

# RENT ESCROW REPORT

HOME Line

# OVERVIEW

From January 1, 2011, through August 7, 2014, 951 cases were filed and marked as Rent Escrows in Minnesota.

HOME Line reviewed 379 Rent Escrow files from this time period in 8 separate counties. (This amount is greater than 39% of all Rent Escrows during this time.)

For each case reviewed, HOME Line collected a variety of information which included:

- Names and Addresses
- Representation and IFP Status
- Reasons for Filings
- Procedural Steps Prior to Filing
- Outcome of Cases and Contents of Orders and Settlements

# OVERVIEW (CONT.)

## Also Tracked

- Whether the Tenant Received Repairs
- Whether the Tenant Received Money
- Whether the Tenant Received Some Other Type of Relief (including)
  - Break Lease
  - Neutral Reference
  - Lease Renewal

If the tenant received any relief, HOME Line noted that the tenant received some benefit.

# GOOD NEWS FOR TENANTS

## Tenants Receive Some Benefit Most of the Time

- Tenants received some benefit in **81%** of all cases. Excluding cases where tenants lost for a procedural reason, tenants received some benefit in **89%** of all cases.
- Tenants received some benefit in **66%** of cases that did not settle. Excluding cases where tenants lost for a procedural reason, tenants received some benefit in **80%** of cases that did not settle.

## However

- Receiving a benefit does not necessarily mean the tenant was happy or felt satisfied or that the tenant received everything the tenant asked for. Receiving a benefit only means that the tenant receive some portion of what they asked for.

# WHY DID TENANTS FILE RENT ESCROWS?

HOME Line recorded the reasons a tenant filed a Rent Escrow, and grouped those reasons into general categories.

- Privacy
- Noise/Neighbors
- Mold/Water Damage (inside)
- License/Condemn
- Infestation (inside)
- Appliances
- Other Repairs
- Other Serious Repairs
- Other (non-repairs such as retaliation)

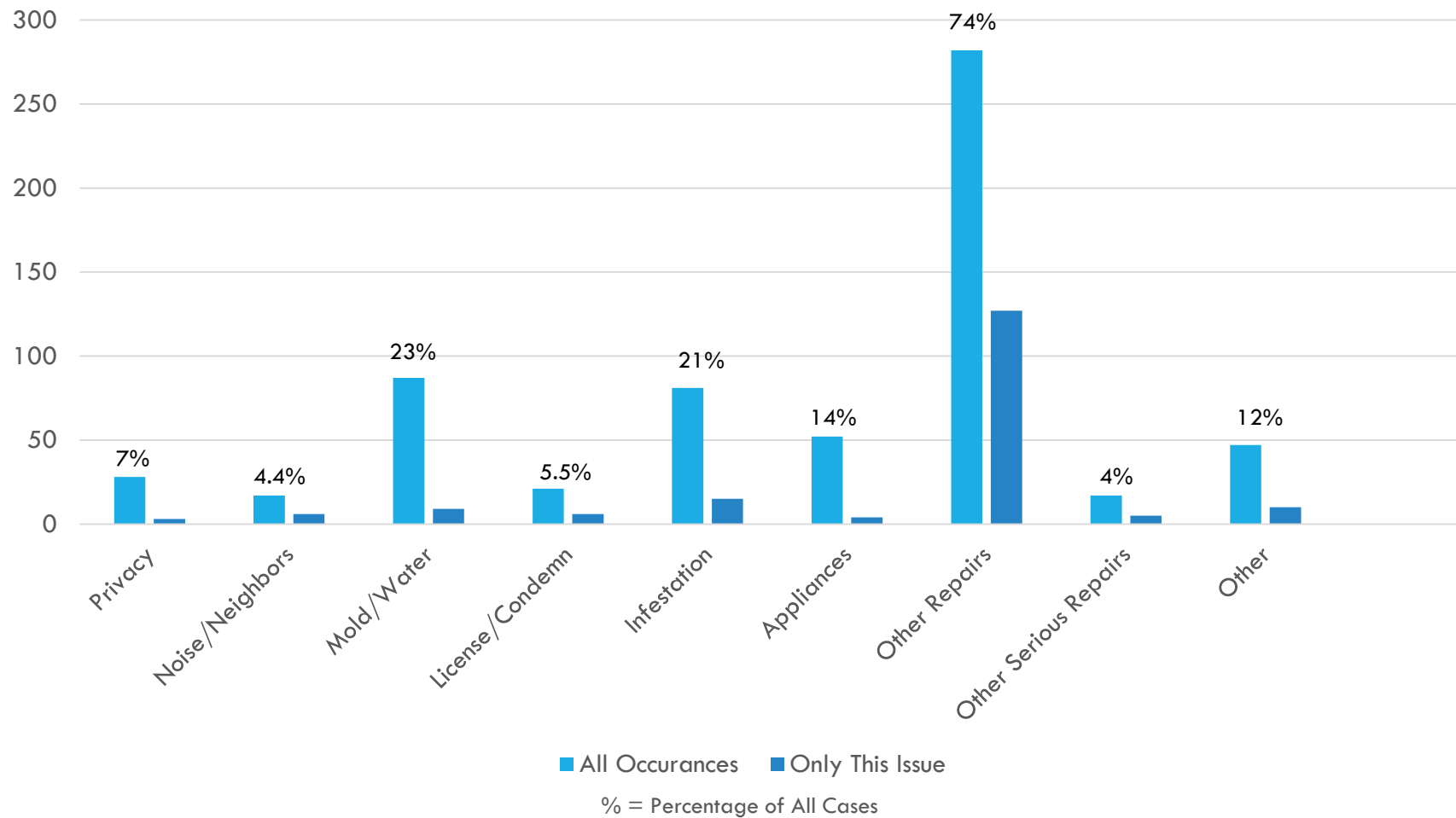
# WHY DID TENANTS FILE RENT ESCROWS? (CONT.)

## HOME Line Also Noted

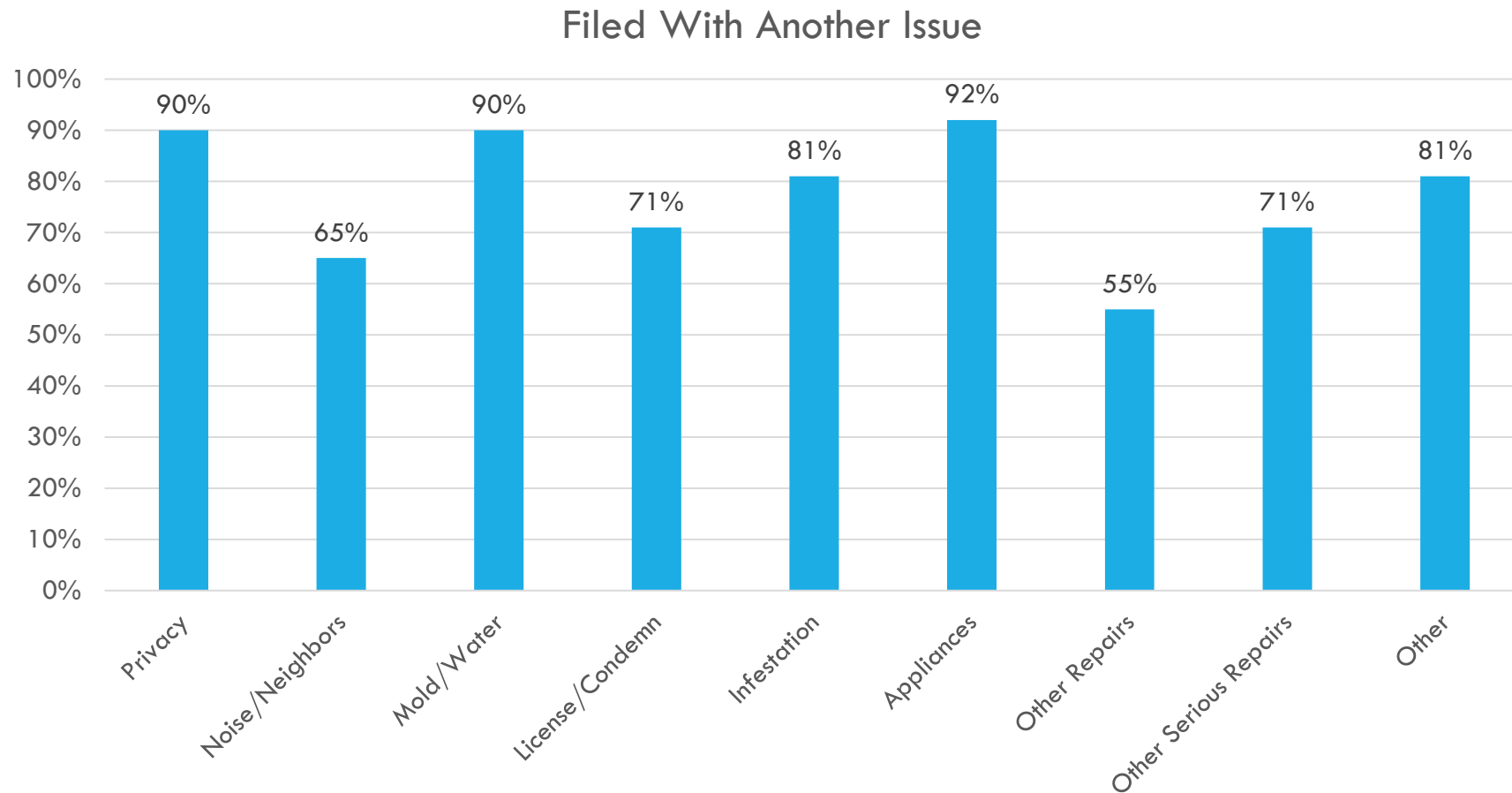
- Bedbugs (Infestations)
- Rental Licenses (License/Condemns)
- Shared Meters (Other)

The numbers for these cases were so low that they were grouped into the larger categories.

