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HOUSE BILL NO. 278

Offered January 14, 2026

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—Clark, Henson, McClure, Shin, Anthony, Askew, Bennett-Parker, Callsen, Carroll, Cohen, Cole, J.G., Cole, N.T., Convirs-Fowler, Cousins, Downey, Feggans, Franklin, M.A., Glass, Guzman, Hayes, Hope, Keys-Gamarra, LeVere Bolling, Maldonado, Martinez, Nivar, Pope Adams, Price, Rasoul, Schmidt, Seibold, Sullivan, Thornton and Tran; Senators: Jones and Salim

Referred to Committee on Counties, Cities and Towns

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. As used in this section:**

"Fair return on investment" means an amount sufficient to maintain a stable net operating income.

"Rent" means all money, other than a security deposit, owed or paid to the landlord under the rental agreement, including prepaid rent paid more than one month in advance of the rent due date. "Rent" does not include charges for a utility as defined in § 55.1-1200.

"Rental unit" means a structure or part of a structure that is intended for lease or leased as a home or residence by one or more persons who maintain a household, including a manufactured home and a manufactured home lot, as defined in § 55.1-1300, regardless of whether such unit or lot is vacant or occupied.

B. 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.

C. No such ordinance shall apply to the following:

1. Any residential rental unit that was first issued its certificate of occupancy for residential use 10 or fewer years prior to the date of the annual notice required in subsection D;

2. Any unit in a licensed facility, the primary purpose of which is the diagnosis, cure, mitigation and treatment of illnesses;

3. 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;

4. Any owner-occupied group home, or unit thereof;

5. Any religious facility, such as a church, synagogue, parsonage, rectory, convent, or parish home, or unit thereof;

6. Any transient facility, such as a motel, tourist home, or bed and breakfast facility, except for long-term stays in a hotel or motel that qualify as tenancies under § 55.1-1201;

7. Any school dormitory;

8. Any licensed assisted living facility, nursing home, or residential program licensed by the Department of Behavioral Health and Developmental Services; or

9. Any unit covered by an exemption granted pursuant to subdivisions D 4 and 5.

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

1. Calculate an annual residential anti-rent gouging allowance that is no more than three percent. 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. Prohibit any rent increase for rental units subject to the ordinance above the locality's annual anti-rent gouging allowance in effect at the time the rent amount is determined. Only one rent increase pursuant to this section shall be permitted within a 12-month period.

3. Require any landlord to provide written notice of a rent increase, any applicable exemptions, and the contact information of the anti-rent gouging board or its equivalent described in subdivision 4 a minimum of 90 days prior to the effective date of the proposed rent increase.

4. Establish an anti-rent gouging board or delegate the duties and functions described in this subdivision to an existing local board, department, or agency. The anti-rent gouging board shall:

a. Establish rules and procedures by which landlords may apply for and be granted exemptions from the annual anti-rent gouging allowance, which may include any other exemptions deemed appropriate and

56 necessary.

57 *b. Establish rules and procedures for challenges to exemptions and rent increases.*

58 *c. Require any landlord who is covered by an exemption pursuant to subsection C to certify his eligibility.*

59 *Upon a petition initiated by an adversely affected tenant or prospective tenant, or a group representing 10 or*

60 *more adversely affected tenants, such certification may be subject to review by the anti-rent gouging board.*

61 *Any party to a challenge filed with the anti-rent gouging board shall have the right to appeal the board's*

62 *decision to the circuit court in the jurisdiction in which the board sits.*

63 *5. Require the anti-rent gouging board to establish a fair return on investment rent increase exemption to*

64 *the annual anti-rent gouging allowance where necessary to offset increased operating expenses, in addition*

65 *to any exemptions established pursuant to subsection C.*

66 *a. The anti-rent gouging board may adopt rules or regulations to ensure that the fair return on investment*

67 *is reasonable and fairly and consistently applied.*

68 *b. The anti-rent gouging board shall not grant a fair return on investment rent increase exemption for any*

69 *rental unit where the landlord has failed to bring the rental unit into compliance with the applicable building*

70 *or housing code.*

71 *6. Be empowered to take any other action that is necessary and proper to effectuate the purposes of its*

72 *local anti-rent gouging ordinance.*

73 *E. The locality shall establish a civil penalty and may adopt any other remedies for failure to comply with*

74 *the requirements in the local anti-rent gouging ordinance. Such civil penalty shall not exceed the amount set*

75 *out in the ordinance and shall be payable to the treasury of the locality. In addition to any other remedies in*

76 *this section, any adversely affected tenant may initiate an action through the local anti-rent gouging board or*

77 *a court of appropriate jurisdiction to enforce the provisions of this section. In an unlawful detainer action*

78 *brought under § 8.01-126 for nonpayment of rent, no landlord may obtain an order for possession if they*

79 *have failed to comply with the requirements set out in the local anti-rent gouging ordinance.*

80 *F. A locality's authority under this section shall be liberally construed to effectuate the purpose of its anti-*

81 *rent gouging ordinance. Adoption of an ordinance pursuant to this section shall not be construed to*

82 *otherwise limit a locality's authority under any other statute or ordinance.*