

infolio

Property Advisors

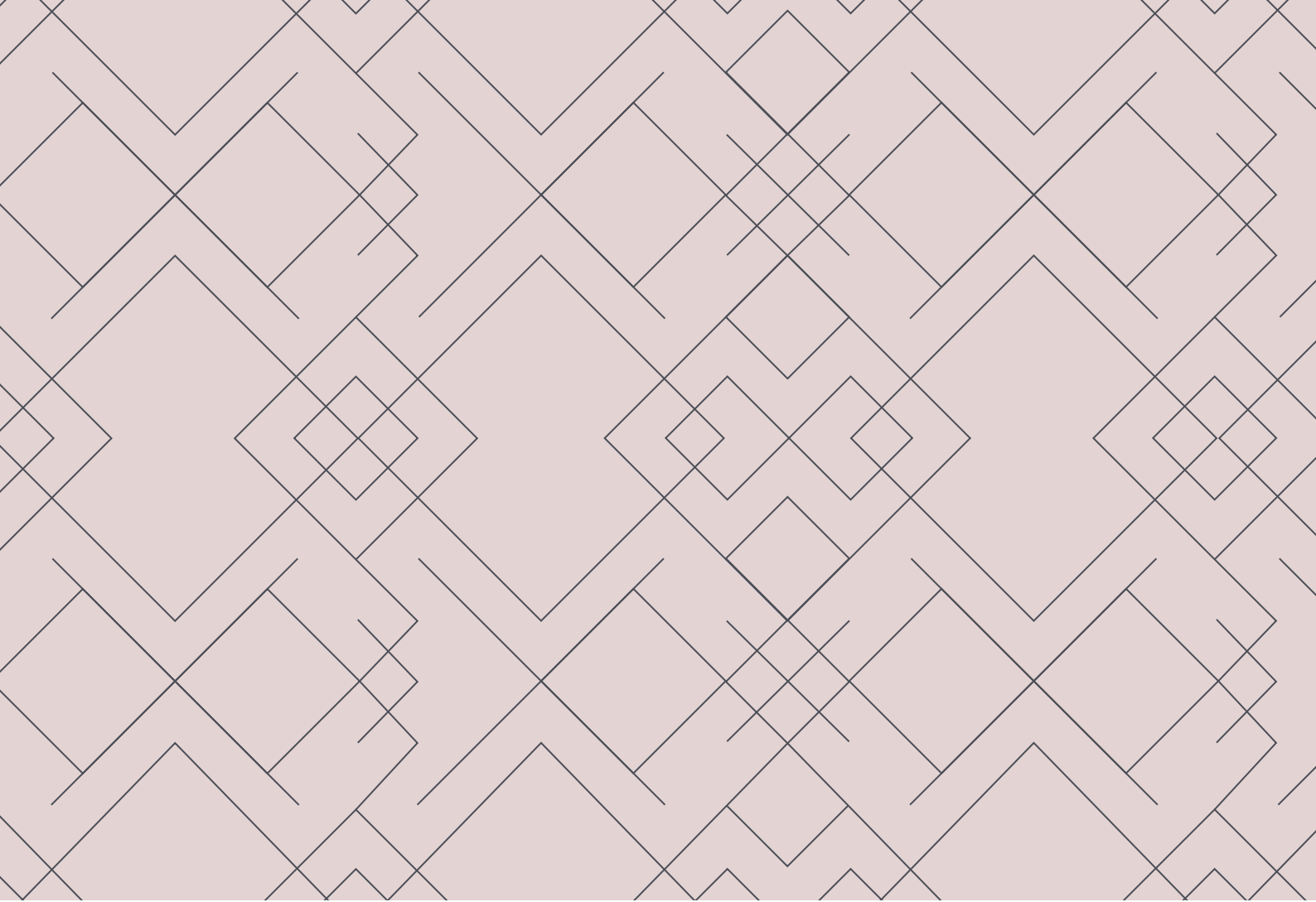
Victoria's new rental laws:

WHAT THEY ARE.

