

Housing Committee

JOINT FAVORABLE REPORT

Bill No.: HB-5234

AN ACT CONCERNING THE RIGHTS AND RESPONSIBILITIES OF

Title: LANDLORDS AND TENANTS.

Vote Date: 3/15/2022

Vote Action: Joint Favorable Substitute

PH Date: 3/1/2022

File No.:

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SPONSORS OF BILL:

Rep. Michael A. Winkler, 56th Dist.

Rep. David Michel, 146th Dist.

Rep. Geraldo C. Reyes, 75th Dist.

REASONS FOR BILL:

This bill includes multiple independent sections relating to the relationship between the relationship between landlords and tenants.

Section 1 is meant to allow optional alternatives for traditional security deposits for renters who cannot afford the upfront cost of a security deposit.

Section 2 permits tenants to conduct a walk-through inspection of the dwelling unit prior to moving in. The commissioner of Housing will prepare a preoccupancy walk through checklist for landlords and tenants to use to document the walkthrough. By creating this documentation tenants can note any pre-existing damages to the unit and avoid being held liable for those pre-existing damages.

Section 3 limits fees a landlord may charge in connection with tenant screenings. There have been reports of landlords charging fees far higher than the costs of running necessary background checks and of landlords accepting application fees without the intent of running background checks but just to collect money. This legislation would prevent these possible abuses.

Section 4 require landlords to provide written notice, prepared by the Commissioner of Housing, to certain protected tenants of their legal rights regarding evictions. This would increase awareness among vulnerable tenants to their legal protections.

Sections 5-8 were deleted by substitute language. These sections would have required landlords to provide notice of a pending foreclosure to current and prospective tenants, to ensure tenants understood the status of their homes.

Section 10 was to increase voter registration by requiring that landlords provide tenants with voter registration forms upon the execution of any lease.

SUBSTITUTE LANGUAGE: LCO 3316

Sections five through eight have been deleted. Additionally, in line 62, the word “required” was changed to “accepted” for accuracy.

RESPONSE FROM ADMINISTRATION/AGENCY:

[State of CT Judicial Branch](#), expressed concern that in section 2 "requires that landlords and tenants utilize a preoccupancy walkthrough checklist prepared by the Department of Housing beginning on and after January 1, 2023. However, the Department of Housing is not required to prepare the checklist until December 1, 2023. We suggest the date be amended to December 1, 2022. We would also suggest adding language in line 114 to clarify that a walk-through checklist must be authenticated prior to entering into evidence. Specifically, we suggest the following language: “Such walk-through checklist shall be admissible, subject to the rules of evidence, but shall not be conclusive, as evidence of the condition of the dwelling unit at the beginning of a tenant's occupancy in any administrative or judicial proceeding.”

Additionally, we believe that the new process outlined in Section 6 (b) may create confusion. Currently, a tenant can file impleader paperwork to become a party to a foreclosure action. However, the proposal set forth in Section 6 would utilize housing court processes, creating a new, separate case between the tenant and the landlord while the “main” action, the foreclosure case, proceeds in civil court. Having two separate actions filed in separate courts on related matters would create needless complication.”

NATURE AND SOURCES OF SUPPORT:

[Kathleen Flaherty](#), Executive Director-CT Legal Rights Project, Inc. **Support (in part)** – stating that they are limiting their testimony and support to **sections 2,3,4 and 10**. Section 2, requiring a pre-occupancy walk through would protect tenants from already defective items from being used as a basis for withholding a security deposit. Section 4 should be amended to require that landlords provide notice to all tenants, as landlords cannot legally identify which tenants are disabled and may not know the ages of tenants.

[Raphael Podolsky](#), L.-CT Legal Services **Supports Section 2, 3, 4, and 10**. Stating that sections 2 & 3 provides necessary protections for tenants. Section 4 would alert seniors and the disabled that they are protected from "no cause evictions", which most seniors and disabled tenants do not realize. But this section must be amended to alert all residents as landlords cannot identify who is disabled or a senior. Section 10 would increase voter registration among tenants by providing a registration form when they first move in, and therefore presumably need to register to vote.