# OVERVIEW OF REPAIRS

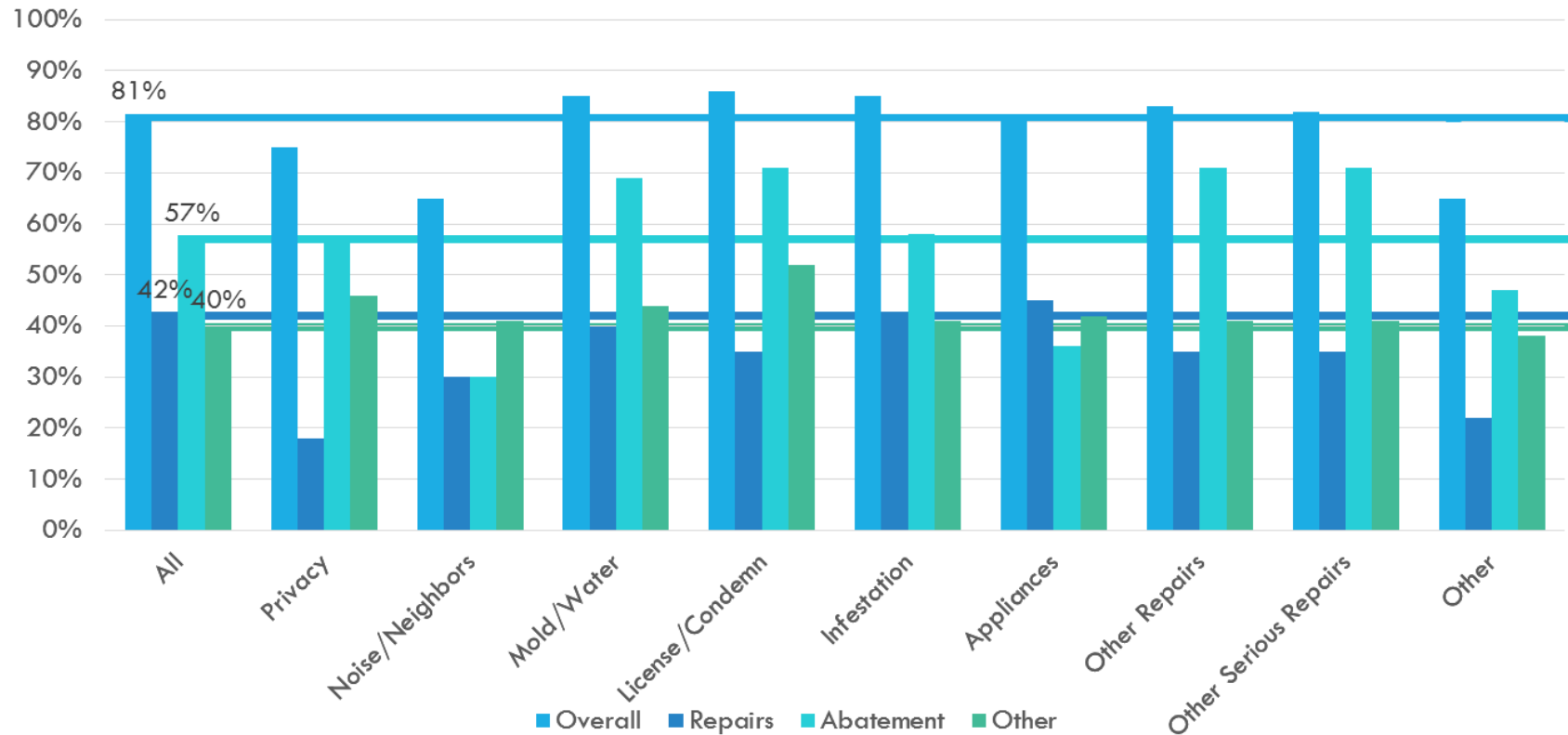


# OVERVIEW OF REPAIRS (CONT.)



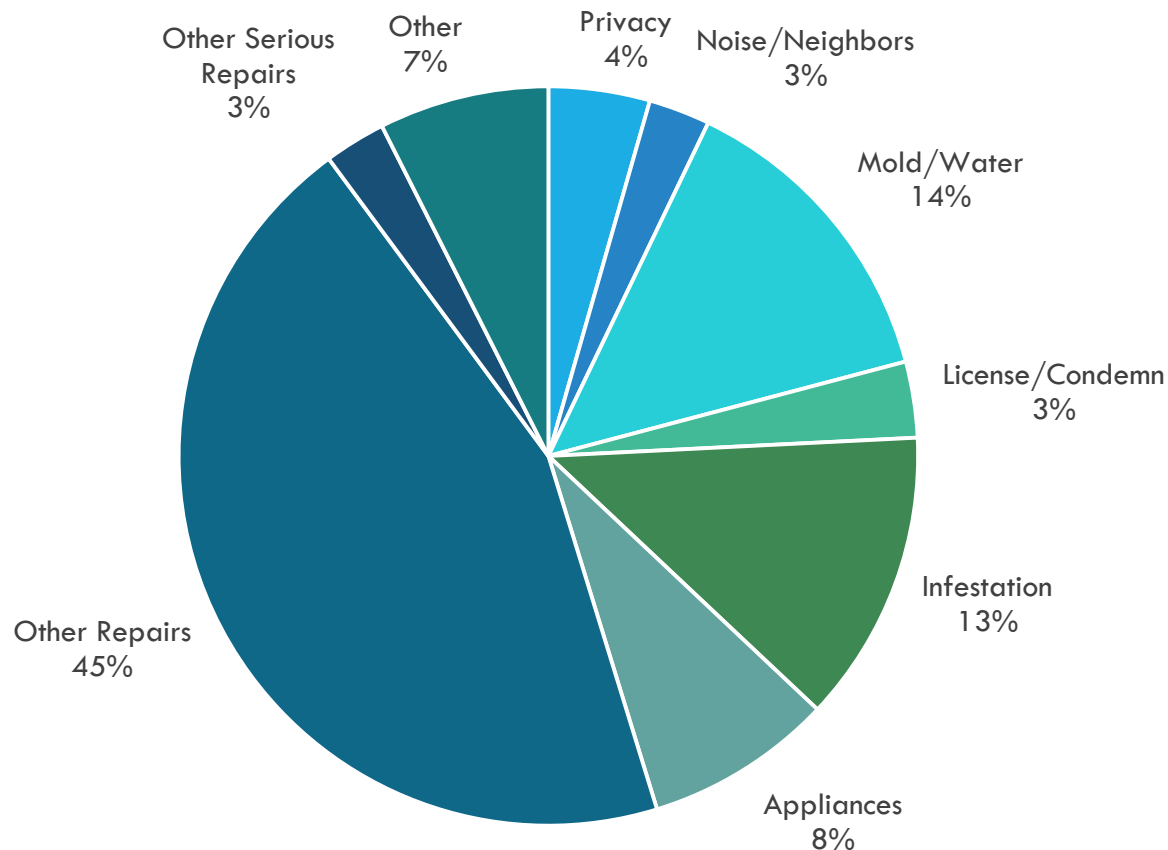


# OVERVIEW OF REPAIRS (CONT.)

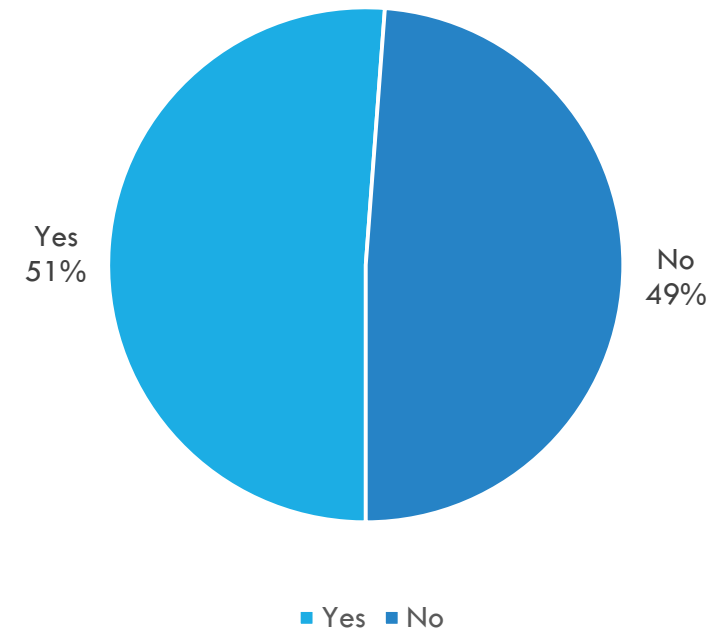


# OVERVIEW OF REPAIRS (CONT.)

Frequency of Issue in Relation to Each Other

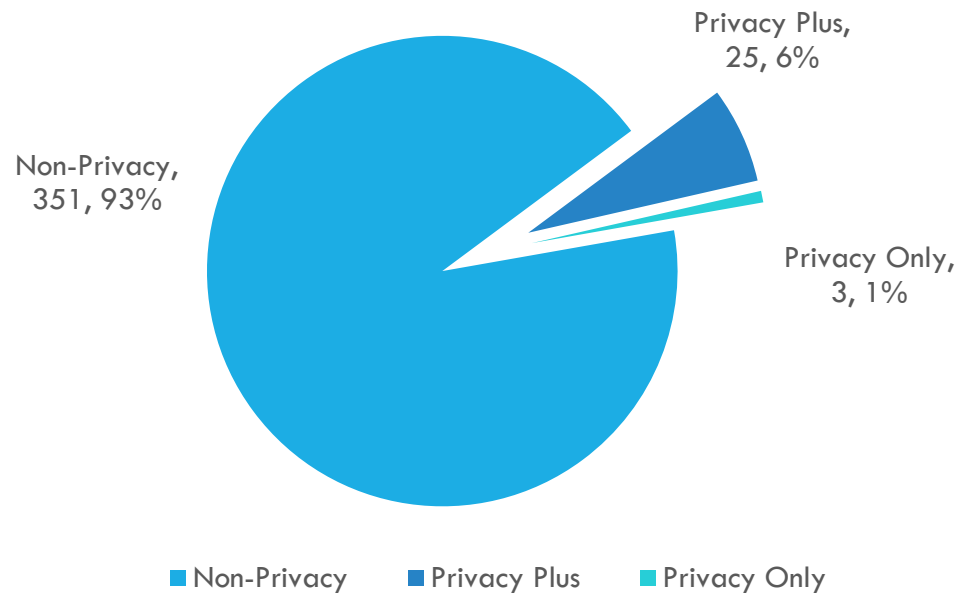


Multiple Issues?

