

How Property Managers Add Costs to Base Rent Through Fees

A Pilot Analysis of Fines and Fees in Rental Ledgers

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Rental fines and fees are the charges added to base rent for a range of costs like application fees, utility administration fees, payment surcharges, pet fees, and late fees (Nelson et al. 2023). A subset of these charges are called “junk” or “hidden,” as they are frequently excluded from rental advertisements and leases (Way et al. 2024). Recent lawsuits allege that property management companies use fees to inflate base rent in ways that are harmful and predatory (Nelson et al. 2023).¹ Recognizing the harm these fees can cause to renters, organizations like the Federal Trade Commission and policymakers in states and cities across the US are trying to limit both the imposition of fees and their negative impact on renters.²

Yet the scope and impact of rental fees are challenging to fully understand; rental ledgers (financial records of a tenant’s charges and payments) are not publicly available, and there are few ways to obtain a clear and comprehensive accounting of what fines and fees are charged to renters, how frequently, and the total costs of various fees. It is also unclear what should be defined as a “junk” fee or fine; whereas utilities and base rent are linked to a renter’s use of utilities and the space they are leasing, other compulsory charges, such as common area maintenance, platform payment fees, and valet trash, are more nebulous. Even fees, such as monthly pet fees and late fines, are nonstandardized in the industry or linked to specific costs imposed by the landlord. Yet given the lack of information policymakers and researchers have on fines and fees, it is challenging to capture their true scope, cost, and impact on renters.

This groundbreaking pilot study leveraged optical character recognition, text extraction, and natural language processing on a large subset of rental ledgers from Colorado to examine rental fees for rent-burdened households that applied for rental assistance.³ We augmented that with a lease analysis to compare fines and fees with stated lease terms. We found in the analyzed ledgers that thousands of fine and fees were charged to renters in any given month. Junk fees made up a considerable portion of monthly costs for renters, and total costs varied substantially month to month, with the median renter experiencing a swing in monthly costs of about \$300. In the analysis of associated leases many of the captured fee categories were not disclosed in lease terms.

Our findings suggest the real costs of rental housing may be much higher and more volatile than advertised monthly base rents. This may be particularly burdensome for our analyzed sample of households earning lower incomes who are already spending a large part of their income on rent. The increasing use of fines and fees on top of advertised rents may be one of the causes of rising housing costs and the associated increases in housing instability, eviction filings, and housing cost burden that households are experiencing. This analysis highlights the importance of expanding analyses like this to both better understand the nature of fines and fees, and understand their predatory impact on renter households and housing affordability.

Methods

We used a novel approach to analyze a small number of rental ledgers to determine the feasibility of text extraction with nonstandard rental ledgers in a PDF format. The ledgers were provided by the Community Economic Defense Project, which received leases and rental ledgers from households and landlords who applied for emergency rental assistance in Colorado between 2019 and 2024. To qualify for Colorado’s rental assistance program, renters must earn less than 80 percent of area median income. As a result, the ledgers in the sample correspond almost exclusively to people who are considered low income and experienced rental arrears during the study period.⁴ Our data do not allow us to compare differences in fines and fees associated with property type, property location, neighborhood attributes, or individual household attributes. These are areas to explore in future research.

Focusing on ledgers with line items from 2020 onward, we analyzed 1,109 unique ledgers. We collected data from the ledgers by extracting their text using Amazon Textract’s optical character recognition. All extracted data passed a series of validation steps, including that running payments, charges, and balance totals were arithmetically consistent at every line, there were no anomalous charge or payment dates, and ledger rows and columns were consistently carried over across pages and documents. The few line items that could not be validated or reconciled were excluded from analysis. We then clustered ledgers into groups based on the parent company and the document and font formats. For those ledgers, we cleaned, combined, and aggregated individual rows in R to create charge and payment categories over time and across renters for the analysis described below.

