



ACTS AFFECTING HOUSING



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NOTICE TO READERS

This report summarizes laws passed during the 2016 regular and May special sessions affecting housing. In each summary, we indicate the public act (PA) or special act (SA) number. We do not include vetoed public acts, unless the legislature overrode the governor's veto.

Not all provisions of the acts are included. Complete summaries of all 2016 Public Acts will be available on OLR's webpage: <http://www.cga.ct.gov/olr>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website (<http://www.cga.ct.gov/default.asp>).

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GRANTS AND AID

Renters' Rebate Program Grants

A new law requires the Office of Policy and Management (OPM) secretary to reduce Renters' Rebate Program grants as necessary to keep within available appropriations. If reductions are made, they must be implemented by a percentage reduction to all grants ([PA 16-3, May Special Session \(MSS\)](#), § 82, effective July 1, 2016).

Supportive Housing Grants

The bond act authorizes \$20,000,000 in general obligation bonds for FY 17 for the housing department to give grants to private nonprofit organizations for supportive housing for individuals with an intellectual disability, autism spectrum disorder, or both. It also cancels a similar bond authorization in the same amount for the Department of Developmental Services ([PA 16-4, MSS](#), §§ 9 & 227, effective July 1, 2016).

Tax Freeze Program Reimbursements

A new law requires OPM to proportionately reduce reimbursements it issues to municipalities under the Tax Freeze Program if appropriations for the program are less than the amount required for full reimbursements (the program has been closed to new applicants since 1979) ([PA 16-3, MSS](#), § 81, effective July 1, 2016).

LANDLORD AND TENANT

Bed Bug Infestations in Residential Rental Properties

The legislature passed a law establishing a framework to identify and treat bed bug infestations in residential rental properties, including public housing but excluding detached, single family homes. It sets separate duties and responsibilities for landlords and tenants, including notice, inspection, and treatment requirements. It also gives landlords and tenants remedies when the other party fails to comply with these duties and responsibilities ([PA 16-51](#), effective October 1, 2016).

Deposit Index

A new law changes the interest rate that must be paid on certain deposits, including tenants' security deposits. Under the new law, the deposit index that must be used to determine interest payable is (1) the average of the national rates for savings deposits and money market deposits for the last week in November of the prior year as published by the Federal Deposit Insurance Corporation or (2) if the corporation no longer publishes these rates, the average of substantially similar national rates for the last week in November of the prior year as published by a federal banking agency. Under prior law, the deposit index for each calendar year was the average rate paid on savings deposits by insured commercial banks as last published in

the Federal Reserve Board bulletin in November of the prior year ([PA 16-65](#), §§ 38-42, effective July 1, 2016).

Security Deposits: All Tenants

Under a new law, landlords must provide tenants with a written notice stating the name and address of the financial institution at which the tenant's security deposit is being held and the amount of the deposit. In addition, landlords who fail to pay tenants the accrued interest on security deposits are now subject to a minimum \$10 penalty ([PA 16-65](#), §§ 37, effective July 1, 2016).

Security Deposits: Certain Seniors and Individuals with Disabilities

A new law requires housing authorities, community housing development corporations, and other corporations providing state-assisted public housing to the elderly and individuals with disabilities to allow these tenants to pay security deposits in installments, pursuant to a written agreement. It also requires them to return the security deposits when the tenancy terminates, instead of after the tenant has lived in the housing for one year ([PA 16-74](#), effective October 1, 2016 and applicable to individuals whose tenancy begins on or after that date).

Statement of a Tenant's Blindness or Disability

A new law allows advanced practice registered nurses to certify, sign, or otherwise document medical information in several situations that previously required a physician's documentation, including providing a statement of a tenant's blindness or disability for laws limiting eviction. They may also provide this statement for tenants of conversion condominiums governed by the Condominium Act ([PA 16-39](#), §§ 69 & 70, effective October 1, 2016).

MORTGAGES AND FORECLOSURES

Foreclosures

A new law makes several changes to foreclosure procedures. For example, it creates a new process as an alternative to foreclosure whereby a court may enter a judgment of loss mitigation allowing (1) certain underwater mortgages to be modified without a junior lienholder's consent or (2) the mortgagor (borrower) to satisfy his or her obligation by conveying the property using a transfer agreement. It also makes changes to the (1) foreclosure mediation program, including authorizing mediators to excuse certain parties from mediation sessions for good cause and (2) foreclosure by market sale process, including allowing a mortgagee, under

certain circumstances, to file a motion for judgment of foreclosure by market sale ([PA 16-65](#), §§ 73-92, effective October 1, 2016).

