



# House of Representatives

General Assembly

**File No. 332**

January Session, 2023

Substitute House Bill No. 6784

*House of Representatives, March 30, 2023*

The Committee on Insurance and Real Estate reported through REP. WOOD of the 29th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING NONCOMPLIANT LANDLORDS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2023*) (a) As used in this section:

2 (1) "Complex" means not less than two residential buildings on the  
3 same or contiguous parcels of real property under the same ownership;

4 (2) "Landlord" means any owner, lessor or sublessor of any rental  
5 housing property development in this state;

6 (3) "Receiver" means any person or entity appointed by any court in  
7 this state, subject to such court's direction, to take possession of and  
8 manage any rental housing property development; and

9 (4) "Rental housing property development" means any privately  
10 owned multifamily development or complex in this state consisting of  
11 not less than five hundred units.

12 (b) Notwithstanding other remedies available to any tenant under

13 chapter 833a of the general statutes, any tenant of a rental housing  
14 property development who claims that the landlord or owner of such  
15 rental housing property development has failed to comply with any  
16 state or local housing, health, safety, building or fire code may deliver a  
17 written notice to the applicable local code enforcement officer specifying  
18 the acts or omissions constituting such housing, health, safety, building  
19 or fire code violation.

20 (c) The applicable local code enforcement officer shall (1) review and  
21 investigate each claimed violation of any state or local housing, health,  
22 safety, building or fire code submitted pursuant to subsection (b) of this  
23 section, (2) maintain written documentation of each such claimed  
24 violation, and (3) provide notice of each such claimed violation to each  
25 local code enforcement officer for state or local housing, health, safety,  
26 building or fire code violations. Upon receipt of not less than twelve  
27 claimed violations of any state or local housing, health, safety, building  
28 or fire code in any one calendar year submitted by tenants of the same  
29 rental housing property development, any local code enforcement  
30 officer may report such rental housing property development to the  
31 Attorney General who may submit an application for a private  
32 receivership in the superior court for the judicial district in which the  
33 rental housing property development is located.

34 (d) The Attorney General may bring an action on behalf of tenants  
35 occupying any rental housing property development in accordance  
36 with the provisions of subsection (c) of this section, alleging under oath  
37 the existence of any state or local housing, health, safety, building or fire  
38 code violations. The complaint shall set forth the address of the rental  
39 housing property development and a description of the conditions  
40 alleged to be hazardous to life, health or safety. Such action shall be  
41 brought in the superior court for the judicial district in which the  
42 premises are located in the same manner as in a civil process naming all  
43 landlords and owners of record as defendants. There shall be no entry  
44 fee for such action. The Attorney General shall cause a notice of the  
45 pendency of such action to be filed in the land records of the town in  
46 which such premises are located.

47 (e) The Superior Court may refer any complaint filed in accordance  
48 with the provisions of subsections (c) and (d) of this section to a referee  
49 who shall hold a hearing thereon, except if the complaint alleges that  
50 there is an imminent danger to the life, health or safety of the tenants,  
51 the court shall issue an immediate ex parte order granting such relief as  
52 the court deems appropriate, pending a full hearing to be held not later  
53 than three days after such order is issued. Any retired judge of the  
54 Superior Court shall be eligible to act as a referee. The referee shall take  
55 such testimony as such referee deems material, view the rental housing  
56 property development and, after the hearing, report such referee's  
57 findings and recommendations to the court. The court shall review such  
58 report and enter judgment. Such report may be rejected for irregular or  
59 improper conduct in the performance of the duties of such referee, in  
60 which event the court shall appoint another referee to make a report.  
61 There shall be no right to a jury trial in any of the proceedings.

62 (f) It shall be a sufficient defense to a proceeding under this section  
63 for the landlord or owner to establish that such conditions: (1) Alleged  
64 in the petition did not in fact exist; (2) have been removed or remedied;  
65 (3) have been intentionally caused by any tenant residing at such rental  
66 housing property development; or (4) do not constitute a violation of  
67 any such state or local housing, health, safety, building or fire code.

68 (g) If the court finds that the Attorney General has failed to establish  
69 each of the allegations of the complaint or that the landlord or owner  
70 affirmatively established any defense specified in subsection (f) of this  
71 section as to all allegations set forth in the complaint, the court shall  
72 render a judgment dismissing such allegations.

73 (h) If the court finds that the Attorney General has established some  
74 or all of the allegations of the complaint and that no defense as specified  
75 in subsection (f) of this section has been affirmatively established by the  
76 landlord or owner, the court shall render a judgment directing that: (1)  
77 The rents due on the date of entry of such judgment and rents to become  
78 due subsequent thereto from all tenants occupying such property be  
79 deposited with a private receiver appointed by the court; (2) such

80 receiver apply such rents and, to the extent necessary, remedy the  
81 condition alleged in the petition; (3) when such condition has been  
82 remedied in accordance with such judgment, any remaining surplus be  
83 turned over to the landlord or owner, together with a complete  
84 accounting of the rents deposited and the costs incurred; and (4)  
85 granting such other and further relief as the court may deem just and  
86 proper. A certified copy of the judgment shall be served upon the  
87 Attorney General and each tenant occupying such rental housing  
88 property development by registered mail. Any receiver appointed  
89 pursuant to this subsection may charge such owner or landlord of such  
90 rental housing property development a fee that shall not exceed ten per  
91 cent of the total monthly rental income of such rental housing property  
92 development to carry out the requirements set forth in this section.

