



Commissioner Chloe Eudaly
City of Portland

Security Deposit Proposal

Presented to the Rental Services Commission, April 2018

Jamey Duhamel

Director of Policy, Office of Commissioner Eudaly

Policy Development History

- Began work in early February, 2017
- Formed the first stakeholder group in March 2017
- Met with stakeholder group 4 times for 8 hours total
- Collaborated with other elected offices on first draft in May 2017
- Presented draft to the Relocation Technical Advisory Committee in June, July and August 2017
- Made changes and collaborated with other elected offices on final draft in September 2017
- Began work on screening criteria policy in October 2017
- Due to equity concerns and concerns about the depreciation model, security deposit has been on hold and is planned to be presented to council as a package when screening criteria policy is complete (hopefully June or July 2018)

Security Deposit Advisory Group

Tenant:

Soren Impey, PTU
Asher Freeman, CAT
Becky Straus, OLC
Jason Potter, Tenant
Sharon Eldridge, Homeowner, CAT volunteer
Lauren Everett, Tenant

Landlord:

Tim Pitts, Think Real Estate, mom and pop landlord
Alissa Collins, 45 Main Properties, mom and pop landlord
Mike Nuss, RareBird Real Estate
Terry Wilson, Affinity Property Management
Mo Farhoud, Stark Firs Management
Erica Calderon, landlord and PM of Hacienda (never actually participated)

Security Deposit Advisory Group

Also invited to every meeting:

Lisa Gramp, City Attorney (attended)

Matt Tschabold, PHB

Andrea Valderrama (attended most)

Nathan Howard

Goldann Salazar

Jamie Dunphy

Shannon Callahan

Relocation Technical Advisory Committee

Christina Dirks, Legal Aid Services of Oregon
Jessica Greenlee, Affinity Property Management
Margot Black, Portland Tenants United
Mike Nuss, RareBird Real Estate
Christian Bryant, Portland Area Rental Owners Association
Deborah Imse, Multi-Family Northwest
Jane Leo, Portland Metropolitan Association of Realtors
Kari Lyons, Multnomah County Public Health
Katrina Holland, Community Alliance of Tenants
Laura Golino de Lovato, Northwest Pilot Project
Molly Rogers, HomeForward
Andrea Valderrama, Mayor's Office

Goals of Security Deposit Proposal

- Create greater clarity of contract between two parties
- Even the power dynamics between two parties
- Get in line with best practices

Security Deposit Proposal, Part B

If a Landlord requires, as a condition of move in, first month's Rent and last month's Rent, a Landlord may not collect more than an amount equal to one-half of a month's Rent as a security deposit. If a Landlord requires, as a condition of move in, either first month's Rent or last month's Rent, a Landlord may not collect more than an amount equal to a month's Rent as a security deposit. This Subsection does not apply to providers of affordable housing that receive a public subsidy to provide such affordable housing.

Security Deposit Proposal, Part C

To the extent that a Landlord withholds an amount from a security deposit to repair damages to the premises beyond ordinary wear and tear, “ordinary wear and tear” shall mean, for purposes of this Section, deterioration that occurs without deliberate or negligent destruction, damage, or removal of any part 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. To charge for carpets, a Landlord must take into consideration the cost only of the contiguous 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 Dwelling Unit. A Landlord may not charge for interior painting of a residence, except what is necessary to repair specific damage made to a wall beyond ordinary wear and tear and to repaint walls that were painted by the Tenant without permission. Basic cleaning is presumed to be ordinary wear and tear and nothing in this Subsection 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.

Security Deposit Proposal, Part C

The lifespans...
let's talk about it

Security Deposit Proposal, Part C

To determine an amount reasonably necessary to repair a damaged item subject to the foregoing depreciation rates, a Landlord must divide the original purchase price of the item by the number of years in the foregoing depreciation schedule to determine an amount to be allocated for each year (the "Annual Value") in an item's life span. To determine the amount reasonably necessary that a Landlord can charge for an item, the Annual Value should be multiplied by number of years remaining in an item's life span. For example, a refrigerator damaged by a Tenant that originally cost \$1,125 to purchase 5 years earlier, the \$750 charge to the Tenant would be calculated as follows: $\$1,125 / 15 \text{ years} = \$75 \text{ (Annual Value)}$, $\$75 \times 10 \text{ (remaining life span)} = \750 . In order to use a different method of calculating the amount reasonably necessary that a Landlord can charge for an item, a Landlord must produce documentation of an item's value contrary to the foregoing depreciation schedule.

Security Deposit Proposal, Part D

Within one week of move-in, a Tenant will complete and submit to the Landlord, a condition report (on a form provided by the Landlord) noting any and all damage in the Dwelling Unit (the "Condition Report"). Within one week of move-out, the Landlord shall conduct a walk-through of the Dwelling Unit to document damage beyond ordinary wear and tear not noted on the Condition Report (the "Final Inspection"). A Tenant, and/or the Tenant's representative, has the right to be present for the Final Inspection, but may choose not to participate.

Security Deposit Proposal, Part D

Any damage for which a Landlord intends to withhold a portion of a Tenant's security deposit must be documented in writing and visual damage must be documented in photographs and provided to the Tenant at the same time as the written accounting required under ORS 90.300 (12). To the extent that a Landlord seeks to charge labor costs greater than \$200 to a Tenant, the Landlord must provide documentation demonstrating that the labor costs are reasonable and consistent with the typical hourly rates in the metropolitan region. A Landlord may not charge for damage noted on the Condition Report.

Security Deposit Proposal, Part E

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 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 such interest in full to the Tenant upon move-out unless it is used to cover any claims for damage. 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 so 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 an individual accounting of each Tenant deposit and the interest earned thereon. A landlord shall have six (6) months from the effective date of this Subsection to comply with the requirements of this Subsection.

Security Deposit Proposal, Part F

A Landlord that fails to comply with any of the requirements set forth in Section 30.01.87 shall be liable to the Tenant for the security deposit, a penalty in the amount equal to two times the security deposit, as well as attorney fees and costs (collectively, "Damages"). Any Tenant claiming to be aggrieved by a Landlord's noncompliance with the foregoing has a cause of action in any court of competent jurisdiction for Damages and any such other remedies as may be appropriate.

Security Deposit Proposal, Part G

Contemporaneously with the delivery of the written accounting required by ORS 90.300 (12), the Landlord must also deliver to the Tenant a written notice of rights regarding security deposits ("Notice of Rights"). Such Notice of Rights must specify all of Tenant's right to damages under this Section. The requirement in this Section may be met by delivering a copy of this Section to the Tenant along with contact information for the nearest Legal Aid Services of Oregon office or the Oregon State Bar.