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Introduction

130 Residential Tenancies Reforms

Below you will find an overview of the reforms that will impact Property Managers and Landlords from 29th March, 2021.

New Terminology

Tenants

are now called

Renters

Landlords

are now called

**Residential Rental Providers
(RRP)**

Lease

is now called

Rental Agreement

Summary of Changes

New tenancy & leasing

Existing tenancies
Information which must/must not be disclosed
Bond changes
Professional cleaning
Condition report

- Urgent repairs
- Modifications without consent
- Rent arrears
- Selling the property & compensation
- Utility changes

Changes during the tenancy

End of rental agreement

Remove of the 120 days notice
Lease breaks
Goods left behind
Death of a tenant

- Gas & electrical servicing
- Safety devices
- Rental minimum standards

Gas & electricity servicing

Other changes

Pet requests
Family violence
Owners' corporation
Compliance
Recommended changes

Existing Tenancies

No changes

**For existing tenancies of
fixed/periodic lease
agreements**

From 29th March 2021

**Compliance/minimum
standards applicable for
new tenancies**

New Tenancies & Rental Agreements

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Advertising a Property & Rent

Rental Providers and estate agents can only advertise or offer rental properties at a fixed price
Properties can't be advertised with a price plus advertising method or a rental range
There is a ban on inviting rental bids or soliciting offers of rent higher than the advertised price
You can however accept a higher unprompted offer made by a potential Renter
Penalty for breaking this section: 60 penalty unit fine ($\$165.22 \times 60 = \$9,913.20$)

Information the RRP must disclose to the applicant

Section 30D (d)

Embedded electricity network
Location of a homicide in the last 5 years
Whether premises complies with rental minimum standards
Dates of gas, electricity and pool safety check
Whether the rented premises is a registered place
Drugs/Asbestos/Building planning application/Notice/Order (Cladding, mould, etc)
Current domestic building dispute
Current dispute with Owners Corporation Act (2006)
Copy of OC rules
On the market for sale
Mortgagee action to repossess property
If they are not the owner of the property but have a legal right to let it (ie: Airbnb)

Information the RRP must NOT require the rental application to disclose

Section 30C

Whether they have had a dispute with a rental provider
Their rental bond history
A bank statement that contains daily transactions
Any information that relates to a *protected attribute*

Protected Attributes

Section 6

Age
Breastfeeding
Employment activity
Gender identity
Disability
Industrial activity
Lawful sexual activity
Marital status
Parental status or status as a carer
Political belief or activity
Pregnancy
Race
Religious belief or activity
Sex
Sexual orientation
An expunged homosexual conviction
Personal association (whether as a relative or otherwise) with a person who is identified by the reference to any of the above attributes

Residential Rental Agreements

Certain terms are going to be prohibited from being included in a rental agreement
There is going to be a new Prescribed Form for a rental agreement and additional clauses outside this form will not be allowed under the RTA
There are two types of agreements: short term (< or = 5 years) and long term (> 5 years)
If a Renter has signed the rental agreement but the Rental Provider has not and the Rental Provider (or their agent) has accepted rent or allowed part performance on the agreement by the Renter, then the agreement is enforceable
A term in a rental agreement can only require professional cleaning if it is needed to return the property to the condition it was in at the start of the rental agreement, taking into account fair wear and tear

Bonds & Rent in Advance

Section 31

Unless the rent is greater than \$900/wk, the maximum bond taken must not be more than one

month's rent

We can no longer take higher bonds for the Principal Place of Residence, this has been removed
Additional bonds are allowed for long term leases (top up every 5 year fixed term period) and modifications if there is a requirement that the Renter has to restore the premises at the end of the agreement

Pet bonds are illegal, even if the Renter offers it

A Renter will have a right to apply for their bond back at the end of the tenancy. If the Agent does not dispute the return of bond by going to VCAT it is automatically returned to them within 14 days. If we want to claim bond without consent we have to apply to VCAT - this must be done within 14 days of the end of the tenancy

