A Review of Ancillary Fees in the Market-Rate Rental Sector

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Key Finding: A Gap in Fee Transparency

Our study of over **100 Virginia property management companies** suggests that the advertised rent is often different than the total housing cost.

- Ancillary fees can obscure the actual price.
- It particularly impacts the market-rate sector, affecting a wide range of Virginians.

Advertised Rent

$1,500 + Extra Fees **?**

The Application & Leasing Process

1

Search

Finds a property advertised online

Advertised Rent:

$1,500

2

Application Fee & Deposit

Disclosed Payments:

Application Fee: **$50**

Application Deposit: **$500**

3

Lease Stage Fee Disclosure

Lease reveals new fees with a 48hr deadline.

Lease Administration Fee: **$395**

Monthly Residents Benefit Package: **$60/month**

4

Move-In

Accepts the new, higher total cost.

Total Paid Before Move-In:

(Application fee + Application Deposit + Lease Administration Fee + RPB+ First Month's Rent)

$2,505

New Monthly Total:

$1,560*

*plus utilities

The Legal Framework

The Application Process

§ 55.1-1203

Governs what happens **BEFORE** a lease is offered

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- Caps non-refundable Application Fee at $50 (plus actual screening costs).
- Allows for a refundable Application Deposit.
- Does **not** require disclosure of **future fees.**

The Fee Disclosure Statement

§ 55.1-1204.1 (New Law)

Governs what happens **WHEN** a lease is offered.

- Requires an itemized list of **all charges** on the lease.
- Is a positive step for transparency at the contract stage.
- But the disclosure comes later in the process.

The period between submitting a rental application and signing a lease is subject to different rules depending on the state and locality.

Unregulated Pre-Lease Fees

No law regulates “Lease Administration Fees” charged after application but before the lease is seen.

Fees Before Tours

The law does not prohibit demanding fees before a renter can even view a property.

The Rise of Mandatory “Resident Benefits Packages”

This is a systemic practice, not an anomaly. These packages function as a **secondary, non-negotiable rent.**

50+ Companies in our research require mandatory RBPs.

$80+ Added to a tenant’s monthly housing cost

Common Included items:

- Renters Insurance (with no choice of provider)
- HVAC Filter Delivery
- Pest Control
- Online Rent Payment Portals
- Routine Property Inspections

National Policy Landscape: Common Themes

Virginia's situation is part of a national conversation. Legislative efforts in other states focus on three key areas of reform.

1. **Pre-Tenancy Fees**
2. **Ongoing Tenancy Fees**
3. **Price Transparency**

THANK YOU

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Property Management Company in Southside Virginia

[redacted] requires all perspective applicants to complete the rental application prior to any showings being scheduled. To preview other rental properties, visit www.[redacted].com.

Property Management Company in the Richmond Area

Please apply at www.[redacted].com. We will schedule viewings after application is approved. Thank you for understanding!

Terms

- **Rent:** $1,900
- **Application Fee:** $55
- **Security Deposit:** $2,300

Pet Policy

- Cats not allowed
- Small dogs allowed

Amenities

- Dishwasher
- No Undergrads
- Laundry hookups
- Hardwood flooring
- Three bedroom
- Patio

Applicant qualifications

3) A check, e-check, money order, certified check, or cashier's check is to accompany the application as the Application Deposit. If this is an online application the Application deposit will be charged with in 24 hours of submitting the application. It is due the day it is charged. If not paid on the day it is charged the unit will be available for others to secure. Once your application is approved, this becomes the Security Deposit for the residential lease. Please make all checks, money orders, certified checks or cashier's checks payable to [redacted]com. NO CASH WILL BE ACCEPTED for Application Fees or Deposits.

4) In order to secure the property, all Applications, Application Fees, and the full Application Deposit must be submitted with in 24 hours. The Application Fees and Deposit secure the property. It will no longer be publicly offered for rent. If you should elect to not take the property, withholding will be deducted from your Application Deposit. Along with these with holdings [redacted].com will deduct 50% of the rental rate for administration fees.

Application Fee vs. Application Deposit

Application Fee

Non-Refundable

A fee to cover the landlord's costs of processing an application.

- **Max $50**, plus actual out-of-pocket costs for screening (e.g., background checks).
- **Max $32** for HUD-regulated housing, plus screening costs.

Application Deposit

Refundable

A "good faith" deposit to hold a unit during the application process.

- If you don't rent, landlord must refund the deposit minus their actual expenses within **20 days**.
- Refund must be made in **10 days** if it was paid by cash/check and the landlord rejects the application.
- Landlord must provide an **itemized list** of any deductions.

§ 55.1-1203

Portable Screening Reports: A National Comparison

Mandatory Acceptance

Landlords are prohibited from charging an application fee if a tenant provides a valid portable report.

States:
Colorado, Illinois, New York, Rhode Island

Optional Acceptance

Landlords are **not required** to accept portable reports

States:
California, Maryland, Washington

Policy Recommendation

- Prohibit charging a fee for the sole purpose of touring a dwelling unit

Example language: (to add E. to § 55.1-1203. Application fees.)

E. A landlord or their managing agent shall not charge or accept any fee, deposit, or other payment from a prospective tenant for the purpose of allowing the prospective tenant to view or inspect a dwelling unit prior to the submission of a rental application.