WHAT THEY MEAN.

WHAT THEY CHANGE.

A QUICK & USEFUL GUIDE FROM THE TEAM AT INFOLIO.



The rules have changed...

Late last year, the Victorian Government passed amendments to the Residential Tenancies Act 1997, the most comprehensive change to residential tenancies in 20 years.

Containing 132 amendments, the [Residential Tenancies Regulations 2021](#) are designed to ensure fairer, safer housing and will affect Rental Providers (Landlords) and the 1.5 million Victorians living in rental housing. Some of the changes have already happened, while the remainder will come into effect on 29 March 2021.

At Infolio, our job is taking the burden out of managing properties and ensuring that every decision is made with confidence and intelligence.

The aim of this handbook is to make sure you're aware of the changes and the implications from a compliance and legal point of view. As always, we're here to ensure you're supported and have the expertise to trust and rely on, so if you have any questions, please get in touch.

Before you go through the handbook, please note there is an important change of terminology: The new laws now mean that Landlords are known as Rental Providers, Tenants as Renters and Lease/Tenancy Agreements as Rental Agreements.

The information contained in this handbook has been produced as a summary of the major changes announced by the Victorian Government to the Residential Tenancies Act.



Contents:

Information a Rental Provider cannot request	3
Mandatory disclosure requirements to a prospective Renter	3
Prohibited terms in the Rental agreement	4
Changes to the bond	4
Professional cleaning	4
Minimal standards	5
Safety related activities	9
Urgent repairs	10
Utility charges (Rental Provider's liability)	10
Modifications to properties by Renters	11
Compensation for sales inspections	12
Rent increases	12
Notices to vacate	12
Penalty units & Compliance	12



INFORMATION A RENTAL PROVIDER CANNOT REQUEST FROM A PROSPECTIVE RENTER

Rental Providers cannot ask for the following information from applicants:

- Whether they've ever 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 under the Equal Opportunity Act (examples include race; sex; gender identity; age; physical or mental disability; pregnancy; religion; political beliefs etc).

MANDATORY DISCLOSURE REQUIREMENTS TO A PROSPECTIVE RENTER

Other than what's required by the Act, the following must be disclosed.

- The presence of an embedded electricity network.
- If the property has been the location of a homicide in the last 5 years.
- Whether the property complies with rental minimum standards.
- Dates of the last gas, electricity and pool safety checks.
- Any recommendations from the gas and/or electrical check.
- Whether the rented property is a registered place.
- If the Rental Provider knows that the property has been contaminated because of prior use for the trafficking or cultivation of a drug of dependence in the last 5 years.
- If the property is affected by Asbestos / Building Planning application/ Notice or Order (cladding, mould etc).
- Any current domestic building dispute.
- Any current dispute under the Owners Corporation Act (2006).
- A copy of the Owners Corporation rules.

PROHIBITED TERMS IN THE RENTAL AGREEMENT

- All the matters outlined in the Act
- Prescribed prohibited terms that:
 - bind the Renter to an unagreed contract.
 - require the Renter to indemnify the Rental Provider.
 - prevent the Renter from receiving compensation (e.g. the property's not ready).
 - require rent in advance by a payment method that incurs additional costs.
 - require the use of a third-party provider (not an embedded network).
 - require a fee for or delegating safety related maintenance.
 - require payment for the cost of a VCAT application.
 - a term that makes a Renter liable for an excess under the Rental Provider's Insurance policy.

CHANGES TO THE BOND

The maximum bond amount is now ONE month's rent if the property is rented for under **\$900 per week**.
(Previously the limit on a maximum bond was only applicable to properties rented for under \$350 per week).

