare Reform Act 2012, any amount unpaid only because the tenant had not yet received the payment of that award is to be ignored. Note that there are also discretionary grounds relating to any or persistent rent arrears, which may be pleaded in the alternative.



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