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SENATE BILL NO. 366

Offered January 10, 2024

Prefiled January 9, 2024

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

Patrons—Boysko and Salim; Delegates: Clark, Krizek 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 anti-rent gouging 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 anti-rent gouging 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 an ordinance.

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

1. Shall calculate an annual residential anti-rent gouging allowance that is no more than the percentage increase in the Consumer Price Index from March in the preceding year to March in the current year or seven percent, whichever is less. Notice of the anti-rent gouging 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. Shall prohibit any rent increase for rental units subject to the ordinance of more than the locality's annual anti-rent gouging allowance in effect at the time the rent amount is determined and may allow rent increases for rental units by an amount not to exceed the annual anti-rent gouging allowance. Only one rent increase pursuant to this section shall be permitted within a 12-month period, regardless of whether the unit is occupied during that period.

For purposes of this section, "rental unit" means a whole or part of a building or structure that is occupied as, or designated or intended for occupancy as, a residence by one or more families and any vacant land that is offered for lease for the construction or location thereon of any such unit regardless of whether such unit is vacant or occupied.

3. May require any landlord subject to the ordinance to provide a minimum of two months' written notice of a rent increase. This notice shall include information about any exemptions applying to the landlord and the contact information of the anti-rent gouging board or its equivalent described in subdivision 4.

4. May establish an anti-rent gouging board that will develop and implement rules and procedures by which landlords may apply for and be granted exemptions from the rent increase limits set by the ordinance. The anti-rent gouging board may make the criteria upon which exemptions will be based available to the public by posting them on the locality's website and through other appropriate means. A locality may include such criteria in its ordinance. The anti-rent gouging board may develop and implement rules and procedures for challenges to exemptions and rent increases. Any party to a challenge filed with a local anti-rent gouging board shall have the right to appeal the board's decision to the Circuit Court in the jurisdiction in which the board sits. The board may also set the effective date at which the initial amount of rent charged by a landlord is calculated for the purposes of determining the amount of an increase. A locality may also delegate the duties and functions described in this subdivision to an existing local board, department, or agency.

5. Is empowered to take any other action that is necessary and proper to effectuate the purposes of its local anti-rent gouging ordinance.

C. 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 home;

- 59 4. Any religious facility, such as a church, synagogue, parsonage, rectory, convent, or parish home;
60 5. Any transient facility, such as a motel, tourist home, or bed and breakfast facility, except for
61 long-term stays in a hotel or motel that qualify as tenancies under § 55.1-1201;
62 6. Any school dormitory;
63 7. Any licensed assisted living facility, nursing home, or residential program licensed by the
64 Department of Behavioral Health and Developmental Services; or
65 8. Any residential rental unit that was first issued its certificate of occupancy five or fewer years
66 prior to the date of the notice required in subsection B.
67 D. The locality may establish a civil penalty for failure to comply with the requirements set out in
68 the ordinance. A civil penalty shall not exceed an amount set out in the ordinance and shall be payable
69 into the treasury of the locality. In addition to any other remedies in this section, any adversely affected
70 tenant may initiate an action to enforce the provisions of this section.
71 E. A locality's authority under this section shall be liberally construed to effect the purpose of its
72 anti-rent gouging ordinance. A locality's passage of an ordinance under this section shall not be
73 construed to otherwise limit a locality's authority regarding residential tenancies.