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Section 3 of H.B. 5052 -- Security Deposit Guarantee Program

Human Services Committee public hearing -- February 20, 2014

Testimony of Raphael L. Podolsky

Section 3 of this bill, which is part of the Governor's budget proposal on veterans, provides that the Commissioner of Housing "shall prioritize provision of security deposit guarantees to eligible veterans" (l. 41-42). In contrast, existing statutory language provides that the Commissioner "may" establish priorities for persons or households eligible for the Security Deposit Guarantee Program (SDGP). We do not object to a veterans' preference, but we do think that the Committee should assure itself that a veterans' preference will not prevent persons who are not veterans from having full access to the SDGP.

The SDGP provides security deposit guarantees for very low-income households which do not have sufficient funds to pay a security deposit but can otherwise afford an apartment. Historically, it has been used primarily to (1) help move households out of emergency shelters and into permanent housing, (2) help tenants who are in the eviction process move to a new apartment and thereby avoid reaching the point where they will be moved out by a marshal ("imminently homeless" tenants), and (3) help tenants without money for a security deposit but with a rent certificate (RAP or Section 8), who by definition can afford to pay the rent, find a landlord who will accept them as tenants. A security deposit guarantee is a promise by the state to pay for property damage or unpaid rent at the end of the tenancy, rather than a cash deposit. For the last three years, in order to limit expenditures, the program has been closed to the imminently homeless category -- a critically important part of the program. When it was reopened in 2013, was reopened only to households in emergency shelters, tenants receiving a RAP or a state Section 8 certificate for the first time, and tenants with a RAP or a state Section 8 who are forced to move because their apartment has failed a housing quality inspection but not to tenants in the eviction process.

We would be concerned about adding a new priority preference if this program is to remain only partially open. We have been assured, however, that the SDGP will be opened to all eligible categories in the spring and that there will be sufficient funding for the program to meet this broader need. Under those circumstances, we do not object to some form of a veterans' preference. We suggest, however, that it be a discretionary, not mandatory, preference, and that Department of Housing explore limiting the preference, perhaps to a fixed percentage of the program's funds.