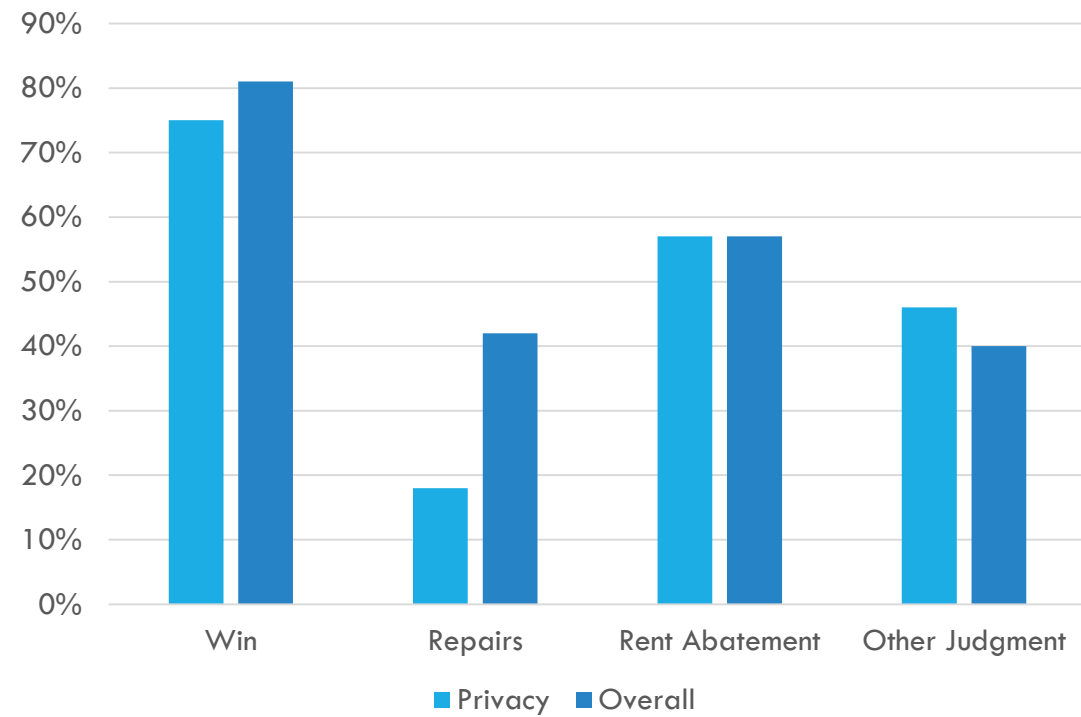


# PRIVACY

Number of Cases



Success Comparison



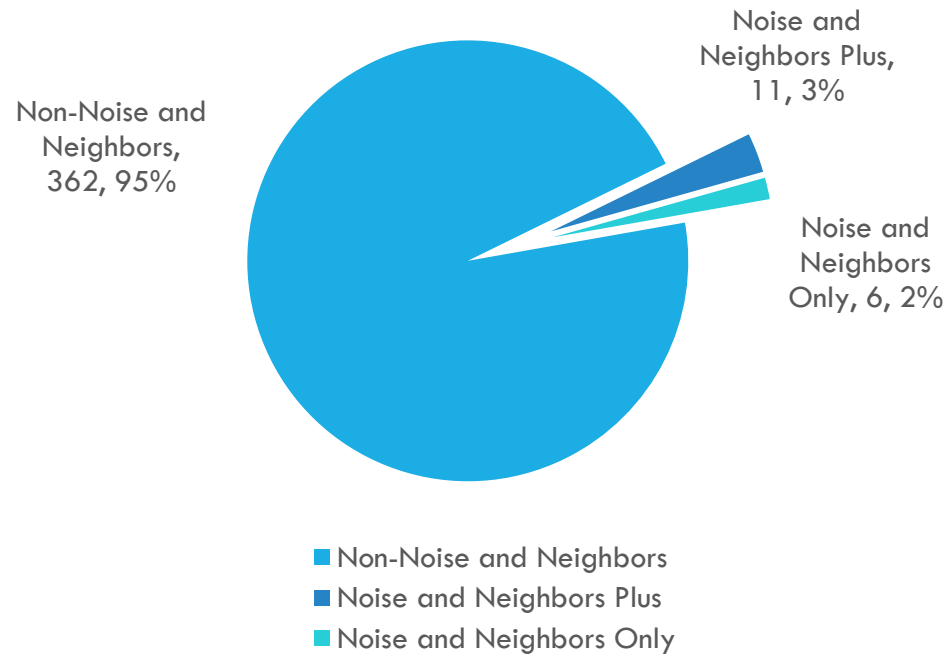
# PRIVACY (CONT.)

Every single case which received an “Other Judgment” (and that number was higher than average) received either a rescission of the lease or in one case an option to rescind the lease.

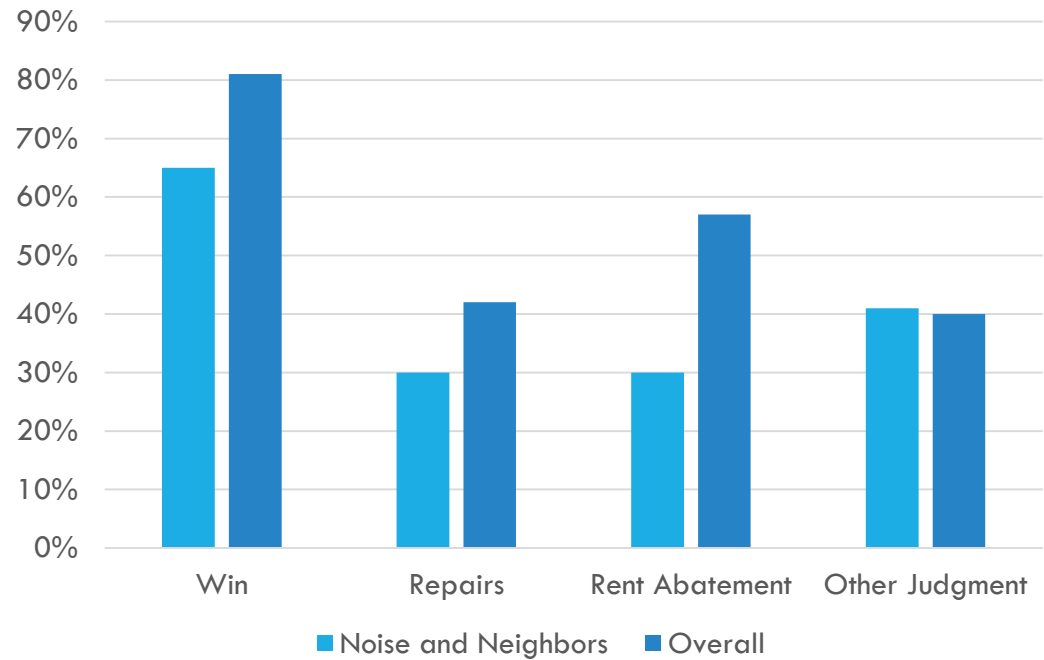
The three privacy only cases all turned out well for the tenant and the tenant received rent abatement in all of them (two settlements and one court order).

# NOISE AND NEIGHBORS

Number of Cases



Success Comparison



# NOISE AND NEIGHBORS (CONT.)

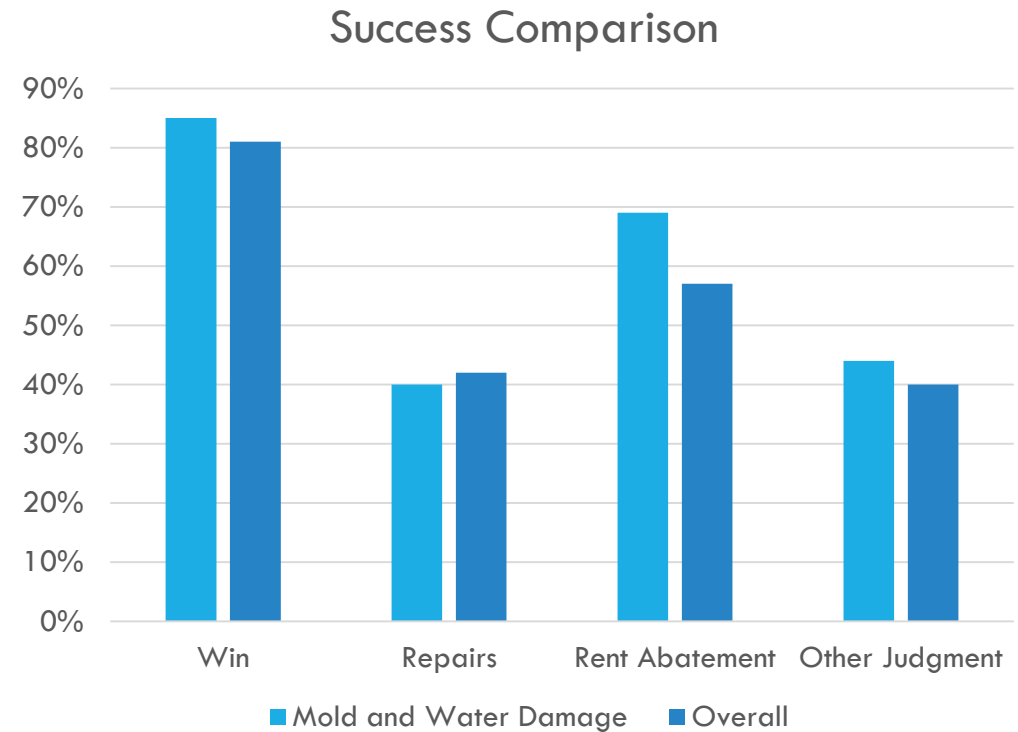
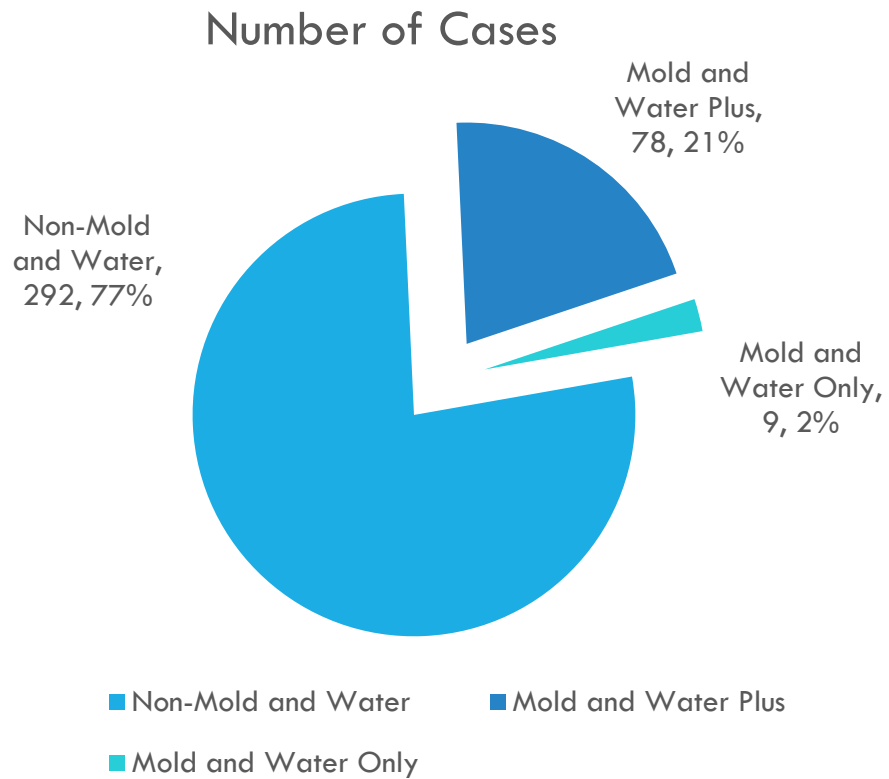
## Court Wins Are Few (1:2 compared to 2:1)

- Not only do tenants seldom win these cases, but in one case the order specifically denied any relief for neighbors and the other two cases ordered repairs without reference to the neighbor problems.
- It is possible that the good neighbor cases settled, but HOME Line was unable to find a single court order which specifically gave relief for neighbors in this study. (There are some cases which exist outside of this study.)

