



House of Representatives

General Assembly

File No. 713

January Session, 2001

Substitute House Bill No. 6856

House of Representatives, May 9, 2001

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE SECURITY DEPOSIT GUARANTEE PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 17b-802 of the general statutes is repealed and the following
2 is substituted in lieu thereof:

3 (a) The Commissioner of Social Services shall establish, within
4 available appropriations, and administer a security deposit guarantee
5 program for persons who are recipients of temporary family
6 assistance, aid under the state supplement program, state-
7 administered general assistance or general assistance and to persons
8 who have a documented showing of financial need and are residing in
9 emergency shelters or other emergency housing or who cannot remain
10 in permanent housing due to any reason specified in subsection (a) of
11 section 17b-808 or is served a notice to quit in a summary process
12 action instituted pursuant to chapter 832, for use by such persons in
13 lieu of a security deposit on a rental dwelling unit. Eligible persons

14 may receive a security deposit guarantee in an amount not to exceed
15 the equivalent of [one month's] two months' rent on such rental unit. [,
16 except that upon a documented showing of financial need, the
17 commissioner may approve a security deposit guarantee in an amount
18 not to exceed the equivalent of two month's rent.] No person may
19 apply for and receive a security deposit guarantee more than once in
20 any eighteen-month period without the express authorization of the
21 Commissioner of Social Services, except as provided in subsection (b)
22 of this section.

23 (b) In the case of any person who qualifies for a guarantee, the
24 Commissioner of Social Services, or any emergency shelter under
25 contract with the Department of Social Services to assist in the
26 administration of the security deposit guarantee program established
27 pursuant to subsection (a) of this section, may execute a written
28 agreement to pay the landlord for any damages suffered by the
29 landlord due to the tenant's failure to comply with such tenant's
30 obligations as defined in section 47a-21, provided the amount of any
31 such payment shall not exceed the amount of the requested security
32 deposit. [If] Notwithstanding the provisions of subsection (a) of this
33 section, if a person who has previously received a grant for a security
34 deposit or a security deposit guarantee becomes eligible for a
35 subsequent security deposit guarantee [, the] within eighteen months
36 after a claim has been paid on a prior security deposit guarantee, such
37 person may receive a security deposit guarantee. The amount of the
38 subsequent security deposit guarantee for which such person would
39 otherwise have been eligible shall be reduced by (1) any amount of a
40 previous grant which has not been returned to the department
41 pursuant to section 47a-21 or (2) the amount of any payment made to
42 the landlord for damages pursuant to this subsection, provided the
43 department has given such person an opportunity, through a fair
44 hearing, to contest the validity of any such reduction.

45 (c) Any payment made pursuant to this section to any person

46 receiving temporary family assistance, aid under the state supplement
47 program, general assistance or state-administered general assistance
48 shall not be deducted from the amount of assistance to which the
49 recipient would otherwise be entitled.

50 (d) On and after July 1, 2000, no special need or special benefit
51 payments shall be made by the commissioner for security deposits
52 from the temporary family assistance, state supplement, state-
53 administered general assistance or general assistance programs.

54 (e) The Commissioner of Social Services may, within available
55 appropriations, [from funds appropriated to the safety net account,] on
56 a case-by-case basis, provide a security deposit grant to a person
57 residing in an emergency shelter or other emergency housing or to a
58 person who cannot remain in permanent housing due to any reason
59 specified in subsection (a) of section 17b-808 or is served of a notice to
60 quit in a summary process action instituted pursuant to chapter 832, in
61 an amount not to exceed the equivalent of one month's rent on such
62 rental unit provided the commissioner determines that emergency
63 circumstances exist which threaten the health, safety or welfare of a
64 child who resides with such person. Such person shall not be eligible
65 for more than one such grant without the authorization of said
66 commissioner.

67 (f) Nothing in this section shall preclude the approval of a one-
68 month cash deposit in conjunction with a security deposit guarantee.

69 ~~[(f)]~~ (g) The Commissioner of Social Services may provide a security
70 deposit grant to a person receiving such grant through any emergency
71 shelter under an existing contract with the Department of Social
72 Services to assist in the administration of the security deposit program,
73 but in no event shall a payment be authorized after October 1, 2000.
74 Nothing in this section shall preclude the commissioner from entering
75 into a contract with one or more emergency shelters for the purpose of
76 issuing security deposit guarantees.