Condition Report

Section 24, 35A & 26

Electronic copies of condition reports will be allowed

A condition report has to be completed regardless of if you take a bond or not

Section 24 (1B) - A condition report must be in the prescribed form. Within 10 days of the end of the rental agreement - final inspection to be completed in the presence of the other party OR in the absence of the other party if the party has been given a reasonable opportunity to be present

Section 35A - The RRP or Renter may apply to tribunal to amend inaccurate or incomplete condition report within 30 days of the lease commencing

Section 26 - Condition report is evidence of state of repair - A condition report that is given to a RRP is taken to be notice given to the RRP of any defects or outstanding repairs stated in the report

Professional Cleaning

Section 27C (1)(a)

The residential rental provider must not require the renter to arrange professional cleaning unless this is needed to restore the rented premises to the condition they were in at the start of the tenancy, allowing for fair wear and tear.

OR

If the property was professionally cleaned prior to the commencement of their tenancy.

Good repair & fit for occupation

Section 65

Section 65 of the RTA States:

(1) A residential Rental Provider must ensure that on the day that is agreed the Renter is to enter in occupation, the rented premises:

1. are vacant; and
2. are in a reasonably clean condition

This obligation applies regardless of:

Whether the Renter was aware of any disrepair at the property before they moved in

The amount of rent paid

The age and character of the rented property

Penalty: 60 penalty units ($\$165.22 \times 60 = \$9,913.20$) (*used to be zero penalty units*)

Keys

Rental providers must provide each Renter with a free set of keys or security device

Rental Providers can only charge a reasonable fee for additional or replacement keys or devices.

All keys and devices have to be returned at the end of the tenancy.

Changes During Tenancy

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Expanded definition of Urgent Repairs

Section 73 (1)(b)

The prescribed amount for reimbursement or application to VCAT is **\$2,500**.

Additions to the Urgent Repairs List:

Air conditioning
Mould and dampness
Dishwashers

If the urgent repairs are required to appliance, fitting or fixture with a rating below the prescribed efficiency rating system, the renter may replace it with an appliance, fitting or fixture that meets the standards.

Modifications to Properties

Section 27C (1)(a)

Renters will be able to make Prescribed modifications without the Residential Rental Providers consent. All other modifications require consent and a Rental Provider cannot unreasonable refuse consent. If a Renter believes consent has been unreasonable refused, they can apply to VCAT to review the decision and VCAT must hear it within five days.

As a condition of their consent, the Rental Provider may require that the modification be completed by a suitably qualified person (for example, a licensed electrician).

Before the end of the rental agreement, the Renter must reverse the modifications (fair wear and tear excepted) or pay the Rental Provider for the cost of reversing them, unless both parties have agreed otherwise.

The prescribed modifications in a rented premises that is not a registered place include:

Installation of picture hooks or screws for all mounts, shelves or brackets on surfaces other than brick walls

Installation of wall anchoring devices on surfaces other than brick walls to secure items or furniture

Installation of LED light globes which do not require new light fittings

Replacement of halogen or compact fluorescent lamps

Installation of blind or cord anchors

Installation of water efficient shower head (original retained)

Installation of security lights, alarm systems or security cameras (conditional)

In all rented premises:

Replacement of curtains if the originals are retained

Installation of adhesive child safety locks on drawers and doors

Installation of non-permanent window film for insulation, etc.

Installation of a wireless doorbell

Installation of pressure mounted child safety gates

Installation of a letterbox lock

Modifications which the RRP must NOT unreasonably refuse consent

Installation of picture hooks or screws for all mounts, shelves or brackets on brick walls

Installation of wall anchoring devices on brick walls to secure furniture or child safety gates

Draught proofing in homes without open flued gas heating including installing weather seals, caulking or gap filling around windows, doors, skirting and floorboards

Installation of a security system (by suitably qualified tradesperson)

Installation of fly screens on doors and windows

Installation of a secure letterbox

Installation of low flow shower heads (original retained)

Painting of the rented premises

Installation of vegetable or herb garden

Modifications to secure external gates in premises that are not multi-unit dwellings

