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Chicago City Council
City Hall
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Sent via email to public_comments@cityofchicago.org

Re: Protecting Renters Ordinance, Record Number O2026-0026554

Dear Honorable Members of the City Council:

The National Consumer Law Center (NCLC)[1] writes to provide technical advice and comments regarding the proposed Protecting Renters Ordinance (PRO), focusing on section 5-12-081, Fees in addition to rent.

Background

Renters across the country, including in Chicago, face an affordable housing shortage.[2] A dizzying array of fees to secure and maintain rental housing contributes to high rent prices and housing instability. Renters often must pay these unavoidable junk fees:

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[1] The National Consumer Law Center ("NCLC") is a national research and advocacy organization focusing on the legal needs of consumers, especially low income and elderly consumers. For over 50 years NCLC has been the consumer law resource center to which legal services and private lawyers, state and federal consumer protection officials, public policy makers, consumer and business reporters, and consumer and low-income community organizations across the nation have turned for legal answers, policy analysis, and technical and legal support. It is from this vantage point—and from years of observing and analyzing issues at the intersection of consumer law and rental housing, including rental debt, utility debt, and rental housing junk fees—that NCLC offers this comment.

[2] Abby Miller, *Chicago area short nearly 225,000 affordable rental units for its poorest residents*, Chicago Sun-Times (Mar. 6, 2026), *available at* https://chicago.suntimes.com/real-estate/2026/03/06/chicago-225-000-affordable-rental-units-poorest-residents-nlihc-report.

- During their search for housing (such as application fees, administrative fees, and "holding" fees),
- Throughout the duration of their lease (such as pest control fees, valet trash fees, utility-related fees, technology package fees, pay-to-pay fees, late fees, and court costs/legal fees), and
- At the end of their lease (such as move-out fees).

As the Chicago Sun-Times reported, such fees "can add hundreds to a renter's monthly bill and make it hard for people to comparison shop and budget,"[3] compounding the already heavy burden placed on rental households, which make up nearly 54% of Chicago residents.[4]

Landlords frequently do not disclose up front the avalanche of mandatory fees renters must pay. A renter may be able to manage and plan for a higher rent payment if they know about it in advance, but an unexpected laundry list of steep junk fees can push them over their budget.

Landlords also may fail to accurately and adequately explain the nature and purpose of certain fees.[5] Throughout the course of their lease, renters may be forced to pay:

- Fees for services ultimately not provided,
- Fees for services that the landlord is legally obligated to provide as part of renting a habitable premises,
- Fees significantly greater than the cost to the landlord of a service, or
- Fees prohibited by state or local law.

Surprise junk fees that renters cannot afford also jeopardize access to future housing and financial stability. Junk fees can become alleged rental debts that lead to dunning by debt collectors and negative marks on credit reports that lead to automatic rejections by future landlords.

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[3] Elvia Malagón, Stephanie Zimmermann & Jesse Howe, For Chicago renters, added fees mean people end up paying more for apartments, Chicago Sun-Times (Jan. 12, 2024), *available at* https://graphics.suntimes.com/money/2024/chicago-apartment-rent-landlord-tenant-application-junk-fee/ [hereinafter Chicago Sun-Times, Added Fees].

[4] Inst. or Hous. Studies, DePaul Univ., Understanding Chicago's Rental Affordability Challenges: A Review of Data, Trends, and Solutions (2025), *available at* https://www.housingstudies.org/blog/rental-affordability-challenges/.

[5] *See, e.g.*, Ariel Nelson, April Kuehnhoff, Chi Chi Wu, & Steve Sharpe, Nat'l Consumer L. Ctr., Too Damn High: How Junk Fees Add to Skyrocketing Rents 16 (2023), https://www.nclc.org/resources/too-damn-high-howjunk-fees-add-to-skyrocketing-rentins/ [hereinafter NCLC, Too Damn High].