## Good Outcomes Came from Settlement

- Break Lease
- Moved to Another Unit
- Carpet the Upstairs (presumably to deaden sound)

# MOLD AND WATER DAMAGE



# MOLD AND WATER DAMAGE (CONT.)

Tenants Do Well (even in court – 87% exclude procedural losses)

Tenants Generally Received Rent Abatement More Often

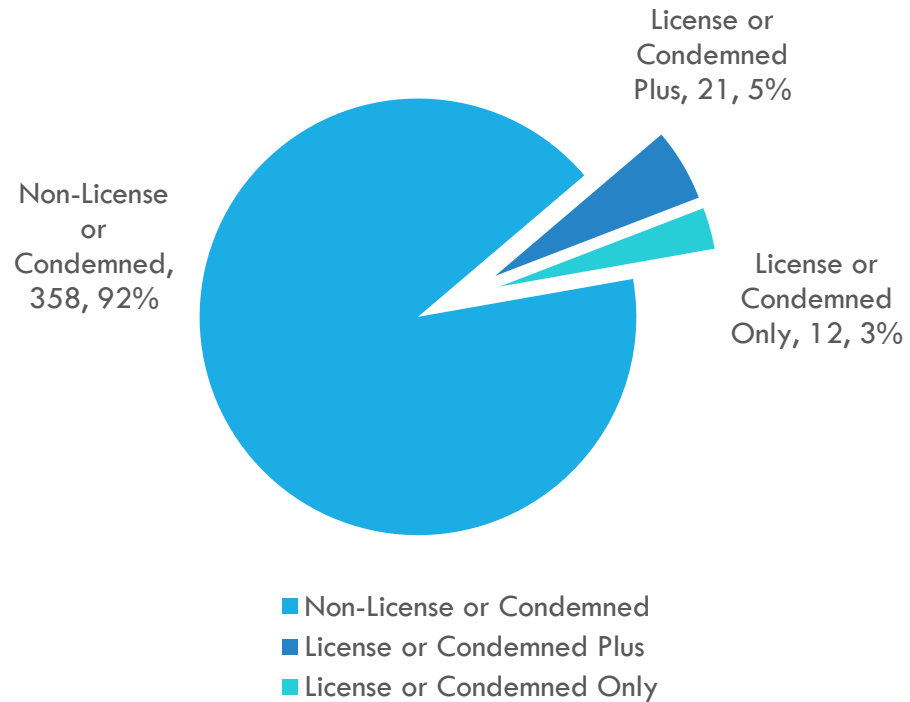
Tenants Generally Received Greater Rent Abatement

In one cases, a landlord was ordered to gut and refinish the bathroom due to mold.

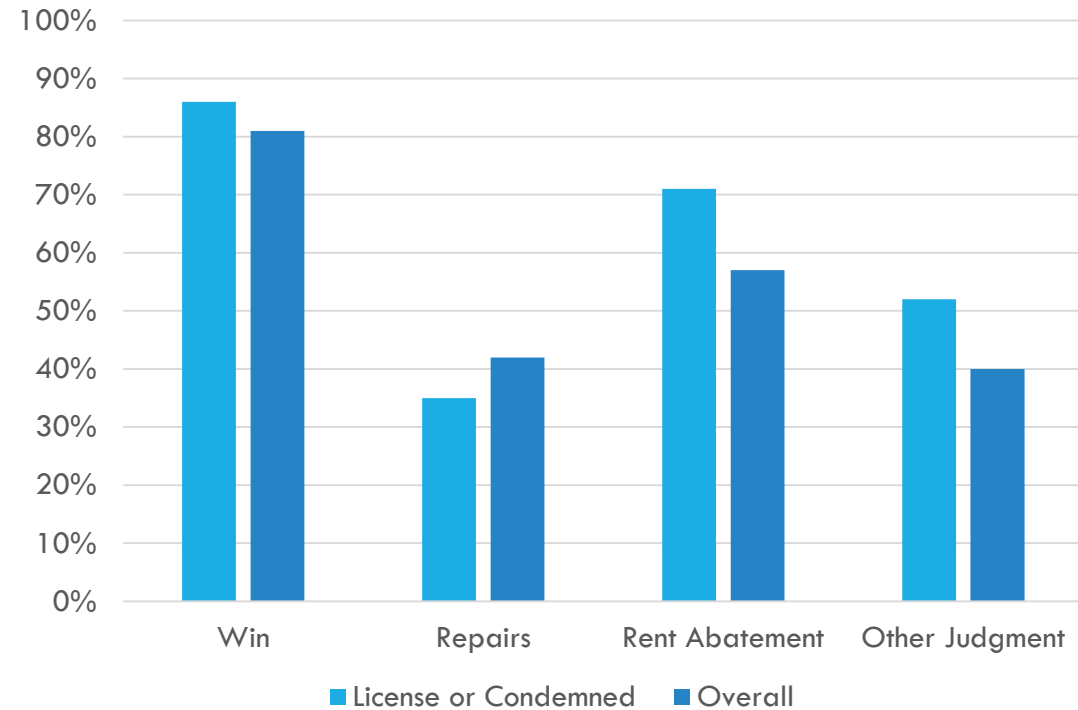


# LICENSE OR CONDEMNED

Number of Cases



Success Comparison



**This category includes not just rental license, but zoning, condemnation, etc.**

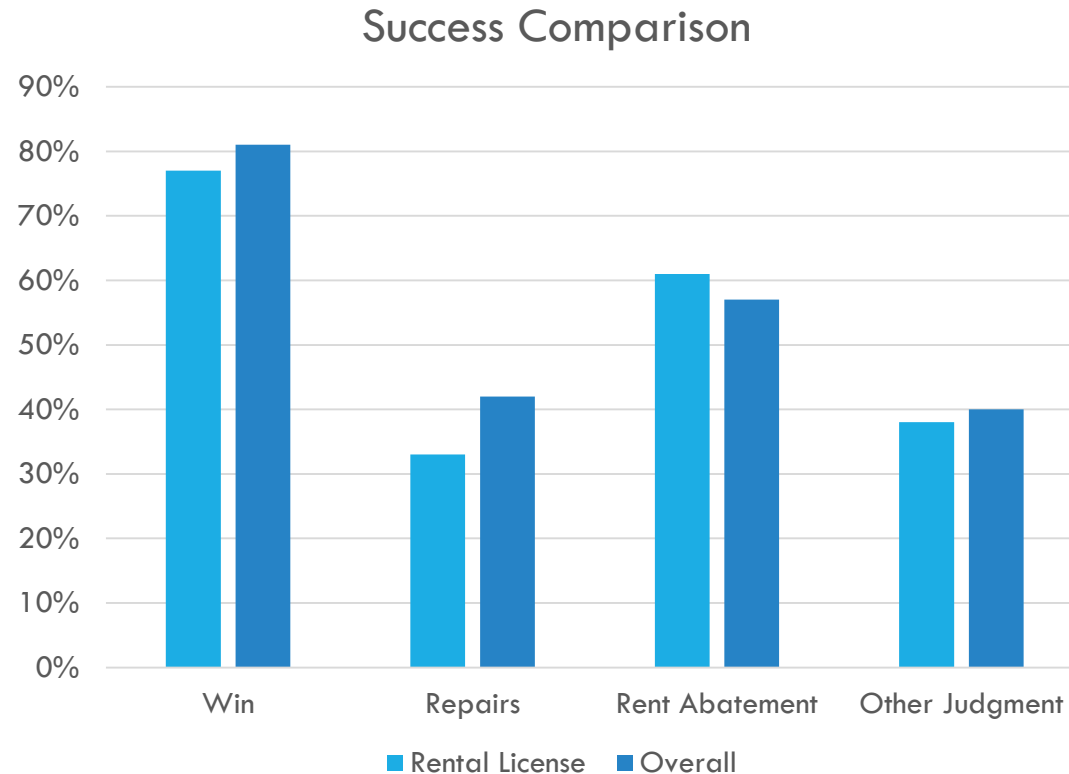
# LICENSE OR CONDEMNED (CONT.)

## Other Interesting Notes

- Cases ended by trial 57% of the time (compared to 48% overall) and tenants won in 9 out of 10 cases where the tenant showed up (lost two cases for not showing up and one case in Washington where the judge ruled, “Plaintiff not entitled to relief”).
- Reason for high “Other Judgment” is because tenants received court fees or costs in 5 cases (25% of all times this was ordered). In one case the landlord was ordered, by the court, to pay \$2,400 in moving costs.
- In license or condemnation only cases, tenants won 5 out of the 6 and received rent abatement in every win (loss was for not showing up)
- Tenants won every case which was not about a rental license in this category. Out of these 8 cases, 5 went to trial.
- In the only case where tenant didn’t receive rent abatement, tenant got their security deposit back and alternate housing. (settlement)

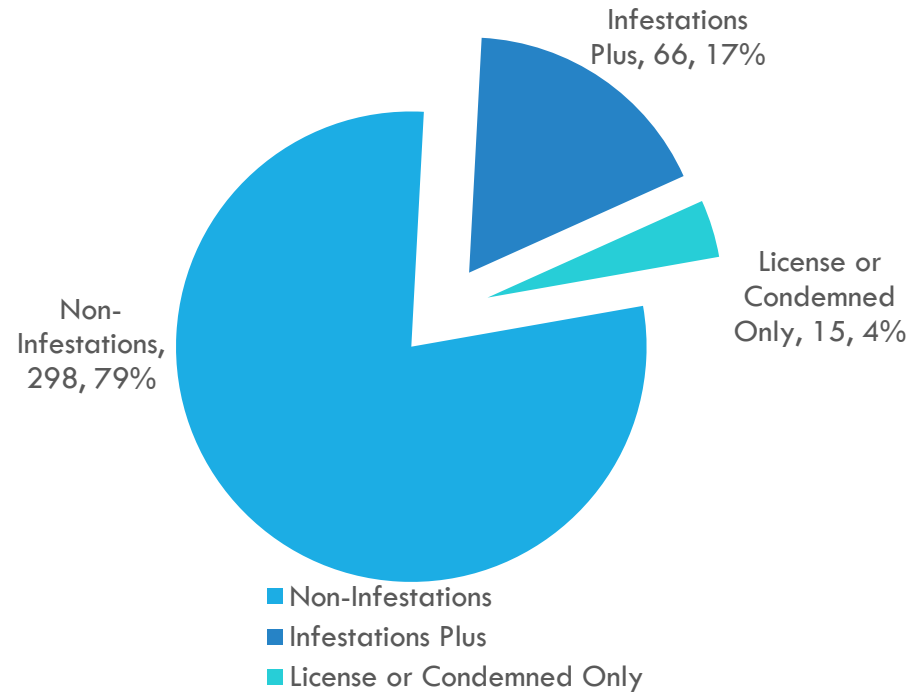
# NO RENTAL LICENSE

- There were 13 cases which involved a rental license specifically. Tenants won 10 of these cases. Tenants lost two for not showing up. In one case, the judge held that the tenant was not entitled to relief with no further explanation.
- Tenants won four out of five trials, generally receiving about one month's worth of rent abatement. All cases had other repair issues as well.