Rental Payments

Any method for paying rent can be specified under a rental agreement, but the Rental Provider must offer at least one reasonable available fee-free method of payment - The reasonable free method should be something that is readily available such as BPay

Rental Providers must also disclose any costs that may be incurred by the nominated method prior to the rental entering the agreement

Rental providers must also permit rent payments via Centrepay

You can only accept 4 weeks rent in advance

For rent increases that occur during a fixed-term rental agreement, the amount or calculation

method for the increase must be set out in the agreement and this amount or calculation method must be used ie: 2 year term with increase at the 12 month mark

Rent Arrears

Non-Payment of rent

On the first, second, third & fourth occasion of non payment, the RRP may issue a Notice to Vacate. If the renter pays the unpaid rent before the termination date on the notice, the notice is of no effect

5th Occasion of Non-Payment of rent

On the fifth occasion of non-payment, the RRP may issue a Notice to Vacate which will remain in effect despite the renter paying the unpaid rent on or before the termination date on the Notice
The RRP may apply to the Tribunal for a possession order after the expiry of the Notice

Rental arrears resolution process



Utility Charges - RRP's Liability

Includes:

Pumping out and cleaning of sewage and septic tanks

All costs and charges for the initial installation of fixed internet and telecommunication connection including NBN

All cartage charges for refilling fire safety water tank on the premises

All cartage charges for drinking water unless the charges are related to the amount of water supplied to the premises

Water Usage:

RRP's must pay for all charges that Renters are not liable for, including water charges in respect of the rented premises that are not separately metered

Where a Renter has received an excessive utility bill attributable to a hidden fault (such as a leaking water pipe), the Rental Provider must pay for the costs that exceed the Renter's ordinary usage amounts.

Compensation - Sales Inspections

If the RRP exercises a right of entry, the RRP must pay the renter the prescribed compensation for each sales inspection, equal to:

1. One half of the daily rent

OR

2. \$30 per inspection

(whichever is greater)

Additional Sales Requirements

The RRP must not advertise images or video until the renter has reviewed and given written consent to use

The renter may apply to VCAT for compensation for damaged or stolen goods

In the event of a sales campaign, a new tenant may end the tenancy by giving 14 days notice irrespective of the date of the end of the fixed term

14 days notice must be given to the renter for inspection access

Unless otherwise agreed, the RRP can request up to twice a week inspections for no longer than an hour

Notice for Entry

Prospective renters can be shown through a property up to twice a week unless otherwise agreed

Inspection for prospective renters may begin 21 days before the termination date

A minimum of 7 days notice is now required for upcoming routine inspections which can be conducted no more than every 6 months

The RRP can enter the premises with notice:

To comply with the rental providers duties under the Act

To take images or video for advertising

If they believe the renter has failed to follow their duties under the Act

To complete a pre-termination inspection in the case of family or personal violence termination of lease

End of Rental Agreement

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Terminating a Tenancy

Rental providers cannot issue a 120 day 'no specified reason' notice to vacate

To end a fixed-term agreement Rental Providers can issue a notice to vacate at the end of the first fixed-term only, not on subsequent lease terms.

Rental Providers must attach documentary evidence to a notice to vacate for change of use. The Director of Consumer Affairs Victoria will specify the types of evidence that must be used, for example: A statutory declaration for a Landlord to Occupy.

Renters can give 14 days' notice of intention to vacate without paying lease break fees in limited circumstances, including when they need special or personal care, have been given a notice to vacate, need temporary crisis accommodation, have been accepted into social housing or have been given a notice of intention to sell but was not informed of the sale prior to signing the rental agreement.

