

Welcome to our monthly newsletter for property landlords. We hope you find this informative and please contact us to discuss any matters further.

Renters' Rights Act: what landlords need to know

The Renters' Rights Act represents one of the most significant changes to the private rented sector in decades. For landlords, it introduces new risks, particularly around cash flow, compliance and protection strategies.

The legislation is designed to increase tenant security and rebalance the landlord-tenant relationship. The most notable change is the abolition of Section 21 "no-fault" evictions. Landlords must now rely on specific legal grounds (via Section 8) to regain possession, such as rent arrears or an intention to sell the property.

In parallel, fixed-term assured shorthold tenancies are being replaced by rolling periodic agreements. These continue indefinitely unless ended by the tenant or through a valid legal process. This may reduce predictability of income and could limit landlords' flexibility in managing their portfolios.

The reforms also tighten rent increase rules, typically restricting rises to once a year with formal notice procedures, and give tenants greater rights, such as in requesting pets or challenging rent increases.

What does this mean for landlords? Longer tenancies, more regulated rent reviews, and potentially slower or costlier eviction processes. This increases the risk of income disruption if a tenant falls into arrears or disputes arise.

This elevates the importance of insurance as part of a landlord's overall financial strategy. Policies that may previously have been optional are becoming increasingly relevant:

- **Legal expenses cover** can help fund possession proceedings, which are likely to be more complex and time-consuming.
- **Rent guarantee insurance** can provide protection where tenants default and eviction delays extend void periods.
- **Liability cover** is more important given stricter property standards and greater tenant awareness of their rights.

We therefore recommend that landlords:

- Review cash flow forecasts to reflect potential delays in regaining possession.
- Reassess risk exposure across portfolios, especially where leverage is high.
- Conduct a full review of insurance arrangements, including add-ons such as rent protection.
- Ensure compliance processes and documentation are robust, as evidencing legal grounds for possession will be critical.

SDLT and the Renters' Rights Act 2025: an Update

We previously reported how under the Renters' Rights Act (RRA), existing assured shorthold tenancies and new residential occupational leases in England will convert to **periodic tenancies**. From

an SDLT perspective, this raised concerns because some leases, particularly those for older tenancies of high-value properties, would become liable to SDLT.

For SDLT purposes, a periodic tenancy is treated as a one-year lease in year one, a two-year lease in year two, and so on, with a fresh calculation required at the end of each year. Critically, there is always only a single lease, so the NPV of rent accumulates year on year.

Without change to the legislation, once that cumulative NPV crosses £125,000, SDLT at 1% would become payable on the excess (for a UK-resident individual - higher rates apply to non-residents).

On 22 April 2026, Dan Tomlinson, the Exchequer Secretary to the Treasury, announced that the Government intends to legislate in Finance Bill 2026-27 so that any residential lease which will be considered an assured tenancy under the Housing Act 1988, as amended by the RRA, will not give rise to a SDLT charge on the rent element. The Government will set out the detail of this legislation at or before this year's Budget.

The legislation will apply retrospectively from the date on which existing tenancies become section 4A assured tenancies (as defined in section 146 of the RRA), which was on 1 May 2026.

HM Revenue and Customs will not collect any SDLT on the rent element of an assured tenancy from that date until the date the legislation takes overriding effect.

The announcement can be viewed [here](#).

Will holiday lets remain popular after the Renters' Rights Act?

The Renters' Rights Act is prompting many landlords to reconsider whether holiday lets offer a better alternative to traditional buy-to-let. While short-term letting has grown in popularity, the outlook is becoming more complex.

On the one hand, tighter regulation in the private rented sector, such as the end of "no-fault" evictions and more secure tenancies, has reduced flexibility for landlords. As a result, some are exploring holiday lets, which can offer greater control over occupancy and pricing.

However, switching is not a straightforward solution. The economics of holiday letting are often less attractive than headline figures suggest. Gross annual income can range from around £10,000 to £30,000, but running costs such as cleaning, maintenance and management can absorb up to half of this income. Landlords also bear all property expenses, unlike in long-term lets where many costs are passed to tenants.

Seasonality is another major challenge. In many areas, most income is generated during peak summer months, leaving extended periods with little or no revenue.

Crucially, regulation is tightening here too. The government has made it clear that landlords cannot evict tenants simply to convert properties into holiday lets, limiting opportunities to switch strategies. Additional measures such as potential registration schemes and tax changes are also reshaping the sector.