Although these fees harm all renters, they are particularly harmful to certain groups, including renters of color. According to Zillow, renters of color, particularly Asian American/Pacific Islander and Hispanic renters, are more likely to report paying at least one recurring fee compared to white renters. Additionally, larger portions of Black (84%), Asian American/Pacific Islander (80%), and Hispanic (78%) recent renters reported paying an application fee than white recent renters (67%). Recent renters of color also reported paying higher total amounts in application fees. Black and Hispanic renters were also about twice as likely as non-Hispanic white renters to submit five applications or more.[6] In Chicago, 66.6% of renter households are nonwhite.[7]

Local governments can protect vulnerable renters from widespread and abusive junk fees practices by prohibiting and otherwise regulating these fees and through enforcement of junk fees-specific and other existing laws. Indeed, over 20 states and a growing number of local governments have passed laws regulating these fees.[8]

We recommend that Chicago enact an ordinance regulating rental housing junk fees and commit to robust enforcement. Below, we provide technical advice and comments regarding provisions of the proposed ordinance concerning rental housing junk fees.

1. **Limiting the Type of Allowable Fees**

The PRO would limit fees in addition to rent other than a few, enumerated categories of fees.[9] This approach is consistent with NCLC's recommendation to:

> Ban landlords and their agents from charging any mandatory fees in addition to the stated amount of rent other than a short list of specified, legitimate fees with defined limits.[10]

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[6] Manny Garcia, Renters: Results from the Zillow Consumer Housing Trends Report 2025 (2025), *available at* https://www.zillow.com/research/renters-housing-trends-report-2025-35647/ [hereinafter Garcia, Housing Trends Report].

[7] Daniel Pang, Urban Inst., Landlords and Tenants of Two-to-Four-Unit Buildings in Chicago 5–6 (2024), *available at* https://www.urban.org/research/publication/landlords-and-tenants-two-four-unit-buildings-chicago.

[8] Ariel Nelson, Steve Sharpe, April Kuehnhoff, & Chi Chi Wu, Nat'l Consumer L. Ctr., "What the Heck, Dude!": How States Can Fight Rental Housing Junk Fees 22 (Nov. 13, 2025), *available at* https://www.nclc.org/resources/what-the-heck-dude-how-states-can-fight-rental-housing-junk-fees/ [hereinafter NCLC, What the Heck Dude].

[9] 5-12-081(a).

[10] NCLC, What the Heck Dude, *supra* note 8, at 22.

Banning all but a limited number of fees is more likely to be effective and simpler to enforce than banning particular fees. For example, some landlords may simply change the name of a particular fee and continue to charge it in response to a law that only prohibited certain fees.

Within the list of allowable fees in the PRO,[11] one category allows for an unspecified list of "non-mandatory, non-recurring costs incurred by the landlord on behalf of a specific tenant."[12] This category is potentially very broad in a way that can be exploited to circumvent the general prohibition on fees other than the allowable fees. We recommend that the PRO instead revise item (b)(3) to specifically allow only fees incurred for duplicating keys, charges for insufficient funds, or damages to the unit beyond the "costs associated with routine maintenance and upkeep of the rental property" that are already excluded from allowable fees.[13]

2. Capping Allowable Application Fees

Application fees are one of the most egregious and ubiquitous types of fees. The previous White House Council of Economic Advisors estimated that the "excess burden" of application fees alone is $276 million each year.[14] Tenants typically do not get their application fees back—even when they're supposed to.[15] If a landlord denies an application, the applicant loses the money they paid and must pay again to apply elsewhere.[16] These fees add up and can simply be unaffordable for many people struggling to nail down housing. In short, these application fees make securing housing more difficult and costly for renters, undercutting state and local governments' ability to increase housing stability and decrease homelessness.

The PRO would limit allowable application fee to $20 or the reasonable and actual costs incurred in processing the application.[17] We recommend prohibiting application fees, like some

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[11] 5-12-081(b).

[12] 5-12-081(b)(3).

[13] 5-12-081(e).

[14] Council of Economic Advisors, The Price Isn't Right: How Junk Fees Cost Consumers and Undermine Competition (2024), https://www.whitehouse.gov/cea/written-materials/2024/03/05/the-price-isnt-righthow-junk-fees-cost-consumers-and-undermine-competition/ .