[Jon Potter](#), [-LeaseLock Supports Section 1](#), stating that their company was founded to provide these security deposit alternatives. These alternatives allow tenants who cannot afford the upfront cost of a security deposit to still be able to move into an apartment by instead choosing to pay a monthly fee. "Leaselock insures landlords against unpaid rent, unpaid fees, and costs of damages beyond wear and tear". They also suggested that this legislation include the following changes

- "Mandatory plain-language disclosures to ensure that renters know their rights, understand the comparative costs of refundable security deposits and nonrefundable insurance premiums or deposit waiver fees, and understand that they are not insured and have not purchased a license to skip rent or damage the premises.
- Requiring insurers that subrogate to provide renters with detailed documentation, including proof of claims paid, if they choose to pursue tenants for reimbursement of claims payments.
- Prohibiting contracts from requiring renters to waive legal defenses to collection actions"

[Erin Kemple](#), [Executive Director-Connecticut Fair Housing Center Supports Section 4](#)

[Mag Morelli](#), [President-Leading Age Supports Section 4](#), so long as the requirement that the Department of Housing be required to prepare the notice to tenants.

[Adam Yagaloff](#), [Staff Attorney-Homeless Youth Advocacy Project Supports Section 2](#), with some suggested changes. They suggest requiring landlords to post written admission criteria so that tenants know whether it is worth paying the application fee if they know they will be screened out.

NATURE AND SOURCES OF OPPOSITION:

[Nichole Cabanez](#), [Zach Shelley](#), [Pragya Malik](#), [Yale Law School Housing Clinic Opposes](#) – They testified in opposition to **Section 1** of the bill. They provided detailed concerns with the legislation and recommended that this proposal be studied further before moving forward. The following are their main concerns:

- The insurance provides protection for the landlords for damages and the tenant may be liable for paying additional damages beyond their insurance premium.
- It is unclear what would happen to tenants who fail to pay the small insurance premiums.
- Security deposit insurance is undefendable, unlike traditional security deposits.
- "The current bill fails to preserve tenant protections under existing security deposit and consumer protection laws.
 - Amendments should clarify that tenants have the same defenses and substantive protections (including penalties) against replacement companies and landlords as they would have had against a landlord making a security deposit deduction. Further study is needed to understand and establish a process for tenants to dispute claims."
 - The bill should prohibit any agreements about security deposit replacements from including class actions waivers or provisions that limit access to the courts (e.g., by requiring private arbitration).

- Permitting claims during the lease term could undermine the tenant's right to withhold rent for landlord violations"
- "The increased use of security deposit replacements may cause unknown market changes that may be impossible to reverse once the products become ubiquitous."

Connecticut REALTORS Opposes All Sections –

Oppose section 1 as the use of a third party provider may cause delays in damage repayments and delay the necessary repairs for a unit.

Oppose section 2 "Currently, this is a standard practice so it is not necessary to codify it into law. However, the vagueness in the language could create confusion in expectations so it should not be adopted."

Oppose section 3 stating that landlords may be required to use third party providers and that the landlord should not be expected to cover the costs of screening or be forced not to screen potential tenants.

Oppose section 4 "There are organizations that can and do provide the appropriate education, guidance and assistance to tenants. Tenants would not look to the landlord as that source of information."

Oppose section 5 stating that "Pending foreclosures can be disputed and worked upon with a lender or the courts so it would be premature to involve tenants. If a notice is appropriate, it should be backed up from the time of certainty, such as 30 days."

Oppose section 10 stating that "This is not the responsibility of a landlord and should not be a statutory requirement"

Bob De Cosmo, TenantTracks Opposes – primarily testifying against the caps on application fees to rent an apartment. Third party providers of screening reports charge between \$26 and \$52, so a \$20 fee cap would be unrealistic. Landlords also cannot provide a copy of the report to the tenant as that may violate contracts. Their company will provide a copy to tenants only if they send in a photo ID to protect against identity theft, and without that protection theft could become more likely.

Robert Jackson, Opposes section 4

Paul Januszewski, Opposes

Erin Kemple, Executive Director-Connecticut Fair Housing Center Opposes section 1, 5, and 8

Reported by: William Cromwell

Date: 3/29/2022