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## HOU-3.07 - Rental Housing Security Deposits Permanent Rule

Administrative Rules Adopted by Bureaus Pursuant to Rule Making Authority (ARB)

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Policy category: [Program-Specific Administrative Rules](#)

Policy number: HOU-3.07

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### History

Adopted by Housing Bureau Director January 31, 2020 and effective March 1, 2020.

Adopted by Housing Bureau Director December 22, 2020 and effective January 8, 2021.

Amended by Housing Bureau Director March 29, 2021.

### Related documents

 [HOU-3.07 - Rental Housing Security Deposits Permanent Rule](#) (613.12 Kb)



## **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 financial institution 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.
10. **Termination Date** means the date the tenancy terminates and Landlord takes possession of the Dwelling Unit.

#### **C. Timing**

- a. 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.
- b. The Landlord must provide the Tenant a Condition Report for the Tenant to complete by the Commencement Date.

- c. 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.
- d. 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.
  - i. 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.
- e. 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 Financial Institution Accounts**

- 1. Secure financial institution 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.
  - c. The Tenant is required to participate in any third-party validation process in good faith.

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 15 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.
3. Within 1 week following the Termination Date, as defined in Subsection B.10 of the Rental Housing Security Deposit Administrative Rule, a Landlord shall conduct a Final Inspection to document any damage beyond ordinary wear and tear not noted on the Condition Report.

#### **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**

**Date amended: July 29, 2020**

**Date amended: January 8, 2021**



# Portland Housing Bureau

## Rental Services Office

Director Shannon Callahan

421 SW 6th Avenue, Suite 500 • Portland, OR 97204

PHONE 503-823-1303 • FAX 503-865-3260

[portlandoregon.gov/phb/rso](http://portlandoregon.gov/phb/rso)

### Rental Services Helpdesk Hours

MON, WED, FRI 9–11am and 1–4pm

## Fixture, Appliance, Equipment, and Personal Property Depreciation Schedule Required Under Portland City Code Title 30.01.087.C.1

Within the City of Portland, a landlord may only apply security deposit funds for the repair and replacement of those fixtures, appliances, equipment, or personal property that are identified in the rental agreement and to which a value is attached in accordance with the depreciation schedule published in this notice.

A landlord may provide documentation reasonably acceptable to a tenant demonstrating why a different calculation is justified for a particular item so long as the documentation includes:

1. The current depreciated value of the fixture, appliance, equipment, or personal property;
2. An explanation of why the depreciated value derived from the Depreciation Schedule is inapplicable for the fixture, appliance, equipment, or personal property; and
3. A justification of how the repair or alternative replacement cost of the fixture, appliance, equipment, or personal property has been calculated or determined.

### City of Portland Requirements

When determining the amount of security deposit funds to withhold for the repair and replacement of appliances or equipment, fixtures, or personal property, a landlord must discount the estimated original purchase price by the following depreciation schedule:

**Appliances or Equipment** (includes items such as refrigerators, microwave ovens, stovetops, ovens, dishwashers, etc.) depreciate over 15 years, or 6.67% per year.

**Fixtures that are Carpets and Window Dressings** (includes items such as carpet, flooring that is not permanently attached, blinds, curtains, etc.) depreciate over 10 years, or 10% per year.

**Fixtures not including Carpets and Window Dressings** (includes items such as faucets, sinks, toilets, tubs, permanently attached flooring, cabinetry, etc.) depreciate over 20 years, or 5% per year.

**Personal Property** (includes all other non-structural elements not covered by the fixtures, appliances, or equipment depreciation schedule) depreciate over 30 years, or 3.34% per year.



### Example of Calculating Depreciated Value

Year 0: Appliance or equipment purchased for \$300

Year 8: **Depreciated Value = \$140**

*Calculation*

\$300 purchase price / 15-year depreciation = \$20 depreciation per year

\$20 depreciation per year x 8 years = \$160 of value depreciation

\$300 purchase price - \$160 of value depreciation = **\$140 of depreciated value**



If you believe you have been harassed or discriminated against because of your race, color, national origin, religion, gender, familial status, disability, marital status, source of income, sexual orientation including gender identity, domestic violence, type of occupation, or age over 18 seek legal guidance regarding your rights under Fair Housing law.

For translation or interpretation, please call 503-823-1303  
TTY at 503-823-6868 or Oregon Relay Service at 711

503-823-1303: Traducción e interpretación | Chuyển Ngữ hoặc Phiên Dịch | 翻译或传译  
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This requirement is in addition to any other rights and responsibilities set forth in the Oregon Residential Landlord and Tenant Act under Oregon Revised Statute Chapter 90, and Portland Landlord-Tenant Law under Portland City Code Title 30.

*The information in this form is for educational purposes only. You should review appropriate state statute, city code, and administrative rule as necessary. If you need legal guidance, or are considering taking legal action, you should contact an attorney.*





# Portland Housing Bureau

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### Rental Services Helpdesk Hours

MON, WED, FRI 9–11am and 1–4pm

## Rental History Form Required Under Portland City Code Title 30.01.087.F

Within the City of Portland, a landlord is required to provide this completed form to a tenant within 5 business days of receiving a request from a tenant, receiving notice from the tenant of intent to terminate the tenancy, or when a landlord gives notice of intent to terminate a tenancy. This form may be transmitted in digital or paper form.

### Tenant Information

Tenant Name: \_\_\_\_\_

### Landlord Information

Landlord Name: \_\_\_\_\_

Contact Information: \_\_\_\_\_

### Residency Information

Address: \_\_\_\_\_

Move-in Date: \_\_\_\_\_ Move-out Date (if known): \_\_\_\_\_

Landlord Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**Previous Two-Year Rent Payment History** (A payment ledger detailing the same information may be used to meet the requirements of this form)

**COVID-19 Guidance:** A landlord may choose to indicate 'Deferred' on months where rent payment has been deferred under local, state or federal eviction moratoria.

<b>Month</b>	<b>Year</b>	<b>Paid</b>
<i>Month</i>	<i>Year</i>	<i>Yes/No</i>



If you believe you have been harassed or discriminated against because of your race, color, national origin, religion, gender, familial status, disability, marital status, source of income, sexual orientation including gender identity, domestic violence, type of occupation, or age over 18 seek legal guidance regarding your rights under Fair Housing law.

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