PROFESSIONAL CLEANING

A Rental Provider cannot require a Renter to arrange professional cleaning or cleaning to a professional standard at the end of the tenancy UNLESS:

- Professional cleaning/cleaning to a professional standard was carried out immediately before the start of the tenancy and the Renter was informed it had been carried out. OR
- Professional cleaning/cleaning to a professional standard **is required** to restore the premises to the same condition they were in immediately before the start of the tenancy (with regard to the condition report and taking into account 'fair wear and tear'). *

* Please note: Specific definition of terms will be released by Consumer Affairs Victoria (CAV) on/by 29th March 2021 around Cleanliness & Repair (they will define "reasonably clean" with examples) as well as clarify the meaning around Damage and "fair wear & tear").



MINIMAL STANDARDS

There are a number of changes to the minimal standards across a variety of areas. These don't apply to current existing tenancies (both fixed term and periodic Rental Agreements) but do come into effect for new Rental Agreements beginning on/after 29 March 2021 and you need to ensure they're met at the time of the commencement.

The changes are applicable to both Class 1 and Class 2 buildings as classified by the Building Code of Australia:

CLASS 1:

Domestic or residential buildings: (Single, standalone single houses and horizontally attached houses such as terrace, row and town houses).

This class includes two sub-classifications:

- Class 1a – A single dwelling or one of a group of attached dwellings e.g. a terrace house.
- Class 1b – A boarding house, guest house or hostel with a floor area less than 300m².

CLASS 2:

Domestic apartment buildings: A building containing two or more sole occupancy units where people live above, beside or below each other.

This class may also include single storey attached dwellings with a common space below, such as a carpark.

RENTAL MINIMAL STANDARDS: LOCKS

A Rental provider must ensure that all external doors able to be secured with a functioning deadlock are secured with a functioning deadlock. This doesn't apply to:

- Screen doors.
- Other laws require a different lock/device.
- External door that can't be accessed because of a security barrier.

If the external door isn't able to be secured with a functioning deadlock, the regulations mean that the locking device

- Must be operated by a key from the outside.
- May be unlocked from the inside (with or without a key).

RENTAL MINIMAL STANDARDS: BINS

A rubbish bin AND recycling bin must be supplied for use by the Renter and be either:

- Provided by the local council.
- OR**
- Vermin proof and compatible with local council collection.

Note: These are rubbish collection bins (i.e. not kitchen or other bins).

RENTAL MINIMAL STANDARDS: TOILETS

All toilets must be in good working order, connected to a system and either:

- In a room intended for use as a toilet area.
- OR**
- In a separate structure intended for use as a toilet area.

RENTAL MINIMAL STANDARDS: BATHROOM

All bathrooms must be connected to a reasonable supply of hot and cold water and contain:

- A washbasin.
- AND**
- A shower or bath.

If there is a shower, the shower must contain:

- A 3-star rating
- A 1 or 2-star rating if a 3-star shower head can't be installed or, if installed, wouldn't operate effectively.



RENTAL MINIMAL STANDARDS: KITCHEN

The following must be provided in the rented premises:

- A dedicated area intended for cooking and food preparation
- A sink in good working order that's connected to a reasonable supply of hot and cold water
- A stovetop in good working order that has two or more burners

ANY oven present must be in good working order.

RENTAL MINIMAL STANDARDS: LAUNDRY

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

RENTAL MINIMAL STANDARDS: STRUCTURAL SOUNDNESS

The rented premises must be structurally sound and weatherproof.

RENTAL MINIMAL STANDARDS: MOULD/DAMP

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

RENTAL MINIMAL STANDARDS: WINDOWS

WINDOW COVERINGS: (applies from 29 March 2022)

Each window in every room likely to be used as a bedroom or living area must be fitted with a curtain or blind that can be opened or closed by the Renter. The curtain/blind must reasonably block light and provide privacy.

WINDOWS:

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

RENTAL MINIMAL STANDARDS: LIGHTING

All interior rooms, corridors and hallways must have access to light, whether natural or artificial, which provides an appropriate level of illuminance for their purpose.

Each habitable room* is to have access to:

- Natural light (including borrowed light from an adjoining room during daylight hours)
- AND**
- Artificial light during non-daylight hours.

