

# **Regulation of the Private Rented Sector Bill**

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**B I L L**

TO

Provide for the regulation of letting agents; to protect tenants' deposits; to require the enforcement of environmental and energy-efficiency standards in private-sector rented accommodation; to amend the law on secure tenancies; to provide for fair rent to be applicable to all rented accommodation; to require landlords not to discriminate against people in receipt of state benefits; to require local authorities to establish a private rented sector office; and for connected purposes.

**B**E IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

**1 Local authority functions and scope of Act**

(1) Every local authority must establish an office of the private rented sector ("OPRS") to exercise the functions conferred on the authority by this Act.

(2) In this Act—

“landlord” means a landlord under a private rented sector tenancy; 5

“local authority” means—

(a) a county council,

(b) a district council,

(c) a London borough council,

(d) the Common Council of the City of London in its capacity as a local authority, 10

(e) the Council of the Isles of Scilly,

and in the rest of this Act (except section 3) references to a local authority are to the authority for the area in which the premises are situated; 15

“private rented sector tenancy” means a tenancy of a dwelling under which the landlord is not a local authority or a registered social landlord;

“relevant agency business” has the meaning given by section 3(2); and

“tenant” means a tenant under a private rented sector tenancy. 20

## 2 The environmental and energy-efficient standards

- (1) Every private rented sector tenancy is to be treated as including a term by which the landlord is under an obligation to the tenant –
- (a) where on the commencement day the premises do not meet the environmental standard, to take such steps as are necessary to bring the premises to that standard; 5
  - (b) where on the commencement day the premises do not meet the energy efficiency standard, to take such steps as are necessary to bring the premises to that standard;
  - (c) from time to time to take such steps as are necessary to keep the premises at the environmental and energy efficiency standards. 10
- (2) Subsection (1) is without prejudice to any greater obligation owed by the landlord (under the terms of any enactment or of a particular private rented sector tenancy, or otherwise).
- (3) Every local authority must from time to time inspect premises in its area let under private rented sector tenancies with a view to ascertaining whether the premises meet the environmental and energy efficiency standards. 15
- (4) The Secretary of State must make regulations providing for the local authority to enforce the obligations under subsection (1).
- (5) The regulations may include provision, among other things – 20
- (a) for service of notices;
  - (b) for non-compliance with any requirement of a notice served by the local authority to be an offence punishable on summary conviction with a term of imprisonment not exceeding 6 months (12 months in relation to an offence committed on or after the date on which section 154(1) of the Criminal Justice Act 2003 comes into force) or a fine not exceeding level 5 on the standard scale or both; 25
  - (c) for the local authority to bring proceedings for an offence under the regulations;
  - (d) for the local authority to bring proceedings for an injunction requiring compliance with any requirement of a notice served by the local authority or with any obligation owed under subsection (1), 30
- and do not affect the right of the tenant to bring civil proceedings in respect of any obligation owed under subsection (1).
- (6) In this section – 35
- “commencement day” means, in relation to any premises –
    - (a) the day on which this section comes into force, or
    - (b) if no private rented sector tenancy of the premises is in existence on that day, the day of commencement of the first such tenancy to commence after that day; 40
  - “environmental standard” means a living environment meeting the requirements of the decent homes standard as defined in section 5 (detailed definition) of the document entitled “A Decent Home: Definition and guidance for implementation” issued by the Department for Communities and Local Government as updated in June 2006, or in the corresponding provisions of any re-issued or amended version of that document for the time being in force; 45
  - “energy efficiency standard” means a standard equivalent to an energy performance certificate rating of “D” or better.

### 3 Letting and managing agents

- (1) No person shall carry on any relevant agency business unless registered for the purposes of this section with the local authority for the area in which that person's principal place of business is located (or, if that person has no principal place of business, with the local authority for each area in which that person carries on relevant agency business). 5
- (2) "Relevant agency business" means things done by any person in the course of a business for the purpose of, or with a view to, any of the following –
  - (a) effecting the introduction of a person who wishes to enter into a private rented sector tenancy to another such person (including registering the name or requirements of any person seeking a private sector tenancy with a view to such introduction); 10
  - (b) supplying addresses or particulars of, or issuing any advertisement relating to, premises to let under private rented sector tenancies;
  - (c) the creation, or drawing up of an agreement for, a private rented sector tenancy; 15
  - (d) the management or administration of any matter relating to the creation, commencement, conduct or termination of a private rented sector tenancy.
- (3) The Secretary of State may by regulations make provision about registration for the purposes of this section. 20
- (4) The regulations must provide that a person is not to be registered unless the local authority is satisfied that that person is fit and proper to carry on relevant agency business.
- (5) The regulations may include provision, among other things – 25
  - (a) for the attachment of conditions or limitations to a person's registration;
  - (b) for renewal of registration at specified intervals;
  - (c) for a person's registration to be cancelled in prescribed circumstances;
  - (d) for the procedure to be followed in relation to applications for registration; 30
  - (e) for the procedure to be followed in relation to cancellation of registration;
  - (f) for the local authority to charge applicants for registration and registered persons for the functions performed under this section. 35
- (6) Any person who contravenes subsection (1), or who contravenes or fails to comply with any condition or limitation attached to that person's registration under this section, commits an offence punishable –
  - (a) on conviction on indictment, with a term of imprisonment not exceeding 2 years or a fine or both; 40
  - (b) on summary conviction, with a term of imprisonment not exceeding 6 months (12 months in relation to an offence committed on or after the date on which section 154(1) of the Criminal Justice Act 2003 comes into force) or a fine not exceeding £20,000 or both.
- (7) A local authority may bring proceedings for an offence under subsection (6). 45