We identified a total of 126,674 charges and payments. Each ledger had a mean of 114 associated charges or payments, ranging from a minimum of 2 associated charges to a maximum of 699. To understand the differences in fines, fees, and rents, we categorized the broad charge categories captured within the ledgers into the following: base rent, security deposit, utilities, administrative fees, and penalty fees. Utilities we defined as charges related to gas, water, and electricity. We coded base rent as the monthly amount charged to the renter as “rent.” Administrative charges are the nonrent, nonpenalty fees listed in the ledger, including common area maintenance, utility administration charges, package delivery fees, trash service, and pest control, among others. We defined penalty fees as charges associated with late or missed payments or lease violations, and include late fees, notice posting fees, attorney charges, and other penalties. Security deposit–related fees are related to, or are alternatives to, traditional security deposits, including zero deposits, holding fees, liability waivers, and lease insurance.

Fees Are Often Not Reflected in Lease Terms

To understand how these fines and fees appear in leases, we analyzed a small subset of leases alongside their associated ledgers to identify whether and how charged fees were reflected in lease terms. Table 1 shows the itemized fees for a month for a ledger from the sample associated with a one-bedroom unit and with a property management company that operates around 160,000 units across more than 20 states.

TABLE 1
Fees Charged to a Renter in One Colorado Rental Ledger, March 2023

Date	Charge type	Amount	Amount included in lease?
1-Mar-23	Rent	\$1,725.00	Yes
1-Mar-23	Trash	\$14.50	No
1-Mar-23	Water	\$27.77	No
1-Mar-23	UBEV-electric	\$86.99	No
1-Mar-23	Sewer	\$75.39	No
1-Mar-23	CAM (common area maintenance) charge	\$38.02	No

Date	Charge type	Amount	Amount included in lease?
1-Mar-23	Gas	\$167.48	No
1-Mar-23	UBEF-electric	\$25.00	No
1-Mar-23	UBSS-service	\$6.50	No
1-Mar-23	Pet rent	\$35.00	Yes
1-Mar-23	RLLG-PDLW	\$10.00	No
1-Mar-23	LTOR-loss to lease in force	\$245.00	No
3-Mar-23	Late	\$86.25	Yes
	Total non-rent charges before payment fees	\$817.19	
	Total non-rent and non utility charges	\$420.50	
30-Mar-23	Third-party payment platform fees	\$4.00–\$35.00	No
30-Mar-23	Third-party payment platform fees	\$4.00–\$7.42	No
30-Mar-23	Third-party payment platform fees	\$4.00–\$35.00	No
	Total charges after payment fees	\$2,554.90–\$2,620.32	

Source: Lease and rental roll shared by the Community Economic Defense Project.

Notes: RLLG-PDLW = Renters Legal Liability - Property Damage Liability Waiver. The meanings of other abbreviations were not available to the research team.

Based on these ledger charges, the tenant must make a monthly housing payment of \$2,554.90 to \$2,620.32 to stay current on rent and avoid an eviction proceeding. In the lease agreement signed by the landlord and tenant, the only listed charges are the monthly rent of \$1,725 and a fee for “pet rent” of \$35, totaling \$1,760. The renter knows this will be the rent they are required to pay—but has no indication of other monthly charges.

Nonrent charges are not specifically enumerated in the lease agreement. In some cases, nonrent charges are described through general, open-ended provisions. Utility charges are described in a lease provision more than 500 words long that gives the landlord broad discretion to pass costs to the renter: “In addition to Total Monthly Payment, Resident agrees to pay any and all other utilities, including related deposits and transfer charges that Owner has not specifically agreed to pay.” Trash, water, UBEV-Electric, UBEF-Electric, sewer access, gas, and UBSS-service are included in this. These charges total \$403.63 and represent nearly 25 percent of the contracted base rent. It is not clear how these charges are tabulated or what activities or service providers they are tied to. If renters paid for utilities through their utility company rather than their property management company, they would have charges, but they may not be for this amount and may be more clearly linked to actual unit utility use.

Common area maintenance (CAM) does not appear in the lease agreement, though it may have been communicated to the renter in other documents. CAM charges are the variable costs of running and maintaining building common areas; in this month, CAM adds another \$38.00. It is unclear how these charges are assessed and whether they reflect costs incurred by the landlord.