*Habitable room definition: A room that's used for normal domestic activities (includes bedroom, living room, lounge room, music room, TV room, kitchen, dining room, sewing room, study, playroom, family room, home theatre and sunroom).

Excludes: Bathroom, laundry, toilet, pantry, walk-in wardrobe, corridor, hallway, lobby, photographic darkroom, clothes-drying room or other space of a specialised nature that's occupied neither frequently nor for extended periods.

RENTAL MINIMAL STANDARDS: VENTILATION

Each habitable room*, bathroom, shower room, toilet and laundry must have ventilation to meet certain standards.

*Habitable room definition: A room that's used for normal domestic activities (includes bedroom, living room, lounge room, music room, TV room, kitchen, dining room, sewing room, study, playroom, family room, home theatre and sunroom).

Excludes: Bathroom, laundry, toilet, pantry, walk-in wardrobe, corridor, hallway, lobby, photographic darkroom, clothes-drying room or other space of a specialised nature that's occupied neither frequently nor for extended periods.

RENTAL MINIMAL STANDARDS: HEATING

- On and from 29 March 2021, a fixed heater in good working order is to be installed in the main living area of the rented premises.
- On and from 29 March 2023, an energy efficient fixed heater in good working order must be installed in the main living area of the rented premises.
- Under a current tenancy, nothing has to change because the transitional provisions exempt section 65A for current tenancies.
- If the tenancy ends before 29 March 2021 and a new tenancy begins, installing a non-energy efficient fixed heater will be sufficient until 29 March 2023. However, if there was no fixed heater and a new tenancy begins after 29 March 2021, an energy efficient fixed heater **MUST** be installed.

Note: There are exemptions for 'not reasonable to install in relation to energy efficiency' (Class 2 only) and dwellings over shops.

HEATING DEFINITIONS:

FIXED HEATER: A heater that's not designed or manufactured to be portable.

ENERGY EFFICIENT HEATER:

- Non-ducted air-conditioner or heat pump with a 2 star or above heating rating.
- Gas space heater with a 2 star or above heating rating.
- Ducted heating/hydronic heating system with an outlet in the main living area.
- Domestic solid fuel burning appliance.



SAFETY RELATED ACTIVITIES: ELECTRICAL SAFETY

This applies from 29 March 2023 and is not to be confused with the requirement for an electrical safety check.

All power outlets and lighting circuits are to be connected to:

- A switchboard type Circuit Breaker that complies with the Australian Standard as specified (designed to protect the wiring and home)

AND

- A switchboard type Residual Current Device that complies with one of three Australian Standards (designed to protect the person).

SAFETY RELATED ACTIVITIES: ELECTRICAL SAFETY CHECK

Keeping safe around the home is paramount and, therefore, mandatory Electrical Safety Checks are now legislated as one of the 132 amendments and are required from 29 March 2021.

- Safety checks of all electrical installations, fittings and appliances must be provided by the Rental Provider.
- These safety checks must be done every 2 years by a licensed or registered electrician.
- The Rental Provider is required to provide the Renter with the date of the last Electrical Safety Check if requested (within 7 days)
- The Rental Provider must provide the prospective Tenant the date of the last Electrical Safety Check prior to a Rental Agreement being offered and accepted.
- If, on the day of occupancy, an Electrical Safety Check hasn't been conducted within the previous 2 years, the Rental Provider must arrange for one to be carried out as soon as practicable.

SAFETY RELATED ACTIVITIES: GAS SAFETY CHECK

- Like Electricity, mandatory requirements for Gas Safety Checks have been inserted into the regulations (only applies if premises contain appliances, fixtures or fittings that use or supply gas).
 - Safety checks of all gas installations and fittings must be provided by the Rental Provider.
 - A Gas Safety Check must be done every 2 years by a licensed or registered gasfitter.
 - The Rental Provider is required to provide the Renter with the date of the last Electrical Safety Check if requested (within 7 days)
 - The Rental Provider is required to provide the prospective Tenant the date of the last Gas Safety Check prior to a Rental Agreement being offered and accepted.
 - If, on the day of occupancy, a Gas Safety Check hasn't been conducted within the previous 2 years, the Rental Provider must arrange for a check to be carried out as soon as practicable.



