



Meeting Summary
Fees in Residential Rental Agreements Workgroup Meeting
Wednesday August 19, 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, Victoria Horrock, Erin Kormann, Christie Marra, and Patrick McCloud,
- **Staff Present:** Director Jesseca Hoff, Molly Bowers

Delegate Simon, Chair of the workgroup, called the meeting to order at 10:00 a.m.

The workgroup discussed two bills: HB 1409 (Schmidt) and SB 349 (VanValkenburg).

House Bill 1409 Discussion

- **Delegate Schmidt** framed HB 1409 as targeting "junk fees on the back end" or fees buried in lease terms that shift traditional landlord maintenance responsibilities onto tenants after the lease is signed.
- **Del. Schmidt** stated he wanted the covered areas to include: HVAC maintenance, shared utility costs, plumbing, electrical repairs, filter replacements, and common area utilities, all items historically understood as landlord obligations.
- He stated that the primary targets are large, out-of-state apartment complex operators owned by venture capital or LLC structures managed by separate out-of-state property management companies, who have systematically monetized fee-shifting.

Litigation Findings Kristi Kelly (Consumer Attorney)

- **Kristi Kelly** began identifying these issues through debt collection cases, where debt collectors were reporting questionable charges to credit bureaus to prevent tenants from obtaining other housing (charges landlords often couldn't even get judgments for).
- She stated that her firm has removed hundreds of millions of dollars from Virginia consumers' credit reports through these cases. Upon examining actual leases, she found a proliferation of add-on charges that represent pure profit mechanisms, not cost recovery.
- **Kristi Kelly** mentioned specific cases she litigated where tenants were required to pay \$99/month for bundled internet and cable, even if they already received free internet through Prince William County programs or subsidized school internet.
- She mentioned another case where a monthly fee labeled as a "community living fee" and that tenants were misled into believing it functioned like a security deposit, but it provided no benefit to them (e.g., couldn't cover last month's rent). She stated that the product cost ~\$23/month; landlord added a \$3 markup purely for profit
- Other findings included:
 - Tenants billed monthly for pest control "service to their unit" when the pest control company only sprayed the exterior of the building.

Questions and Discussion on HB 1409:

- **Patrick McCloud (VAMA)** asked Kristi Kelly if the fees in her litigated cases were disclosed in accordance with § 55.1-1204.1 (the fee disclosure statement).

- **Kristi Kelly** responded that while some fees were disclosed at final lease signing, they were not disclosed during the initial application stage, leaving tenants unaware until committing to move.
- **Patrick McCloud (VAMA)** asked if current advertising disclosure statutes (§ 59.1-200 and § 59.1-607) resolve advertising pricing issues.
 - **Kristi Kelly** responded that the statutes resolve issues if landlords comply.
- **Patrick McCloud (VAMA)** asked how housing providers are expected to disclose variable usage-based charges (such as utilities).
 - **Kristi Kelly** responded that actual usage-based utilities (electricity, water, sewer) are defined and governed separately under the VRLTA. She stated that landlords are misclassifying fixed costs (trash, pest control, tech packages, community fees) as variable utilities.
- **Laura Dobbs (HOME)** asked Kristi Kelly if statutory language restricting charges to actual out-of-pocket expenses would be sufficient to prevent landlords from profiting off fees.
 - **Kristi Kelly** responded that fixed 12-month costs (trash, pest control) are predictable expenses that belong in base rent to prevent deceptive advertising.
 - **Del. Marcus Simon** added that out-of-pocket caps can still be bypassed through vendor commissions or referral kickbacks
- **Christie Marra (VPLC)** and **Kristi Kelly** proposed requiring fixed, non-variable overhead costs (trash, pest control) to be integrated into advertised base rent rather than itemized separately.
- **Laura Dobbs (HOME)** proposed requiring an explicit opt-in structure for non-essential optional services such as internet and suggested extending § 55.1-1222 cable choice provisions to internet services.
- **Victoria Horrock (Legal Aid Justice Center)** cited a tenant ledger showing \$15 trash, \$65 media, \$12 liability insurance, \$25 parking, \$50 washer/dryer, and \$250 amenity fees for a tenant living on Social Security, noting that rental assistance programs fail to cover unclassified fees.
- **D.J. Spiker (Virginia REALTORS)** expressed concern regarding restrictions on landlord flexibility to negotiate maintenance arrangements (e.g., superintendent rent offsets).
- **Patrick McCloud (VAMA)** questioned fee disclosures under § 55.1-1204.1 and § 59.1-200, suggesting a distinction between mandatory and optional services.
- **Kristi Kelly** recommended making statutory fee violations actionable under the Virginia Consumer Protection Act (VCPA).
- **Director Jesseca Hoff** noted that internet opt-out rules and utility redefinitions may require broader engagement and consideration and would not be resolved in this workgroup alone.

