



Written Testimony before the Insurance and Real Estate Committee

January 25, 2011

In OPPOSITION to H.B. 5031 AN ACT INCREASING THE MAXIMUM ALLOWABLE SECURITY DEPOSIT AMOUNT

This legislation seeks to increase the maximum amount a landlord may charge a tenant for a security deposit from two months' periodic rent to three months' periodic rent. The department opposes allowing such an increase as it would place an unnecessary burden on all tenants, but especially those who are low-income.

The department's Security Deposit Guarantee Program serves eligible, low-income individuals who have difficulty obtaining rental housing due to the inability to afford the security deposit. The program provides a security deposit guarantee to landlords of these clients for up to two months. If, under this change, landlords are able to charge three months rent for a security deposit, the program's effectiveness would be severely curtailed and could act as a way for landlords to discriminate against those who receive state assistance.

In addition, this proposal will have an impact on the Homelessness Prevention and Rapid Re-Housing Program available under ARRA. If the department has to provide up to three months for a security deposit, we will exhaust funding faster than projected and ultimately serve fewer families.

This proposal could also present a barrier to the state's efforts to move towards more community-based home care options. This could potentially make it more difficult to secure housing for individuals transitioning from long term care back into the community.

At a time of staggering unemployment, tight funding for vital social services and limited housing options, it is not reasonable to expect individuals to provide three months rent prior to moving in.