



ORD 20-14 -- SECTION 193.03

POLICY BULLETIN FOR LANDLORDS

EFFECTIVE DATE: MARCH 1, 2021

SECURITY DEPOSIT LIMITATIONS

POLICY PURPOSE:

The Security Deposit Limitation policy ensures equitable access to housing by limiting the upfront charges related to security deposits and Prepaid Rent.

INTENDED AUDIENCE:

The City of Saint Paul is providing this guidance to Landlords to support compliance with these new regulations.

APPLICABILITY:

This section (193.03) applies to all rental properties located within the City of Saint Paul and to all Lease agreements whether written or oral.

CONTACT:

For more information or to ask a question, please visit the [City of Saint Paul S.A.F.E. Housing page](#).

S.A.F.E. HOUSING SAINT PAUL DOCUMENTS:

- Tenant Screening Guidelines Bulletin
- Advance Notice of Sale Bulletin
- Security Deposit Limitations Bulletin
- S.A.F.E. Housing At A Glance
- StPaul.gov/SAFE

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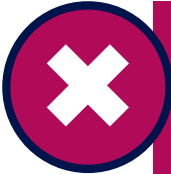
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Security Deposit Limitation Policy

What is the Security Deposit Limitation policy?
 The Security Deposit Limitation policy limits the upfront charges related to Security Deposit and **Prepaid Rent**.

Section 193.03 of Ordinance 20-14 sets the following regulations about Security Deposits and Prepaid Rent:

- 1 **Limit on the Security Deposit amount:** *Landlords* may not charge or accept a Security Deposit higher than a **Single Month's Rent** from a *Tenant*.
- 2 **Prepaid Rent limitation:** Landlords may not charge or accept a Prepaid Rent amount that's higher than a Single Month's Rent from a Tenant.



THIS POLICY DOES NOT...

Prevent **Landlords** from charging, accepting or retaining a pet deposit and/or **Rental Application Fee**.

Establish a requirement to charge a **Tenant** a Security Deposit equal to a Single Month's Rent. (A Security Deposit may not exceed a Single Month's Rent.)



REMINDER:

Security Deposit handling is governed by state law. [Minnesota Statutes section 504B.178](#) provides requirements related to processing, retention, and returning of Security Deposits.

FOR A LIST OF DEFINED TERMS, REFER TO **PAGE 4**. 

Scenario/Examples:

APPLICANT MEETS LANDLORD'S SCREENING CRITERIA

SCENARIO 1	SCENARIO 2
Rent: \$1200.00 per month	Rent: \$1200.00 per month
Security Deposit: \$600.00	Security Deposit: \$1200.00
Tenant Pays: Security Deposit \$600.00* First month's rent \$1200.00	Tenant Pays: Security Deposit \$1200.00* First month's rent \$1200.00
Total = \$1800.00 at move in	Total = \$2400.00 at move in



*Security Deposit does not have to equal the equivalent of a Single Month's Rent; Security deposit cannot exceed the equivalent of a Single Month's Rent.

Scenario/Examples:

APPLICANT DOES NOT MEET LANDLORD'S SCREENING CRITERIA. EXCEPTION BEING OFFERED

SCENARIO 1	SCENARIO 2	SCENARIO 3
Rent: \$1200.00 per month	Rent: \$1200.00 per month	Rent: \$1200.00 per month
Security Deposit: \$1200.00	Security Deposit: \$1200.00	Security Deposit: \$1200.00
Tenant Pays: Security Deposit \$1200.00 Additional Security Deposit \$1200.00 First month's rent \$1200.00	Tenant Pays: Security Deposit \$1200.00 First month's rent \$1200.00 Last month's rent \$1200.00	Tenant Pays: Security Deposit \$1200.00* First month's rent \$1200.00 Additional Security Deposit \$600.00*
Total = \$3600.00 at move in	Total = \$3600.00 at move in	Total = \$3000.00 at move in

*Additional Security Deposit or Prepaid Rent does not have to equal the equivalent of a Single Month's Rent; Additional Security Deposit or Prepaid Rent cannot exceed the equivalent of a Single Month's Rent.

EXCEPTIONS:

- 1. Additional Deposit or Prepayment allowed:** If a potential Tenant's application for housing could lawfully be denied by the Landlord (see Sec. 193.04 Tenant Screening Guidelines), the Landlord may charge and accept an additional payment in an amount that does not exceed 1 Single Month's Rent as a condition to enter into a **Lease** agreement with the applicant. This additional payment can be requested in the form of a Security Deposit or Prepaid Rent.
- 2. Conflict:** Whenever local, state, or federal funding or loan requirements conflict with any portion of Chapter 193, those funding or loan requirements will take precedence over only those portions in conflict. Conflict should be read to mean that adhering to a requirement of this Chapter will result in the Landlord and/or property being out of compliance with a specific local, state, or federal funding or loan requirement.

