

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB393

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

**2. Patron:**        Ward

**3. Committee:** Passed the Senate.

**4. Title:**        Landlord and tenant; tenant rights and responsibilities; Tenant Bill of Rights.

**5. Summary:** Requires the Director of the Department of Housing and Community Development to develop a statement of tenant rights and responsibilities explaining in plain language the rights and responsibilities of tenants under the Virginia Residential Landlord and Tenant Act (§ 55.1-1200 et seq.) and maintain such statement on the Department's website along with a form to be signed by the parties to a rental agreement. The bill requires that the statement be provided to any prospective tenant and that the form developed by the Department be signed by the parties to the rental agreement. Failure to provide the statement of tenant rights and responsibilities to a prospective tenant shall not affect the validity of the agreement. However, the landlord shall not file or maintain an action against the tenant in a court of law for any alleged lease violation unless he has provided the tenant with the statement of tenant rights and responsibilities. Enactment of the bill is contingent on funding in a general appropriation act passed during the 2020 Session.

**6. Budget Amendment Necessary:** Yes, to Item 113 of HB30/SB30. See item 8, below.

**7. Fiscal Impact Estimates:** Preliminary. See item 8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	\$85,000	1	General Fund
2022	\$85,000	1	General Fund
2023	\$85,000	1	General Fund
2024	\$85,000	1	General Fund
2025	\$85,000	1	General Fund
2026	\$85,000	1	General Fund

**7b. Revenue Impact:** N/A.

**8. Fiscal Implications:** It is anticipated that this bill will increase the Department of Housing and Community Development's (DHCD) involvement with the Virginia Residential Landlord Tenant Act (VRLTA). The bill requires DHCD to develop a Tenant Bill of Rights under the VRLTA and to post such document on the agency's website. In addition, the agency must also prepare a form to be signed by all parties to a written rental agreement acknowledging that the tenant has been advised to review the Tenant Bill of Rights.

Currently, DHCD has no oversight or administrative obligations regarding the Virginia Residential Landlord and Tenant Act, other than updating and publishing the Landlord Tenant Handbook on its website. However, the agency does receive and respond to approximately 30 inquiries per month from both landlords and tenants regarding the VRLTA.

With the agency being responsible for a Tenant Bill of Rights that is required to be signed by all parties of a written rental agreement, the agency anticipates the number of inquiries to increase. Based on data from the American Community Survey's 2013-2017 five year estimates, there are approximately 1.2 million persons with annual rental agreements in properties that contain two or more units. These estimates do not include figures representing units with only one unit. As such, DHCD anticipates thousands of calls per week especially during the first year of implementation. The agency does not have staff dedicated to the VRLTA. To ensure timely and accurate response to constituents, it is anticipated that the agency will require one staff member with expertise in housing law that can provide landlords and tenants with the proper referrals and guidance of best practices in housing counseling or legal assistance. This bill would necessitate an initial stakeholder input process to develop a tenant bill of rights with regular updates being a best practice. The estimated cost to support the position, including salary, benefits, and operating expenses, is \$85,000.

A Senate amendment to HB30/SB30 provides \$85,000 and one position in FY 2021 and FY 2022 to address the impact of this bill. Enactment of the bill is contingent on funding in a general appropriation act passed during the 2020 Session.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Housing and Community Development.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** SB707 is similar to this bill.