

SHOOSMITHS

An occupier's guide to
the Renters' Rights Act

REAL ESTATE

FOR
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" ground of possession under section 21 of the Housing Act 1988, as well as imposing additional restrictions and obligations on private landlords.

Whilst the changes do not directly affect commercial leases, once Phase 1 of the government's implementation roadmap comes into effect on 1 May 2026, the ability to serve notice to end residential tenancies will immediately be limited. Awareness of the Act is therefore key for occupier landlords and headlease tenants of mixed-use premises.

Forward planning will be particularly crucial for business planning in relation to break clauses and any attached conditions, as well as in respect of yielding up at the end of your own commercial lease term.



SIMON FOSTER
PARTNER

+44 (0)3700 868 786

simon.foster@shoosmiths.com

Mitigation

You should assess now whether your company (under the terms of any of its own leases) is the immediate landlord of any residential occupiers, and if so, when and how possession may be obtained under any new regime. Timing is particularly key before any break date or lease term end, particularly where there is a requirement to give vacant possession.

Alternatively, in respect of future planning, it may be prudent to consider the demise granted in your leases. Can floors or areas be sub-let to residential tenants be separated out, to ensure that the changes in residential legislation do not stop you exercising a break in respect of the commercial parts?

Next steps

Landlords have a window of opportunity now to review their rental portfolios and prepare for these changes and, if commercially advantageous and/or by way of risk management, seek possession of properties now under no fault grounds (should they meet the criteria).

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

The proposed changes to possession claims

As you may already be aware but to summarise, from 1 May 2026 residential leases in the private rented sector will no longer have a fixed end date and will instead roll over indefinitely until a valid notice is served by either the landlord or tenant.

The key reform is the removal of s.21 ‘no fault’ evictions, which do not require the landlord to prove a ground for possession. Landlords will instead need to rely on the s.8 regime, under which all grounds are contestable. Claims may therefore be more frequently defended by residential tenants, which will delay or stymie landlords taking back possession.

In addition, as you may know, 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.