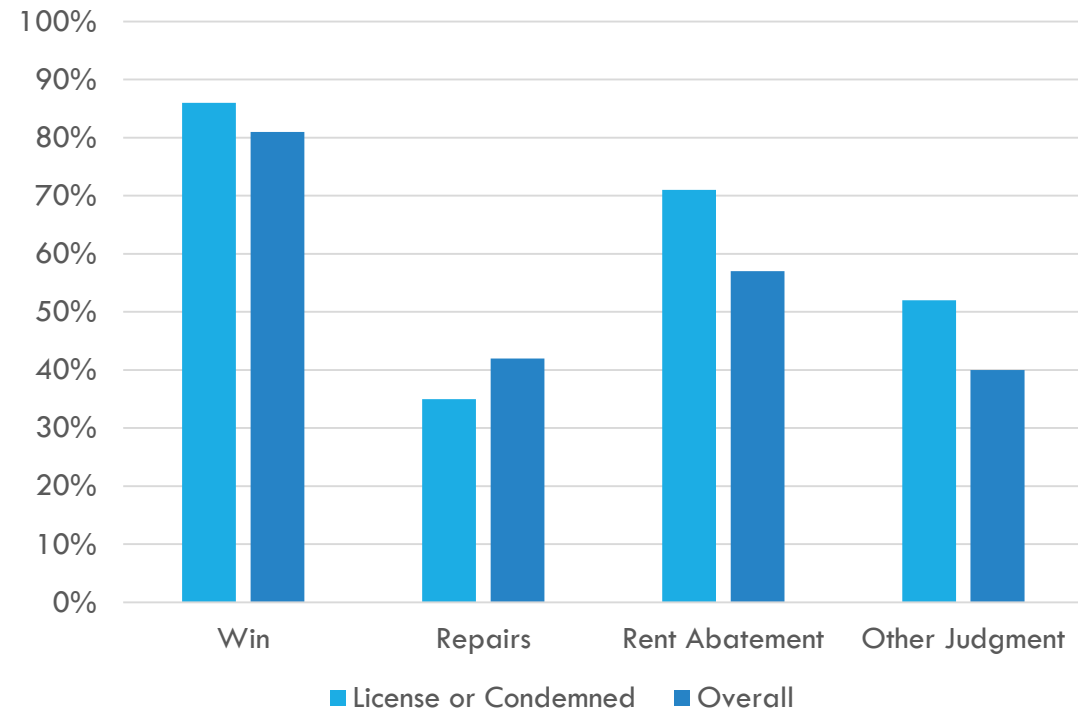


# INFESTATIONS

Number of Cases

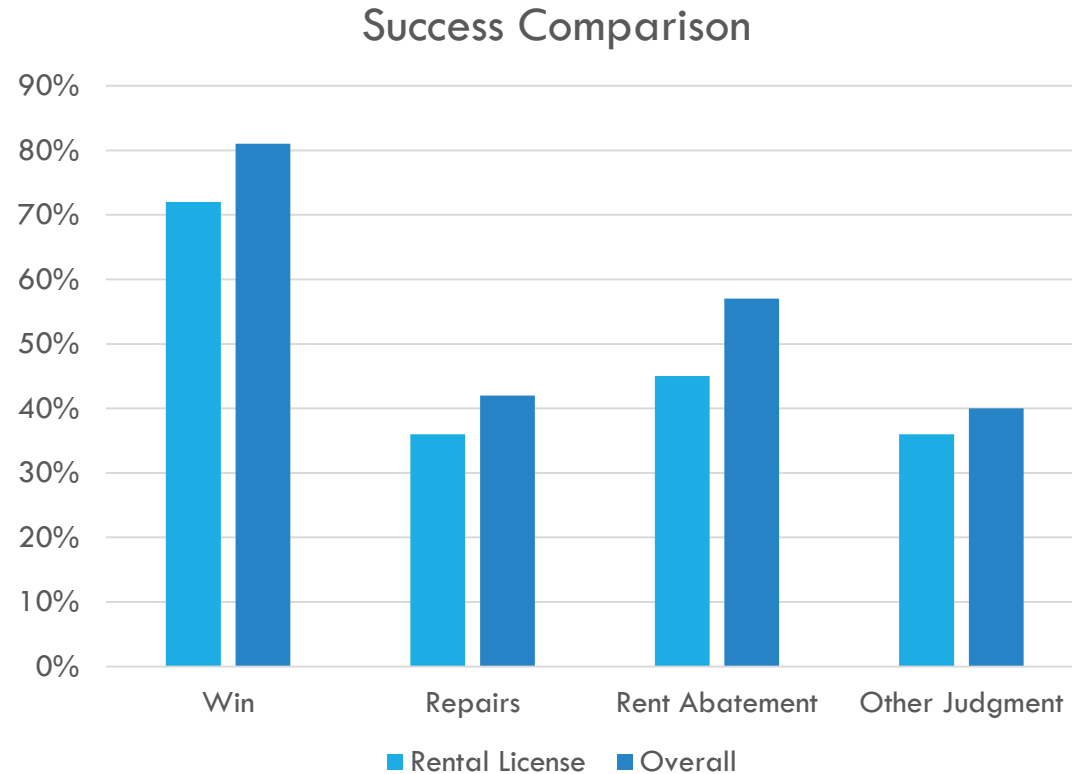


Success Comparison



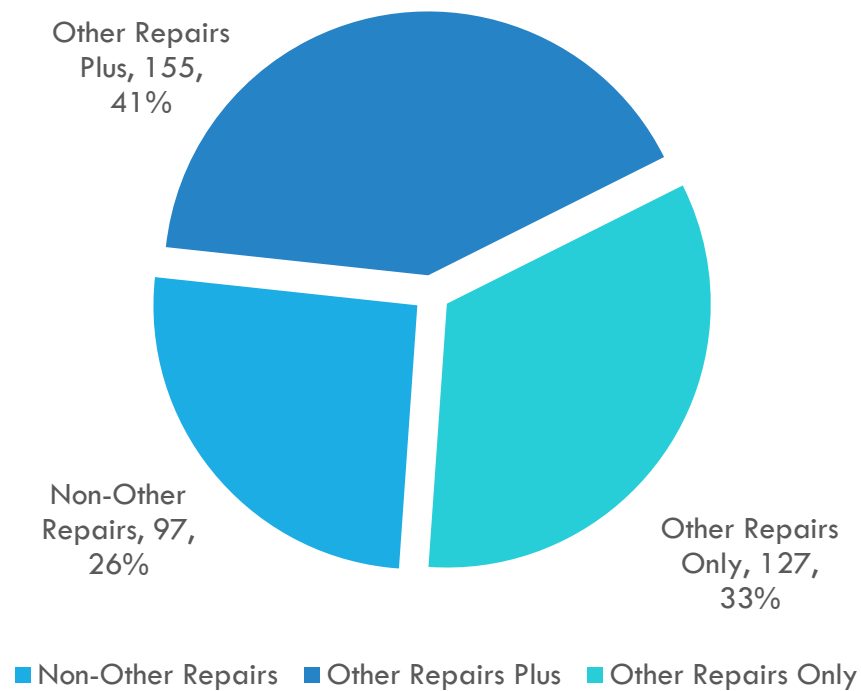
# BEDBUGS

- Number of Cases Total = 22 (6%)
- Only one (non-procedural) court order against tenants. (Other two non-procedural losses were settlements which contained no information.)
- Courts often ordered landlords to treat bedbugs.

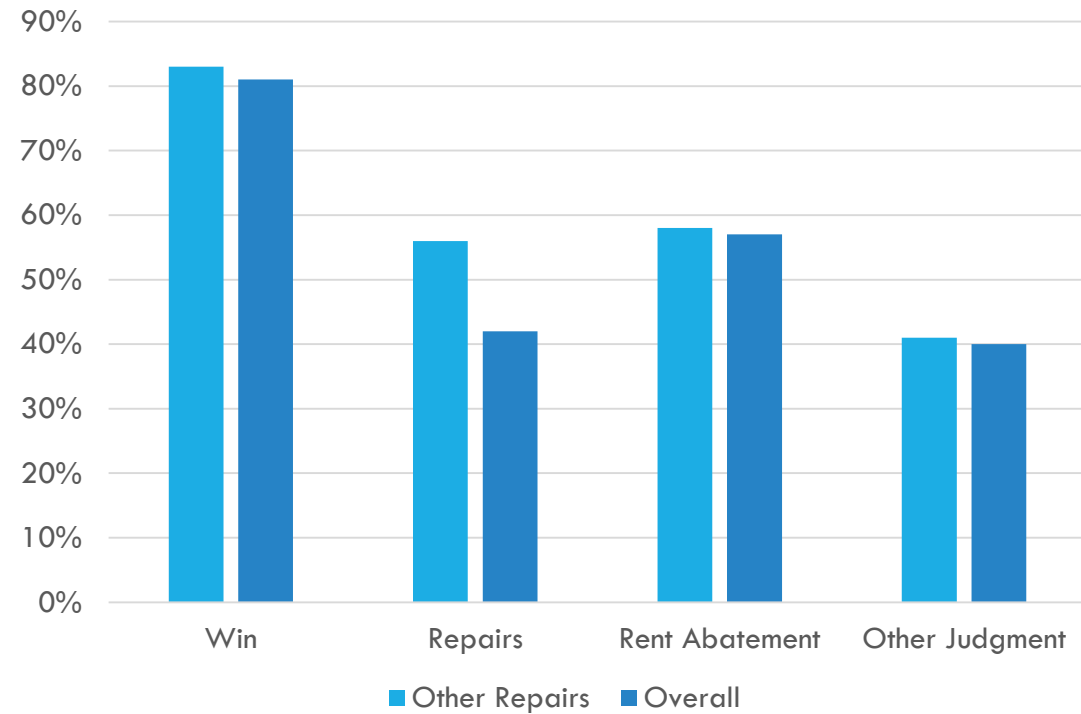


# OTHER REPAIRS

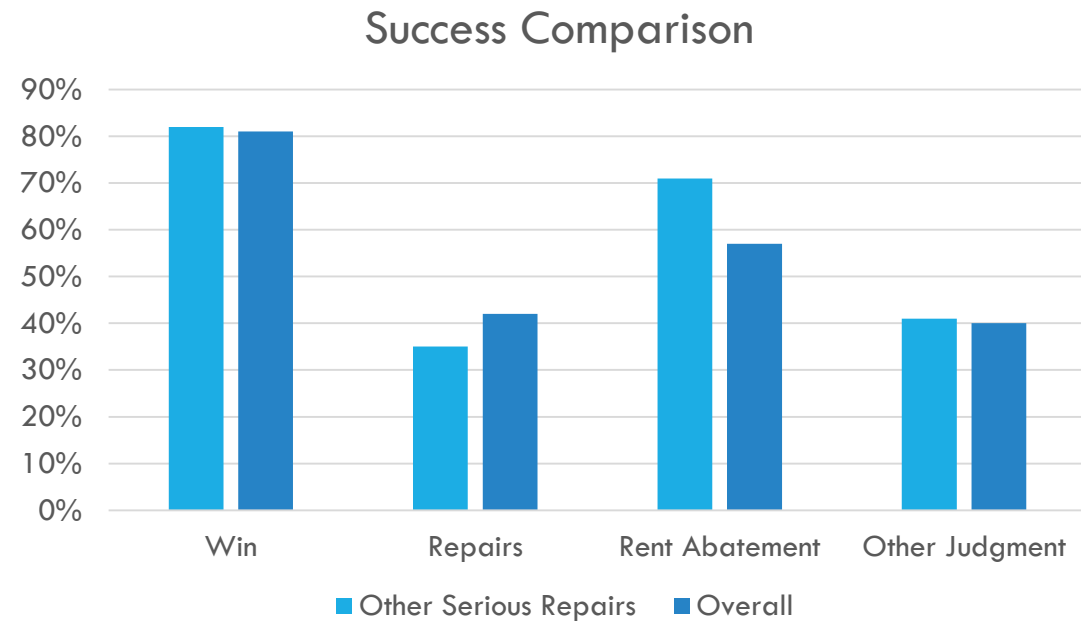
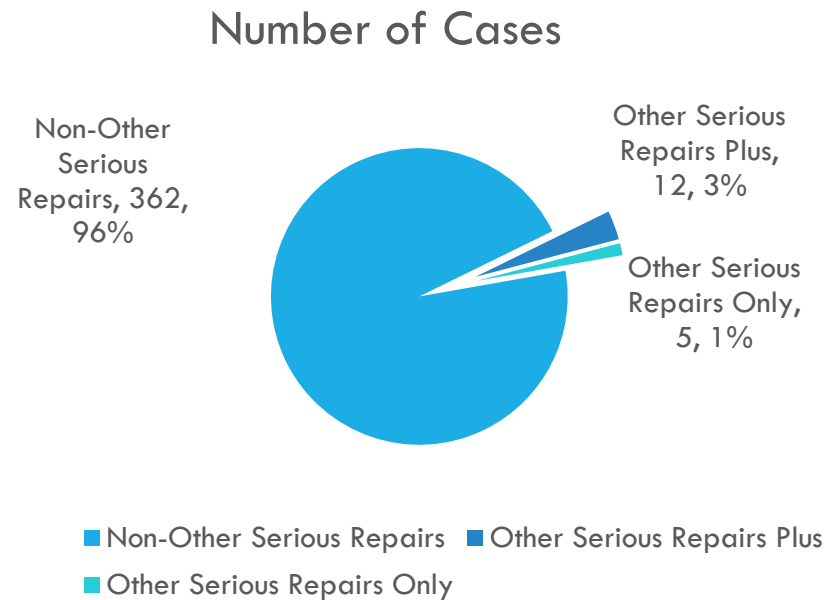
Number of Cases