[15] *See* NCLC, Too Damn High, *supra* note 5, at 10–11. *See also* Chi Chi Wu, Ariel Nelson, April Kuehnhoff, & Caroline Cohn, Nat'l Consumer L. Ctr., Digital Denials: How Abuse, Bias, and Lack of Transparency in Tenant Screening Harm Renters 18–20 (2023), https://www.nclc.org/resources/digitaldenials-how-abuse-bias-and-lack-of-transparency-in-tenant-screening-harm-renters/.

[16] Eric Dunn, The Case Against Rental Application Fees, 30 Geo. J. on Poverty L. & Pol'y 21 623 (2022).

[17] 5-12-081(b)(1).

jurisdictions have done.[18] This approach is easy for both prospective tenants and landlords to understand, which has the added benefit of making enforcement more straightforward. And, critically, it would make the difficult search for rental housing more affordable and allow applicants to put their money toward their actual rent payments.

In the alternative, we recommend simply capping the application fee at a specific amount without giving landlords the option to recover actual costs. We further recommend clarifying that the $20 fee is per rental unit, not per person applying. Several other jurisdictions similarly limit the amount of the allowable application fee,[19] and the Center for American Progress recently recommended capping application fees at $5 per applicant.[20]

3. Capping Late Fees

A separate section of the PRO also recommends capping late fees.[21] Late fees can be very high and punitive, rather than based on an actual estimate of a landlord's expenses.[22] High late fees can also drive tenants to unaffordable financial products that allow them to split their rent into multiple payments in exchange for significant fees.[23] Several jurisdictions limit the amount that landlords are permitted to charge in late fees.[24]

4. Limiting Pet Fees

The PRO would limit pet fees to either "a one-time pet fee or recurring monthly pet-related fee, but not both . . . [and] the amount charged must reflect reasonable costs associated with the presence of a pet."[25] A 2025 national survey of renters found that "[a]mong renters with one or

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[18] *See* NCLC, What the Heck Dude, *supra* note 8, at 9-11. *See also* Eric Dunn, The Case Against Rental Application Fees, 30 Geo. J. on Poverty L. & Pol'y 21 (2022).

[19] *See* NCLC, What the Heck Dude, *supra* note 8, at 9-11.

[20] Center for American Progress, Capping Rental Application Fees at $5 (May 28, 2026), *available at* https://www.americanprogress.org/article/capping-rental-application-fees-at-5/.

[21] 5-12-140(a)(8).

[22] NCLC, Too Damn High, *supra* note 5, at 11-13.

[23] *See* Protect Borrowers and Towards Justice, Rent Now, Pain Later: How "Rent Now, Pay Later" Loans Put Working People at Risk (Feb. 2026), *available at* https://protectborrowers.org/resource/rent-now-pain-later-report/.

[24] *See* NCLC, What the Heck Dude, *supra* note 8, at 13-14.

[25] 5-12-081(b)(2).

more pets in their home, 56.1% reported paying a pet deposit, pet fee, or both."[26] At least two other jurisdictions have capped pet fees.[27]

One challenge with the PRO's approach is that tenants do not have a clear way to determine what the reasonable costs associated with the presence of a pet are. Capping pet fees at a specific amount would make it easier to determine if landlords are charging excessive pet fees.

5. Fees for Optional Services

The PRO would allow fees for optional services "provided at the tenant's written request."[28] We recommend that the PRO further clarify that the landlord must provide a disclosure containing: 1) a description of the service, 2) the amount of fee for the service, and 3) how the tenant can cancel or opt out of the service. Fees for optional services should only be allowed if the tenant can opt out of the service and corresponding fee at any time by providing written notice to the landlord. Similarly, we recommend that the PRO specify that the landlord must allow tenants to opt in and out of optional services on an individual basis rather than bundling the services together.[29]

The PRO further states that the fee for such optional services "must equal the reasonable cost of providing the service. We recommend amending this to say that the fee "may not exceed."

6. Limiting Fees to Actual Costs

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[26] National Low Income Housing Coalition, 2025 National Renter Survey 12 (2026), *available at* https://nlihc.org/sites/default/files/2025_National_Renter_Survey.pdf. *See also* Garcia, Housing Trends Report, *supra* note 6.

