**“Everyone has a right to a decent home” (Michael Gove, White Paper “A fairer private rented sector”).**

**The Government has proposed a raft of reforms to residential property legislation, designed to overhaul the rights of both short and long term leaseholders. But could such reform give rise to unintended consequences that destabilise these sectors and squeeze the supply of affordable housing stock? Discuss.**

The Renters (Reform) Bill and the Leasehold and Freehold Reform Bill were meant to strengthen the rights of private tenants and leaseholders but the corresponding impact on landlords and freeholders could have a particularly destabilising impact on the residential property market. The extent to which this happens depends on whether the Government’s proposed reforms actually reach the statute book.

The pressure that the Government has been under as a result of its proposals makes it easy to envisage a scenario where the statutes end up watered down. An example of this can be seen in the Deregulation Act 2015, the mechanism meant to prevent retaliatory evictions did not quite give private tenants the protection that was proposed.

The Leasehold and Freehold Reform Bill has already had proposed reforms rejected in relation to the removal of ground rents for existing leases, with a cap of £250 per annum now being proposed. The proposals to ban the sale of new leasehold houses were also not reflected in the Bill as introduced.

The headline change for the private rented sector and a key focus of the Renters (Reform) Bill was the abolition of section 21, announced in 2019. This was, unsurprisingly, met with concern by private landlords questioning how they would be able to get vacant possession of their properties. These concerns have perhaps been partly addressed by clarification of the new grounds of possession that would replace section 21.

However, a considerable amount of private landlords have sold their rental properties since 2019, which has created a shortage of properties available to rent, increased rents for properties that are still available, increased competition for those properties and increased homelessness applications based on landlords selling their properties – all in the midst of a housing crisis. This in turn puts more pressure on local authorities who are themselves in financial difficulties as they try to source temporary accommodation which is in increasingly short supply or make private rented sector offers to homeless applicants, which can eventually lead to future homeless applications.

The position now is that the abolition of section 21 will take place after the court system is overhauled. This requires a review of the system’s capacity to handle more possession claims, as well as development of analogue systems, followed by digitisation. Lord Carrington commented on there being an “absence of published information on the metrics of improvement” of the court system and it is fair to say that there is no clear end date or timetable for this process to be completed. The Government highlighted that an array of secondary legislation will also be required to achieve the abolition of section 21.

With the Prime Minister’s sudden announcement of the next general election, the Renters (Reform) Bill is very unlikely to finish its journey through Parliament but Leasehold and Freehold Reform Bill looks set to get through the wash-up. It remains to be seen what action the next Government will take and how this will further impact the property market.