



Permanent Administrative Rule

Rental Housing Security Deposits

A. Purpose and Scope

Under PCC 30.01.087 Landlords in the City of Portland are limited in how much they can collect for a Security Deposit and must follow supplemental requirements on how funds can be withheld for repairs and replacements. The code also outlines requirements on the process for documenting and maintaining the Dwelling Unit Condition Report, holding a Security Deposit in a separate bank account, and providing notices of rights and Rent payment histories. These administrative rules provide additional clarification and requirements for several subsections of PCC 30.01.087.

B. Definitions

1. **Condition Report** is a form provided by the Landlord, noting the condition of all fixtures, appliances, equipment, and personal property listed in the Rental Agreement, and noting damage.
2. **Depreciation Schedule** means the most recent version of the *Fixture, Appliance, Equipment, and Personal Property Depreciation Schedule* published by PHB in accordance with PCC 30.01.087.
3. **Dwelling Unit** has the meaning given in ORS 90.100, as amended from time to time
4. **Landlord** has the meaning given in ORS 90.100, as amended from time to time.
5. **New Rental Agreement** means the initial Rental Agreement, not a renewal.
6. **PHB** means the Portland Housing Bureau.
7. **Rental Agreement** has the meaning given in ORS 90.100, as amended from time to time.
8. **Security Deposit** has the meaning given in ORS 90.100, as amended from time to time.
9. **Tenant** has the meaning given in ORS 90.100, as amended from time to time.

C. Timing

1. For the purposes of PCC 30.01.087, the Commencement Date will be measured from the date the Tenant is legally allowed to take possession of the Dwelling Unit.
2. The Landlord must provide the Tenant a Condition Report for the Tenant to complete by the Commencement Date.
3. For New Rental Agreements entered into on or after March 1, 2020 all Sections of PCC 30.01.087 and the Rental Housing Security Deposits Administrative Rules apply.

4. For Rental Agreements entered into prior to March 1, 2020, PCC 30.01.087 Subsections C.2, C.4, C.5, E, F, G, and H apply, as well as Subsection (a) below.
 - a. Subsections A, B, C.4, C.5, H, and I of the Rental Housing Security Deposits Administrative Rules apply to existing and new Rental Agreements beginning March 1, 2020.
5. When timelines in PCC 30.01.087 differ from requirements in federal, state, or local law; actions should be taken as soon as practicable, but in no event later than the timelines presented in PCC 30.01.087 or the relevant federal, state, or local law; whichever is sooner.

D. Amount of Security Deposit

1. When a Dwelling Unit is regulated or certified as affordable housing by federal, state or local government and the Rent or eligibility is periodically calculated based on the Tenant's income, the contract Rent amount can be used to determine the Security Deposit amount pursuant to PCC 30.01.087.A.

E. Secure Bank Accounts

1. Secure bank account, as used in PCC 30.01.087, means a federally insured establishment for the custody, loan, exchange or issue of money, for the extension of credit, and for facilitating the transmission of funds.
2. If the Security Deposit or last-month's Rent deposit is deposited in an interest-bearing account, the Landlord may retain up to five (5) percent of the interest earned for administrative cost.
3. For interest bearing accounts, a Tenant can request a receipt of the account once every 12 months. At the Tenant's request, the Landlord must provide a receipt of the account that shows any interest earned.

F. Condition Reports

1. If the Landlord disputes the Condition Report, the Tenant and the Landlord may obtain joint third-party validation of the condition of the Dwelling Unit. If third-party validation of the condition of the Dwelling Unit is unsuccessful the Tenant's Condition Report shall establish the baseline condition of the Dwelling Unit.
 - a. The third party should be a neutral party, and not a friend or family member of the Landlord or the Tenant.
 - b. The Landlord and the Tenant are encouraged to independently document the condition of the Dwelling Unit. Documentation should note the date of documentation and condition of items that could be contested.
2. The Landlord shall update the Condition Report to reflect all repairs and replacements impacting the Dwelling Unit during the term of the Rental Agreement that the Landlord intends to apply against the Tenant Security Deposit. The Landlord shall provide to the Tenant the updated Condition Report within 10 business days of repair or replacement.

The Landlord may provide maintenance work order history in place of an updated Condition Report, if it addresses Subsections a(i)-(iv) and b below.

- a. Updated Condition Reports must describe:
 - i. The repair or replacement date(s);
 - ii. The damage being repaired or replaced;
 - iii. The updated depreciated value; and
 - iv. Any funds applied from the Security Deposit for repair or replacement.
- b. Replaced items should be noted along with the item purchase date, item condition, and depreciated value.
- c. If the Tenant disputes the updated Condition report or maintenance work order history, the Tenant and the Landlord may attempt to obtain third-party validation of the updated condition.

G. Security Deposit Withholdings

1. When a Landlord applies Security Deposit funds for the repair and replacement of fixtures, appliances, equipment, or personal property, these items must be first identified in the Rental Agreement with the depreciated value.
2. The depreciated value must be determined using the original purchase price, original purchase date, and in accordance with the Depreciation Schedule published by PHB.
3. A Landlord may provide documentation reasonably acceptable to a Tenant demonstrating why a different value calculation is justified for a fixture, appliance, equipment, or personal property.
 - a. Documentation must include:
 - i. The current depreciated value of the fixture, appliance, equipment, or personal property;
 - ii. An explanation of why the depreciated value derived from the Depreciation Schedule is inapplicable for the fixture, appliance, equipment, or personal property; and
 - iii. A justification of how the repair or alternative replacement cost of the fixture, appliance, equipment, or personal property has been calculated or determined.
4. When a Landlord does not have the original purchase price and date of a fixture, appliance, equipment, or personal property; a Landlord must approximate the age and depreciated value of the fixture, appliance, equipment, or personal property using the same or comparable items.
5. A Landlord is not required to list structural elements in the Rental Agreement in order to apply Security Deposit funds. Structural elements are not subject to the Depreciation Schedule published by PHB.
 - a. Examples of structural elements could include subflooring, walls, framing, roofing, piping, staircases, etc.

H. Applicability of other Federal, State and Local Laws

1. PCC 30.01.087 imposes requirements for handling Tenant's Security Deposit that are in addition to and not intended to supersede applicable state or federal laws. As such, when an applicable federal or state law prescribes a more stringent requirement or timeline than a local law, the Landlord can comply with the local law by meeting the applicable federal or state law requirements or timelines.

I. Responsibility

PHB is responsible for managing and implementing this rule.

J. History

Date adopted: **January 31, 2020**

Date effective: **March 1, 2020**