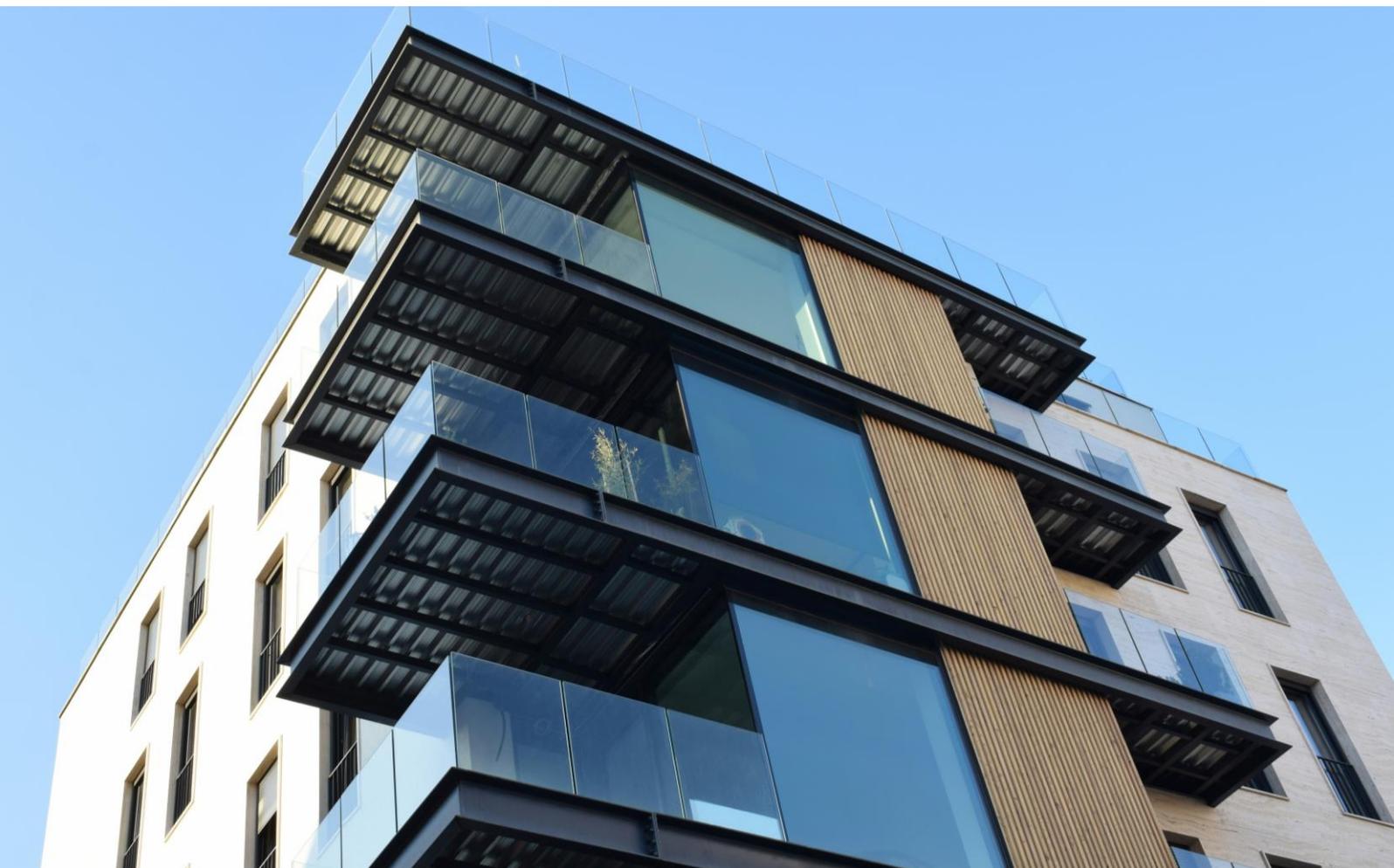
Landlords are currently facing average delays of around 30 weeks to secure possession orders – even in undefended cases – with timescales often longer in London. These delays are expected to worsen as a surge in claims is likely before proposed legislative changes take effect, further straining an already 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.

We set out below the grounds for possession which are likely to be most applicable to commercial occupiers:

GROUND	NOTICE PERIOD	COMMENTS
2: Landlord to sell property (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. Certain conditions must also be met: <ul style="list-style-type: none"> the assured tenancy on which the residential property is let is not that of an agricultural tenancy. at the time of service of any notice, the tenancy must have existed for at least twelve months, or notice of a compulsory acquisition in relation to the residential property has been given and the landlord intends to sell their interest to the acquiring authority, who intend to acquire it. the landlord seeking possession is not 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. Should the landlord be unable to sell the property (for whatever reason), it is still prohibited from reletting the property for 12 months.
2: Repossession by the landlord's lender (amended ground)	Four months (increased from two months)	Available where the property is subject to a mortgage and the mortgagee is entitled to exercise a power of sale. From 1 May 2026, it will no longer be 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.

GROUND	NOTICE PERIOD	COMMENTS
6: Property required for redevelopment (amended ground)	Four months	The landlord is seeking possession to demolish or substantially redevelop, which cannot be done with the tenant in situ. Under the amended ground, certain conditions apply, notably that the tenancy must have existed for at least six months at the time of service of any notice.
7A: Antisocial behaviour (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.
7B: Tenant does not have a right to rent (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.
8: Serious rent arrears (amended ground)	Four weeks (increased from two weeks)	Where possession is sought on basis of rental arrears and where arrears: <ul style="list-style-type: none"> • total at least three months' worth of rent (where rent is paid monthly); or, • more than 13 weeks' worth of rent (where rent is paid weekly). 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.





REAL ESTATE

DISCLAIMER

This information is for educational purposes only and does not constitute legal advice. It is recommended that specific professional advice is sought before acting on any of the information given.