Terminating Notice Periods

Immediate Notice to Vacate

Endangers the safety of the neighbours, owner, agent, contractor or employee
Serious damage to the property including safety equipment

14 Day Notice to Vacate

Serious threats and intimidation to the owner, agent, contractor or employee
Illegal purpose

28 Day Notice to Vacate

Renter would like to vacate the premises

60 Day Notice to Vacate

A bank or other mortgage provider who wants vacant possession

An end of fixed-term tenancy of less than 6 months (1st term agreement only)

Repairs & renovations, demolition, premises to be used for business, premises to be occupied by Rental Provider or family, sale of property, required for public purpose

90 Day Notice to Vacate

An end of fixed term tenancy of more than 12 months (1st term agreement only)

Prohibition on Letting after Notice

If you serve a Notice to Vacate to a Renter due to demolition, premises to be used for business, occupied by a Residential Rental Provider or family or sale you must not let the premises before the end of 6 months from when the Notice to Vacate was given.

You can also apply to VCAT to have the property cleared to be re-let earlier.

Penalty: 150 penalty units ($\$165.22 \times 50 = \$24,783.00$)

Lease Breaks & Assignment Fees

If a rental agreement is being assigned to a new Renter, the Rental Provider can only charge fees that are reasonably incurred by them because of the assignment of the agreement. This fee will need to be outlined in the Authority but would be reimbursed by a Renter.

Rental Providers can apply to VCAT for compensation if a Renter terminates a fixed-term rental agreement before the end date. The amount payable will be determined based on the loss incurred by the Rental Provider and any hardship suffered by the Renter. When making a compensation order in the case of a lease break, VCAT must consider the severe hardship the renter may have suffered due to an unforeseen change in circumstances, if the agreement had continued.

Allowable fees are:

Pro-rata letting fee

Advertising based on what you pay to advertise the property

Rent until the property is re-let or until the end of the lease

Changes to Abandoned Goods

Can be disposed of immediately:

No monetary value

Perishable foodstuffs

Dangerous goods. Other legislation may deal with the disposal of dangerous goods.

Goods must be stored:

Labeled containers or labeled urns that contain human remains
Specialised medical devices, equipment and goods including prostheses and prescription medication
Medals and trophies
Personal documents (90days)

Other than goods that can be disposed of, the owner of a premises must take the following steps when goods have been left behind:

Take reasonable steps to give notice to the former renter to advise goods have been left behind. This must be done using an approved CAV form

Store the goods in a safe place for at least 14 days after serving notice after which the owner can remove the goods from the property

Other changes

Occupation fee only if a sufficient quantity to prevent the owner from renting out the premises
The occupation fee must not be greater than the amount of rent the former renter would have had to pay and can be no more than 14 days rent in total

If the goods are not reclaimed within 14 days (or an extended period agreed or ordered by VCAT), the owner of the premises may sell or dispose of the good in any lawful manner

If goods are not reclaimed and are sold by the owner of the premises, the former renter has six months to claim the proceeds of the sale less the occupation fee and the cost of the sale

Personal Goods

The owner of the premises must store any personal documents (including official documents, photographs, mail and other documents a person would reasonably be expected to keep) for at least 90 days. They must let the former Renter reclaim the personal documents after repaying any reasonable costs the owner of the premises had to spend to remove and store them.

Death of a Sole Renter

Removal of the 28 day notice period

The legal personal representative or next of kin for the deceased renter may give the RRP a notice of intention to vacate

If the legal personal representative or next of kin cannot be located, the RRP can make application to the tribunal for termination of the rental agreement and possession

These changes do not apply if there is more than one renter under the residential rental agreement

Safety Related Changes

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Maintaining Properties

The new RTAA has a greater responsibility for the Rental Provider to maintain the property in good repair and in a suitable state to live in. It does not have to be perfect but everything in the property has to be in working order. This requirement is designed to prevent Rental Providers from not carrying out repairs where the property is an older property and the Renter is on a low rent.

Electrical Safety Checks

The rental provider must ensure an electrical safety check of all electrical installations, fittings and appliances provided by a rental provider in the rental premises is conducted every 2 Years by a licensed electrician and must provide the renter with the date of the most recent safety check on request of the renter.

If an electrical safety check of the rented premises has not been conducted within the last 2 years at the time the renter occupies the premises, the rental provider must arrange an electrical safety check as soon as possible.