[27] See, e.g., Colo. Rev. Stat. Ann. § 38-12-106 (Landlord may not charge additional rent as a condition of permitting the tenant's pet to reside at the premises in an amount greater than $35 per month or .5% per month of the tenant's monthly rent, whichever amount is greater.); Seattle, Wash., Mun. Code § 7.24.038.A ("the total amount of the pet damage deposit may not exceed 25 percent of the first full month's rent, regardless of the time when the pet damage deposit is paid") and § 7.24.038.E ("Other than the pet damage deposit authorized by subsection 7.24.038.A, the landlord may not charge the tenant any fee for keeping a pet.").

[28] 5-12-081(b)(4).

[29] *See, e.g.,* Second Nature, Resident Benefits Packages that residents pay and stay for, *available at* https://www.secondnature.com/benefits ("Our Resident Benefits Package . . . conveniently bundles eight perks together"); Real Property Management Engage, Screening Criteria & Disclosure, *available at* https://www.rpmengage.com/screening-criteria-and-disclosure ("All rental units are automatically included in the Real Property Management Engage Tenant Benefits Package and therefore subject to a charge of $55.00 per month, which shall be paid along with the tenant's monthly rent payment."); RMS Team, Resident Benefits Package, *available at* https://www.rmsteam.com/resident-benefits-package (describing a $40 per month additional charge for the package).

In multiple provisions, the PRO limits allowable fees to the actual cost incurred.[30] This is an important protection for tenants because it limits efforts to generate "ancillary revenue" from rental housing by charging tenants an additional amount above the actual cost incurred by the landlord.[31]

These provisions of the PRO are further strengthened by the PRO's requirement that "the landlord must provide the tenant, or prospective tenant, in writing, with an itemized written description of the fee, the specific cost it reflects, and the documentation supporting that cost."[32] Such a requirement would also help facilitate enforcement. We recommend that the PRO note that 5-12-081(b)(5) and (c) contain the relevant provisions for utility fees to avoid any potential conflicts.

7. Limiting Fees from Third Parties

The PRO says that:

> The fee, or, in the case of a master-metered billing, the sum of all fees assessed on the building's tenants for that billing period, may not include any markup, administrative charge, or surcharge above the billed amount. This provision applies only to charges

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[30] 5-12-081(b)(1) ("limited to the lesser of reasonable and actual costs incurred in processing that application"); 5-12-081(b)(2) ("amount charged must reflect reasonable costs associated with the presence of a pet, including but not limited to wear beyond normal use"); 5-12-081(b)(3) ("Such a fee may not exceed the actual cost for the service."); 5-12-081(b)(4) ("The fee must equal the reasonable cost of providing the service."); 5-12-081(b)(5) ("The fee for each utility may not exceed the actual cost for that utility as billed by the utility provider or internet service provider, or, in a master-metered building, the portion of a building's utility costs allocated to a tenant under a formula . . . The fee, or, in the case of a master-metered billing, the sum of all fees assessed on the building's tenants for that billing period, may not include any markup.")

[31] *See, e.g.,* Nat'l Consumer L. Ctr., Comment Re: Unfair or Deceptive Rental Housing Advance Notice of Proposed Rulemaking 7–9 (Apr. 13, 2026), https://www.nclc.org/resources/nclc-naca-nhlp-nlihc-and-policylink-comments-re-the-ftcs-unfair-or-deceptive-rental-housing-fee-practices-anprm-project-no-207011/ (discussing how landlords use rental housing junk fees as a profit center) [hereinafter NCLC, FTC Comment]; Olivia Wein, April Kuehnhoff, and Ariel Nelson, An Introduction to Ratio Utility Billing Systems for Tenant Advocates (Feb. 15, 2026) (describing how "the owner of the multifamily apartment building may be paying a lower, commercial rate for a utility service and then charge tenants based on a higher, residential rate. The landlord pockets the difference between the commercial and residential utility rate by passing along the higher rate to tenants using the RUBS bill."), *available at* https://library.nclc.org/article/introduction-ratio-utility-billing-systems-tenant-advocates; Andrew Smallwood, Second Nature, How to Design an Effective And Adopted Ancillary Revenue Program (Mar. 3, 2025), *available at* https://www.secondnature.com/blog/ancillary-revenue-programs ("Ancillary revenue is any additional source of income generated by a property that is not directly related to its primary function or purpose. In property management, property managers offer additional services to generate additional income for themselves and their client investors beyond the rent or lease payments they receive from residents."); Boom, BoomReport, *available at* https://www.boompay.app/boomreport (showing that the "configurable pricing" allows the landlord to pass along an additional fee per tenant per month for the credit reporting product).

