

Legal Assistance Resource Center

♦ of Connecticut, Inc. ♦

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S.B. 661 -- Excess tenant payments in the Rental Assistance Program

Human Services Committee Public Hearing -- March 11, 2008

Testimony of Raphael L. Podolsky

Recommended Committee action: REJECTION OF THE BILL

This bill would allow a tenant in the state Rental Assistance Program (RAP) to pay up to 50% of his income for housing if the landlord increases the rent above the DSS Maximum Allowable Rent (the RAP equivalent of the Section 8 Fair Market Rent). We strongly urge rejection of this bill, which would make rents even less affordable for tenants with RAP certificates and would seriously and adversely impact the long-term ability of the program to make housing affordable for very low-income tenants.

Under the RAP program, DSS determines maximum allowable rents (MARs), based on 40% percentile housing costs, and the tenant must find an apartment within those limits. In reality, DSS uses the Section 8 FMRs and then adjusts them, particularly if they are unreasonably low. This is required by the RAP statute, which mandates that the rent maximum be based on municipal rather than regional rents so that RAP tenants will not automatically be priced out of suburban areas. RAP originally limited the tenant share to 30% of income, which is the well-established state and national maximum affordability for low-income households; but in 1995 the state raised that share to 40% of income purely as a cost-saving measure. The very low-income tenants who participate in the RAP program are thus already paying 40% of their income toward the rent.

The proposal to allow them to spend up to 50% may look at first glance like a tenant benefit but in fact it is not. In theory, it would allow the tenant to stay in an apartment in the face of a landlord-initiated rent increase. This "benefit" is illusory, however, since the higher rent burden increases the likelihood that the tenant will default on the rent, lose the apartment, and lose the RAP certificate itself (since breach of the lease is ground for terminating the certificate). In reality, landlords can often be convinced to limit the rent increase for an existing tenant to keep the rent within the RAP MAR. Moreover, if the RAP MAR is too low for housing in the area, then DSS should raise the FMR so that tenants have reasonable access to housing, not unreasonably shift the cost to the low-income tenant. If this proposal is approved, not only will it give landlords an incentive to raise the rents of RAP tenants but it will give DSS an incentive not to adjust MARs to reflect current rent levels. That is part of what has happened with the federal Section 8 program, in which a similar change (adopted in the mid-1990s) has resulted in increased rent burdens on tenants. Connecticut has consistently refused to weaken its RAP program in this way.

We strongly urge you to reject or take no further action on this proposal.