RLLG-PDLW (renters legal liability - property damage liability waiver) is a monthly fee paid to the landlord to cover the tenant’s prospective liability for damage they may cause to the property. This is not insurance or a security deposit, but instead a direct payment to the property management company to account for potential harm. It is unclear how this charge interacts with CAM charges, which would seem to partially or wholly address the landlord’s non-unit repair costs. The property damage liability waiver does not appear in the lease agreement.

The renter must pay convenience fees to use the landlord’s online payment platform. These fees are represented as a range in table 2 because payment convenience charges can be assessed as a flat fee or a 3 to 4 percent charge, based on the type of payment and the landlord’s preferences. Accessing the landlord’s payment system likely cost this renter between \$12 and \$80 across three catch-up payments.

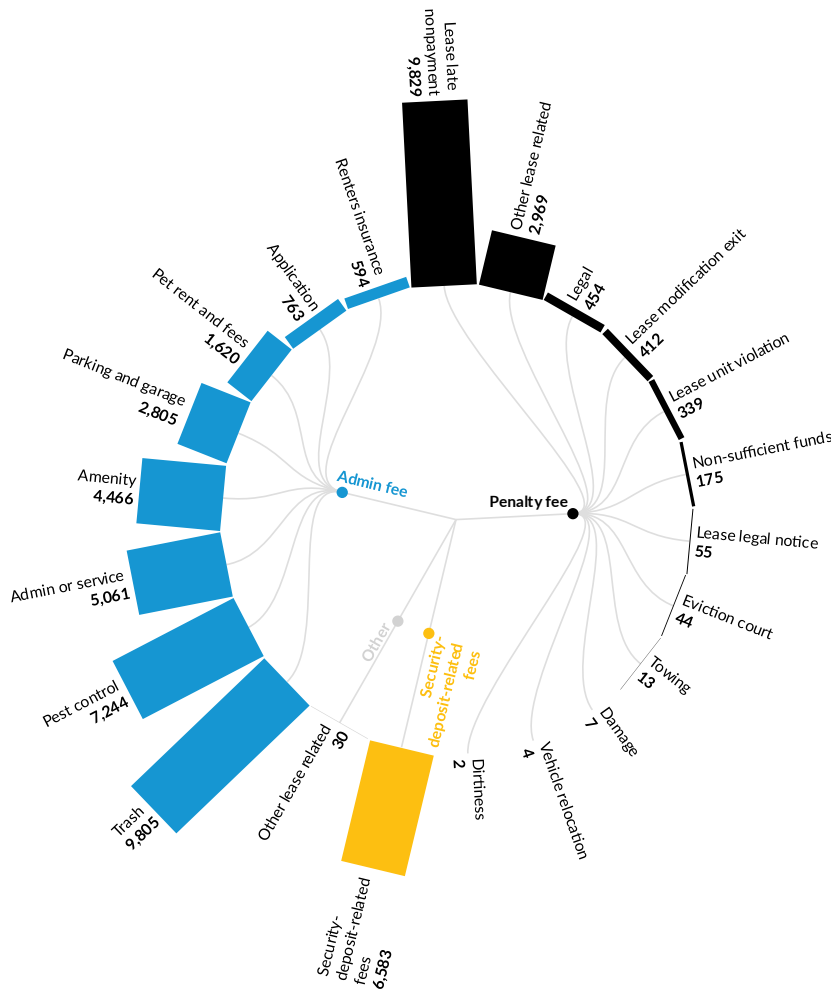
Late fees, charged on or after the ninth day of the month, add another \$86.25 (5 percent of base rent) to the lease. In Colorado, these charges are statutorily capped at 5 percent of rent and are outlined in the lease

agreement, though many states have no statutory maximum (Sullivan 2022). Research has shown that low-income renters, often unable to make full payments on the first of the month, pay late fees monthly. While research on the impact of fines tends to focus on the criminal justice field, findings indicate that penalty fines often have large financial consequences for households, making it harder for them to catch up on payments, and can trap people earning low incomes in perpetual debt cycles (Boddupali et al. 2024; Kane et al. 2024).