[32] 5-12-081(d).

billed directly by a utility provider or internet service provider. A tenant may not be charged costs from third-party vendors, aggregators, or resellers under this provision.[33]

In addition to prohibiting the landlord from marking up the costs as discussed in section 6, *supra*, this provision prohibits the landlord from passing along any "administrative charge" or "surcharge" that the landlord is charged by the utility company. We recommend clarifying that this section also prohibits passing along fees that are solely the landlord's fault – such as the landlord's late fees for paying the utility late or disconnection/reconnection fees. Additionally, master-metered buildings should only bill tenants for their in-unit usage proxy, excluding common areas, laundry rooms, gyms, pools, and exterior landscaping areas.

This section also prohibits third-party companies from charging tenants any costs beyond the costs of the utility service. This is important because third party companies that administer utility bills often charge tenants a variety of fees.[34] We recommend prohibiting landlords from requiring tenants to use any third-party company to administer utility billing if such company would require the tenant to incur any additional costs.

8. Additional Protections in Master-Metered Buildings

To best protect tenants from abusive utility billing practices, NCLC recommends prohibiting the use of Ratio Utility Billing System (RUBS) to calculate utility bills in master-metered rental housing.[35] If the PRO does not prohibit RUBS entirely, we offer the following recommendations to strengthen consumer protections.

The PRO would prohibit landlords from switching utility billing methods during the term of the lease and require notice of utility billing changes at least 30 days prior to the expiration of the lease term.[36] Because tenants are often asked to renew a lease significantly before the expiration of the lease term, we recommend that landlords be required to provide notice of any changes to utility billing at least 30 days before the tenant's deadline to renew the lease.

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[33] 5-12-081(b)(5).

[34] *See, e.g.*, ConService, Understanding Conservice Convenience Fees and Service FeesSimpleBills (Updated June 2026) (describing fees for account set up, convenience fee for certain types of payments, service fee, vacant service fee, switch fee, and move out fee), *available at* https://conservice.zendesk.com/hc/en-us/articles/41578068162331-Understanding-Conservice-Convenience-Fees-and-Service-Fees; SimpleBills, SimpleBills Resident Terms (Updated Oct. 1, 2024) (discussing a variety of fee including: credit card payment fee, service fee, late fee, returned payment fee, vacant cost recovery fee, new account fee, and default fee), *available at* https://www.simplebills.com/terms-of-service/.

[35] *See* Nat'l Consumer L. Ctr. Nat'l Consumer L. Ctr., Letter to Los Angeles City Council (Feb. 24, 2026), *available at* https://www.nclc.org/resources/letter-to-la-city-council-regarding-tenant-utility-billing/; Nat'l Consumer L. Ctr., Testimony to DC Council Housing Committee on B26 0596 True Act (Mar. 30, 20260), *available at* https://www.nclc.org/resources/testimony-to-dc-council-housing-committee-on-b26-0595-true-act/.

[36] 5-12-081(c)(1).

The PRO would require landlords using a formula to calculate the tenant's proportionate share of the utility to provide the tenant with a copy of the formula and to provide sufficient detail to allow the tenant to calculate their share of a utility charge.[37] It would also require the landlord to provide the tenant a copy of the public utility bill for any billing period upon request.[38] We recommend requiring the landlord to post this information publicly for everyone to access on demand. We also recommend requiring the landlord to make this information available to prospective tenants before they incur any costs, including application fees.

9. Prohibiting Fees for Routine Maintenance

Landlords often charge maintenance fees.[39] As reported in the Chicago Sun-Times, some landlords charge fees to request maintenance services.[40]

The PRO would prohibit fees for "[c]osts associated with routine maintenance and upkeep of the rental property."[41] We recommend clarifying that these prohibited fees include pest control fees, which are prevalent in spite of the fact that landlords already have a legal obligation to maintain rental units and common areas in habitable condition.[42]

10. Exclusions for Penalties in Rental Agreement

The PRO says that "Penalty fees that are explicitly described in a rental agreement are not subject to the provisions of this section."[43] We recommend clarifying that the rental agreement cannot include penalty fees related to any of the allowable fees described in 5-12-081.

