Virginia Housing Commission

Meeting Summary
Fees in Residential Rental Agreements Workgroup Meeting
Tuesday, June 16, 2026, at 10:00 a.m.
House Room B, General Assembly Building

Attendance

- **Members Present:** Del. Marcus Simon (Chair), Del. Phil McClure, Del. Thomas, Bismah Ahmed, Andrew Clark, Laura Dobbs, Victoria Horrock, Erin Kormann (virtual), Christie Marra, and Patrick McCloud (virtual).
- **Staff Present:** Director Jesseca Hoff, Molly Bowers
- **Public Present:** Approximately 10 individuals.

Call to Order & Overview
Delegate Simon, Chair of the workgroup, called the meeting to order at 10:01 a.m. and initiated introductions for each workgroup member. Following introductions, he directed the workgroup's attention to the policy research presentation regarding fees in residential rental agreements.

Presentation & Discussion

Molly Bowers presented the staff policy brief, highlighting legislative reforms, market data, and state comparisons. Workgroup members engaged in Q&A throughout the various presentation topics:

Bowers outlined recent legislation mandating itemized charges on the first page of written leases and upcoming 2027 regulations requiring full pre-tenancy disclosure of screening criteria. She noted that many states are passing "All-In" transparency laws to combat "drip pricing."

- **Del. Simon** asked when fees are typically disclosed in the leasing process, questioning if it mirrors the online ticket sales problem where upfront costs only appear at checkout.
- **Molly Bowers** confirmed this, noting that in Virginia, potential renters frequently only see the extra charges after applying.
- **Erin Kormann** added that FTC regulations enacted in late 2025 dictate that advertising a rental price excluding mandatory charges violates federal law, prompting VA REALTORS to instruct members to advertise all-inclusive pricing
- **Del. McClure** asked if other states address wide rent ranges in advertisements for single units, noting a Richmond listing ranging from $1,000 to $4,000.
- **Molly Bowers** responded that ranges within a single building are typically due to varying unit amenities (e.g., 1st floor vs. penthouse). **Del. McClure** clarified his example was for a single apartment, not a series of units to which Delegate Simon suggested may be a way for property owners to cover all of their bases.
- **Del. Simon** expressed concern that landlords will look for price mitigation strategies, citing historical examples where setting a list of allowable HOA fees caused maxed-out charges across the board**.**
- **Patrick McCloud** noted that industry believes section 59.1608 already covers pricing transparency for rentals.
- **Victoria Horrock** raised concerns regarding enforcement, noting Virginia lacks a class-action mechanism, leaving judges reticent to enforce these laws. **Del. Simon** agreed, stating that waiting on federal consumer protection enforcement is untenable and state code protections are necessary.

Application Fees & Screening:

- **Christie Marra** asked if the $50–$55 average application fee identified in the research is charged per household or per adult. **Molly Bowers** confirmed it is typically charged to every adult on the lease.

- **Andrew Clark** and **Bismah Ahmed** inquired about the sample size and property types. **Bowers** clarified she reviewed 115 property management firms (a mix of multi-family and single-family); while other fees varied, application fees were relatively consistent across localities.
- **Laura Dobbs** asked if the researcher went through the entire application process to see final charges, to which **Bowers** answered no.
- **Del. Simon** questioned the practice of charging a $90 application fee when $50 is allowed, expressing concern that landlords might pocket leftover funds after covering the actual costs of third-party background checks.
- **Erin Kormann** asked if there was evidence of tenants seeing a $50 fee online but being charged something different upon completion.
- **Laura Dobbs** responded with anecdotal evidence of voucher holders paying flat application deposits in addition to paying the landlord's out-of-pocket screening expenses and potential "hold" fees.
- **Laura Dobbs** and **Victoria Horrock** brought up the fairness of charging dependent minors (e.g., 18-year-old high school students) application fees when they lack credit histories.
- **Victoria Horrock** and **Del. Simon** argued families should not lose money paying application fees for apartments they will definitely not be approved for, specifically criticizing landlords who collect fees from 25 applicants but stop processing after the third is approved.