Mortgage Servicer Escrow Accounts

A new law requires a mortgage servicer holding a mortgagor's funds in escrow for taxes and insurance premiums to keep certain records of each escrow account's handling for at least five years after last servicing the account. It also requires servicers to deposit or invest escrow funds in one or more segregated deposit or trust accounts and reconcile the accounts monthly ([PA 16-65](#), § 8, effective July 1, 2016).

Mortgage Servicers Placing Insurance on Mortgaged Property

A new law changes when a mortgage servicer is prohibited from placing hazard, homeowners, or flood insurance on mortgaged property. Instead of prohibiting it when the servicer knows or has reason to know the mortgagor has an effective insurance policy, the new law prohibits it when the servicer knows or should have known of the mortgagor's policy ([PA 16-65](#), § 46, effective October 1, 2016).

Protections for Tenants of Foreclosed Property

A new law makes permanent certain protections for tenants of foreclosed homes that were set to expire December 31, 2017. Under these

protections, for foreclosures involving federally-related mortgage loans or any residential property occupied by a Section 8 tenant, the immediate successor in interest takes the property subject to the (1) lease between the tenant and prior owner and (2) housing assistance payments contract between the prior owner and the public housing agency administering the program ([PA 16-65](#), §§ 43-44, effective October 1, 2016).

PUBLIC HOUSING

Housing Authority Pilot Program to Build Tenants' Credit

A new law requires the housing commissioner to create a three-year pilot program for local housing authorities to use rental payments to build tenants' credit. By January 1, 2017, the commissioner must establish the program's parameters and designate up to three housing authorities in distressed municipalities that agree to participate ([PA 16-65](#), § 63, effective October 1, 2016).

Housing Project Replacements

Existing law generally prohibits state-assisted housing authorities from selling, leasing, or destroying a housing project if the project would no longer be available for low- or moderate-income rental housing. But the housing commissioner may approve the action if she finds, after a public hearing, that various conditions are met. A new law requires the commissioner, in deciding whether to grant such an approval, to

consider the extent to which the project's housing units will be replaced with housing that is affordable to households with incomes less than (1) 25% of the area median income (AMI) and (2) 50% of the AMI ([PA 16-108](#), effective October 1, 2016).

PUBLIC SAFETY AND ZONING

Concrete Foundations

The legislature passed a law establishing requirements related to residential and commercial concrete foundations. Among other things, it (1) adds requirements for obtaining a certificate of occupancy for a new structure; (2) requires municipalities, at an owner's request, to revalue residential properties with foundation problems; and (3) requires the Department of Consumer Protection (DCP) to investigate the causes of concrete foundation failure and report findings to the legislature ([PA 16-45](#), generally effective on passage and applicable to assessment years beginning on or after October 1, 2016, except the DCP report provision is effective July 1, 2016 and the certificates of occupancy provision is effective October 1, 2016).

Demolition Waiting Period

A new law generally prohibits, in municipalities that impose a waiting period before granting a demolition permit for a building or structure, a permit applicant from taking any action

toward demolition (e.g., site remediation or asbestos abatement) during that time ([PA 16-9](#), effective October 1, 2016).

Temporary Health Care Structures Zoning Task Force

The legislature passed a law establishing a task force to study the zoning of temporary health care structures and develop a model zoning ordinance for such dwellings. These small, cottage-like dwellings (1) allow a caregiver to provide care to an individual who has a mental or physical impairment and (2) arrive at the installation site primarily pre-assembled ([SA 16-5](#), effective on passage).

MISCELLANEOUS

Notice of Housing Discrimination Laws

Under a new law, the Commission on Human Rights and Opportunities must create a one-page disclosure form on housing discrimination and federal and state fair housing laws. Anyone offering to sell, lease with the option to buy, or exchange a residential property with at least two units must, at the time of closing, attach to the agreement a copy of the disclosure form, signed by the prospective purchaser ([PA 16-16](#), effective on passage).

Title to Real Property and Related Matters

A new law makes various changes concerning title to real property and related matters. For example, it specifies that unrecorded disclaimers of certain real property interests are effective against people with actual knowledge of the disclaimer. It validates any conveyance of interest in land made to a trust itself, rather than to the trustee. It also makes minor or clarifying changes concerning affidavits related to real estate, certain mortgage releases, mechanic's liens, and real property judgment liens arising from small claims cases ([PA 16-194](#), effective October 1, 2016).

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