

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: General Laws

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

5. Summary: Requires that the Director of Housing and Community Development develop a Tenant Bill of Rights explaining in plain language the rights and responsibilities of tenants under the Virginia Residential Landlord and Tenant Act and maintain such statement on the Department's website. The Director must also develop and maintain on the Department's website a form to be signed by the parties to a written rental agreement acknowledging that the tenant has been advised to review the Tenant Bill of Rights. A landlord must furnish to a prospective tenant, at the time of furnishing an unsigned copy of the proposed written rental agreement, the form containing the Tenant Bill of Rights for signature by the parties to the rental agreement. The landlord is required to provide a copy of the signed Tenant Bill of Rights form to the tenant.

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 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.

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.