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Department of Social Services

Municipal Impact: None

Explanation

State Impact:

This bill allows the Department of Social Services to make a security deposit for the equivalent of up to two month's rent and makes several other changes to the security deposit guarantee program. As the language is permissive and the program must be operated within available appropriations, it is not known how many deposits will be increased from an amount equivalent to one month's rent to an amount equivalent to two month's rent. The Appropriations Act, sHB 6668 (as favorably approved by the Appropriations Committee) includes no additional funding for this initiative.

OLR Bill Analysis

sHB 6856

AN ACT CONCERNING THE SECURITY DEPOSIT GUARANTEE PROGRAM.

SUMMARY:

This bill makes a number of changes in the Department of Social Services (DSS) security deposit guarantee and related security deposit grant programs.

It permits guarantees to be the equivalent of up to two months rent in all circumstances. It allows people to get subsequent guarantees without the DSS commissioner's approval in certain circumstances. It continues to allow for reductions in subsequent guarantees, but provides an opportunity for a hearing on these reductions. And it allows the guarantees to be combined with a security deposit "cash grant."

The bill makes the guarantee program available at the beginning, rather than just at the end, of the eviction process.

The bill permits the DSS commissioner to contract with one or more emergency shelters to issue the guarantees. Until October 1, 2000, current law permitted DSS to contract with DSS-funded shelters to issue security deposit grants. The law is silent on whether DSS can contract for the guarantees.

EFFECTIVE DATE: October 1, 2001

SECURITY DEPOSIT GUARANTEE PROGRAM

Amount of Guarantee and DSS Approval

The bill permits the guarantee amount to be the equivalent of up to two months rent in all instances. Under current law, the guarantee cannot exceed the equivalent of one month's rent, except in cases

where there is a documented showing of financial need.

Subsequent Guarantees—DSS Approval

The bill allows people to receive subsequent guarantees without the DSS commissioner’s approval, provided that future guarantees are not requested or provided earlier than 18 months after the first guarantee. If someone makes a second request within 18 months of the first, the commissioner must approve it. Under current law, the commissioner must give her express approval for all subsequent guarantees.

Reductions in Subsequent Guarantees

By law, when someone receives a subsequent guarantee, the guarantee amount must be reduced by either the amount (1) DSS had to pay (for guarantees), or (2) a landlord had to return to DSS (security deposit grant), due to damages caused by the tenant. The bill requires reductions only when DSS grants the subsequent guarantee within 18 months after paying a claim on a prior guarantee. For guarantees granted later, no reductions are taken.

The bill also requires DSS to give the person an opportunity for a fair hearing to contest whether such a reduction should occur. Currently there is no right to hearing.

Circumstances Under Which Guarantees Made Available

By law, DSS, within available appropriations, must provide security deposit guarantees, and can also offer a limited number of security deposit grants, to people residing in emergency shelters or other emergency housing, as well as to people who cannot remain in permanent housing due to a number of circumstances beyond their control. The bill adds situations in which the person has been served a notice to quit in an eviction action. Under current law, guarantees are available only after an eviction judgment has been entered.

Security Deposit Grants

The above-mentioned security deposit grants can be provided on a case-by-case basis and only after the DSS commissioner has

determined that emergency circumstances exist that threaten the health, safety, or welfare of a child who is living with the person. The grants cannot exceed the equivalent of one month's rent. Currently, the funding for the grants can come only from DSS's Safety Net budget account. The bill allows the funding to come from any DSS account.

The bill also allows DSS to provide a one-month "cash deposit" (presumably this means the grant) in combination with a security deposit guarantee. (The state security deposit law limits what landlords can demand in security deposits to two months rent.)

BACKGROUND

Related Law

By law, security deposits guarantees are the only form of security deposit assistance for most needy people and recipients of DSS cash assistance (Sections 24 and 53 of PA 00-2, JSS). Previously, landlords had the option of requesting an upfront payment or a guarantee to pay for damages.

COMMITTEE ACTION

Human Services Committee

Joint Favorable Change of Reference
Yea 14 Nay 0

Appropriations Committee

Joint Favorable Report
Yea 49 Nay 1