

REIQ Factsheet – Accepting Rent, Rent in Advance & Rent Increases

On 6 June 2024, the Queensland Government passed legislation to amend the *Residential Tenancies and Rooming Accommodation Act 2008 (RTRA Act)*. Changes to the tenancy laws will affect rent arrangements and rent increases for new and existing tenancies in Queensland.

These changes commenced on 6 June 2024.

NEW LIMIT ON ACCEPTING RENT

Under the new laws, at the time of the tenancy application, a lessor or property manager cannot **accept** an offer from a prospective tenant:

- to pay rent above the advertised price; or
- to pay rent more than 1 month in advance for general tenancies; or
- to pay rent more than 2 weeks' in advance for periodic tenancies, rooming accommodation or moveable dwellings.

The penalty for contravening this law is 50 penalty units (currently equal to \$7,740).

There is no restriction on accepting rent paid in advance during a tenancy. If the tenant chooses to pay rent of more than 1 month in advance during a tenancy, they can do so. However, a lessor or property manager cannot solicit or invite rent paid in advance for more than 1 month.

NEW LIMITS TO RENT INCREASES

Under the new laws, rent cannot be increased within 12 months of the day the rent was last increased for the property.

From 6 June 2024 the rent increase frequency limit will attach to the property, not the tenancy agreement. This means that rent cannot be increased within 12 months of the date the rent was last increased for the property regardless of whether:

- a different tenant resided in the property at the time of the last rent increase; or
- a different person or entity owned the property at the time of the last rent increase.

This will apply to all tenancy agreements from 6 June 2024 regardless of when the agreement started. The penalty for contravening this law is 20 penalty units (currently equal to \$3,096).

If you choose to sell your property in future, you will need to disclose the date of the last rent increase in the sale contract and provide evidence of the last rent increase to the buyer at settlement. The buyer will be bound by the rent restriction laws if they choose to lease the property.

WHEN RENT INCREASES MAY BECOME INVALID

If the lessor has agreed to renew a tenant's agreement at a higher rent amount from the last agreement, this will only be valid if rent has not been increased within the preceding 12-month period.

From 6 June 2024, any terms to increase rent in an existing tenancy agreement that are not consistent with the above requirements will be void.

EVIDENCE OF LAST RENT INCREASE

Under the new laws, tenants are entitled to demand evidence of the day the rent was last increased for the property. If a tenant makes this request, the lessor or property manager must respond within fourteen days. The lessor or property manager must provide evidence which may include a copy of the previous tenant's tenancy agreement, rental ledger or notice of rent increase (redacted), to the new tenant. The penalty for failing to comply with this law is 40 penalty units (currently equal to \$6,192).

REQUIREMENTS TO INCREASE RENT

If the lessor wishes to increase rent, a written notice stating the amount and date of increase must still be given to the tenant. The notice must also include the date the rent was last increased for the property.

This date must not be earlier than the later of:

- 2 months after the day the notice is given to the tenant under a residential tenancy agreement;
- 4 weeks after the day the notice is given to the tenant under a rooming accommodation agreement;
- the end of the minimum period of 12 months since the last rent increase for the property.

This means that a notice cannot require rent to be increased before the end of the minimum period of 12 months.

Further, rent under a fixed term agreement cannot be increased before the term ends unless:

- the agreement provides for a rent increase; and
- the agreement states the amount of the increase or how the amount of the increase will be worked out; and
- the increase is made under the agreement.

If there are no special terms to allow for a rent increase under a fixed term agreement, a rent increase cannot be carried out during the term of an agreement.

THE AMOUNT THE RENT CAN BE INCREASED

The amount that rent can be increased is not impacted by these changes. The property manager will continue to provide the lessor with market information when determining what the rent amount should be for the property.

APPLYING TO QCAT FOR A RENT INCREASE

If a lessor believes they would be caused undue hardship because they are not able to increase rent within 12 months of the last date that the rent was increased for the property, they are entitled to make an application to QCAT to seek an order to increase the rent.

QCAT may order that the rent be increased by a stated amount, however, when making the order, QCAT will take into consideration the affordability of property and the tenant's ability to continue to pay rent.

EXEMPT LESSORS

Exempt lessors are not required to:

- provide a tenant with the date of the last increase; or
- give the tenant evidence of the last rent increase for the property.

A lessor is an *exempt lessor* if—

- (a) the lessor receives funding for the property under the *Housing Act 2003* if the amount of rent payable for the property is determined by household income (for example, a community housing provider or specialist homelessness service); or
- (b) the lessor receives funding for the property that is the subject of a funding declaration under the *Community Services Act 2007* if the amount of rent payable for the property is determined by household income; or
- (c) the lessor is the chief executive of the housing department, acting on behalf of the State; or
- (d) the lessor is the State and the tenant is an officer or employee of the State; or
- (e) the lessor is the replacement lessor under a community housing provider tenancy agreement; or
- (f) the lessor is prescribed by regulation to be an exempt lessor.

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