

PET BONDS - IMPORTANT UPDATE

Residential Tenancies Act Amendments

The Regulations made pursuant to the Residential Tenancies Act will be amended on June 1st 2011 so that the maximum 'pet bond' is \$260.

Owners, with an existing tenancy, through their property manager **cannot** automatically increase the pet bond from \$100 to \$260.

Owners entering into a new tenancy agreement commencing on or after June 1st 2011 can request the pet component of the security to be \$260.

The 'pet bond' forms part of the total security bond that the tenant can be required to pay under section 29.

For existing tenancies the pet bond cannot be increased unless there is an increase in rent.

Further at least 60 days notice of the increased rent must be given and there must be a 12 month period between consecutive bond increases.

Section 31 of the RTA sets out how the security bond can be increased. It is not possible to contract out of this section 31 (or vary its terms) in a residential lease

“31. Increase in Security Bond

- (1) Where the amount of the rent payable under a residential tenancy agreement has been increased under section 30, the amount of the security bond payable under the agreement may be increased by the owner by notice in writing to the tenant specifying the amount of the increase and the day on which it is payable, being a day —
 - (a) not less than 60 days after the day on which the notice is given; and
 - (b) not less than 12 months after the day on which the tenancy commenced, or, if the amount of the security bond has been increased under this section, the day on which it was last so increased,

but otherwise the amount of the security bond shall not increase or be increased.”

The important words in 31(1) are **“Where the amount of RENT payable under a residential tenancy has been increased..”**.

Therefore for existing tenancies the security bond **cannot** be increased unless the rent increases and the tenancy has been in place for 12 months or it has been 12 months since the security bond was increased.