Renters Were Charged Thousands of Fines and Fees

Across the ledgers we analyzed, base rent was captured in 13,744 instances. Beyond base rent, in the median renter-month, management companies levied eight additional charges. The range of fines and fees was substantial, such that it was difficult to fully calculate and categorize them. The most common charges were related to utilities, such as sewer or water (15,194), followed by lease-related fees (predominantly late fines) (13,604), and then dozens of additional categories of fee levied. Figure 1 depicts the breadth and counts of fine and fee categories in our sample.

FIGURE 1
Categories of Fines and Fees Identified in Colorado Rental Ledgers



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Source: Urban Institute, using Colorado rental ledgers shared by the Community Economic Defense Project.

Note: These fine and fee categories and subcategories were generated via regular expression (regex) pattern matching on free text fields, which may not perfectly capture every variation in formatting or terminology across rental ledgers.

Fees Add Volatile Monthly Costs to Rent-Burdened Households

We found that the average renter paid an additional \$142.93 in fines and fees (table 2), compared with a base rent of \$1,544 a month. Households earning lower incomes are often already spending more than 30 to 50 percent of their income on housing, leaving little for other monthly expenditures like food, health care, child care, and transportation (Airgood-Obrycki et al. 2025). Higher monthly housing prices drive measurable increases in eviction, housing instability, and even homelessness. Studies have linked a \$100 monthly increase in median rent with a 9 percent increase in homelessness.⁵ Given they routinely add over \$140 to base rent, the fines and fees in our sample are adding substantial costs to these households that may affect their housing instability.

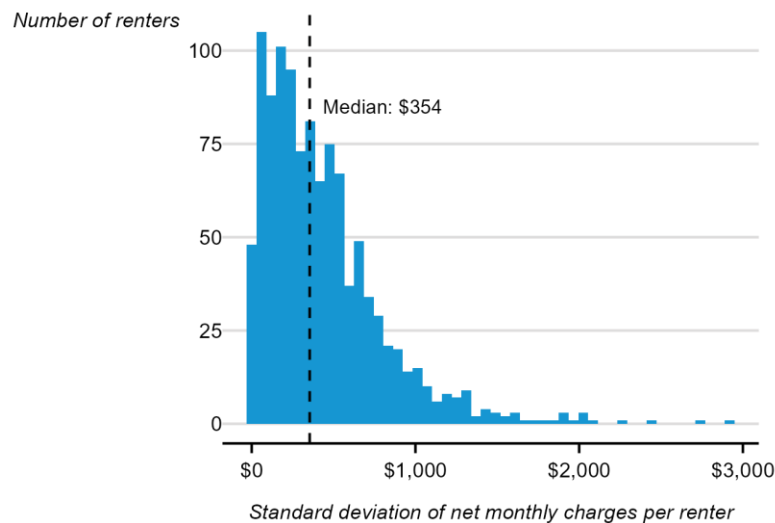
TABLE 2
A Summary of Fine and Fee Statistics from Colorado Rental Ledgers, January 2020 to December 2024

	Net charges	Gross charges
Mean	\$142.93	\$150.63
Median	\$130.01	\$135.81
Standard deviation	\$112.86	\$111.95

Source: Urban Institute, using Colorado rental ledgers shared by the Community Economic Defense Project.
Notes: $n = 1,105$ unique renters. Statistics conditional on fines or fees being present in a given month. Net charges include negative monthly totals (other than security deposit refunds); gross charges treat negative monthly totals as zeroes. All renters weighted equally, though length of housing tenure varies.

A critical aspect of these fees is how unpredictable they can be for the renter. In our sample, the standard deviation of net monthly charges for a renter—meaning the variation for a renter month to month—was about \$354, meaning a renter might be expected to pay substantially more than they did the previous month (figure 2). For the median Denver renter in 2024, a one-standard-deviation increase in monthly charges would represent more than 20 percent of their annual monthly rent.

FIGURE 2
Variation in Monthly Fines and Fees Per Colorado Renter



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Source: Urban Institute, using Colorado rental ledgers shared by the Community Economic Defense Project.

For households with lower incomes and for those experiencing rent burden, dramatic swings in monthly housing payments make it difficult to plan and budget. These swings may contribute to deferring other household needs, as families often prioritize rent payments to avoid eviction or displacement (Airgood-Obrycki et al. 2021). Volatility in income and expenses can result in unexpected emergencies, requiring households to take on high-interest debt or sell assets to meet financial obligations.