SAFETY RELATED ACTIVITIES: SMOKE ALARMS

- The Rental Provider must ensure that smoke alarms are correctly installed and in working condition.
The Rental Provider must also:
 - ensure each smoke alarm is tested according to the manufacturer's instructions at least every 12 months.
 - ensure that the batteries in each smoke alarm are replaced as required.
 - immediately arrange for a smoke alarm to be repaired/replaced as an urgent repair if they're notified by the Renter that it's not working.
 - provide the prospective Tenant the date of the last Smoke Alarm Safety Check prior to a Rental Agreement being offered and accepted.
 - on or before the commencement of the Rental Agreement, provide the Renter with the following:
 - information about how each smoke alarm works.
 - information how to test each smoke alarm.
 - information about the Renter's obligations not to tamper with any smoke alarm and to give written notice if it isn't working.

URGENT REPAIRS

When it comes to urgent repairs, a number of amendments have been made.

- The prescribed amount for urgent repairs is now \$2500 (increased from \$1800).
- Air Conditioning has been included as an appliance requiring urgent repair.
- If urgent repairs are required to an appliance, fitting or fixture with a rating in a prescribed efficiency rating system and it can't be repaired, the Renter may replace it with one that has a rating equal to or above the current rating in the efficiency rating system.
This is to be done at the cost of the Rental Provider.

UTILITY CHARGES (RENTAL PROVIDER'S LIABILITY)

Apart from the changes outlined in the Act:

- The Rental Provider is liable for all costs and charges for the initial installation of fixed internet and telecommunications connections (incl. NBN).

MODIFICATIONS TO PROPERTIES BY RENTERS

Amendments around the property modifications that Renters can make have been included to make it easier for them to personalise the property. However, there are still a number of conditions:

- Refusing consent: A Rental Provider can refuse consent in certain circumstances.
- Conditions on consent: The Rental Provider may require work to be carried out by a suitably qualified person.
- Rectification: The Renter must rectify the modification at the end of the tenancy.
- Bond: In some circumstances, an additional bond can be sought.

MODIFICATIONS WITHOUT CONSENT

Renters can make the following modifications to ALL premises without getting consent:

- installation of a non-permanent window film for insulation/privacy.
- installation of a wireless doorbell.
- replacement of curtains (as long as they keep the originals).
- installation of adhesive child safety locks on drawers and doors.
- installation of pressure mounted child safety gates.
- installation of a lock on a letterbox.

For those premises NOT a 'registered place', the following modifications can be made without getting consent:

- installation on surfaces other than exposed brick or concrete walls of:
 - picture hooks, screws for wall mounts, shelves or brackets.
 - wall anchoring devices.
 - hardware mounted child safety gates (on walls).
- installation of LED light globes.
- installation of a water efficient shower head (as long as they keep the original).
- installation of blind cords/anchors.
- installation of security lights, alarm systems or security cameras (conditional).

MODIFICATIONS WHERE CONSENT

CANNOT BE REASONABLY REFUSED

Consent CANNOT be reasonably refused for the following modifications:

- Installation on exposed brick or concrete walls of:
 - picture hooks, screws for wall mounts, shelves or brackets.
 - wall anchoring devices.
 - hardware mounted child safety gates (on walls).
- Draft-proofing in homes without open flued gas heating. Installation of flyscreens on doors and windows.
- Installation of a vegetable or herb garden.
- Installation by a suitably qualified person of a security system (conditional).
- Installation of a secure letterbox. Painting of the rented premises.
- Modifications to secure external gates (limited). Modifications to preserve the conservation of a registered place.



