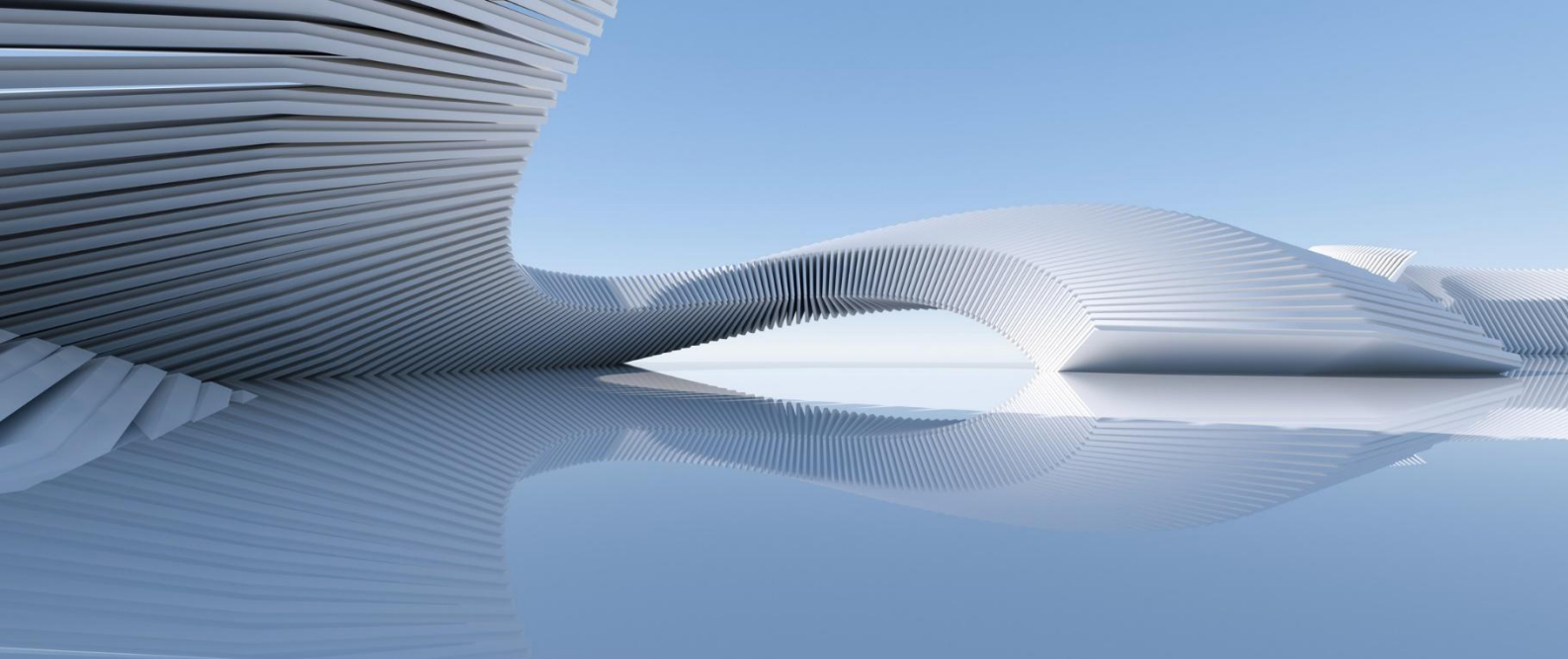


A build to rent operator's guide to the Renters' Rights Act 2025

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What are the changes?

The Renters' Rights Act 2025 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 (HA 1988), as well as imposing additional restrictions and obligations on private landlords.

The legislation aims to discourage and regulate unscrupulous landlords and to give more transparency and recourse to tenants – creating space for professional operators to capitalise on emerging opportunities.

Now that Phase 1 has been implemented, all private rented sector assured shorthold tenancies have automatically been converted into assured periodic tenancies (APTs), which roll over indefinitely with no fixed end date. New assured tenancies can only be granted as APTs, with limited exceptions.

Landlords therefore need to be alive to the changes in how they demand and increase rent, retake possession and remain in compliance with the new regime.



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Whilst a more professional, regulated residential sector should help raise standards and promote greater transparency and fairness, the increased administrative burden comes at a cost.

The real concern for build to rent operators is the risk of rental voids, especially if delays in obtaining possession leave homes sitting empty instead of generating income.

Institutional BTR landlords, with the scale and resources to adapt, are better positioned than most to absorb changes and continue delivering quality homes.

Shoosmiths has a dedicated residential landlord and tenant team who can provide training to your in-house team, help you review your portfolio or advise on a case-by-case basis.



Before a tenancy is granted

Advertising your property

The Act bans any unfair treatment of people who have children or receive benefits, that intends to make those people less likely to enter into a tenancy agreement. This could include restrictions on viewing a property or imposing unfair affordability requirements.

From a financial perspective, landlords and their agents are prohibited from inviting, encouraging or accepting multiple months' rent in advance of a tenancy being agreed. However, they can require a holding deposit to be paid by prospective tenants.

Rent up front

Once a letting agreement has been signed, landlords will be permitted to ask for the initial payment of rent upfront.

However, because the tenancy will always be a rolling periodic contract, this initial payment will be limited to a maximum of one calendar month's rent (or 28 days where the rental period is less than one month).

