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SENATE BILL NO. 1278

Offered January 11, 2023

Prefiled January 10, 2023

A *BILL to amend the Code of Virginia by adding a section numbered 15.2-959.1, relating to local rent stabilization authority; civil penalty.*

Patrons—Boysko; Delegates: Kory and Shin

Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 15.2-959.1 as follows:

§ 15.2-959.1. Local rent stabilization authority; civil penalty.

A. Notwithstanding the provisions of the Virginia Residential Landlord and Tenant Act (§ 55.1-1200 et seq.) or any other provision of law, general or special, any locality may by ordinance adopt rent stabilization provisions in accordance with this section. No such ordinance shall be adopted until the proposed ordinance has been posted on the locality's website and advertised in a newspaper of general circulation in the locality at least two weeks prior to a public hearing on such ordinance.

B. An ordinance adopted pursuant to this section may require any landlord subject to the ordinance to provide up to a two-month written notice of a rent increase and shall prohibit any increase in the rent by such landlord of more than the locality's rent stabilization allowance in effect at the time of the increase.

C. A locality that adopts an ordinance pursuant to this section:

1. Shall calculate an annual rent stabilization allowance equal to the percentage increase in the Consumer Price Index, for the region in which the locality sits, from March in the preceding year to March in the current year. Notice of such allowance shall be published on the locality's website by June 1 of each year. Such allowance shall remain in effect for a 12-month period beginning July 1.

2. May allow rent increases for rent-stabilized rental units by an amount not to exceed the annual rent stabilization allowance in effect at the time of the rent increase. Only one rent stabilization increase pursuant to this section shall be permitted within a 12-month period.

D. No such ordinance shall apply to the following:

1. Any unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation, and treatment of illnesses;

2. Any unit in a facility owned or leased by an organization exempt from federal income taxes pursuant to § 501(c)(3) of the Internal Revenue Code, the primary purpose of which is to provide temporary sanctuary or shelter for qualified residents, provided that the organization has notified the clients residing in the facility of the temporary nature of their housing at the inception of their residence;

3. Any owner-occupied group house;

4. Religious facilities, such as churches, synagogues, parsonages, rectories, convents, and parish homes;

5. Transient facilities, such as motels, tourist homes, and bed and breakfast facilities, except for long-term stays in hotels and motels that qualify as tenancies under § 55.1-1201;

6. School dormitories;

7. Licensed assisted living facilities and nursing homes;

8. Any rental dwelling unit owned by a person owning four or fewer rental dwelling units in the Commonwealth; or

9. Any newly constructed residential rental unit constructed 15 or fewer years ago. For purposes of this section, a "newly constructed residential rental unit" means any residential dwelling unit that has been granted a certificate of occupancy as required by the locality in which it is situated.

E. Such ordinance shall provide a procedure by which a landlord may apply for an exemption from the rent stabilization provisions if the net operating income generated by the rental facility has not been maintained due to escalating operating expenses or for other appropriate reasons as established by the locality.

F. The locality may establish a civil penalty for failure to comply with the requirements set out in the ordinance. Such civil penalty shall not exceed \$2,500 per separate violation.

INTRODUCED

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