

Renter Protection Ordinance: Security Deposit



Why limit the amount a property owner can charge for a security deposit?

Minneapolis is a majority renter city with 89,000 households renting their homes. In Minneapolis, renters are more likely to have lower incomes than homeowners, housing costs continue to rise at a rate faster than incomes and rental vacancy rates are persistently low. In this environment, it is difficult for renters, particularly low-income renters, to obtain housing. High upfront costs are an additional barrier to obtaining rental housing. The proposed ordinance limits upfront costs by capping the amount a property owner can charge for a security deposit.

What does the ordinance say?

The ordinance outlines two options for security deposits.

If a property owner charges the security deposit and the first month rent only, the security deposit is capped at a single month rent. (see Option 1 below)

If a property owner chooses to ask for more than one month of rent up front and the security deposit, the security deposit is capped at half (50%) of a single month rent. In this scenario, the resident may also choose to pay the security deposit in installments (see Option 2 under Examples).

Examples:

Option 1 – Security Deposit = 1 month’s rent	Option 2 – Security Deposit = ½ month’s rent + installment option
Upfront costs for renter: Security Deposit + first month’s rent	Upfront costs for renter: Security deposit + first month’s rent + additional rent
Example – Rent = \$1000/month Security Deposit = \$1000 + First Month’s Rent = \$1000 Total upfront costs for potential renter: \$2000	Example – Rent = \$1000/month *Security Deposit = \$500 + First Month’s Rent = \$1000 + Last Month’s Rent = \$1000 Total upfront costs for potential renter = \$2,500 <i>*\$500 security deposit may be paid over 3 months</i>

Frequently Asked Questions

What is the goal of the ordinance?

The goal of the security deposit ordinance is to provide a fair, transparent standard for residents and help ensure that renters do not have an additional barrier of extremely high upfront costs to secure housing.

Are there any exceptions?

There is an exception for units subject to a referral between a landlord and non-profit service provider or government agency. In those situations, a security deposit may be up to one and one-half of a single month rent.

How will it be enforced?

The ordinance will be enforced through the City's [housing maintenance code](#).

How are property owners affected?

Property owners may choose one of the two options allowed under the ordinance. If they choose to charge more than a first installment of rent upfront, the renter may choose to pay their security deposit in installments.

Are there similar requirements in other jurisdictions?

There are security deposit limits in 26 states.

What has been the process so far?

In March 2018, Council Member Ellison and Council President Bender formally announced the ordinance at a City Council meeting. Over the last year, the Council Members held meetings with renters, property owners, and other housing experts to hear and discuss some of the issues renters are facing. The Council Members reviewed and brought this information to City staff who then researched policies in other cities. They used all the information to create draft ordinances. The ordinance drafts were shared with community stakeholders over the spring and summer for feedback, which has been incorporated into the updated drafts.

What are the next steps in the process?

A public hearing will be held on August 28, 2019. Community members may attend the public hearing to share their feedback on the ordinances. Public comments can also be submitted to:

Council Offices

[Council Member Ellison](#)

[Council President Bender](#)

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