11. Penalties for Violations

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[37] 5-12-081(c)(2).

[38] 5-12-081(c)(3).

[39] NCLC, FTC Comment, *supra* note 31, at 15; NCLC, Too Damn High, *supra* note 5, at 29.

[40] Chicago Sun-Times, Added Fees, *supra* note 3 (describing one tenant's $50 after-hours maintenance fee, fees for access to a maintenance hotline, maintenance services bundled into a "resident benefit package" fee).

[41] 5-12-081(e).

[42] *See* NCLC, FTC Comment, *supra* note 31, at 15; Too Damn High, *supra* note 5, at 26.

[43] 5-12-081(f).

The PRO specifies the penalties for violations of section 5-12-081.[44] We recommend clarifying that each instance that an improper fee is charged is a separate violation. We also recommend clarifying that the specified penalties are intended to be in addition to refunding the actual amounts of the improperly charged fees.

12. Fees to Pay the Rent

Many tenants have to pay a fee just to pay their rent (sometimes known as convenience fees or pay-to-pay fees). For example, a tenant may have to pay a fee to pay by credit or debit card, to use the rental software or billing platform to pay rent, or to pay by money order.[45] The Chicago Sun-Times described the experience of one renter who had to pay a $52 per month "residents benefits package" fee to be able to access an online portal to pay rent.[46] In many cases, tenants cannot avoid paying a fee to pay their rent, regardless of the method used.[47] At least four jurisdictions have enacted laws addressing these fees.[48]

Section 5-12-081 would prohibit landlords from requiring tenants to use a property or payment management system that would charge tenants a fee to pay the rent. However, we recommend adding a provision in the PRO that explicitly requires landlords to provide tenants with at least one readily usable method to pay the rent that will not cause the tenant to incur any additional fee.

13. Pricing Disclosures

As discussed above, landlords frequently fail to disclose the many fees renters must pay up front. As a result, renters may not know the true amount they will owe each month until they begin the lease signing process—at which point they likely will have already paid a nonrefundable application fee and possibly other fees. Surprise fees jeopardize renters' ability to effectively budget and avoid eviction. Unsurprisingly, 94% of renters surveyed by Zillow agreed that rental listings should clearly list all fees.[49]

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[44] 5-12-081(g).

[45] NCLC, FTC Comment, *supra* note 31, at 17–18; NCLC, Too Damn High, *supra*, at 17–18.

[46] Chicago Sun-Times, Added Fees, *supra* note 3.

[47] NCLC, FTC Comment, *supra* note 31, at 18.

[48] NCLC, What the Heck Dude, *supra* note 8, at 12–13.

[49] Garcia, Housing Trends Report, *supra* note 6.

We recommend that Chicago require up-front disclosure of all fees, as various jurisdictions have already done.[50] Landlords should be required to disclose in writing, before the tenant applies for housing, in any advertisements, and prior to lease execution, on the first page of any rental agreement, the total cost of the rental unit, including itemization of all mandatory and optional fees and a statement of whether they are one-time or ongoing. Such a requirement would not only benefit renters, but also landlords. It would encourage competition, benefitting landlords who already advertise the total price of rent up front and therefore struggle to compete with landlords who advertise a lower rent but charge hidden fees. It would also help all landlords secure tenants who can afford to pay, meaning fewer defaults.[51]

Thank you for your time. Please feel free to contact us at the email addresses below if you have any questions.

Sincerely,

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[50] NCLC, What the Heck Dude, *supra* note 8, at 16–18.

[51] *See* Comment of Neale Mahoney, TG Wijaya Professor of Economics, Stanford University, Comment on the Advance Notice of Proposed Rulemaking, Unfair or Deceptive Rental Housing Fee Practices (Apr. 13, 2026, https://www.regulations.gov/comment/FTC-2026-0266-0463.