

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB2033

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Miller

3. Committee: General Laws and Technology

4. Title: Landlord and tenant law; residential tenancies; landlord and tenant obligations and remedies.

5. Summary: This bill provides that the Virginia Residential Landlord and Tenant Act (§ 55-248.2 et seq.) (the Act) shall apply to all residential tenancies; however, a landlord who is a natural person, an estate, or a legal entity that owns no more than two single-family residential dwelling units in its own name subject to a rental agreement may opt out of the Act by stating so in the rental agreement. The bill conforms general landlord and tenant law relating to residential tenancies to the Act, including the security deposits, lease terms, notice, and disclosure provisions. The bill also allows the landlord, for unclaimed security deposits, to submit such funds to the State Treasurer rather than the Virginia Housing Trust Fund, and changes the requirement that a landlord make reasonable efforts to advise the tenant of the right to be present at the landlord's inspection to a requirement that written notice of the right be provided. The bill provides for a landlord to provide a tenant with a written statement of charges and payments over the previous 12 months rather than an accounting as required under current law. In addition, the bill includes any activity that involves or constitutes a criminal or willful act that also poses a threat to health and safety by the tenant or authorized occupants, guests, or invitees as an immediate nonremediable violation for which the landlord may terminate the tenancy. The bill also authorizes a landlord to dispose of the property of a deceased tenant if a personal representative has not been appointed by the circuit court. The landlord may proceed with the disposal after providing 10 days' notice. The bill (i) provides that authorized occupants, guests, or invitees must vacate the dwelling unit after the death of a sole tenant; (ii) allows a landlord to request during the pendency of an unlawful detainer action an order requiring the tenant to provide the landlord with access to the dwelling unit; (iii) adds oil to the utilities that may be included in ratio utility billing; (iv) requires the landlord to provide a written security deposit disposition statement following a move-out inspection and provides for the landlord to seek recovery for additional damages discovered after the security deposit disposition has been made, provided however that the tenant may present evidence of the move-out report to support the tenant's position that such additional damages did not exist at the time of the move-out inspection; and (v) authorizes a landlord to retain an attorney to prepare or provide any required written notice and permits the use of an electronic signature or an electronic notarization.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate.

7a. Expenditure Impact: None.

7b. Revenue Impact: Indeterminate. See item 8.

8. Fiscal Implications: It is anticipated that this bill will not result in a state expenditure impact. The Department of Housing and Community Development has no oversight or administrative obligations regarding the Virginia Residential Landlord and Tenant Act. The department does update and publish on its website the Landlord Tenant Handbook. Any legislative changes made to the Act will be updated, but the department can do so using current resources.

The bill provides for unclaimed security deposits to be submitted to the State Treasurer. Currently, unclaimed security deposits are deposited to the Virginia Housing Trust Fund administered by the Department of Housing and Community Development. Since FY 2015, this revenue has ranged from \$4,009 to \$44,856 per year. The loss of this revenue to the Virginia Housing Trust Fund is minimal and can be absorbed. At this time, the revenue that will result from depositing unclaimed security deposits to the State Literary Fund cannot be determined.

9. Specific Agency or Political Subdivisions Affected: Department of Housing and Community Development; localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.