

F. A Landlord may not require as a condition of move-in, an amount greater than 2.5 times the Rent, including, but not limited to, first month's Rent, last month's Rent, and security deposit. A Landlord may not charge more than 10% of the Rent per animal for a Pet Deposit upon move-in. This Subsection does not apply to providers of affordable housing that receive a public subsidy to provide such affordable housing.

**CHANGES TO F:**

- **Clarify that pet deposit is not part of total move-in costs.**
- **Change 10% per animal to 50% total.**

G. A Landlord may not claim or withhold from any security deposit any sum greater than what the Landlord reasonably incurs to repair damages to the premises beyond ordinary wear and tear. For purposes of this Subsection, "ordinary wear and tear" means deterioration that occurs without negligence, carelessness or abuse of the premises, equipment, furnishings or appliances by the tenant, a member of the tenant household or other persons on the premises with the tenant's consent. For purposes of this Subsection, capitalized terms have the meaning set forth in the Residential Landlord and Tenant Act.

**CHANGES TO G, PARAGRAPH 1:**

- **Add language that says, "Basic cleaning is presumed to be ordinary wear and tear and nothing in this ordinance shall be construed to mean that a landlord may charge for cleaning costs that do not address damage or filth beyond ordinary wear and tear."**

A Landlord can only charge the depreciated value of a damaged item, and may not charge any amount after the item's life span value has expired. A Landlord must be able to prove life span of any item they intend to withhold any security deposit for. If a Landlord cannot prove when the item was purchased, it will be assumed that the item's life span has expired and any damages incurred cannot be charged to the security deposit.

A Landlord is required to repaint interior walls after 5 years, in between tenancies. A Landlord may not charge for interior painting of a residence, beyond what is necessary to repair specific damage made to a wall beyond normal wear and tear.

**CHANGES TO G, PARAGRAPH 3:**

- **Remove requirement to repaint every 5 years.**
- **Move language regarding not charging for paint to first paragraph under section G.**

To determine the depreciated value of a damaged item, a Landlord must calculate the expense evenly over the life span of the item by dividing the initial cost of the item by the years of life span, and subtract that number from the number of years since the item was originally purchased. The following items have life spans as follows: carpet (7yrs), refrigerator (15yrs), oven/range/cooktop (15yrs), dishwasher (10yrs), bathtub/shower (20yrs), toilet (20 yrs),

clothes washer/dryer (13yrs), vinyl/tile flooring (15yrs), wallpaper (7yrs), window screens (30yrs), window blinds (10yrs), interior doors (20yrs), screen door/sliding glass door (20yrs), garage door (35yrs). To charge for carpets, a Landlord must take into consideration the cost only of the area where the carpet is required to be replaced due to damage, and may not take into consideration the original expense of the carpet for the entire residence.

Within one week of move-in and one week of move-out, a Landlord must conduct a walk-through of the residence to document existing damage. A tenant has the right to be present for both walk-throughs, but may opt out if they choose. Any damage noted by the Landlord that they intend to charge to the security deposit must be documented in writing via a walk-through form and in photographs and provided to the tenant at the same time as the mandatory itemized notice as prescribed by state law.

#### **CHANGES TO G, PARAGRAPH 5:**

- **Change move-in walk through to a tenant condition form requirement.**
- **Add “visible damage” to the photograph requirement.**

H. Within 2 weeks of receipt of a security deposit, a Landlord must deposit the money in a separate checking, savings, money market, or Client Trust Account in the City of Portland and provide the bank institution name and account number in writing to the tenant. If the account bears interest, the Landlord is required to pay that interest in full to the tenant upon move-out unless it is used to cover any damage claims. The Landlord must provide an annual receipt of the account and any interest earned to the tenant based on date of tenancy or on a pre-determined annual date, whichever is agreed upon by both parties on move-in. A landlord may pool multiple security deposits in a single account as long as the account is separate from the Landlord’s personal funds, is not accessed except to deposit and withdraw tenant deposits, and Landlord can provide individual accounting of tenant deposit and interest earned to each tenant.

#### **CHANGES TO H:**

- **Remove “in the City of Portland”.**

#### **ADDITIONAL CHANGES:**

- **Add a 6-month compliance term to allow landlords to move deposits into separate accounts.**

ISSUES DISCUSSED BUT NOT CHANGED:

1. Section G: *Asked to align language with state language for consistency.*

Response: There is no state language that could be replicated here.

2. Section G, Paragraph 2: *Concern that requiring receipts is onerous and unfair to landlords.*

Response: The language does not require receipts. Landlords can use any method of proof including bank statements, tax documents, credit card statements, etc. In addition, there is a presumption that a business owner would have access to proof of purchases they made on behalf of their business, especially for tax purposes. If a landlord recently purchased a new building or home for renting, it should be considered a cost of doing business to replace and repair items that they have no proof of life span for. It seems more unfair to a tenant to replace and upgrade items for a landlord who will be able to recoup those costs through tax write offs and rent payments over time. State law requires charging a depreciated value so in order to properly follow the law, landlords should expect to have to prove to a tenant what that depreciated value actually is.

3. Section G, Paragraph 4: *Assigning life span values to items in code is overly prescriptive.*

Response: We are still considering the value of this language and may or may not keep it in. The life span values were found by averaging values from the National Association of Home Builders, the International Association of Certified Home Inspectors, W.E. Davis Insurance Company, and the Maryland Department of Housing and Community Affairs. There is concern that because there is no standard for life span values, tenants will not be able to anticipate the potential costs of repairs/replacement needed because the value will be subjective.

4. Section G, Paragraph 5: *Require a standardized condition or "walk-through" form.*

Response: It is not advisable to add a standardized form to code language. This is best dealt with through an Office of Tenant Affairs.

5. Section H: *Require that deposits be put in accounts that are federally insured.*

Response: It is our goal to allow for as many options in this section as possible to ensure compliance. Credit Unions are not federally insured but are considered safe banking institutions and insure their clients up to a certain amount anyway.