

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB707

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

2. Patron: McClellan

3. Committee: Passed the Senate.

4. Title: Landlord and tenant; tenant rights and responsibilities; explanation and remedy for material noncompliance.

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.

As passed by the Senate, passage of the bill is contingent on an appropriation in the general appropriation act.

6. Budget Amendment Necessary: Yes, to Item 113 of HB30/SB30.

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 statement of tenant

rights and responsibilities under the VRLTA and to post such document on the agency's website. In addition, the form is to be signed by all parties to the rental agreement. 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 statement of tenant rights and responsibilities that is required to be signed by all parties of a 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.

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

10. Technical Amendment Necessary: No.

11. Other Comments: HB393 is similar to this bill.