Gas Safety Checks

This safety-related activity only applies if the rented premises contain any appliances, fixtures or fittings which use or supply gas.

The rental provider must ensure that a gas safety check of all gas installations and fittings in the rented premises is conducted every 2 years by a licensed or registered gasfitter and must provide the renter with the date of the most recent safety check on request of the renter.

If a gas safety check has not been conducted within the last 2 years at the time the renter occupies the premises, the rental provider must arrange a gas safety check as soon as practicable.

Smoke Alarm Safety Checks

The RRP must ensure that:

Any smoke alarm is correctly installed and in working condition

Any smoke alarm is tested according to the manufacturer's instructions at least once every 12 months

The batteries in each smoke alarm are replaced as required

Inspection by a qualified tradesperson

Smoke Alarms are now considered an urgent repair

Pool Barriers

The RRP must ensure that:

The pool fence is maintained in good repair

The fence is attended to as an urgent repair when notified it is not in working order

The renter must:

Immediately advise the RRP in writing if the pool fence is not in working order

Not erect a relocatable pool on the rented premises unless prior written notice has been given

Bushfire-Prone Area Safety

The RRP must ensure that:

If the property is in a bushfire-prone area, a water tank and connected infrastructure is in good repair

The water tank must be full and clean at the commencement of the tenancy agreement

Note: This only applies if the rented premises is in a bushfire-prone area

Locks

The RRP must ensure that:

All external doors able to be secured with a functioning deadlock (excluding screen doors) are secured with a functioning deadlock

Must not unreasonably refuse consent to the renter changing locks

The renter must:

Obtain consent to change a lock in the master key system from the rental provider

The rental provider must not:

Give a key to a person excluded from the premises under a family violence intervention order or safety notice, a recognised non local DVO or a personal safety intervention order

Rental Minimum Standards

The RRP must ensure that on or before the day on which the renter enters into occupation of the rented premises, the premises complies with the prescribed rental minimum standard.

If they do not comply then it is treated as an Urgent Repair.

Toilets

Must be in good working order and connected to a system in a room of intended use or; in a separate structure that is intended to be used as a toilet

Bathroom

Bathroom must be connected to a reasonable supply of hot & cold water and must contain:

Washbasin

A shower or bath

If there is a shower, the shower head must be either:

3-star rating

1 or 2-star rating if a 3-star shower head cannot be installed or if installed would not operate properly

Kitchen

The following amenities are to be provided in the rented premises:

A dedicated area which is intended to be used for cooking and food preparation

A sink in good working order that is connected to a reasonable supply of hot and cold water

A stovetop in good working order that has two (2) or more burners

ANY oven present must be in good working order.

Laundry

Any laundry facilities present in the rented premises must be connected to a reasonable supply of hot and cold water.

Other minimum standards

Structural soundness

The rented premises are to be structurally sound and weatherproof.

Mould & dampness

Each room in the rented premises must be free from mould and damp caused by or related to building structure.

Bins

A rubbish and recycling bin are to be supplied for use by the renter and must be either:

1. Provided by the local council, or
2. Vermin proof collection bins, not kitchen or other bins

Window coverings

Each window in every room that will likely be used as a bedroom or living area is to be fitted with a curtain or blind that will provide privacy and reasonably blocks light.

Windows

All external windows capable of opening must be able to be set in a closed or open position and must have a functioning latch to secure against external entry. A window lock or bolt will suffice.

Lighting

Interior habitable rooms, corridors and hallways to have access to light, whether natural or artificial providing appropriate illuminance for their purpose. Each habitable room is to have access to:

Natural light - including borrowed light from an adjoining room during daylight hours

Artificial light during non-daylight hours

Conditional exemption for registered place.

Electrical

(Don't confuse the below with the requirement for electrical safety check. This applies from 29th March

2023.)