Success Comparison



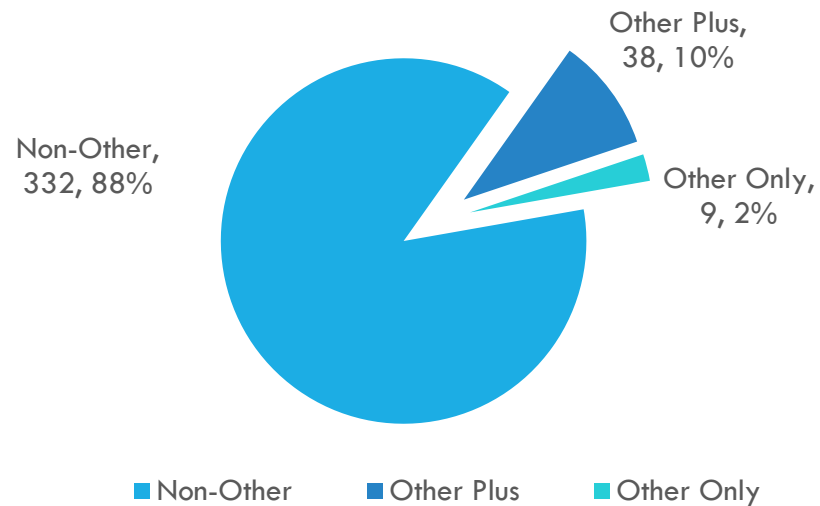
# OTHER SERIOUS REPAIRS



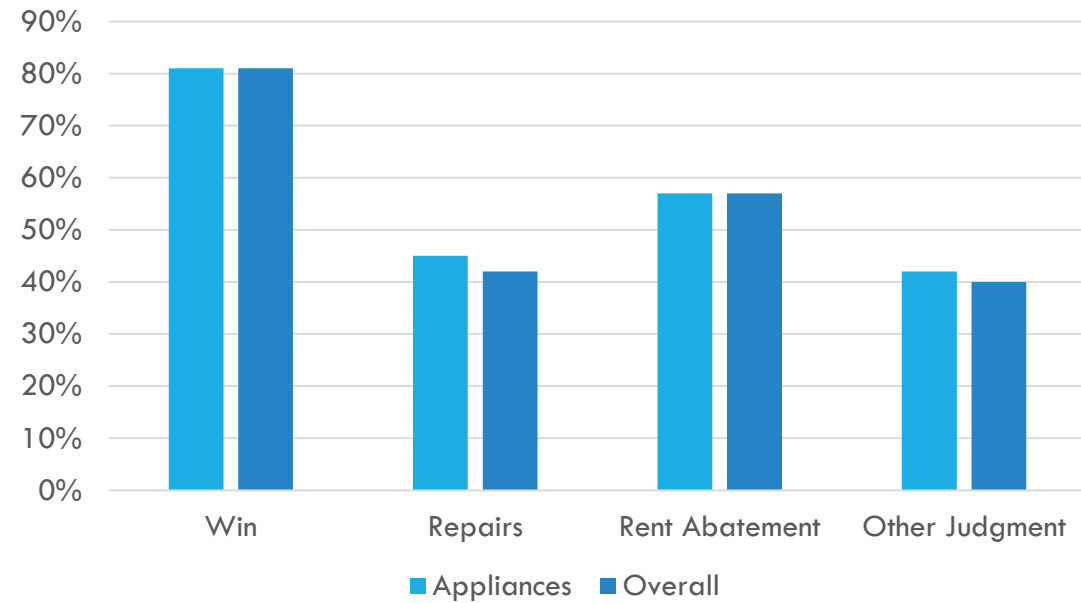
- Tenants lost two of the five trials. One loss was for not showing up. In the other, the problem was listed as “Flooding, Kitchen Ceiling Collapsed” and the judge gave rent back to the landlord with no other explanation.

# OTHER

Number of Cases



Success Comparison

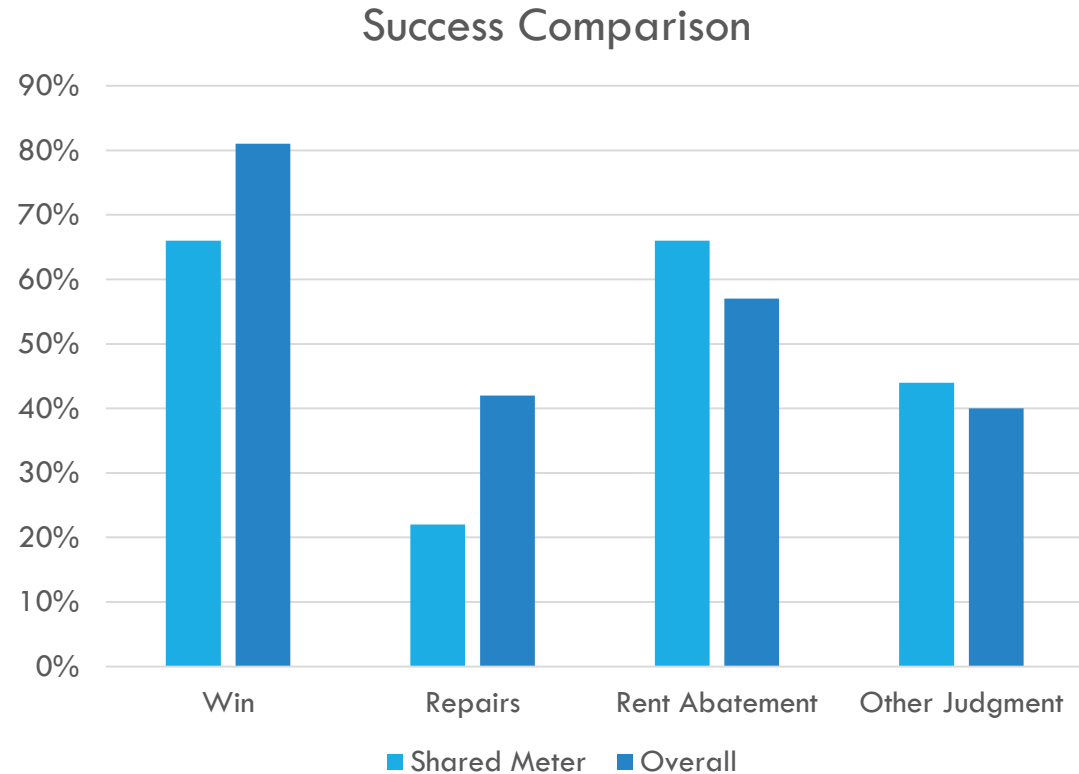


- Tenants successfully settled only 30% of pure other cases and lost 6 out of the 7 that went to trial. The one win was a shared meter.



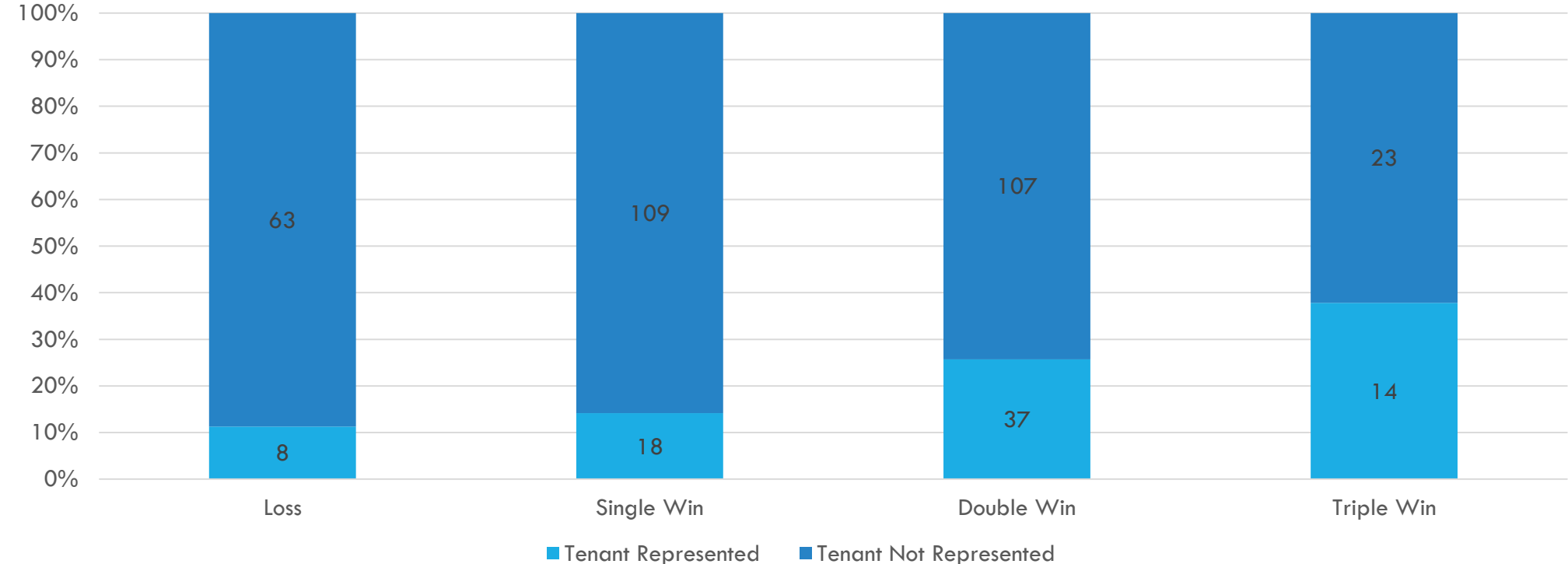
# SHARED METERS

- There were a total of 9 (2%) shared meter cases. (Three of these cases were for shared meters only.)
- 6 of these cases went to trial (one of the highest in any category). At least one tenant got the \$500 for a shared meter violation. Tenants lost three cases: one for not showing up, one under subd 2a, and one judge found a failure to establish a violation of 504B.215 (tenant wrote “possible shared meter”).

