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

A Presentation to the Affordable Housing Solutions Workgroup of the Virginia Housing Commission

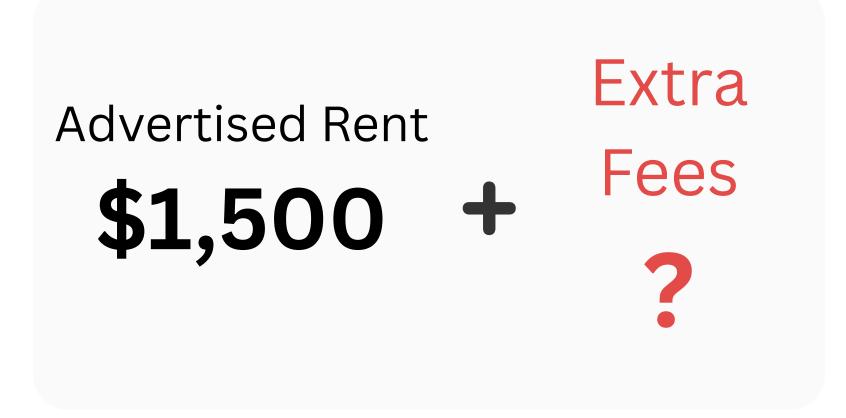
September 8, 2025



### 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 marketrate sector, affecting a wide range of Virginians.



### 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 utilitie

# The Legal Framework

# The Application Process § 55.1-1203

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

- 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.** 

Companies in our research require mandatory RBPs.

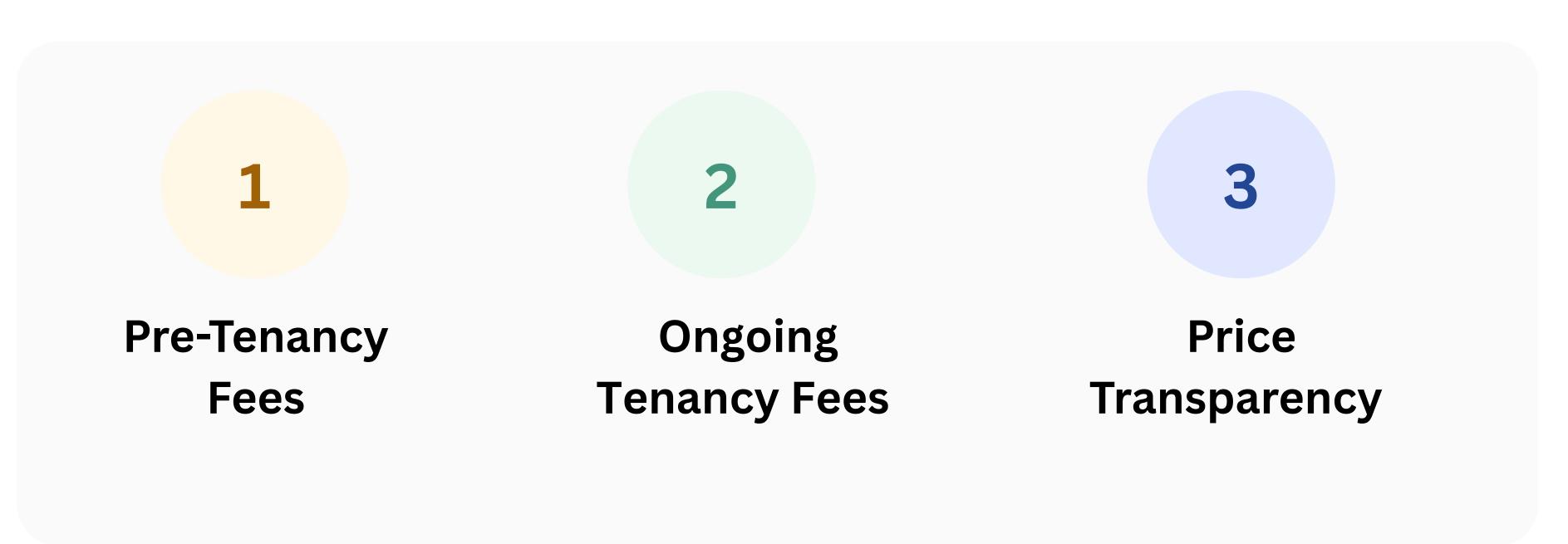
Added to a tenant's monthly housing cost

#### **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.



# THANK YOU

MOLLY BOWERS
MBOWERS@VHC.VIRGINIA.GOV
(804) 967-3994





#### **Property Management Company in Southside Virginia**

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

#### **Property Management Company in the Richmond Area**

#### 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

Deposits.

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 com. NO CASH WILL BE ACCEPTED for Application Fees or

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 ...com will deduct 50% of the rental rate for administration fees.

₩

### **Application Fee vs. Application Deposit**



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.



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.

### 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.