All power and lighting to be connected to a circuit breaker & a switchboard type Residual Current Device (RCD)

Switchboard type Circuit Breaker that complies with AS/NSZ 3000 Standards

RCD - protects the person

Circuit Breaker - protects the wiring around the home

Heating

On and from **29 March 2021** until **28 March 2023**:

A fixed (non-portable) heater in good working order is to be in the main-living area of the rented premises

If a fixed heater has not been installed by 29 March 2021, an energy efficient heater in good working order is to be installed in the main living area

On and from **29 March 2023**:

An energy efficient fixed heater in good working order is to be installed in the main living area

Other Changes

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Pet Requests

A Renter may keep a pet at rented premises with consent or Tribunal order.

A renter may keep a pet at the rented premises if either:

- a. The RRP has consented in writing to the renter keeping the pet on the premises, **OR**
- b. The Tribunal has made an order permitting the renter to keep the pet on the rented premises

Note: A RRP is taken to have consented to a request to keep a pet on the rented premises unless, within 14 days of being given the request, the residential rental provider makes an application to the tribunal.

The Tribunal will consider the following when making a decision:

The type of the pet the Renter wants to keep

The type of property the Renter is renting

Appliances, fixtures and fittings in the property

Other relevant laws (for example, if the pet is prohibited by a local council law)

Anything else VCAT considers relevant

If VCAT makes an order excluding the pet from the premises, the Renter has 14 days to comply with the order after it takes effect. If the Renter has not complied with the order after 14 days, the Rental Provider can serve them with a notice to vacate, giving a minimum of 28 days' notice.

Family Violence

VCAT can decide on terminations on rental agreements in family and personal violence situations. VCAT can terminate an agreement, or require creation of a new agreement that does not include the alleged perpetrator of the family or personal violence. An application brought to VCAT for the termination of an existing rental agreement or the creation of a new agreement on family or personal violence grounds must be heard within 3 business days.

When terminating and/or creating a new agreement because of family or personal violence, VCAT may apportion liability between the victim, perpetrator and any other co-renters in relation to the bond, and

any outstanding unpaid rent, utility charges and damage.

When considering an application for the repayment of a bond, VCAT will be able to determine that a Renter who is a victim of family or personal violence is not liable for any loss or damage caused by the actions of the alleged perpetrator (who is not a Renter).

A Rental Provider or database operator is prohibited from listing personal information about a person on a residential tenancy database if the listing was a result of an act of family or person violence experienced by the person. A person who is a victim of family or personal violence may apply to VCAT for an order that requires their Rental Provider, agent of their Rental Provider, or a database operator to remove, amend or not list personal information about the applicant.

The notice to leave for serious violence has been updated to include further practical information for a suspended resident.

If a Renter's agreement has been suspended because of an act of serious violence, the suspended Renter can arrange with the Rental Provider to have an authorized representative collect their personal belongings (such as medication) from the premises.

Owners Corporation

An Owners Corporation may not join the RRP when making application to the Tribunal for breach of duty to maintain the rented premises. Eg. Damage or defects to common property that adjoins the premises.

Compliance

Civil penalties will be introduced for specific breaches of the RTAA

One of the biggest changes in the Residential Tenancies Amendment Bill is the significant increase in penalty units that can be imposed. One penalty unit is equal to \$165.22 during the period 1 July 2019 to 30 June 2020.

RRP's Liability for charges for supply to non-complying appliances

Introduction of a commissioner for Residential Tenancies

Introduction of the non-compliance RRP / Property Management register

Changes already in place

Civil penalties will be introduced for specific breaches of the RTAA

As of the 1st February 2019, long term leases are available which allow security and stability for tenants and landlords. A long-term lease allows renter and RRP to tailor the terms of a lease agreement of more than five years, and agree up front on things like rent increases and minor changes to the property.

A Guide for Renters (Old Guide for tenants booklet)

From 19 June 2019, RRP may give renters a guide for renters in electronic form, if the renter has given written consent to receive notices and other documents this way. Previously, RRP's were required to give renters the guide in printed form.

Rent Increases

As of 19th June 2019, RRP's can only increase the rent every 12 months, previously this was allowed every 6 months