COMPENSATION FOR SALES INSPECTIONS

With regard to disruption to Renters caused by sales inspections, the following compensation is due (note that it's less than traditionally offered to Renters during a sales campaign):

- 50% of the daily amount of rent payable under the Rental Agreement OR \$30 (whichever is the higher)

There's also a requirement to issue a Renter with a 14 day "Notice of intention to sell" prior to any Sales Campaign.

RENT INCREASES

Rent increases are now only permitted every 12 months to a market value. (Previously, this was 6 months).

NOTICE TO VACATE: RENTAL PROVIDER TO RENTER

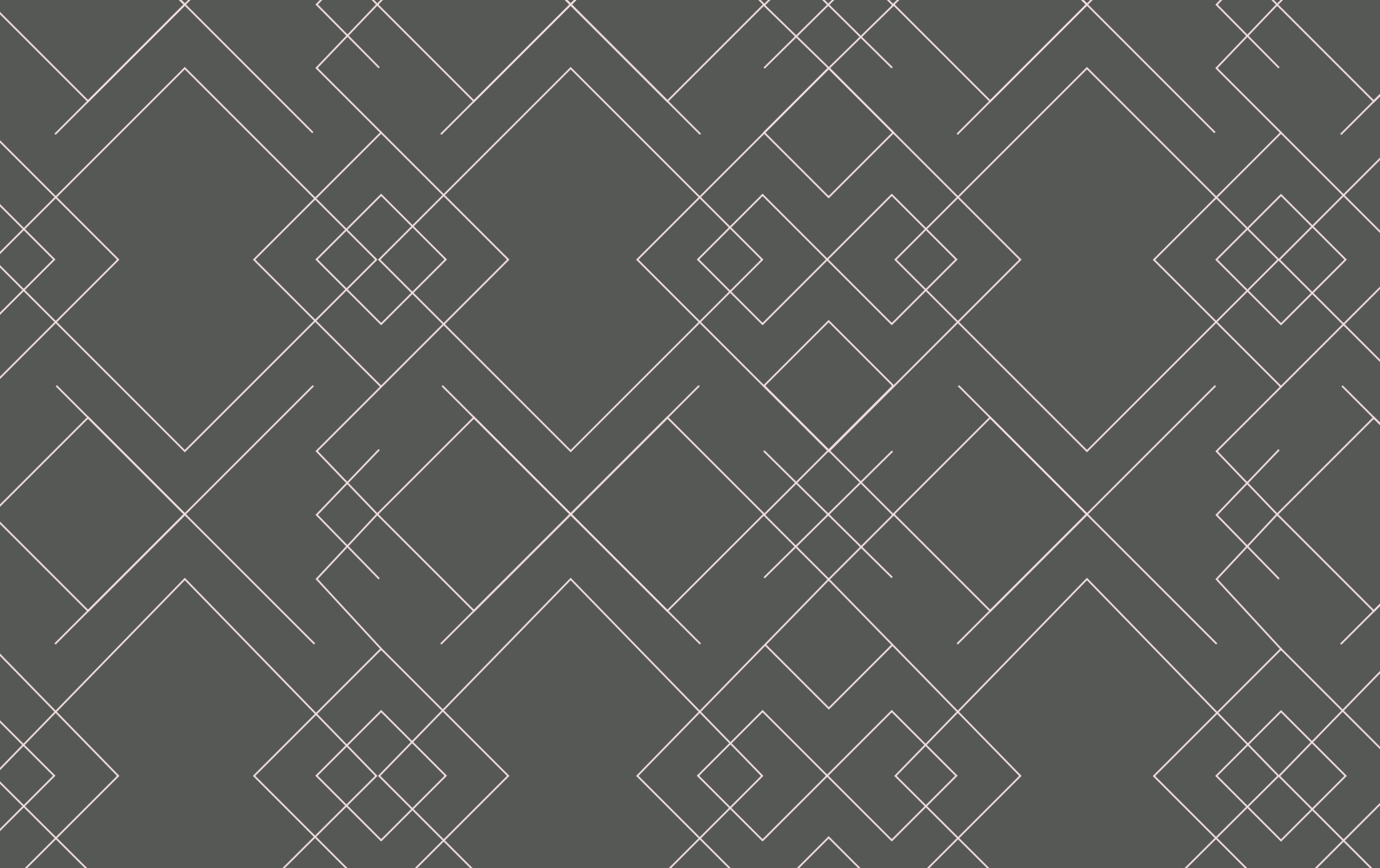
A number of amendments have been made around notice to vacate, including:

