

Department of Planning and Budget 2010 Fiscal Impact Statement

1. Bill Number: HB735

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Albo

3. Committee: General Laws

4. Title: **Virginia Fair Housing Law; civil penalties for violation.**

5. Summary: This bill states that no fair housing organization or civil rights organization may recover any damages or costs or seek any other relief against a private individual owner who (i) comes within the exemption and (ii) is renting a room in a shared living space or separate living unit within the single-family house in which the owner resides or such house's curtilage (enclosed buildings and area immediately surrounding a house) for an alleged discriminatory notice, statement, or advertisement.

6. Fiscal Impact Estimates: Preliminary.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010-11	370,250	0	NGF - 0900
2011-12	370,250	0	NGF - 0900
2012-13	370,250	0	NGF - 0900
2013-14	370,250	0	NGF - 0900
2014-15	370,250	0	NGF - 0900
2015-16	370,250	0	NGF - 0900

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2010-11	(400,000)	NGF - 1000
2011-12	(400,000)	NGF - 1000
2012-13	(400,000)	NGF - 1000
2013-14	(400,000)	NGF - 1000
2014-15	(400,000)	NGF - 1000
2015-16	(400,000)	NGF - 1000

7. Budget Amendment Necessary: Yes, Item 113.

8. Fiscal Implications: This legislation will preclude fair housing or civil rights organizations from recovering any damages or costs or seeking any other relief in civil court, which would mean that Virginia's Fair Housing Law is no longer substantially equivalent to Federal Law. As a result, Virginia's law would no longer meet substantial equivalency criteria, which could eliminate federal grant revenue received by the Department for the Fair Housing program.

Federal grant monies provide more than half of the funds that support the activities of the Virginia Fair Housing Office, with the remainder coming from licensing fees. The Department would continue to require existing staff and resources to conduct Fair Housing activities in compliance with State law.

Revenue: The Department currently receives federal grant awards based on a cooperative agreement with the Federal Department of Housing and Urban Development (HUD) to investigate fair housing cases in Virginia. This legislation will preclude fair housing or civil rights organizations from recovering any damages or costs, or seeking any other relief in civil court. This also could mean that Virginia's Fair Housing Law is no longer substantially equivalent to Federal Law. As a result, the grant award could be terminated. In FY 2009, the award amount was \$343,026, and is expected to increase about 20 percent for FY 2010. The Department could expect a reduction in federal grant revenue of about \$400,000 annually as a result of this bill.

Approximately \$29,750 of the grant award is currently budgeted for staff training and outreach activities as part of the cooperative agreement with HUD. If the grant is terminated, those activities would no longer be conducted. All other fair housing activities are related to Virginia Fair Housing Law, and would continue to be conducted. Upon termination of the federal grant, licensing fees would need to be increased in order to support the expenses of those ongoing activities. The cost of ongoing activities currently supported by the federal grant is approximately \$370,250 and the Department's dedicated special revenue fund would increase by that amount.

Cost to Regulants: Licensing fees may have to increase to replace any lost federal grant revenue. About 80 percent of federal grant revenue is spent for cases directly related to the Fair Housing Board, with the remaining 20 percent spent for fair housing cases involving the Real Estate Board. In order to replace the lost federal grant money, both boards may have to rely on revenues from licensing fees.

The current cash and revenues for the Real Estate Board are expected to be adequate for the next biennium to pay the costs of fair housing activities that would no longer be paid from federal grant funds. The Department expects to initiate fee increases for the Real Estate Board in the 2012-14 biennium, and at that point the loss in federal revenue could add about \$2.00 to the new licensing fees.

To provide sufficient revenue to replace the lost federal grant and to eliminate the Real Estate Board subsidy would involve a fee of about \$725 for a two year Fair Housing certificate.

There are currently about 2,000 Fair Housing certificate holders, and the fee for a two year certificate is \$25. The cash and revenues of the Fair Housing Board are not sufficient to pay its operating costs. Currently, the Real Estate Board pays for expenditures in excess of revenue collected by the Fair Housing Board. Given costs associated with the Fair Housing program, and the small number of regulants for this voluntary certification, it is unlikely that the Board will collect adequate revenue in the near future to cover its current costs if it has to replace the lost federal grant revenue associated with this legislation.

If the Real Estate Board does not continue to pay for expenditures in excess of revenue collected by the Fair Housing Board, increasing the Fair Housing fee to eliminate the subsidy could result in a certificate fee of about \$400 for a two year period.

In order to replace the potential loss federal grants, the licensing fee may need to be increased by about \$300 for a new fee of \$325. It would take approximately two to three years to complete regulatory review for the new fee to become effective; in the meantime, Fair Housing investigations and activities could be impacted by the loss of revenue.

In addition, Fair Housing certificate holders could incur the additional cost of obtaining Fair Housing training from other sources. The cost of a two to three hour course averages about \$23, and ranges from \$10 to \$45.

9. Specific Agency or Political Subdivisions Affected: Department of Professional and Occupational Regulation.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 3/1/2010 dpbbrb

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