



Meeting Summary
Fees in Residential Rental Agreements Workgroup Meeting

Thursday, July 23, 2026, at 10:00 a.m.
Virtual Meeting

Attendance

- **Members Online:** Del. Marcus Simon (Workgroup Chair), Senator Mamie Locke (Vice Chair), Del. Adele McClure, Del. Josh Thomas, Bismah Ahmed, Andrew Clark, Laura Dobbs, Erin Kormann, Christie Marra, and Patrick McCloud, Larisa Zehr
- **Staff Present:** Director Jesseca Hoff, Molly Bowers

Delegate Simon, Chair of the workgroup, called the meeting to order at 10:01 a.m.

Presentation & Discussion

Molly Bowers presented Virginia Housing Commission (VHC) research addressing transparency gaps in the rental market. Key findings highlighted that concrete data on security deposits and move-out charges is often hidden behind paywalls or vague listings. Furthermore, wide advertised rent ranges are typically driven by lease length, with the lowest advertised prices often tied to restrictive, non-standard terms like 15-month leases. The presentation also detailed how mandatory ancillary fees (e.g., valet trash, technology packages) create immediate "post-click surcharges," raising a unit's price significantly the moment a tenant applies.

Questions and Responses on the Research:

- **Patrick McCloud (VAMA)** asked if adjusting the lease term slider on a rental portal would allow a user to actually secure the initially advertised \$1,800 starting rate.
 - **Molly Bowers** clarified that once inside the portal, no combination of terms yielded the initially quoted low rate.
- **Christie Marra (VPLC)** asked if other states allow tenants to opt out of mandatory utility setups, noting low-income tenants often qualify for reduced-rate internet. **Larisa Zehr (LAJC)** added context, citing a property requiring a \$90 monthly internet fee even though tenants had access to \$10 subsidized internet via the public school system.
 - **Director Jesseca Hoff** responded that state-level internet opt-outs are generally unsuccessful

Senate Bill 349 (SB 349) Discussion

Emmaline Herring outlined proposed changes to the Virginia Residential Landlord and Tenant Act (VRLTA) under SB 349, aiming to close loopholes and reduce barriers to housing.

Lease Renewal Fees

- **Erin Kormann (Virginia REALTORS)** noted that over half of realtors charge a renewal fee to rerun financial applications.
- **Del. Marcus Simon** and **Christie Marra** questioned the necessity of rerunning credit checks on tenants who consistently pay rent on time.

Move-Out Fees

- **Erin Kormann** and **Patrick McCloud** expressed concern over prohibiting mandatory move-out cleaning fees. They argued that landlords incur real costs to turn units over, and eliminating this fee would simply force landlords to inflate base rents to recoup costs. **McCloud** noted move-out fees are heavily utilized in student housing to turn thousands of units quickly.
- **Christie Marra, Bjorn Koxvold (ForKids), and Larisa Zehr** argued this is a transparency issue. They posited that routine turnover costs should be budgeted into the base rent rather than applied as surprise mandatory fees, emphasizing that landlords still retain the right to charge for actual damages exceeding normal wear and tear. **Del. Simon** noted a lack of consensus on this provision.

Security Deposit Cap (One Month vs. Two Months)

- **Del. Josh Thomas, Patrick McCloud, Bismah Ahmed (AOBA), and Erin Kormann** raised concerns that capping security deposits at one month's rent limits a landlord's ability to take on "riskier" tenants who lack a cosigner or fall short of screening criteria.
- **Laura Dobbs (HOME), Christie Marra, Bjorn Koxvold, and Del. Adele McClure** argued that a two-month deposit requirement creates a massive financial barrier that locks vulnerable families into their current homes or traps them in homelessness.

Security Deposit Return Timeline

- **Erin Kormann** objected to a proposed 10-day timeline to return security deposits for undamaged units, stating it is too tight to secure contractors and finalize inspections.
- **Del. Simon** suggested 15 days. **Emmaline Herring, Andrew Clark (HBAV), and Erin Kormann** agreed that a 15-day turnaround was a workable compromise providing necessary wiggle room.

House Bill 1409 (HB 1409) Discussion

The group briefly discussed Delegate Schmidt's HB 1409, which targets separate fees for common area maintenance, pest control, and trash.

Questions and Responses on HB 1409:

- **Erin Kormann and Patrick McCloud** opposed language removing a landlord's ability to negotiate discounted rent with a tenant in exchange for the tenant performing maintenance.
- **Christie Marra** suggested restoring that ability for small landlords, provided it is drafted as a separate agreement rather than baked into a standard lease.
- **Larisa Zehr** highlighted that corporate landlords are increasingly using these fees as new revenue streams for existing tenants without providing any new services.

Points of Consensus

- **Refunds for Unprocessed Applications:** Triggered by a suggestion from Patrick McCloud, the group agreed that all monies charged to a prospective tenant must be refunded if a landlord fails to process an application, within 10 days.
- **Security Deposit Return Timeline:** The group reached a consensus to set the security deposit return timeline at 15 days for undamaged units, rather than the originally drafted 10 days.
- **Manufactured Housing Separation:** Following guidance from Laura Dobbs, Christie Marra, and Randy Grumbine, Emmaline Herring agreed to remove manufactured home lots from the SB 349 draft, allowing those rules to be addressed in a separate redrafting of the Manufactured Home Lot Rental Act.

Next Steps

- **Adverse Action Compromise:** Staff and bill patrons will work on compromise language for the security deposit cap, exploring a one-month default that allows exceptions for specific "adverse factors" (e.g., when a tenant fails to meet standard screening criteria).
- **Prepaid Rent Clarification:** The group aims to clarify in the Code that landlords cannot stack maximum prepaid rent demands on top of maximum security deposits.
- **Expert Testimony:** The group plans to invite tenant attorney Christie Kelly to a future meeting to provide insight on ongoing litigation regarding large property management fee practices, such as Pegasus Residential.
- **HB 1409 Revisions:** The workgroup will review alternative language for HB 1409 to ensure tenants and landlords can still negotiate maintenance-for-rent discounts without allowing exploitative blanket fees.