



Responses to Questions from RSC Commissioners about Security Deposits

At the Rental Services Commission (RSC) initial hearing on security deposits on April 17, Commissioners made several informal requests to staff at the Portland Housing Bureau (PHB) to do further research on relevant questions. While the further research staff have done since these meetings do not constitute definitive answers to all the questions asked, below is a summary of what staff have uncovered so far:

How do other jurisdictions define “normal wear and tear”?

Definitions of “normal wear and tear” vary from state to state. Two common strategies for defining the term are worth noting:

- **Focus on damage done by tenant.** Damage beyond normal wear and tear is defined as damage resulting from a tenant’s failure to meet their legal obligation to maintain the dwelling unit. The tenant’s legal obligations are laid out explicitly, and include a certain amount of proactive maintenance effort – keeping the premises clean, promptly reporting any needed repairs to the landlord, etc. Examples: Connecticut, Arizona.
- **Focus on no-fault damage.** “Normal wear and tear” is explicitly defined, usually as deterioration that occurs as a result of a dwelling unit and the items in it being used as intended. Tenant behaviors which could make any damage their fault are defined a bit more vaguely, typically using terms such as “negligence”, “carelessness”, “accident”, and/or “misuse or abuse of the premises” by the tenant or their invitees or guests. Examples: Colorado, Washington, D.C, Georgia, Idaho.

Is there any data on the effectiveness of security deposit caps at improving housing accessibility and equity outcomes for low-income renters? Have any studies been done on possible unintended consequences of such laws?

There is significant evidence that high security deposits can create barriers to housing access for low-income renters, especially from vulnerable populations¹. However, few studies have been done on the impacts of laws regulating security deposits.

One useful example to look at is Seattle, which passed a major law limiting the cost of security deposits in 2016. There is ongoing debate over how much of an impact this law has had on the rental market. Staffers at the Tenants Union of Washington State reported to Housing Bureau staff that they had not seen any significant rise in tenants calling their hotline to report rent increases or evictions that could be blamed on the new law. They did report some increase in reports of landlords toughening applicant screening criteria in response, but Seattle passed screening criteria regulations in 2017 which have helped mitigate this problem. On the other hand, the Rental Housing Association of Washington reports hearing from members who are raising rents, becoming quicker to reject applicants who don't meet screening criteria, and even pulling their properties out of the rental market. Neither organization was able to provide hard data beyond anecdotal evidence and rough estimates.

What programs are available to insure security deposits, or as alternatives to security deposits?

Several companies, including Liberty Rent Guarantee and Assurant SureDeposit, offer to co-sign or help pay for security deposits in order to mitigate costs for renters and improve security for landlords. There are also several nonprofits in the Portland area who help low-income renters with security deposits and other move-in costs, including several working in partnership with the City's Joint Office of Homeless Services.

¹ Riquier, Andrea. "When the Rent Isn't Too High - but the Security Deposit Is." *MarketWatch*, March 15, 2018, Economy & Politics sec.

Dickson-Gomez, Julia B., Ellen Cromley, Mark Convey, and Helena Hilario. "How Much Choice Is There in Housing Choice Vouchers? Neighborhood Risk and Free Market Rental Housing Accessibility for Active Drug Users in Hartford, Connecticut." *Substance Abuse Treatment, Prevention, and Policy* 4, no. 5 (April 15, 2009).