

Rent Increases: Is my Increase Excessive?

You were given the correct notice but the increase is way too high...

There is something you can do...

Apply the formula... try negotiation or have it reviewed

Start with our Factsheet [Rent Increases and Reductions](#) to see whether your landlord has followed the correct process and is allowed to increase the rent. If they have, this factsheet helps you work out whether the size of the increase is excessive or not, and gives you a starting point to negotiate for a fairer amount.

Section 68 of the [Residential Tenancies Act 1997](#) provides a formula to determine who bears the onus of proof when an increase is being reviewed by the Tribunal - ie, whether the landlord has to prove that the increase is not excessive, or whether you have to prove it is excessive.

It also gives a list of factors that the Tribunal must consider when deciding whether an increase is fair, such as the state of repair of the premises and the rent for comparable premises (see section 68(3) below).

The law does not set a limit for rent increases. It does provide you with a figure to use in negotiations with your landlord/agent, and factors for the Tribunal to look at if negotiations are unsuccessful and you apply for a rent review.

The formula increase is what your new rent would be if your property was average*, and it tells you whether your landlord is seeking a larger or smaller percentage increase than the average landlord in Canberra. However, your property may not be average. The factors under section 68(3) may mean that your rent should increase by less or more than the average figure.

Section 68 Factors

68

- (3) *If a tenant or lessor proposes that a rental rate increase is or is not excessive, the tribunal, in considering whether it is satisfied about the proposal, must consider the following matters:*
- (a) *the rental rate before the proposed increase;*
 - (b) *if the lessor previously increased the rental rate while the relevant tenant was tenant—*
 - (i) *the amount of the last increase before the proposed increase; and*
 - (ii) *the period since that increase;*
 - (c) *outgoings or costs of the lessor in relation to the premises;*
 - (d) *services provided by the lessor to the tenant;*
 - (e) *the value of fixtures and goods supplied by the lessor as part of the tenancy;*
 - (f) *the state of repair of the premises;*
 - (g) *rental rates for comparable premises;*
 - (h) *the value of any work performed or improvements carried out by the tenant with the lessor's consent;*
 - (i) *any other matter the tribunal considers relevant.*

A relevant factor under section 68(3)(i) is whether you are forced to pay rent through a rent-card that charges you a fee.

Also, see whether there are any reasons for you to have the rent reduced under section 71 (See Factsheet [Rent Increases and Reductions](#)).

Section 68 Formula

Our website has a [Rent Increase Calculator](#) which applies the section 68 formula automatically. It is in the online version of this Tenancy Factsheet. Go to Renting Advice at www.tenantsact.org.au.

Otherwise, please turn over for instructions on how to apply the formula yourself, and an example calculation.

*Actually, the section 68 formula adds 20% to the average percentage increase in rents, so if rents go up 5% the formula allows an increase of 6%.

Apply the Section 68 Formula Manually

68 Guidelines for orders

- (1) *The tribunal must allow a rental rate increase that is in accordance with the standard residential tenancy terms unless the increase is excessive.*
- (2) *For subsection (1)—*
- (a) *unless the tenant satisfies the tribunal otherwise, a rental rate increase is not excessive if it is less than 20% greater than any increase in the index number over the period since the last rental rate increase or since the beginning of the lease (whichever is later); and*
- (b) *unless the lessor satisfies the tribunal otherwise, a rental rate increase is excessive if it is more than 20% greater than any increase in the index number over the period since the last rental rate increase or since the beginning of the lease (whichever is later).*
- (4) *If the tribunal considers a proposed rental rate increase is excessive but a lesser increase would not be, it may disallow so much of the increase as is excessive.*

(5) *In subsection (2):*

index number means the rents component of the housing group of the Consumer Price Index for Canberra published from time to time by the Australian statistician.

CPI figures

The complete list of CPI figures for ACT dwelling rents can be found in [TABLE 13. CPI: Group, Sub-group and Expenditure Class, Index Numbers by Capital City](#)

2007

March Quarter:	162.4
June Quarter:	165.6
September Quarter:	167.5
December Quarter:	170.7

2008

March Quarter:	174.6
June Quarter :	177.8
September	180.7
December	185.1

2009

March Quarter	188.1
June Quarter	189.8
September Quarter	191.3
December Quarter	192.9

2010

March Quarter	195.7
June Quarter	197.5
September	199.4
December	202.1

2011

March	205.9
June	207.5
Sept	211.0
Dec	215.0

2012

March	216.7
-------	-------

The June 2012 figure is due for release on 25 July 2012.

Explanation of quarters

Quarters relate to the 3 preceding months, as Follows:

March quarter	1 January - 31 March
June quarter	1 April - 30 June
September quarter	1 July - 30 September
December quarter	1 October - 31 December

NOTE: The figures are released by the ABS at the end of the month following the end of the quarter, eg April quarter figures are not available until the end of July.

An Example Calculation

The onus of proof is determined by applying the formula in Section 68(2):

...unless the lessor satisfies the Tribunal otherwise, a rental rate increase is excessive if it is more than 20% greater than any increase in the index number over the period since the last rental rate increase or since the beginning of the lease (whichever is later)...

Your tenancy agreement started in April 2010 at a rent of \$400/week. In March 2011, you receive notice of a rent increase to take effect in May 2011.

The most recent CPI figure available when you receive the notice is for the December 2010 quarter. Because the increase is after 12 months, you compare the December 2010 CPI figure (202.1) to the figure 12 months earlier, in December 2009 (192.9).

Calculate the difference in CPI figures:
 $202.1 - 192.9 = 9.2$

Express the difference as a % of the initial CPI:
 $(9.2 \div 192.9) \times 100 = 4.76\%$

Apply this to the current rent:
 $(4.76 \div 100) \times \$400 = \19.04

Work out 20% of that increase:
 $(20 \div 100) \times \$19.04 = \3.80

Add both dollar amounts together:
 $\$19.04 + \$3.80 = \$22.84$

If the proposed increase is more than \$22.84 (or the new rent is more than \$422.84) the landlord or agent must be able to convince the Tribunal why it should be permitted. The formula increase is a useful starting point for negotiations.

Note that the Tribunal must also consider the issues listed in Section 68 such as rent for comparable properties and the state of repair of the property.