Senate Bill 349 (SB 349) Discussion

Director Jesseca Hoff presented updated draft language for SB 349 covering application processing, cleaning addendums, deposit return windows, and deposit caps.

Application Processing Timeline

- D.J. Spiker (Virginia REALTORS) requested changing the application processing timeline from 10 calendar days to 10 business days. *The workgroup reached consensus on 10 business days for completed applications.*

Move-Out Fees & Cleaning Addendums

- Updated language prohibits provisions requiring tenants to pay third-party contractors for refurbishing or cleaning at lease-end unless required for damages exceeding reasonable wear and tear. **Patrick McCloud (VAMA)** approved this wording.
- **Emmaline Herring** introduced an additional provision to ban damage addendums charging pre-set flat rates (e.g., \$75 per hole) or "whichever is greater" clauses, clarifying that deductions must reflect actual repair costs. **Del. Marcus Simon** analogized flat fee addendums to pre-purchased rental car gas agreements and noted that this topic would need to be discussed at a later meeting.

Security Deposit Cap

- *The current draft reverts to the existing two-month cap placeholder.*
- DLS flagged Fair Housing Act disparate impact risks for Alternative Path #1 (screening thresholds).

- **Emmaline Herring** stated Senator VanValkenburg's preference for a flat 1-month or 1.5-month cap compromise.
- **Bismah Ahmed (AOBA)** stated that two-month deposits are used when applicants fail screening criteria to offset financial risk.
- **Christie Marra** suggested a flat \$2,000 cap.
 - **Del. Simon** noted this would disrupt high-end rental markets.

Prepaid Rent & Payment Flexibility

- Language restricting landlords from requiring prepaid rent (§ 55.1-1205) was reverted to current code language.
- **Bjorn Koxvold (ForKids)** suggested allowing security deposits to be spread over multiple months across paychecks.

Security Deposit Return Timeline

- The timeline was reduced to 15 calendar days for undamaged units, preserving 45 days when repairs require contractor estimates.
 - **D.J. Spiker** reported a preference of 15 business days.

Points of Consensus

- **Application Processing Timeline:** Landlords must process completed applications or refund fees within 10 business days.
- **Fee Terminology & Updates:** Updated "monies" to "amount" throughout and clarified that administrative or renewal fees are limited to actual out-of-pocket expenses for tenant-requested contract changes.
- **Move-Out Service Charges:** Mandatory third-party contractor service fees are prohibited at lease-end unless needed for damages exceeding reasonable wear and tear.
- **Manufactured Housing Separation:** Removed § 55.1-1203 modifications from SB 349 to address manufactured home lot rules in separate legislation.

Contested Provisions (Reverted to Status Quo):

- **Security Deposit Caps:** Reverted to the existing 2-month cap.
- *Security Deposit Return Timeline:*
- **Prepaid Rent:** Language restricting landlords from requiring prepaid rent was reverted to current code language due to concerns over limiting negotiation flexibility or creating deposit cap workarounds.

Next Steps:

- VHC staff will produce an updated draft of SB 349 incorporating agreed changes while maintaining security deposit caps and prepaid rent at current statutory code language.
- DLS will review line 849 ("may" vs. "shall") regarding security deposit return obligations and water bill withholding rules. DLS and staff will refine the 10-business-day refund trigger when a landlord fails to secure a unit.
- Stakeholders will submit remaining line-by-line wording notes in writing before the workgroup reconvenes in September ahead of the November 9 full Housing Commission meeting.