
OLR Bill Analysis

sHB 5359

AN ACT CONCERNING PROVISIONS IN RESIDENTIAL RENTAL AGREEMENTS.

SUMMARY

This bill makes several changes in residential landlord-tenant laws, which apply to rental agreements entered into or renewed on or after October 1, 2026.

First, the bill requires landlords to offer tenants at least one rent payment method that does not require an additional fee. (This prohibits landlords, for example, from requiring tenants to only pay their rent through an online system with additional processing fees.) Existing law prohibits landlords from exclusively requiring electronic funds transfers for rent or security deposit payments.

The bill also prohibits rental agreements from requiring that tenants pay (1) increased rent or other specific payments for a period after the rental agreement expires (for example, holdover fees) or (2) a higher rent for breaching the rental agreement, if the tenant is paying a reduced rental rate (such as certain concession clauses or addendums). By law, statutorily prohibited rental agreement provisions are unenforceable.

Lastly, the bill requires the Department of Housing (DOH), by July 1, 2026, to publish on its website an updated version of the standardized rental terms summary form (DOH was required to post the original form by January 1, 2026). The updated form must additionally have a section for landlords to include the amount (if any) of late rental payment fees that a tenant will be charged after the law's grace period, under the rental agreement and according to the law on maximum late fees (see *BACKGROUND – Late Fees*).

By law, starting April 1, 2026, landlords must include the completed form as the first page of any written rental agreement. Starting October

1, 2026, the bill requires written rental agreements entered into or renewed on or after this date to include the updated version of the form. As under existing law, landlords who fail to do so are liable to the tenant for a civil penalty equal to one month's rent (and the court may award reasonable attorney's fees and costs to the tenant).

Under existing law and the bill, DOH's rental terms summary form includes certain other fields for landlords to complete with the key terms of a rental agreement (the agreement term, landlord's name, property management contact, tenant names, and total periodic rent based on existing rental price disclosure requirements) (see BACKGROUND – *Rental Prices*).

EFFECTIVE DATE: October 1, 2026, and applicable to rental agreements entered into or renewed on or after this date, except the provision requiring DOH to update its rental terms summary form is effective upon passage.

BACKGROUND

Late Fees

By law, if a rental agreement requires tenants to pay a late charge for overdue rent, it must give them a nine-day grace period (or four days for week-to-week tenancies) before imposing the charge.

If a rental agreement contains a valid written agreement to pay late charges after the grace period, the charges may not exceed the lesser of (1) \$5 per day, up to a \$50 maximum, or (2) 5% of the overdue rent (or 5% of the tenant's share for rental agreements that are partially paid by a government or charitable entity). Landlords are prohibited from assessing more than one late charge on an overdue rent payment, regardless of how late it is.

Rental Prices

With certain exceptions, existing law generally requires a landlord advertising, displaying, or offering a dwelling unit for rent to include any periodic fee, charge, or cost that the tenant must pay in the advertised, displayed, or offered rent. Any monthly default fee, charge,

or cost to the tenant must also be prorated and included in the advertised, displayed, or offered rent, regardless of whether the tenant may opt out.

Related Bill

sSB 335, reported favorably by the Housing Committee, prohibits residential rental agreements from requiring that tenants pay for utilities if there is no separate meter used to measure utilities delivered exclusively to the tenant's dwelling unit.

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 13 Nay 6 (03/10/2026)