

SUPPORT SB5088 – SUBSTITUTE (Ebbin)

Payment Plan Legislation: A policy change to help stabilize communities

- **What it does:** It requires landlords to offer tenants who fall behind on rent a payment plan for their past due rent before filing an eviction action in court. Landlords who own four or fewer units are exempt.
- **How it works:** Tenants would be given six months or until the end of the lease period (whichever is shorter) to pay off their past due rent in equal installments. Tenants on payment plans would have to make their regular monthly rent payments in addition to the payment plan installments each month. If a tenant missed an installment or regular rent payment, the landlord could issue the tenant an eviction notice and begin the court process. Tenants would not incur late fees as long as they pay according to the payment plan.
- **Effective Date:** Early December 2020.
- **End date:** End of the state of emergency. Also applies during future states of emergency declared by the Governor pursuant to 44-146.17 of Virginia Code
- **Who It Benefits:** Tenants who are unable to pay one month's rent because of an unexpected additional expense, such as a car repair or medical bill. It's particularly important during this pandemic, since so many tenants have suffered reductions in their incomes. Most of these tenants have used or will use any savings they have, and any unexpected necessary expense could easily use up a significant portion of their rent money for that month.
- **Public Policy:** Helps tenants avoid getting stamped with the "Scarlett E" of eviction and remain stably housed; helps landlords avoid costly and time consuming eviction process, makes payments on past due rent predictable. And helps stabilize tenant community.