

**PASADENA
RENTAL HOUSING BOARD
RESOLUTION NO. RHB-2023-11**

**A RESOLUTION OF THE PASADENA RENTAL HOUSING BOARD ADOPTING THE
INTEREST RATE FOR SECURITY DEPOSITS FOR 2024 AND ADOPTING
REGULATIONS RELATED TO SECURITY DEPOSITS**

WHEREAS, the Pasadena Fair and Equitable Charter Amendment (“Charter Amendment”) went into effect on December 22, 2022, and the Rental Housing Board was appointed on April 19, 2023; and

WHEREAS, the Charter Amendment at Section 1806(f) requires that Landlords pay interest annually on all security deposits held for at least one year with the interest rate to be set annually by the Rental Housing Board (“Board”) every October; and

WHEREAS, the interest rate for security deposits is to be based on the average of the interest rates on savings accounts paid on October 1 of the previous year by at least five Federal Deposit Insurance Corporation (FDIC) insured banks with branches in Pasadena; and

WHEREAS, the Board surveyed FDIC insured banks with branches in Pasadena and determined the average interest rate paid on savings accounts as of October 1, 2022; and

WHEREAS, the Board held a publicly noticed meeting on September 27, 2023 and discussed and solicited public feedback on proposed regulations related to Security Deposit interest rates;

NOW, THEREFORE, BE IT RESOLVED by the Board that based on the survey of FDIC insured banks with branches in Pasadena that reported their savings account interest rates as of October 1, 2022, the interest on security deposits to be paid to Tenants during the 2024 year shall be .41%.

BE IT FURTHER RESOLVED by the Board that the regulations set forth in Exhibit A are hereby adopted.

The foregoing Resolution was adopted at a regular meeting of the Pasadena Rental Housing Board, duly held on the 27th day of September 2023, by the following vote:

AYES: Board Members Dunlop, Gonzalez, Henry, Najera, Pitts, Chavez, Santiago, Torres, Vice Chair Lamar, Chair Bell, Alternate Member Dreier

NOES: None

ABSTAIN: None

ABSENT: Board Member Siegal



DESIREE ACOSTA
RECORDING SECRETARY
BOARD



RYAN J. BELL
CHAIR, RENTAL HOUSING BOARD

EXHIBIT A

PASADENA RENTAL HOUSING BOARD REGULATIONS

SECURITY DEPOSIT INTEREST PAYMENTS

- A. Purpose.** The Pasadena Fair and Equitable Rent Charter Amendment (“Charter Amendment”) seeks to promote neighborhood and community stability, healthy housing and affordability for Pasadena renters by regulating excessive rent increases and arbitrary evictions. The Charter Amendment at Section 1806(f) requires Landlords to pay interest annually on all Tenant Security Deposits held for at least one year at a rate of interest set each year by the Rental Board. The purpose of these regulations is to effectuate the intent of the Charter Amendment by establishing a process for the Rental Board to set the interest rate on Security Deposits and provide for the payment of that interest to Tenants each year. All defined terms used in these regulations that are not otherwise defined shall have the meaning set forth in the Charter Amendment.
- B. Security Deposit Interest.** Landlords shall pay interest on all Security Deposits held by the Landlord for Rental Units. The Rental Board shall establish the interest rate to be paid by Landlords on Tenant Security Deposits each year by conducting a survey of at least five (5) Federal Deposit Insurance Corporation (“FDIC”) insured banks with branches in Pasadena to determine the interest rate paid on saving accounts as of October 1 of the prior year and shall determine the average of the interest rate from the information received from banks surveyed. The Rental Board shall adopt the interest rate for each year no later than October 1 of each year, which interest rate will become effective on the following January 1 and remain in effect until December 31 of that year.
- C. Payment of Security Deposit Interest.** Landlords shall, no later than January 31st of each year, starting January 31st, 2025, pay to any Tenant for whom the Landlord is holding a Security Deposit, the interest earned on that Security Deposit for the prior calendar year, based on the interest rate adopted by the Rental Board applicable to the prior calendar year. Interest on Security Deposits may be paid by check or in the form of a rent credit, at the election of the Landlord. The Landlord shall include with the payment of any interest or notice of rent credit for interest earned on the Security Deposit a notice setting out the interest rate applied, and the calculation of the interest amount owed. In the event that a Tenant vacates the Rental Unit prior to receiving payment of any interest owed on the Tenant’s Security Deposit, the Landlord shall pay any unpaid interest accruing from either the date that the Tenant paid the Security Deposit or the date of the last payment of interest within the timeframe required in California Civil Code Section 1950.5 for the return of Security Deposits and shall include in the itemized statement required by California Civil Code Section 1950.5 the interest rate applied and the calculation of the interest amount owed.

D. Effective Date. These Regulations shall go into effect immediately upon their adoption by the Rental Board.

E. Partial Invalidity. If any provision of these Regulations, or the application thereof to any person or circumstance, is held invalid, this invalidity shall not affect other provisions or applications of these Regulations that can be given effect without the invalid provision or application, and to this end, the provisions of the Regulation are declared to be severable. These Regulations shall be liberally construed to achieve the purposes of the Charter Amendment.