#### 4 Discrimination

- (1) The following new subsections are inserted in section 32 of the Equality Act 2010 (application of Part 4 of that Act)–
- “(6) For the purposes of sections 33 to 35 insofar as they apply to conduct by any of the persons mentioned in subsection (7), section 4 is to be read as including the following additional protected characteristic –  
 claiming, receiving or being eligible to receive any state benefit. 5
- (7) The persons are –
- (a) a landlord, within the meaning of the Regulation of the Private Rented Sector Act 2014; 10
- (b) a person carrying on any relevant agency business, within the meaning of section 3 of that Act.”
- (2) A local authority may enforce Part 4 of that Act as regards –
- (a) the provisions inserted by subsection (1);
- (b) any other conduct in connection with a private rented sector tenancy. 15

#### 5 Tenants’ deposits

- (1) Where a tenant has paid a deposit (however described) in connection with a private rented sector tenancy, and a dispute or difference about its repayment arises between the tenant and a landlord, or between the tenant and a person carrying on relevant agency business, the dispute or difference shall at the request of the tenant be referred to determination by the local authority under this section. 20
- (2) The Secretary of State must make regulations about determinations under subsection (1) which must, in particular, include provision –
- (a) for the purpose of ensuring that determinations are made swiftly and fairly; 25
- (b) for a determination to be binding on the person from whom repayment is sought;
- (c) for the review of, or appeals against, determinations in specified circumstances (but so that no review or appeal may be considered unless any determination requiring a payment to the tenant has been complied with). 30

#### 6 Five-year tenancies

- (1) This section applies to a private rented sector tenancy created after the Housing Act 1988 came into force and which, but for this section, would have effect as – 35
- (a) a tenancy for a fixed term of less than five years, or
- (b) a periodic tenancy capable of being brought to an end by the landlord less than five years after it commenced,
- and includes a tenancy in existence on the day on which this section comes into force. 40
- (2) A fixed term tenancy to which this section applies has effect as a tenancy for a term of five years (and any periodic tenancy which, by virtue of the tenancy agreement or any enactment, would have come into existence on expiry of a

fixed term of less than five years, shall come into existence at the end of the period of five years).

- (3) A periodic tenancy to which this section applies may not be brought to an end by the landlord earlier than the end of the period of five years beginning with the day on which the tenancy commenced. 5
- (4) But subsections (2) and (3) do not affect –
- (a) any power of the court to make an order for possession before expiry of the five year period on a ground prescribed by Schedule 2 to the Housing Act 1988 other than ground 4 (one year fixed-term tenancy);
  - (b) subject to any provision made under section 7, the operation of sections 13 to 14B of that Act (increases of rent under assured periodic tenancies). 10
- (5) Any step purportedly taken by the landlord between 28 February 2014 and the day on which this section comes into force to bring to an end a tenancy to which this section applies (other than a step taken for the purpose of establishing a ground for possession permitted by subsection (4)(a)) shall be treated as being, and as always having been, of no effect. 15

## 7 Fair rent

- (1) The Secretary of State must by regulations make a scheme for the determination by the local authority of a fair rent, on the application of the tenant or on its own initiative, in respect of a private rented sector tenancy of premises situated in – 20
- (a) Greater London, or
  - (b) an area for the time being designated in an order made by the Secretary of State. 25
- (2) Where a fair rent has been determined under the scheme, the rent recoverable in respect of the tenancy is limited to the rent so determined.
- (3) The scheme must provide –
- (a) for the computation of a fair rent by reference to all the circumstances (other than the personal circumstances of the landlord or tenant) and on the assumption that demand for similar premises available for letting in Greater London, or in the area designated by order under subsection (1)(b), does not greatly exceed supply; 30
  - (b) for the duration and renewal of determinations;
  - (c) for the procedure to be followed in relation to determinations; 35
  - (d) for the review of determinations.
- (4) The scheme may include incidental, supplemental, consequential and transitional provision, including provision –
- (a) consequentially amending or repealing any enactment about rents;
  - (b) enabling a local authority to exercise the functions of any person relating to rents, or transferring such functions to a local authority. 40

## 8 Financial provisions

*There is to be paid out of money provided by Parliament –*

- (a) *any expenditure incurred under or by virtue of this Act by the Secretary of State, a Minister of the Crown, a person holding office under Her Majesty or by a government department, and*
- (b) *any increase attributable to this Act in the sums payable under any other Act out of money so provided.*

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## **9 Orders and regulations**

- (1) An order or regulations under this Act are to be made by statutory instrument.
- (2) No instrument containing an order or regulations under this Act is to be made unless a draft has been laid before Parliament and approved by a resolution of each House.
- (3) The first regulations under this Act are to be laid no later than the end of the period of four months beginning with the day on which this Act is passed.

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## **10 Short title, commencement and extent**

- (1) This Act may be cited as the Regulation of the Private Rented Sector Act 2014.
- (2) Other than in relation to the making of orders and regulations (in respect of which this Act comes into force on the day on which it is passed), this Act comes into force at the end of the period of six months beginning with the day on which it is passed.
- (3) This Act extends to England and Wales only.

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*Ordered to be brought in by Jeremy Corbyn,  
Mark Durkan, Sir Bob Russell,  
Mr Elfyn Llwyd, Caroline Lucas,  
John Healey, John McDonnell,  
Katy Clark, Grahame M. Morris,  
Ms Diane Abbott, Mr David Lammy  
and Mr David Ward.*

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*Ordered, by The House of Commons,  
to be Printed, 15 October 2013.*

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