Policy Implications and Next Steps

This preliminary analysis uses an innovative approach to creating data from a set of rental ledgers to identify the scope and impact of fines and fees on a subset of housing-cost-burdened renters. This approach provides a new way to capture full monthly rental costs for renter households. This is critical given that the use of fees appears to add substantial costs to renters, such that renters are likely paying far more every month than their advertised base rent.

In this sample, we find that a range of fees increase housing costs and contribute to high monthly volatility in costs. These fees appear to be largely undisclosed in initial lease terms, which can create substantial uncertainty for affected households. Our findings also highlight the ways that the added costs fees are quietly exacerbating rent burden, which can lead to housing instability and eviction. The analyzed ledgers are from households facing eviction, critically underscoring how fees can affect housing stability. Because monthly housing prices directly affect eviction rates and first-time homelessness, the addition of the identified fees of \$143 a month (a yearly average of over \$1,700) can cause substantial challenges for households with lower incomes, who may already be paying more than a third to half of their income on housing.

The work highlights many ways that current rental data may be misestimating the costs of rental housing. Standard datasets and industry data do not include utilities, fees and fines, making it more difficult to assess the true cost of housing. Reporting all rent and nonrent charges in a single number would improve transparency and provide a more accurate picture of rent burden. Being able to expand and replicate this work on a broader scale is critical to understanding and determining exactly what is considered a junk fee, how junk fees are changing the total cost of rental housing, and how they may differ across different property managers and regions.

While research progresses, policymakers have an opportunity to take action to reduce the negative impact of fines and fees. Focusing on price transparency in rental agreements, limiting month-to-month variability, and eliminating lease provisions that shift financial risk from landlords to tenants are some ideas being introduced in states and cities. These ideas would entail the following:

- Requiring landlords to provide a single, all-in monthly price in lease agreements, eliminating uncertainty and variable rental bills. Transparency may have the unintended consequence of increasing advertised rents, as landlords may opt to include maximum estimated monthly utility costs.
- Prohibiting lease clauses that transfer landlord financial risk onto tenants outside of traditional security deposit arrangements, including CAM charges, lease-liability provisions, and other variable fee arrangements tied to building operations and maintenance.
- Limiting landlords' ability to require tenants to purchase non-essential services like valet trash or package delivery, and prohibiting landlords from repricing or marking up utilities and other basic services provided by third parties. This could increase transparency in how utilities are calculated and bring down costs of basic services, and limit the harmful imposition of other fees.

Notes

- ¹ Leah Nylen, Josh Sisco, and Patrick Clark, “FTC, Colorado Sue Greystar Over Apartment Rental ‘Junk Fees,’” Bloomberg Law, January 16, 2025, <https://news.bloomberglaw.com/us-law-week/ftc-sues-greystar-over-junk-fees-charged-to-apartment-renters>.
- ² “FTC Takes Action Against Invitation Homes for Deceiving Renters, Charging Junk Fees, Withholding Security Deposits, and Employing Unfair Eviction Practices,” Federal Trade Commission, September 24, 2024, <https://www.ftc.gov/news-events/news/press-releases/2024/09/ftc-takes-action-against-invitation-homes-deceiving-renters-charging-junk-fees-withholding-security>; Ryan Kushner, “Cities explore tossing rental ‘junk fees’ to ease affordability crisis,” Smart Cities Dive, January 20, 2026, <https://www.smartcitiesdive.com/news/cities-rental-junk-fees-affordability-crisis/810001/>.
- ³ We use “rental fees” to comprise fines in addition to other subcategories of fees.
- ⁴ We would expect lease-related fees to be more prevalent on these ledgers than they may be in the general public, given that they reflect renters seeking emergency rental assistance, who must be able to prove they have arrears.
- ⁵ “Homelessness: Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population,” US Government Accountability Office, July 14, 2020, <https://www.gao.gov/products/gao-20-433#:~:text=Fast%20Facts,to%20improve%20measurement%20of%20homelessness>.

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