



March 11, 2022

H.B. 5234 Provides a Win-Win for Landlords and Tenants

Representative Quentin Phipps
Co-Chair
Housing Committee
Connecticut State Legislature

Dear Chair Phipps and Members of the Committee:

As a center-left tech industry association devoted to a progressive future, Chamber of Progress encourages you to **support H.B. 5234**, a bill that allows residents to access housing more affordably, gives landlords the right to choose security deposit options, and protects both residents and landlords.

H.B. 5234 gives Connecticut renters access to affordable payment options for housing. With a median household income of about \$78,000, Connecticut renters often find it difficult to make ends meet – and may not have the resources to put a hefty security deposit down for a home.¹ As of 2021, Connecticut's housing costs are 44.7% over the national average, and inflation has likely raised rental costs even further.²

This bill allows tenants to use a low cost insurance option in lieu of the payment of a security deposit. For many families and solo dwellers, this option may make the difference between securing housing and not. By giving an alternative required lump sum (often two months' rent) to solidify a home, H.B. 5234 increases house access to more state residents.

H.B. 5234 ensures that security deposit insurance is an option for landlords to use, not a mandate. We have seen several cities and states consider legislation regarding deposit insurance. Atlanta and Cincinnati have seen the hardships residents have faced when attempting to apartment search and brought forth "renter's choice" laws to combat the issue, therefore requiring landlords to accept alternatives to security deposits.

In contrast, H.B. 5234 merely gives landlords the freedom **to choose** whether they accept deposit insurance as an alternative or not. This bill is permissive, giving landlords more flexibility to cater to their comfortability. The Commonwealth of Virginia passed a nearly-identical bill with bipartisan support in 2020, showing that this legislation is needed and workable.

H.B. 5234 protects residents and landlords, making this legislation a win-win for all parties involved. The average American has less than \$400 saved for emergencies.³ Meanwhile, about

¹ <https://www.census.gov/quickfacts/CT>

² <https://www.ctpost.com/realestate/article/Why-is-Connecticut-s-cost-of-living-so-high-16139242.php>

³ <https://shelterforce.org/2020/12/10/security-deposit-alternatives-the-misleading-marketing-of-renters-choice/>

\$190 billion is tied up in deposits nationwide.⁴ By providing a financial alternative that won't empty their accounts, tenants will be able to secure housing efficiently and safely without disrupting their lives and well being.

The bill also protects landlords. By accepting insurance as a form of payment, Connecticut landlords will avoid risk by submitting a claim to the insurance provider if a tenant defaults on their obligation to pay.

We support your goal of allowing deposit insurance to be a viable option for residents in need. H.B. 5234 ensures that all rental market parties win. We ask you to give H.B. 5234 a favorable report, so that deposit insurance providers can assist residents in securing a home.

Sincerely,

A handwritten signature in black ink, appearing to read 'M Williams', with a long horizontal line extending to the right.

Montana Williams
Director of State & Local Public Policy

⁴ <https://www.sayrhino.com/about>