PARTNERSHIP FOR STRONG COMMUNITIES

Partnership for Strong Communities promotes equitable change in Connecticut housing policy by coordinating advocacy, advancing research, and uniting diverse partners

TESTIMONY BEFORE THE HOUSING COMMITTEE
PUBLIC HEARING AGENDA
PARTNERSHIP FOR STRONG COMMUNITIES
TUESDAY FEBRUARY 18, 2025

Representative Felipe, Senator Marx, Representative Scott, Senator Sampson and distinguished members of the Housing Committee, thank you for the opportunity to submit testimony today. I am Amy Peltier, Coalition and Advocacy Director with the Partnership for Strong Communities. We are a statewide nonprofit research, policy and advocacy organization dedicated to ensuring everyone in Connecticut has a safe, stable home that is affordable to them in an equitable community of their choice.

We respectfully submit the following comments on and **request that the Committee support House Bills # 6891 and 6892**

HB 6891: AN ACT PROHIBITING A LANDLORD FROM REQUIRING A SECURITY DEPOSIT IN EXCESS OF ONE MONTH'S RENT FROM ANY TENANT.

The amendment to cap security deposits at one month's rent for all renters as proposed by H.B. 6981 is much needed in today's housing market and can offer benefits for both tenants and landlords. As rent prices have continued to outpace wages in CT, housing insecurity and homelessness have increased. Additionally, Connecticut has a 7 percent vacancy rate, significantly lower than the national average, creating an extremely tight housing market. Prohibiting landlords from demanding excessive security deposits increases access to options and ensures housing affordability, particularly for low-income renters who face significant financial barriers. While lower upfront costs make it easier for lower income renters to secure housing in today's market, it also may attract a greater pool of applicants. When renters have fewer fees upfront, they have more immediate financial flexibility to cover move in costs and needs and emergency savings. In the longer term, fewer upfront costs for renters increases the ability of tenants to move more freely for jobs and better housing opportunities which helps overall economic mobility and promotes a more balanced rental market.

This bill would also start to standardize security deposits across all tenants. Research shows that 93% of renters of color pay security deposits at a median of $750, compared to only 85% of white renters paying a security deposit at a median of $600. Black and Latino renters also incur higher application fees and submit more applications, compounding financial stress. By capping security deposits, Connecticut will align with our neighboring states of New York, Massachusetts, and Rhode Island, ensuring fair access to housing while still allowing landlords to mitigate risk.

Finally, security deposits are not meant to function as rent reserves or as a means of collateral for income verification. Nor does this bill do anything to change legal standards that are already in place for landlords looking for certain circumstantial financial protection. A landlord may choose to require renter's insurance. A landlord may take legal action against a tenant for any damage costs beyond an original security deposit. A more standardized and succinct approach to security deposits creates greater transparency in rental transactions, preventing exploitative practices and ensuring financial stability for all tenants. Allowing this amendment is good business practice in stabilizing the housing rental system.

HB 6892: AN ACT LIMITING THE INCREASE OF RENTAL CHARGES UPON TRANSFER OF RESIDENTIAL PROPERTY TO A NEW OWNER.

The rise of large institutional investors and private equity firms in local housing markets over the past decade have altered the rental housing landscape, often to the disadvantage of smaller landlords. Over the last ten years, these firms have aggressively expanded their ownership of rental properties nationwide, fundamentally shifting market dynamics toward ownership concentration. This shift hurts tenant affordability and stability, leading to soaring rents and escalated fees, while investment in property maintenance dwindles. Such practices place significant strain on tenants and contribute to rising rent levels and heightened housing insecurity. Although H.B. 6892 does not specifically target these large firms, it could act as a deterrent to these national trends that we are seeing in CT, and we urge you to support it.

With so many renter households in Connecticut being cost burdened (paying more than 30% of their income on housing), tenants need time to financially and strategically plan if there is going to be an increase in their housing cost.[1] A $100-per-month median increase in rent is associated with a nine percent increase in homelessness in a given community.[2] Recently, Connecticut residents have experienced rent increases of 50 or 60 percent when properties have changed ownership.[3] Limiting the increase of rental charges to be no greater than ten percent upon transfer of a residential property to a new owner would help to safeguard tenants by creating a presumption that a rent increase of more than 10% during the first year of new ownership is "excessive".

[1] February 14, 2025. https://alice.ctunitedway.org/housing/

[2] "How COVID-19 Could Aggravate the Homelessness Crisis?" U.S. Government Accountability Office, August 25, 2020. https://www.gao.gov/blog/how-covid-19-could-aggravate-homelessness-crisis

[3] Soule, A., CT Lawmakers Consider Mandatory Landlord Registration and Possible Rent Cap After Ownership Changes. CTInsider. (January 2025) https://www.ctinsider.com/business/article/connecticut-landlord-registration-rent-cap-20051521.php

Finally, the 10% maximum increase is time limited and new owners are not without exception to the safeguard. If the new owner **has completed major renovations**, which the proposed statute defines as renovations to at least two primary building systems definition of "major renovations," they may qualify for charging more than a 10% increase. We suggest that the proposed statutory language be strengthened to make clear that "major" is not merely the number of building systems modified but also that the changes must be truly substantial. It is also essential that the term continues to refer only to **completed work**, not merely proposals or promises. This exception distinctly accounts for the interests of property owners by allowing increases beyond the established threshold when justified by major renovations that improve the property's long-term value.

This legislation ensures renters are not subjected to sudden, excessive hikes that could disrupt their financial stability. Legislation is necessary to ensure that unreasonable price gouging stops, constituents are protected and excessive rent hikes that are economically destabilizing and contribute to the high rates of housing instability in the state are ended. Please support HB 6892 limiting the increase of rental charges upon transfer of property to new owners.

Thank you for the opportunity to submit this testimony.

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