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# Renters' Rights Bill

Briefing Note



**Manchester Student Homes**

THE UNIVERSITY OF MANCHESTER & MANCHESTER METROPOLITAN  
UNIVERSITY

## Contents

Introduction.....	2
Exemption of PBSA from the Bill.....	2
Advance Rent Provisions.....	3
Abolition of Fixed-Term Assured Tenancies .....	3
Decent Homes Standard and Awaab’s Law.....	4
Guarantor not liable for rent payable after tenant’s death.....	4
Transition arrangements .....	4

## Introduction

The Renters' Rights Bill has now passed its Second Reading in the House of Lords and is currently undergoing scrutiny in a House of Lords Select Committee. Several amendments are being proposed in the Lords but when the Bill returns to the House of Commons it is not anticipated that any significant amendments will be accepted by the Government.

The Government has stated that it wishes the Bill to become law earlier than initially intended. There is a possibility of Royal Assent by late Spring or early Summer. However, this is still subject to the vagaries of the parliamentary process.

## Exemption of PBSA from the Bill

The government has stated that providers of Purpose-Built Student Accommodation will be exempted from the provisions of the Bill.

Clarity will need to be provided on what constitutes a PBSA development.

The government has further stated that PBSA providers will be removed from the assured tenancy system and given the ability to issue Common Law Tenancies to enable them to be exempt from the provisions of the Bill. In addition, they will be required to have signed up to an Approved Code of Practice (UUK or the National Code, through ANUK).

*It was always our intention to exempt private PBSA that had signed up to the government approved codes of practice from the assured tenancy regime. There is already a delegated power in the Housing Act 1988 that would allow us to do this, so it did not need to be included in the Renters (Reform) Bill. The exemption would remove assured status from private PBSA tenancies, as is currently the case with university managed accommodation.*

The process for exempting PBSA's is likely by changing 'specified educational establishments' to 'specified institutions' under provisions to be found in the Housing Act 1988. This will put private sector PBSA providers on an equal footing with universities with the exception of private providers not having the same equality duties although they are likely to still need to obtain property licenses.

As Common law tenancies can offer less protection for tenants (for example deposits do not have to be protected), there is currently a consultation on amending the National Code. The changes are to include that deposits will still have to be protected, the right of a student to give notice if no longer on a course of study, compliance with the Building Act and Fire Safety Act and to amend the complaints procedure to be more similar to that of the Property Ombudsman.

The caveat to the above comes within the Guidance to the Bill in relation to the Decent Homes Standard which states, *'The bill also includes a power to extend the scope to*

*include other types of tenancies and licences.*’ However, ironically the government has clearly indicated the Decent Homes Standard will not apply to the PBSA.

### Advance Rent Provisions

The PBSA will be exempt from these provisions.

An accommodation provider will not be permitted to accept rent prior to the signing of a tenancy agreement. Once the agreement is signed a maximum of one month’s rent is payable prior to the tenancy commencing.

An accommodation provider is unable to require a tenant to pay more than one-month rental instalments during the course of the tenancy.

*Potential impact on providers:* There is likely to be increased concern that full rent may not be paid particularly in relation to international students.

*Potential impact on students:* There is likely to be an increased requirement to provide a guarantor.

*Potential impact on MSH:* Choices for international students or anyone unable to provide a guarantor may become more limited and require additional support.

### Abolition of Fixed-Term Assured Tenancies

Ground, 4A, allows the provider to give notice where ‘A property is let to full-time students and is required for a new group of students in line with the academic year.’

This Ground has now been amended so that it now cannot be used if the tenancy agreement has been signed more than 6 months in advance. This means that a tenancy agreement can be signed more than 6 months in advance, but the provider would not be permitted to use Ground 4A.

A provider will be required to give a warning of an intention to use Ground 4A prior to signing the agreement and then issue the Section 8 notice using Ground 4A with 4 months’ notice and coming into effect between 1 June and 30 September. Ground 4A therefore cannot be used to gain possession for tenancies covering courses that start in January.

*Potential impact on providers:* In theory, issuing a Section 8 notice under Ground 4A would allow the landlord to regain possession of the property to allow new students to move in. The Ground cannot be used if a property is occupied by any mix of students and non-students. Currently many students decide to move out at the end of their fixed term anyway despite not receiving a S21 notice (meaning they could stay on if they wanted to). As such, it is difficult to say how much this alteration will deter landlords from signing up students more than 6 months in advance if students continue to voluntarily leave in the summer.

## Decent Homes Standard and Awaab's Law

A consultation on both standards is due to commence shortly and will be setting out the expectations for the private sector.

## Guarantor not liable for rent payable after tenant's death

This government amendment (new Clause 21) states that a guarantor will no longer be liable to pay a tenant's portion of the rent if the tenant dies. However, as the tenancy does not automatically end with the death of a tenant then, under a joint tenancy agreement, the other tenants and their guarantors could still be held liable for that portion of the rent.

## Transition arrangements

The government has stated the intention is to make the provisions of the Bill 'retroactive' when enacted which means they will supersede all existing tenancy agreements.

However, they have also stated, 'We will provide the sector with sufficient notice of the system taking effect and work closely with all parties to ensure a smooth transition.'

As of yet no guidance has been provided as to what constitutes 'sufficient notice'.