93 (i) The right of the landlord or owner of such rental housing property  
94 development to collect such rent from any tenant on or after the date of  
95 entry of a judgment as provided in subsection (h) of this section shall be  
96 void and unenforceable to the extent that such tenants have deposited  
97 such rent with a private receiver in accordance with the terms of the  
98 judgment rendered under subsection (h) of this section, regardless of  
99 whether such right of the landlord or owner arises from a lease, deed,  
100 contract, agreement or understanding, or otherwise. It shall be a valid  
101 defense in any action or proceeding against such tenants to recover  
102 possession of real property for nonpayment of rent or for use or  
103 occupation to prove that such rent alleged to be unpaid was deposited  
104 with a private receiver in accordance with the terms of a judgment  
105 entered under subsection (h) of this section.

106 (j) If the court finds that the facts alleged in the complaint have been  
107 affirmatively established, that no defense thereto specified in subsection  
108 (f) of this section has been affirmatively established by the landlord or  
109 owner and that the facts alleged in the complaint warrant the granting  
110 of the relief sought, the court, in lieu of rendering judgment, may issue  
111 an order permitting the landlord or owner to remove or remedy the  
112 condition in the complaint found to exist if such landlord or owner (1)  
113 demonstrates the ability to undertake the work required, and (2) posts

114 security for the performance of such work required within the time and  
115 in the manner and amount deemed necessary by the court.

116 (k) If, after the issuance of an order issued pursuant to subsection (j)  
117 of this section, the Attorney General, upon investigation, determines  
118 that such person permitted to perform the work is not proceeding with  
119 due diligence, the Attorney General shall apply to the court for a hearing  
120 to determine whether judgment should be rendered immediately as  
121 provided in subsection (l) of this section.

122 (l) If, upon a hearing authorized under subsection (k) of this section,  
123 the court determines that the person permitted to perform such work is  
124 not proceeding with due diligence, the court shall render a judgment  
125 appointing a receiver as authorized in subsection (h) of this section. The  
126 judgment shall direct such receiver to apply the security posted by such  
127 person to remove or remedy any condition specified in the petition. If  
128 the amount of such security is insufficient for such purpose, the  
129 judgment shall direct the deposit of rents with such receiver as  
130 authorized in subsection (h) of this section to the extent of such  
131 deficiency. If such security exceeds the amount required to remove or  
132 remedy such condition, the judgment shall direct such receiver to file  
133 with the court, upon completion of the work, a full accounting of the  
134 amount of such security and the expenditures made pursuant to such  
135 judgment, and to turn over such surplus to the owner or landlord who  
136 posted security, together with a copy of such accounting.

137 (m) Any such receiver shall be discharged upon rendering a complete  
138 accounting to the court when (1) such condition has been removed, (2)  
139 the costs authorized by subsections (a) to (l), inclusive, of this section  
140 have been paid or reimbursed from the rents and income of the  
141 property, and (3) the surplus money, if any, has been paid over to the  
142 landlord or owner as the court may direct. The receiver may be  
143 discharged at any time upon filing such receiver's accounting as  
144 receiver. Upon the removal of such condition, the landlord or owner  
145 may apply for the discharge of the receiver upon payment to such  
146 receiver of all moneys expended by the receiver for removal of such

147 condition and all other costs authorized by this section that have not  
148 been paid or reimbursed from the rents and income of the property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	New section

**Statement of Legislative Commissioners:**

In Subsec. (h), "the receiver" was changed to "such receiver", and "the judgment" was changed to "such judgment" for clarity.

**INS**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Attorney General	GF - Potential Cost	Up to 500,000	Up to 500,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill establishes a rent receivership process to supervise large-scale rental housing developments (i.e., over 500 units) where landlords fail to obey certain state or local codes.

The Office of the Attorney General (OAG) does not currently have expertise with landlord/tenant issues or municipal code enforcement, and as such, the bill could result in costs, estimated to be up to \$500,000 annually, starting as early as FY 24, for a consultant to provide expertise for this purpose.

OAG has received complaints on several housing developments of over 500 units that would fall under the bill's provisions, and has referred these complaints to the respective municipalities. Under current law, a local code enforcement officer who receives at least 12 code violations in one calendar year from a property's tenants may report the matter to OAG.

The court system disposes of over 250,000 cases annually and the number of cases is not anticipated to be great enough to have a material change on court operations.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the cost of consultants, as determined by the number of complaints filed annually, and inflation.



**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)