- Removal of the 120 day "no reason" notice to vacate.
- End of Fixed Term Rental Agreement is now only permitted for the initial tenancy (i.e no subsequent fixed term or periodic Rental Agreement).
- (New) Notice to Vacate for Threats & Intimidation to the Rental Provider/ Agent/ Trade Contractor Minimum notice period is 14 days.
- (New) Notice to Vacate for Damage (including to common property by a visitor of the Renter) has no minimum notice period.
- The minimum notice period to vacate when a pet is kept without consent is 28 days.
- (A Rental provider can only give a notice to vacate if VCAT has made an order excluding a pet from the property, at least 14 days have passed, and the Renter has not complied with the order.)

PENALTY UNITS & COMPLIANCE

One of the biggest changes in the Residential Tenancies Regulations 2021 is the significant increase in penalty units that can be charged. Designed to encourage greater compliance with the new legislation, penalty units are used to define the amount payable for fines for many offenses.

- From 1 July 2020 to 30 June 2021, ONE penalty unit is equal to \$165.22.
- The rate is indexed each financial year to keep in line with inflation.
- Any change to the penalty unit's value happens on 1 July each year.



An expert at your side...

We hope you've found this short guide helpful.

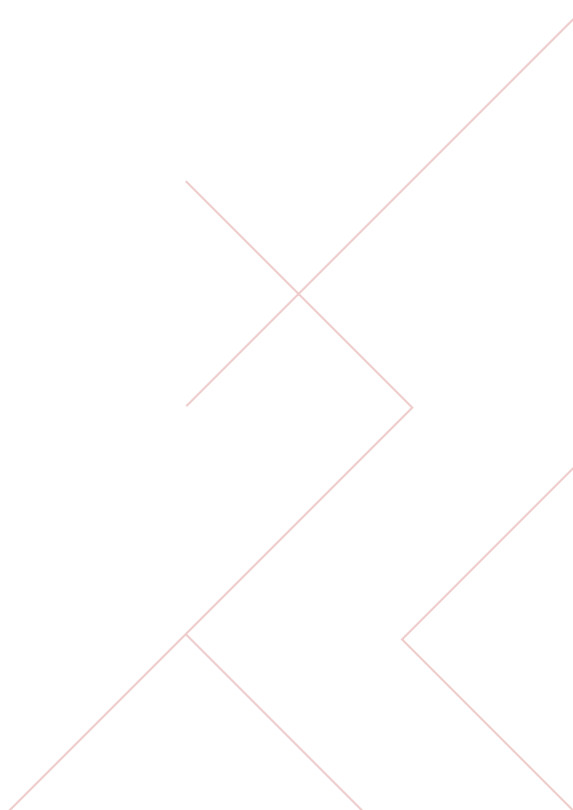
With 132 changes, the Residential Tenancies Regulations 2021 impact a number of areas and we recognise that there may be uncertainty and nervousness about what the reforms means for you and your investment.

Rest assured, as Melbourne's most experienced collective of Property Advisors, we're here for you, so if you have any questions or concerns, please don't hesitate to get in touch.

With thanks,

NICOLE HIDDLESTONE

Head of Property Management



infolio

Property Advisors

The information contained in this handbook has been produced as a summary of the major changes announced by the Victorian Government to the Residential Tenancies Act.

All efforts have been made to ensure the information provided is true and accurate at the time of publication (5 March 2021). For further information, take a look at the full [Residential Tenancies Regulations 2021](#).

Copyright: Infolio Property Advisors 2021