Landlords are therefore likely to continue requiring a deposit as a condition of granting an APT. The Tenant Fees Act 2019 caps these deposits at five weeks' rent (or six weeks' rent where the annual rent is £50,000+).

Alternatively, or in addition, landlords may choose to put in place other measures such as rental deposit protection or (if appropriate) requiring a guarantor.

Other administrative requirements

Before the tenancy is granted, landlords must provide the tenant with a written statement (which can form part of the letting agreement).

The statement must:

1. set out the key terms of the tenancy
2. include specific information about the landlord's statutory obligations under e.g. fitness for human habitation and electrical/gas safety regulations.

Notice relating to possession grounds

In some cases, before the tenancy is granted the landlord must also provide the tenant with written notice that it plans to rely on a particular ground for possession – notably, Ground 4A (student HMO), Ground 6 (redevelopment)

Consequences of breach

The sanctions for breach of any of these prohibitions are severe – fines of up to £7,000 for a first offence, increasing to £40,000 for serious, continuing or repeated breaches.

It will be crucial for landlords to protect against the risk of rental voids at the outset, given the limitations on increasing rent and regaining possession

During the term of a tenancy

Rent review

In order to increase the level of rent, landlords will need to serve two months' notice pursuant to section 13 of the HA 1988. This can only be served 52 weeks after the last time rent was increased.

Tenants can challenge the increase by application to the First-tier Tribunal (FTT). Once they do so, the date that any increase is implemented is then delayed to the date the FTT makes a determination as to the correct open market rent (i.e. it is not backdated to the date of the landlord's notice).

The FTT cannot order a rent higher than the level proposed in the landlord's initial notice. It is also unusual for either side to be required to pay the other's legal or other costs.

Landlords will need to regularly review their own repayments and outgoings, to ensure that notice of an increase is given promptly to avoid any shortfall.

Advance/lump sum payments

Tenants can only be required by their tenancy agreement to pay rent on a weekly or monthly basis. However, a tenant can choose to pay any amount of rent early.

Discrimination

Any terms in a tenancy which stop tenants from claiming benefits, or having children at the property, are no longer valid (subject to some limited exceptions e.g. where the restriction is a proportionate means of achieving a legitimate aim).

Consent to pets

Tenants have a right to request to keep a pet at the property. The landlord cannot unreasonably refuse the request, and any refusal can be challenged.



Grounds for possession

As you will already be aware, but to summarise, 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.

Tenants can give not less than two months notice at any time, to end on the day rent falls due, or the day before, unless the landlord and tenant have agreed in writing to a shorter period. Longer notice periods are void.

The ability for landlords to retake possession has been limited, due to the abolition of section 21 “no fault” eviction notices. Instead, landlords must serve notice under section 8 of the HA 1988 which requires you to make out a ground for possession.

The grounds on which possession is sought be challenged by the tenant, resulting in potential delay.

In addition, if a tenant does not vacate in accordance with the notice and even if the landlord has successfully made out its grounds, the landlord cannot simply change the locks and retake possession. Instead, it is required to obtain a court order for possession and, if needs be, to enforce that order by way of obtaining a warrant for execution by a bailiff.

We set out below the grounds which are most likely to be of interest to BTR operators.

GROUND	NOTICE PERIOD	COMMENTS
1A: Landlord to sell property	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: - the notice cannot expire within the first 12 months of the tenancy - 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.
4: Student Accommodation	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.
4A: Student let (where the provider is not able to grant exempt tenancies)	Four months, ending 1 June- 30 September (note transitional arrangements reduce this to two months where a warning notice was served before 31 May 2026)	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 be granted to full-time students. A warning notice must be given before the tenancy is entered into, and the agreement must be granted not more than six months before the students can take up occupation. Note that landlords will not be able to rely on this ground where the tenants are full time students in smaller flats or house-shares.
6: Property required for redevelopment	Four months	The landlord intends to demolish or substantially redevelop the property, and the works cannot be done with the tenant in situ. Certain conditions apply, notably that the notice cannot expire within the first six months of the tenancy.

GROUND	NOTICE PERIOD	COMMENTS
7A: Antisocial behaviour	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, an 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	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	Four weeks	Available where, at both the date the notice is served and the date of the hearing, the tenant's arrears are either: • more than three months' worth of rent (where rent is paid monthly) • 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 has not yet received the payment of that award is to be ignored. Note that there are also discretionary grounds 10 and 11 (relating to any or persistent rent arrears) which may be pleaded in the alternative.





What else do I need to know?

Delays in obtaining possession

If a tenant of a residential property does not vacate in accordance with a notice and even if the landlord has successfully made out its grounds, the landlord cannot simply change the locks and retake possession. Instead, it is required to obtain a court order for possession and, if needs be, to enforce that order by way of obtaining a warrant for execution by a bailiff.

Whilst additional funding has been promised, the already overstretched system is likely to remain under pressure in the near term. This in turn is likely to cause further delay and, where tenants are already in arrears, result in loss of rent for extended periods.

Additional administrative requirements

BTR operators should also be alive to the additional regulatory requirements coming later down the line.

From late 2026, the Government intends to introduce both a PRS Ombudsman scheme and an online Database. Participation by landlords will be mandatory, and subject to payment of a fee.

Looking further ahead, the Act also amends the Housing Act 2004 to provide for regulations setting minimum quality requirements for private rented properties (the “Decent Homes Standard”). Implementation is subject to further consultation.



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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.