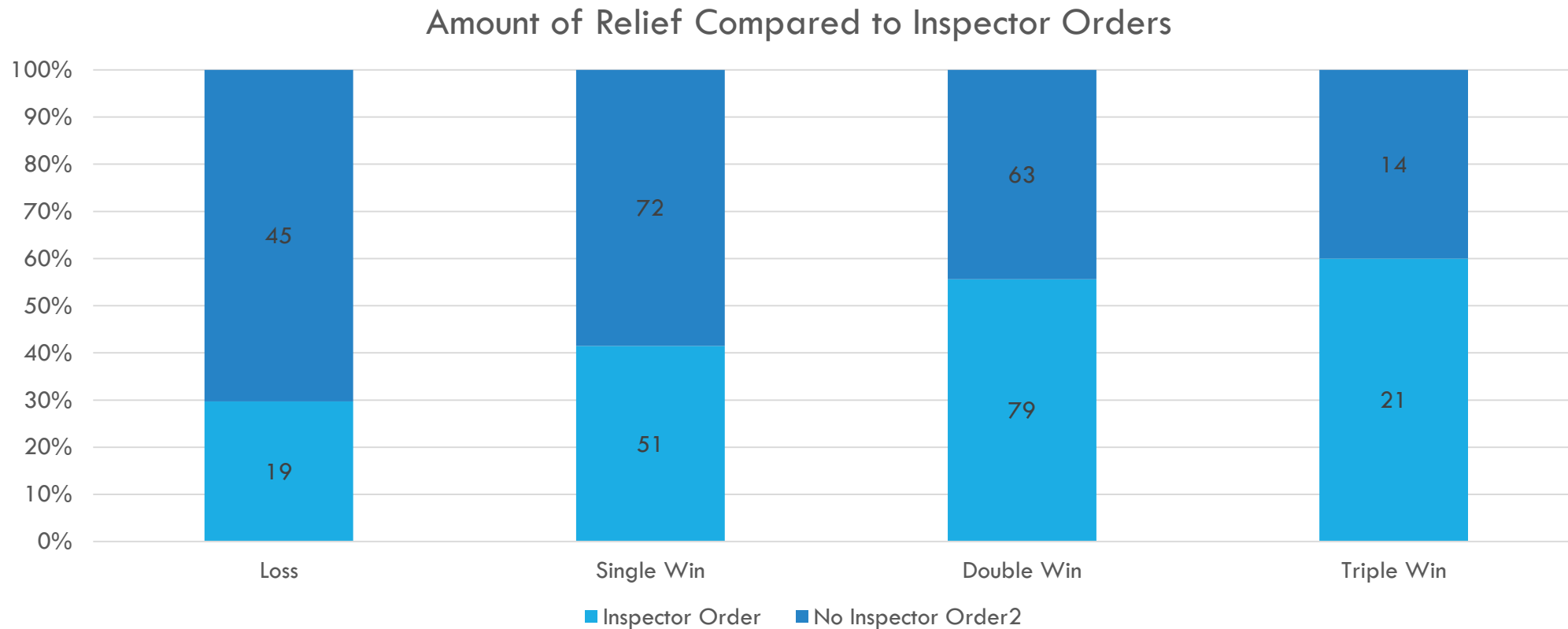


# TENANT REPRESENTATION AND RELIEF

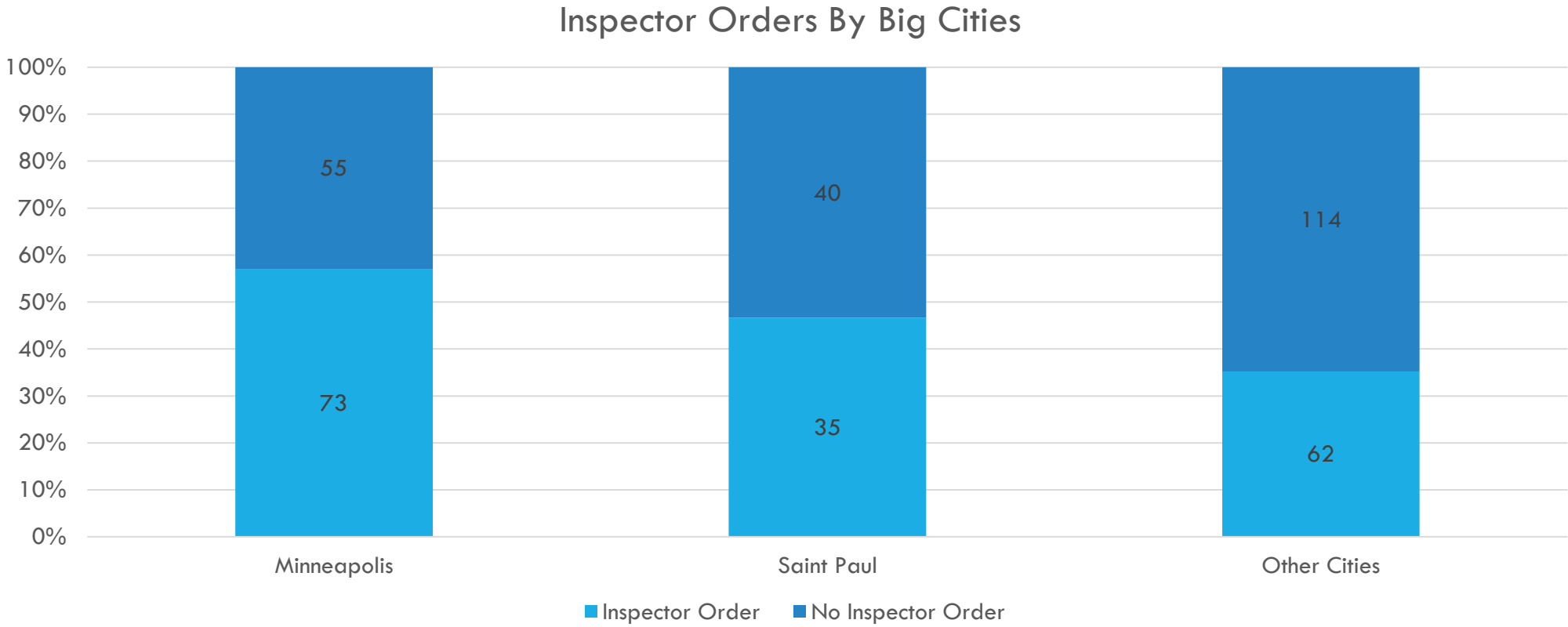
Amount of Relief Compared to Tenant Representation



# INSPECTOR ORDER AND RELIEF



# INSPECTOR ORDERS AND CITIES



# PROBLEM AREAS FOR TENANTS

## Most Total Tenant Losses Offered Either

- No Explanation At All
- Tenant Failed to Prove Violation Exists

## Other Total Tenant Losses

- Tenant Refused to Accept Repairs (2)
- Murky (3) (unclear or bad outcome for tenants)
- Likely Error (1) (order stated that the tenant had to do repairs because the lease said the tenant had to do repairs but provided no analysis of the requirements of 504B.161, subd. 2.)

# PROBLEM AREAS FOR TENANTS (CONT.)

## Letter Only Never Positive (but not always negative)

- For example, cases filed with a letter only were less likely to end with Other Judgments or repairs in general and less likely to receive rent abatement in court trials.

## Not Escrowing Rent Never Positive (not always negative)

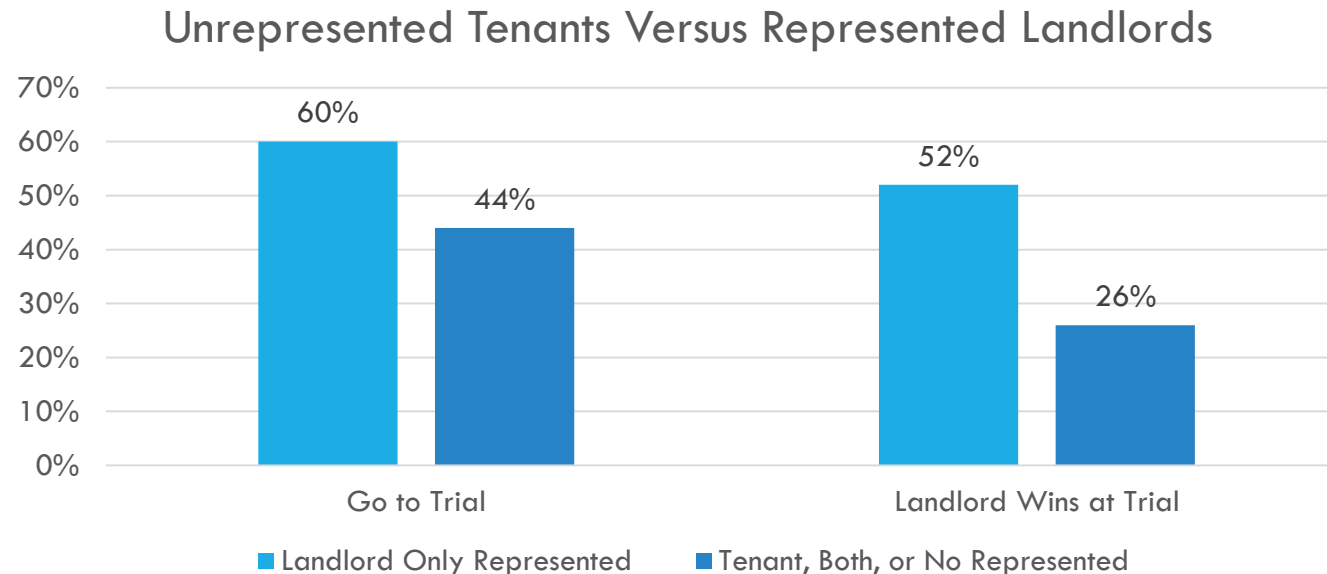
- Not escrowing rent was rare, only 40 instances, but had some negative associations. For example, it was negatively associated with receiving rent abatement. Tenants who escrowed rent generally received higher rent abatement.

Unrepresented tenants against a represented landlord were more likely to go to trial and lose at trial.