ENFORCEMENT:

- 1. Legislative Code:** Chapter 193 of the Legislative Code (Title XIX) pertaining to Tenant Protections will be monitored and enforced by the City of Saint Paul Office of Financial Empowerment and the Department of Human Rights and Equal Economic opportunity
 - a.** If a violation of an ordinance occurs, then the Landlord is subject to Section 1.05 of the Legislative Code. Section 1.05 provides that a violation of any provision of the Legislative code is a misdemeanor, punishable by a fine not to exceed seven hundred dollars (\$700.00) or imprisonment for a term not to exceed ninety (90) days, or both. [Click here for more information.](#)
- 2. Private Right of Action Created:** Any Tenant aggrieved by a Landlord's noncompliance with Chapter 193 has the right to file a lawsuit in court.

* DEFINITIONS

Landlord: The property owner or agent of the property owner.

Lease: A verbal or written agreement creating a tenancy in real property.

Prepaid Rent: Any charge for rent used as a condition of move in.

Rental Application Fee: A fee paid by the potential Tenant to a Landlord, in order for the Landlord to screen the background of the potential Tenant before signing the Lease.

Security Deposit: Any deposit of money used to secure a residential rental agreement or any part of such an agreement. (see Minnesota Statutes, section 504B.178)

Single Month Rent:

1. For a Lease in which rent is paid once each month in the same amount, Single Month Rent means that amount.
2. When a Tenant's rent is supplemented by a rental subsidy, rent means the total contract rent for the dwelling unit.
3. For a Lease in which rent is paid once each period in the same amount but the period is not one (1) month, Single Month Rent means that amount divided by the number of days in the period and then multiplied by thirty (30).
4. For other Leases, Single Month Rent means the total amount of rent due under the anticipated length of the Lease divided by the number of days in the anticipated length of the Lease and then multiplied by thirty (30).

Tenant: An authorized occupant of a residential rental building under a Lease or contract, whether oral or written.

FREQUENTLY ASKED QUESTIONS SEC. 193.03 - SECURITY DEPOSIT LIMITATION POLICY

What if a Tenant wants to pay more than one month's rents at a time? Can I accept it?

This section sets limitations and requirements for Prepaid Rent being charged as a condition to move into a unit. During the tenancy, a Landlord and Tenant may agree to a rent payment schedule that includes payment of more than one month of rent at a time.

Do these limitations impact how I process Security Deposits?

Security deposit handling is governed by state law. Minnesota Statutes, section 504B.178 provides requirements related to the processing, retention, and return of Security Deposits.

What if I have a Tenant moving in mid-month?

The Security Deposit amount should not change based on the move-in date. In terms of rent, the Prepaid Rent amount at move-in cannot exceed the equivalent of 1 month's rent. A best practice might be to ask the Tenant for the required rent due and payable for the time period that they are moving in. For example, if a unit rents for \$1,000.00 per month and a Tenant is moving in on the 15th of the month, a Landlord would request from the Tenant a Security Deposit, if applicable, and \$500.00 for the prorated rent amount.

How do I determine the Security Deposit and Single Months' Rent for Tenants who receive a rental subsidy?

If a Tenant receives a rental subsidy, the Single Month's Rent is based on the total contract rent for the unit. Please refer to any specific program guidelines that may dictate the amount in which the Tenant is responsible and the amount to be covered by the subsidy provider.

Do I have to charge an additional Security Deposit or Prepaid Rent?

A Landlord may require an additional Security Deposit or Prepaid Rent from an applicant that could otherwise be lawfully denied. The Landlord should document each application that would otherwise be rejected under their screening and the specific reasons for requiring the additional Prepaid Rent or Security Deposit. A Landlord is not required to charge an additional Security Deposit or Prepaid Rent when using less restrictive criteria.

POLICY CONTEXT:

The City of Saint Paul is a majority renter city with more than 57,000 households renting their homes. On July 8, 2020, The City of Saint Paul passed S.A.F.E. Housing Saint Paul, a set of stable, accessible, fair, and equitable policies geared at increasing housing access, decreasing housing displacement and affirmatively furthering fair housing. Ordinance 20-14 creating Chapter 193 of the Saint Paul Legislative Code (Title XIX) includes Tenant Rights and Responsibilities Information, Security Deposit Limitations, Tenant Screening Guidelines, Just Cause Notice and Advance Notice of Sale provisions. Please visit StPaul.gov/SAFE to learn more.