Security Deposits & Maintenance:
- **Del. Simon** shared a personal anecdote about offering to pay several months' rent in cash for a short-term Richmond rental to avoid the application process, but being denied, noting this system hurts those with unconventional financial situations.
- **Christie Marra** asked if landlords provide disclosures when charging higher security deposits based on a tenant's credit score. **Bowers** noted landlords often advertise one month's rent but explicitly reserve the right to charge two.
- **Laura Dobbs** asked how other states handle accrued interest on deposits. **Bowers** cited Iowa, where the landlord keeps the interest for the first five years, regardless of lease length.
- **Del. Thomas** and **Erin Kormann** asserted that the two-month allowance gives landlords a risk-mitigation tool to accept applicants with poor credit without resorting to court for damages, warning against unintended consequences of removing this tool.
- **Victoria Horrock** argued from the perspective of low-income renters that while many landlords do not charge two months' rent, doing so creates a significant barrier to housing for vulnerable tenants, noting there are other risk-mitigation solutions available besides massive deposits
- **Christie Marra** questioned what risk security deposits mitigate, given that state code restricts their use strictly to physical damages. She emphasized that tenants with low credit scores are no more likely to damage rentals, meaning higher deposits effectively just block low-income tenants from renting entirely.
- **Andrew Clark** noted that reducing barriers to housing is a primary goal of the workgroup, highlighting that the cost impact of an additional month's rent is a much larger hurdle for a tenant to overcome than for a landlord to absorb, and a one-month cap does not leave landlords "in the lurch."
- **Laura Dobbs** and **Del. McClure** requested further data for future meetings on the actual, average cost of maintenance over time versus rent increases, and regional data on landlords charging the maximum two months' rent.

Legislative Overview (SB349) & Member Inquiries

Emmaline Herring presented a red-lined version of SB349 on behalf of Sen. VanValkenburg, a bill she stated aimed at reducing upfront financial burdens for renters.

Workgroup members debated the mechanics of the bill:
Application Deposits:
- **Erin Kormann** asked what the goal is in making application deposits "optional" for tenants. Herring clarified the intent is to remove a barrier to entry; if a tenant opts not to pay, the landlord is under no obligation to hold the unit.

- **Kormann** argued this breaks leasing structures in college towns where leases are signed months in advance, and deposits are necessary to mitigate damages if a tenant backs out.
- **Bismah Ahmed** added that deposits give landlords an incentive to hold a unit while an applicant mulls over their decision.
- **Victoria Horrock** questioned why landlords cannot rely on standard contract remedies (signing a lease in advance) instead of requiring an additional pre-lease fee.
- **Christie Marra** added that in current markets, landlords only lose a few days of advertising time, not months of rent, if a tenant backs out.

Security Deposit Returns (45 vs. 30 Days):

- **Del. Simon** asked about the impact of reducing the return timeline to 30 days.
- **Erin Kormann** stated 30 days is too tight for property managers to secure contractor quotes and complete repairs.
- **Del. Simon** proposed a two-tiered system: a fast return for undisputed units, and a longer timeline when damage needs assessment. **Herring** agreed to consider this, emphasizing the bill's main goal is to require itemized receipts so deductions match actual repair costs.

Fee Definitions & Lease Processing:

- **Del. Simon** asked about the bill's treatment of utility, administrative, and renewal fees. Herring clarified the bill prevents utility double-charging, limits administrative fees to actual lease processing costs, and bans renewal fees unless lease terms change.
- **Patrick McCloud** noted he knows no members currently charging lease renewal fees but requested that the industry and stakeholders work together to tighten the definition of an "administrative fee" to avoid confusion.

Public Comment

There was no public comment.

Adjournment & Next Steps

Delegate Simon thanked the workgroup for the dialogue and acknowledged the fundamental friction points remaining. He recommended that stakeholders and staff meet to refine terminology (such as "commencement" vs. "effective" dates) and directed staff to conduct further research based on the workgroup's questions regarding maintenance costs and fee data.

The meeting officially adjourned at 11:49 a.m.