<u>Mind Your Business – Tia's Tips for better rental management</u>

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Damages, Depreciation, and Normal Wear & Tear

Assessing charges to a tenant's deposit is fraught with peril for many landlords. What are damages? How do you calculate depreciated damages? What is normal wear & tear? These questions are common to our business as landlords and I hope that the following will help guide you in assessing fair and reasonable charges you are owed, without ending up losing a court battle because you assessed improper charges.

Damages in the context of landlord-tenant relationships are related to actual failure of the tenant to take ordinary care; accidental or intentional acts of violence to the premises by tenants or guests; or unpaid tenant charges related to the tenancy, such as rent, fees, and unpaid bills. Damage charges can also encompass items which a landlord chooses not to repair, loss of use of the rental dwelling during repairs (as long as repairs are performed in a "timely fashion"), and depreciated value of the rental dwelling as a result of tenant destruction. So, for example, say your tenant punched a hole in one of the walls. You can patch it so that it is useful for another tenant, but your property has suffered depreciated damage as the wall will never be the same unless you take a large section down to the studs and repair it properly. You may charge the full repair cost for this damage even if you choose not to fully repair it at this time. I had a tenant who moved in to a unit with brand new linoleum, and when she moved out a year later, we discovered a large crescent-shaped burn in the new flooring. The owner chose not to replace the linoleum as it still had a lot of wear left in it, but we did fairly charge her as though we had replaced it. A tenant can also be financially responsible for failing to disclose repair issues that result in ongoing damage to the property from things like leaks; however, landlords can also bear at least partial responsibility if they fail to perform reasonable inspections during which damages could be noted and mitigated. So, if your tenant lived in your property for eight years and you never inspected, but discover a leak on move out that has completely rotted the kitchen floor, how is it reasonable to charge the tenant 100%? What is reasonable in a case like this is a difficult question to answer, but I always say that you should imagine explaining yourself to a judge in court, which usually clarifies the issue to some extent.

Depreciation is an honest attempt to assess charges for damages to a tenant while considering the age and prior condition of the damaged item. So, in one case, I had tenants who left two damaged items in the house they rented: the kitchen counter and the living room carpet. The counter was brand new on move in and absolutely perfect on move out except for a large circular burn adjacent to the cooktop where apparently the tenant set a hot pan. As this was a laminate counter, there was no way to effect a repair and the entire counter needed to be replaced at a cost to the tenant of 100% using comparable materials. The living room carpet had been burned when hot coals had popped out of the fireplace. There was no way to repair it; however, the carpet was six years old and had a lifespan of ten years under normal wear conditions. In this case, we charged the tenants 40% of the replacement cost of comparable carpet. You may not use a tenant's responsibility for damage to upgrade your home at their expense. So, if we had decided to replace the living room carpet with a high-end wool carpet, for example, we would have gotten a bid for replacement of the normal carpet, charged that amount and the owner would have absorbed the rest. If you're not sure what a fair charge is for a specific repair, contact an experienced contractor for advice.

Normal wear and tear first of all, depends on the length of the tenancy. In a tenancy of 10 years, there will be much more wear and tear than there would be with a tenancy of only one year. Other factors would include the number of residents or animals living in a unit, the quality of the materials used in the property, the condition prior to move in, and the age of things like carpet and paint. A good interior paint job can be expected to last 5-7 years, with some minor touch ups between tenancies. The lifespan of flooring depends on its quality as well. Your average carpet can be expected to last between 7-10 years (or more for high quality carpet) of normal usage. Hard flooring can have a lifespan of 7-25 years, again depending on quality.

<u>Normal Wear & Tear</u> – Includes, but is not limited to…

- Minor scuffs on floors or trim

- Nicks on corners of walls
- One or two pictures holes on walls
- Minor scratches around knobs or handles
- Wear patterns in flooring in high-traffic areas
- Dingy paint (depending on lifespan of paint & tenancy)
- Cupboard finish deteriorating
- Caulking
- Broken window seals
- Aged fixtures
- Replacement seals on appliance doors
- Mold/mildew/peeling paint related to failure of housing components such as fans, leaky window, leaky roof
- Damage to floors, counters, etc., from poor caulking

Damages – Includes, but is not limited to…

- Filth, grime, staining, trash inside or out
- Gouges/scratches/burns/stains on floors, trim, counters, appliances, cupboards, walls, ceilings, etc.
- Chunks of drywall broken off
- Multiple or extra large holes in walls, ceilings, or trim
- Bent or missing hardware
- Dented metal doors
- Ripped, gouged, stained or frayed flooring
- Unauthorized tenant "improvements"
- Urine/feces
- Unkempt yard
- Broken globes or wrong wattage bulb in fixture that causes it to fail
- Broken shelves, door guards, drawers on appliances
- Mold/mildew related to tenant lifestyle (lack of ventilation, heat, circulation)

Figuring out what is fair for each situation is at best an imperfect science. So, be reasonable and act in good faith and you should avoid many troubles. Please call the Helpline if you need assistance with a specific situation.