Making a Procedural Mistake

# PROBLEM AREAS FOR TENANTS (CONT.)

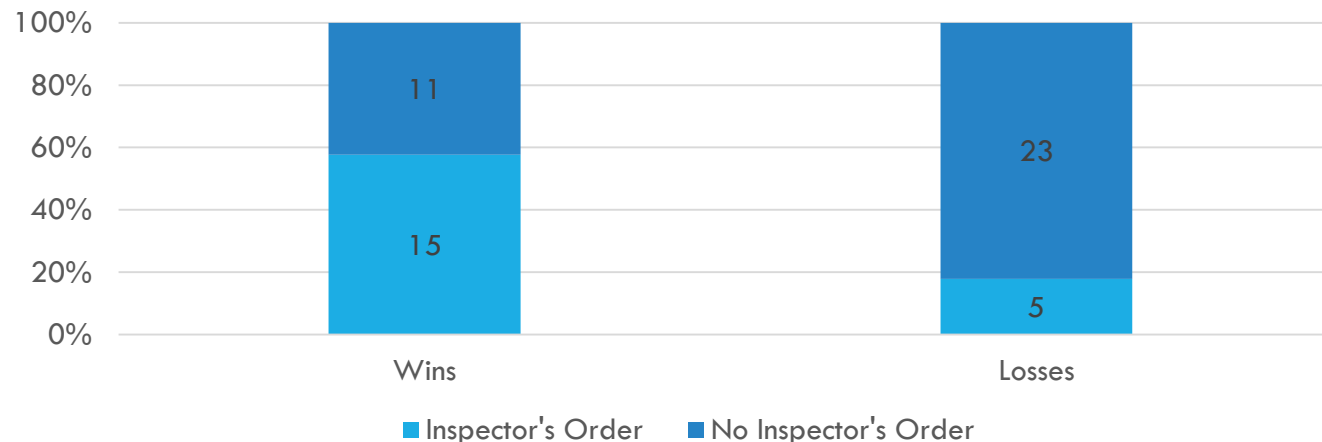
Unrepresented tenants were less likely to settle with a represented landlord, and if an unrepresented tenant went through a trial against a represented landlord, they were significantly more likely to lose.



# PROBLEM AREAS FOR TENANTS (CONT.)

However, even though unrepresented tenants against represented landlords did very poorly in court, the exception was if an inspector's order.

Tenants only loss 5 these cases. **Two** were Rent-Escrow-Eviction combinations were the tenant owed rent. **One** was for not showing up. **One** was for refusing repairs. Only **one** said the tenant failed to prove the issues; however the court noted that the tenant did not cooperate with the court.





# PROBLEM AREAS FOR TENANTS (CONT.)

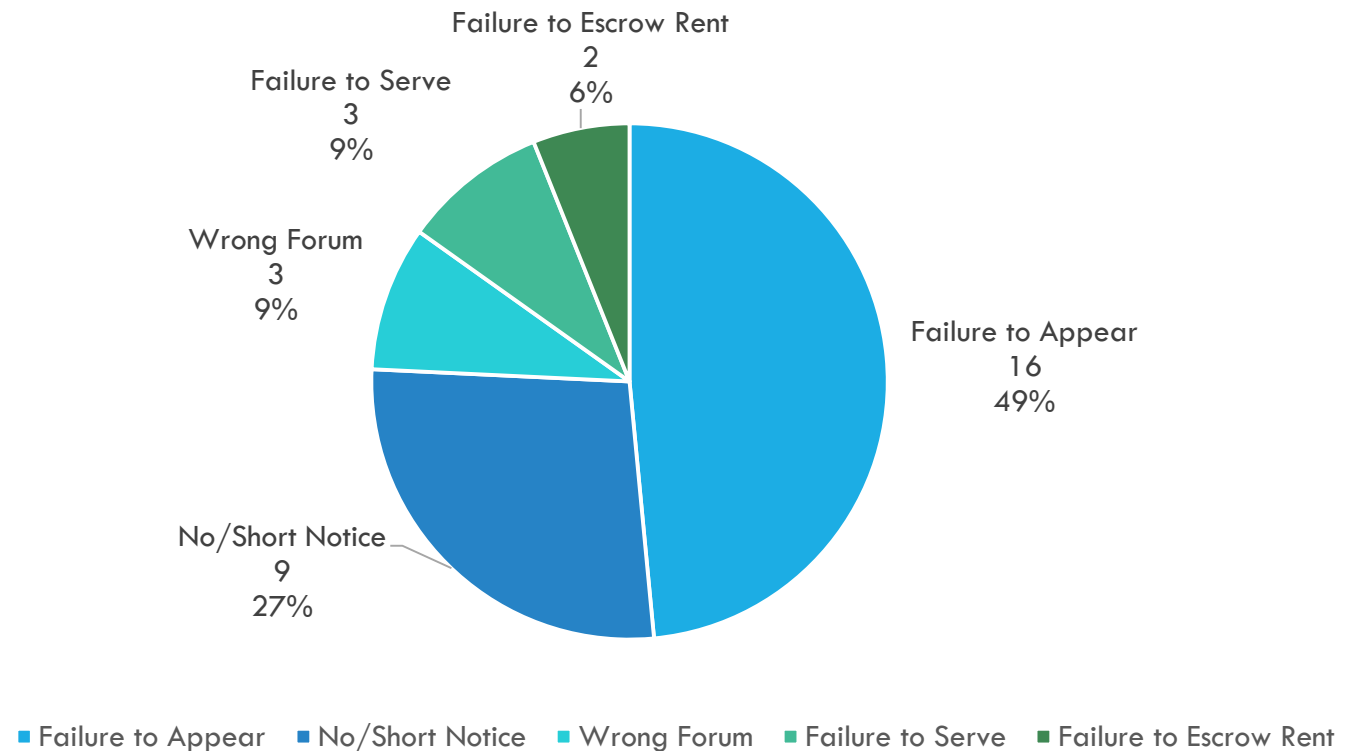
46% (33 out of 71) of bad outcomes for tenants were due to procedural losses.

Tenants lost 9% of Rent Escrows overall for procedural reasons.

Procedural losses made up 18% of the Court Orders.

25% (4 out of 16) of cases dismissed for failing to appear were dismissed after at least one hearing, sometimes after an order to fix the problem.

## Reasons for Procedural Losses



# CASE LAW FOR TENANTS

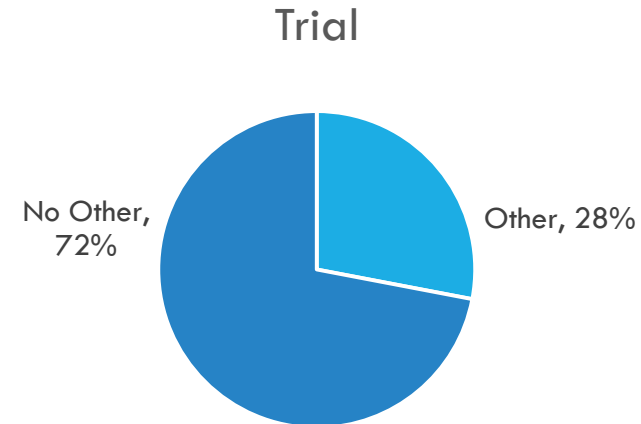
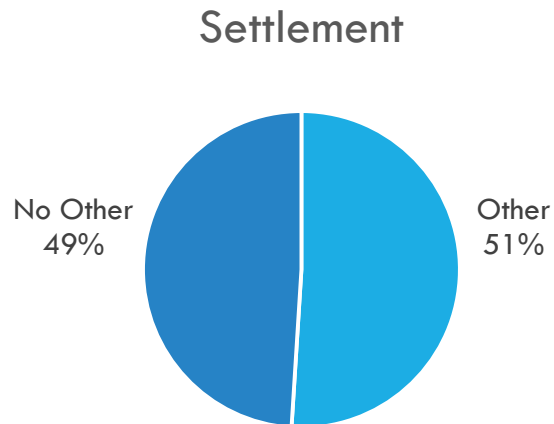
## Highlights – Court Orders Beyond The Normal Wins

- Option to End Lease with 14 Day Notice for the Remainder of the Lease
- Lockout and Utility Shutoff Penalties
- Attorney Fees (\$500)
- Moving Costs or Rent Abatement for Illegal Basement Bedroom (\$2,400)
- Year Long Lease Extension (and other retaliation wins)
- Landlord Must Treat Bedbugs
- Refrigerator Win
- Landlord to Provide Temporary Housing
- Landlord Ordered to Gut and Replace Bathroom in Mold Case
- Rent Reduced to Zero for Landlord's Failure to Show Up or Comply with Order
- Money for Lack of License

# SETTLEMENT IN GENERAL

Tenants who settled were more likely to receive some benefit (by definition settling conferred a benefit on the tenant in virtually all cases) than tenants who went through a trial (a tenant could lose completely in a trial).

Tenants were significantly more likely to obtain relief beyond repairs and rent abatement if they settled (51%) compared to a court order (28%).



# SETTLEMENT IN GENERAL (CONT.)

## Attorneys Affected Other Judgments

- Tenants were much less likely to get Other Judgments in trial if neither party was represented.
- Tenants were much less likely to get Other Judgments if the landlord was represented and they were not.
- If both landlord and tenants were represented, then Other Judgment types of relief were more common.
- Tenants were significantly more likely to get Other Judgments in settlement if both parties were represented.

## Possible Reasons

- Unrepresented Parties Unaware of Possibilities
- Types of Cases Attorney Takes

# BASIC SETTLEMENT IDEAS

Repairs, Money, Primary Goal of Tenant

Cost, Disbursements, Attorney Fees

Lease Modification (lease becomes month-to-month, yearlong, or wrong and questionable lease terms re-written)

Retaliatory Notices Rescinded

Lease Termination or Option to Terminate Lease

- These agreements were sometimes conditioned upon the tenant paying a small fee or giving up the deposit.

Return of Security Deposit

# LESS BASIC SETTLEMENT IDEAS

Carpeting the Upstairs (in a noisy neighbor case)

Neutral or Favorable References

Promise of No Rent Increase

Landlord Moves Tenant to Another Unit

Tenant Agrees not to Defame Landlord

Neither Landlord or Tenant Will Mention the Rent Escrow to Other People

Expungement (if combined eviction and Rent Escrow)

# DIRECT FOLLOW UP

## Overall

- 65% (17 out of 26) Were Happy with the Results (many were hesitant yeses)
- 69% (18 out of 26) Thought the Process was Fair
- 72% (18 out of 25) Would File Another
- 88% (23 out of 26) Would Recommend it to Others

# WINNING AND HAPPINESS

## Happiness and Fairness

- Essentially the same. One person who was happy thought the process wasn't fair, but he personally had surmounted the difficulties. Two people who were unhappy, thought the process was fair but blamed themselves, or at least not the system.

## Tenant Received a Benefit

- 66% (14 out of 21) Were Happy

## Tenant Did Not Receive a Benefit

- 66% (3 out of 5) Were Happy
- These tenants actually received a benefit even though they lost the court case.



# WHAT ELSE DID TENANTS SAY

## Most Common Request (almost a third)

- More Information and Help Understanding Process (especially in unusual circumstances)

## The tenants who were unhappy had one of four complaints:

- Not enough guidance, messed up settlements, didn't understand the consequences, or how to get a judge to comply with the judges order, etc.
- The people they went to for help weren't helpful.
- Were bullied by landlord's lawyer ("I've got enough money to be here everyday, do you?"), thought it favored money, thought the judge wasn't interested in listening

# CONCLUSIONS

Encourage Tenants to File (most of the time)

Encourage Tenants to Settle (and give them ideas for settlement)

Encourage Tenants to Gather Evidence

Warn Them about Specific Pitfalls

Provide Them with Helpful Cases (for landlord or court)

Manage Expectations