



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**THE SECRETARY**  
WASHINGTON, DC 20410-0001

March 7, 2023

Dear Colleagues, Housing Providers, State and Local Leaders,

As Secretary of the U.S. Department of Housing and Urban Development (HUD), I believe that every renter should know the true costs of finding and staying in their home, and any fees charged to renters should be fair and transparent. However, many renters today face fees that are hidden, duplicative, or unnecessary as part of the housing search and leasing process. These fees limit options for renters and strain household budgets, particularly for renters with low and modest incomes who already face high rental cost burdens. President Biden has urged federal agencies to do everything they can to crack down on “junk fees” across the economy, from banking services to cable and internet bills to airline and concert tickets. Building on this critical initiative, today we are calling on housing providers and state and local governments to adopt policies that promote fairness and transparency of fees faced by renters.

In a rental market where prospective renters often apply to several units, non-refundable application fees present a financial burden for many applicants, particularly people with low incomes. When renters are charged even modest rental application fees for multiple units, the costs can quickly add up to hundreds or even thousands of dollars. Research also shows that renters of color are more likely to be charged application fees and to be charged higher fees compared to white renters.<sup>1</sup>

Landlords typically use application fees to pay for tenant screening reports, and these reports may have inaccurate information and questionable validity in predicting renter behavior. If prospective renters are not given the opportunity to review and correct the information in these reports, then these renters may end up paying numerous application fees only to be repeatedly rejected for this inaccurate information in their tenant screening reports.<sup>2</sup>

Even after renters secure housing, their monthly cost may exceed the listed price of the unit due to hidden and unnecessary fees. These hidden fees may include move-in fees, late fees, high-risk fees or security bonds, convenience fees for online payments, and others.

The Biden-Harris Administration’s [Blueprint for a Renter Bill of Rights](#) calls for clear and fair leases without hidden or illegal fees. The White House launched a [Resident-Centered Housing Challenge](#) for interested stakeholders to commit to practices aligned with the principles included in this blueprint. Many state and local governments, housing providers, as well as several rental platforms and small property owners, already announced policies aligned with this challenge, such

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<sup>1</sup> Garcia, Manny, “Renters of Color Pay Higher Security Deposits, More Application Fees.” Zillow, April 6, 2022, <https://www.zillow.com/research/renters-of-color-higher-fees-30922/>.

<sup>2</sup> “CFPB Reports Highlight Problems with Tenant Background Checks,” Consumer Financial Protection Bureau, November 15, 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-reports-highlight-problems-with-tenant-background-checks/>.

as limiting rental application fees and allowing renters to re-use applications for multiple units at no additional cost.

Today, I am amplifying the White House's Challenge and urging all housing providers, as well as state and local governments, to take action to limit and better disclose fees charged to renters in advance of and during tenancy. These actions should aim to promote fairness and transparency for renters while ensuring that fees charged to renters reflect the actual and legitimate costs to housing providers.

I encourage all rental housing providers, as well as the companies that provide leasing and property management services to providers and rental platforms, to adopt policies that promote fairness and transparency for renters including:

- Eliminate rental application fees or limit application fees to only those necessary to cover actual and legitimate costs for services;
- Allow a single application fee to cover multiple applications on the same platform or across multiple properties owned by one housing provider or managed by one company across providers;
- Eliminate duplicative, excessive, and undisclosed fees at all stages of the leasing process such as administrative fees and other processing fees in addition to rental application fees; and
- Clearly identify bottom-line amounts that tenants will pay for move-in and monthly rent in advertisements of rental property and in lease documents, including all recurring monthly costs and their purpose.

As part of our continued leadership on this topic, HUD commits to sharing research, best practices, and tools that state and local governments and housing providers can use to increase transparency and promote fairness for all fees associated with renting a home.

In addition, HUD will work with the Consumer Financial Protection Bureau, the Federal Housing Finance Agency, the Federal Trade Commission, and the U.S. Department of Agriculture to release best practices on the use of tenant screening reports and strongly encourage property owners to align with these best practices on the use of tenant screening reports. This includes the importance of communicating clearly if a tenant screening report is used to reject a rental applicant or increase fees, as well as providing applicants with the opportunity to address inaccurate information in these reports.

As HUD Secretary, I will continue to look for other opportunities – engaging Congress, state and local leaders, and housing practitioners – to improve practices in the rental market, and I hope you will join me.

Sincerely,



Marcia L. Fudge