What We're Watching: Peebles, et al. v. JRK Property Holdings, Inc.

Description

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What We're Watching: *Peebles, et al. v. JRK Property Holdings, Inc.*Massachusetts SJC hears arguments on what is "Reasonable Wear and Tear" under the Security Deposit Statute

On April 7, 2025, the Supreme Judicial Court heard the parties' arguments on two certified questions from U.S. District Court Judge Nathanial Gorton: (1) whether charging a tenant for painting, carpet repair or similar refurbishment constitutes a deduction for "reasonable wear and tear" in violation of the Security Deposit Statute, M.G.L. c. 186, § 15B(4); and (2) whether a lease provision requiring that a tenant have the premises professionally cleaned at the end of the lease was a violation of the Security Deposit Statute.

M.G.L. c. 186, § 15B(4)(iii) provides, in relevant part, that a landlord may deduct "a reasonable amount necessary to repair any damage caused to the dwelling unit by the tenant . . . reasonable wear and tear excluded."

With regard to the first certified question, counsel for the landlord (Defendant-Appellee JRK Property Holdings, Inc.) argued that determining what constitutes "reasonable wear and tear" requires a facts-and-circumstances analysis, done on a case-by-case basis, that cannot be reduced to a bright line rule. The answer to the first question, in the landlord's view, is that "it depends," a position consistent with prior cases in the trial courts of the Commonwealth.

Counsel for the tenants (Plaintiff-Appellants Branda Peebles and Joshua Berger), on the other hand, argued that "reasonable wear and tear" included touch-up paint, professional cleaning, and carpet cleaning, arguing that such "ordinary refurbishing costs" are costs associated with the landlord's efforts to relet the property and should not be imposed upon the tenant, and instead should be borne by the landlord who stands to benefit.

The justices' questions to the tenants' counsel were focused on where the line between "reasonable" and "unreasonable" wear and tear should be drawn, noting that "refurbishment," "touch-up paint" and "cleaning" were all subjective, and as a result, the "reasonableness" inquiry is inherently fact-specific.

On the second question, which both parties and the Court noted as the more difficult of the two, the justices questioned the legality of the provision of JRK's lease addendum that required tenants to have the apartment and carpets professionally cleaned at the end of their lease, or otherwise be charged for those services.

The Court noted that—despite not explicitly referencing the security deposit—the lease provision could be an improper end run around the security deposit law, as it could be interpreted as requiring tenants to pay for cleaning that would otherwise be non-chargeable reasonable wear and tear. The justices further pressed the landlord's counsel about whether this provision amounted to the landlord "leveraging" the security deposit against the tenants to get the tenant to pay for professional cleaning that the tenant ordinarily would not have to do.

The answers to both certified questions are expected to provide clarity and direction to landlords and tenants alike regarding security deposits, which remain a frequent source of dispute. The Security Deposit Statute imposes harsh penalties, including recovery of treble damages, court costs, and attorney's fees for certain violations thereto, and landlords in Massachusetts should continue to review security deposit practices routinely

for compliance with same. PSH attorneys are continuing to monitor this case. Engage PSH attorneys <u>Suzanne</u> <u>Elovecky</u> and <u>Hannah Amadei</u> to learn more.

Peebles et al., v. JRK Property Holdings, Inc. et al., Case No. SJC-13702.

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