
OLR Bill Analysis

sHB 6784

AN ACT CONCERNING NONCOMPLIANT LANDLORDS.

SUMMARY

This bill sets up a rent receivership process to oversee rental housing property developments where landlords or owners (hereafter, landlords) fail to comply with state or local housing, health, safety, building, or fire codes. A “rental housing property development” is a privately owned multifamily development or complex with at least 500 units. A “complex” includes multiple residential buildings on the same or contiguous parcels that are under the same ownership.

Under the bill, a tenant of a rental housing property development may give a local code enforcement officer written notice of the landlord’s failure to comply with state or local housing, health, safety, building, or fire codes. The notice must specify the acts or omissions that violate the code. The bill requires the enforcement officer, for each claimed violation, to (1) investigate, (2) keep written documentation, and (3) notify other local code enforcement officers for state or local housing, health, safety, building, or fire code violations.

A local code enforcement officer who receives at least 12 claimed code violations in one calendar year from a property’s tenants may report the matter to the attorney general (AG). The AG may apply to Superior Court for a private receivership alleging conditions that are hazardous to life, health, or safety. If the AG proves the allegations, the court must appoint a “receiver” to take possession of and manage the rental housing property development, including collecting rents and remedying the conditions that led to receivership. The receiver will be discharged after the conditions are remedied. (Alternatively, the court may order the landlord to remedy the conditions if he or she is able to undertake the required work within a reasonable time and posts

security that the court determines is necessary for the work.)

With respect to rental housing property developments, the bill's provisions apply instead of existing law, which authorizes tenants and municipalities to petition the courts for the appointment of a rent receiver under certain circumstances (e.g., health or safety violations) (CGS § 47a-56a et seq.).

EFFECTIVE DATE: October 1, 2023

RENT RECEIVERSHIP PROCESS

Attorney General

Under the bill the AG may bring an action, on behalf of the tenants living in a rental housing property development, alleging under oath the specific code violations. The complaint must identify the property's address and describe the conditions alleged to be hazardous to life, health, or safety.

The AG must (1) file the action in Superior Court for the judicial district in which the property development is located in the same way as in a civil process and (2) name all landlords of record as defendants. The bill specifies that there is no entry fee for these actions. Additionally, it requires the AG to file a notice of the pending action on the land records in the town where the property is located.

Superior Court and Hearing Referees

The bill authorizes the Superior Court to refer the AG's complaint to a referee (i.e., any retired judge of the Superior Court), who must hold a hearing on the complaint. However, if the AG's complaint alleges an imminent danger to the tenants' life, health, or safety, the court must issue an immediate ex parte order granting relief that it deems appropriate. (An ex parte order grants relief without hearing from all parties to the action.) In that situation, the referee must hold a full hearing within three days after issuing the ex parte order.

As part of a hearing, the referee must take testimony that is material and view the rental housing property development. After the hearing, the referee must report to the court his or her findings and

recommendations, which the court must review and then enter a judgement. The court may reject the referee's report if the referee did his or her duties in an irregular or improper way, in which case the court must appoint another referee to make a report.

The bill specifies that there is no right to a jury trial in these proceedings.

Sufficient Landlord Defense

Under the bill, a landlord can sufficiently defend against a proceeding by showing that the conditions alleged (1) do not exist, (2) were remedied, (3) were caused intentionally by a resident tenant, or (4) are not a code violation.

Rendering Judgement

The bill requires the court to dismiss the complaint if it finds that the AG did not establish each allegation made in the complaint or the landlord affirmatively established a sufficient defense to all the allegations.

If the court finds that the AG did establish some or all of the allegations and the landlord did not affirmatively establish a sufficient defense, then the court must enter judgment against the defendant. The judgement must direct the following:

1. rents due on and after the date judgement is entered must be deposited with a court-appointed private receiver;
2. the receiver must apply the rents to remedying the alleged conditions;
3. when the conditions are remedied, the receiver must give the landlord any surplus rents and an accounting of the rents received and the costs incurred; and
4. further relief as the court deems just and proper.

The bill requires that the court serve the AG and each tenant of the property development a certified copy of the judgement by registered

mail.

Further, the bill allows a court-appointed receiver to charge the landlord a fee of up to 10% of the property development's total monthly rental income to carry out the judgement.

Landlord's or Owner's Right to Collect Rent is Suspended

Under the bill, while a receivership is in place, the landlord is not allowed to collect rent from tenants, regardless of whether their original right to receive rents was under a lease, deed, contract, agreement, or other understanding. It is a valid defense in any action by a landlord against a tenant for unpaid rent to prove that rent was paid to a court-appointed receiver.

Alternative to Receivership Judgement

If the court finds that the AG established the facts presented in the complaint, the landlord did not affirmatively establish a sufficient defense, and the relief sought is warranted, the bill authorizes the court, as an alternative to the judgement described above, to order the landlord to remedy the condition. The court may do this if the landlord (1) has the ability to do the required work and (2) posts security for the work in an amount and in the way that the court deems necessary.

If the AG subsequently investigates and determines that the person allowed to do the work is not proceeding with due diligence, the AG may apply to the court for a hearing to determine if a receivership judgement should be immediately entered instead.

If at a hearing, the court determines that the person allowed to do the work is not proceeding with due diligence, the court must render a judgement appointing a receiver as described above. This judgment must direct the receiver to apply the posted security to remedy the conditions specified in the complaint. If the security is insufficient, the judgement must direct that rents be deposited with the receiver to make up the deficiency.

If, however, the posted security exceeds the amount needed to remedy the conditions, the judgment must direct the receiver to (1) file

with the court, after the work is completed, a full accounting of the security and expenditures made and (2) turn over any surplus to the landlord who posted the security, with a copy of the accounting.

Receiver Discharged

Under the bill, a receiver must be discharged from his or her obligations upon giving the court a complete accounting after the conditions have been remedied, costs authorized have been paid or reimbursed from rents and income from the property, and any surplus money has been paid to the landlord.

The bill allows a receiver to be discharged any time after filing his or her accounting. Additionally, once the conditions are remedied, the landlord may apply to the court to have the receiver discharged upon paying the receiver money spent to remedy the condition and all other authorized costs that have not been paid or reimbursed from the rents and income from the property.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/14/2023)