

Key rent reforms introduced by the *Residential Tenancies Amendment Act 2024 (NSW)*

On 31 October 2024, the [Residential Tenancies Amendment Act 2024 \(NSW\)](#) (**Amendment Act**) made significant changes to the rental laws in New South Wales. Below is a summary of some of the key changes you should know about.

Reforms which commenced on 31 October 2024

- **Rent increases:** Rent can only be increased once every 12 months and the first rent increase can only occur after 12 months from the start of the tenancy. This applies to fixed term and periodic leases and to subsequent agreements between the same landlord and at least one of the same tenants who remains in the property.
- **Background checks:** Tenants, or prospective tenants, cannot be charged for background checks when applying for a tenancy, or for lease preparation.
- **Rental Bonds Board:** The NSW Rental Commissioner sits on the Rental Bonds Board, an independent body who holds rental bonds.

Reforms which commenced on 13 December 2024

- **Repeal of fixed term rent increase provisions:** Section 42 of the *Residential Tenancies Act 2010 (NSW)* (**RT Act**) previously set out the rent increases permitted in fixed term agreements. Now that the rent increase provisions (discussed above) in section 41 of the RT Act apply to fixed term as well as periodic leases, this provision is redundant and has now been repealed. However, because of the savings and transitional provisions of the Amendment Act, section 42 will continue to apply to fixed term leases which are less than 2 years in duration which were entered into before 13 December 2024.
- **Savings and transitional provisions:** These address how provisions in the Amendment Act will be phased into the primary legislation (that is, the RT Act) and relate to ways to pay rent, rent increases, pets and certain termination notices (including, among others, no ground termination notices). For example, whether such provisions will apply to residential tenancies and tenancy agreements entered into on or after the date on which such provisions commence, or whether they also apply to existing residential tenancies and tenancy agreements in place before commencement.

Reforms yet to commence (on a date to be announced)

- **Terminating leases:** No ground termination notices for periodic leases and the ability to end a lease at the end of a fixed term have been abolished. For both periodic and fixed term leases, landlords will only be able to terminate for one of the following prescribed grounds (or another ground set out in the RT Act):
 - breach of tenancy agreement by tenant;
 - actual or proposed sale of the premises;
 - significant renovations or repairs;
 - demolition;
 - the tenant is no longer eligible for an affordable or transitional housing program or student accommodation, or an employee or caretaker agreement has ended;
 - the premises is required for key worker accommodation (ie. a teacher, police, etc);
 - the premises will no longer be used as rented residential premises for at least 12 months; or
 - the landlord or family ("relevant person") will reside at the premises for at least 6 months.

The *Residential Tenancies Regulation 2019 (NSW)* (**Regulation**) may require landlords to provide supporting documents or information when issuing a termination notice. There are also changes to the termination notice periods, which differ depending on the type of lease (eg, short/fixed term/periodic).

- **Tenancy exclusion periods:** For certain prescribed grounds for termination, it will be an offence to re-let a property within a designated timeframe without the Secretary's approval. For example, if a termination notice for a proposed sale is issued, that property cannot be re-let within 6 months without the Secretary's permission. This is to ensure that reasons given for termination are genuine.

Tenants permitted to vacate early when they give a termination notice: Tenants who give a termination notice may vacate before the termination date but must pay rent until the termination date.

- **Tenants permitted to vacate early when a landlord gives a termination notice:** Tenants in a periodic agreement who are given a termination notice by a landlord can vacate the premises early (ie. before the termination date) and must only pay rent until the earlier end date. Where a landlord issues a termination notice under a fixed term lease, except for a termination notice for breach or frustration, the tenant may notify the landlord of an earlier end date which must be at least 14 days after that notice. In these circumstances, the tenant must not pay rent once the earlier end date and vacant possession have occurred.
- **Changes to the laws on pets:** All tenants on the lease can apply for consent to keep a pet using an approved form, given to the landlord or their agent. If this happens, landlords must respond, using an approved form in writing, within 21 days or the pet application will be deemed to have been granted without conditions. Landlords can only refuse consent on certain prescribed grounds (like there are too many animals at the premises, unsuitability of the premises, etc). The Amendment Act sets out reasonable, and unreasonable, conditions to which this consent may be subject. If tenants believe the ground for refusal is not applicable or an unreasonable condition is imposed, they can apply to NCAT. Once consent to keep the pet is granted, it continues for the duration of the pet's lifetime, while the tenant lives in the premises (even if the landlord, agent or residential tenancy agreement changes). Properties cannot be advertised as "no pets". Many of these pet provisions automatically form part of the lease.
- **Ways to pay rent:** Landlords must offer tenants Centrepay or an "approved electronic bank transfer method" as ways to pay rent. An approved electronic bank transfer method is a free electronic transfer from the tenant to the landlord or landlord's agent's bank account. Tenants cannot be required to pay via a service provider or business (eg. an app) but parties can agree on an alternative method.
- **Collection of termination data:** The Regulation may require landlords, or their agents, to inform the Secretary of the ground for termination relied upon, and evidence provided in support. A summary of termination data will be published of the Department's website annually. This reform commences on 1 July 2025 or earlier by proclamation.