

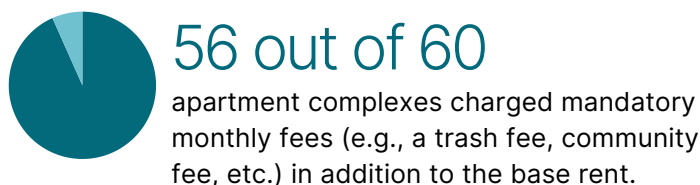
The Role of Junk Fees in the Summer 2024 Dallas Rental Housing Market

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Summary

As stated in a 2023 White House Issue Brief: “Junk fees are fees that are mandatory but not transparently disclosed to consumers.... Junk fees harm consumers and actively undermine competition by making it impractical for consumers to compare prices, a linchpin of our economic system.” Junk fees increase monthly housing costs, make price comparison shopping more difficult, and undercut competition by incentivizing landlords to hide the true cost of an apartment.¹ During summer 2024, CPAL began to explore the role of junk fees in the rental housing market in Dallas, Texas, with a specific focus on how common they are, how they impact affordability, and how they are disclosed to apartment-seekers.

Across 60 Dallas apartment complexes listed on apartments.com, we found:



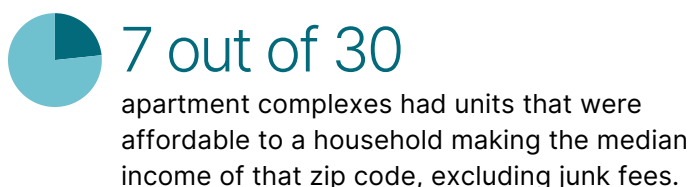
Across apartment complexes located in high-income zip codes (median household income of \$139,294), junk fees averaged

\$82/month (\$984/year)

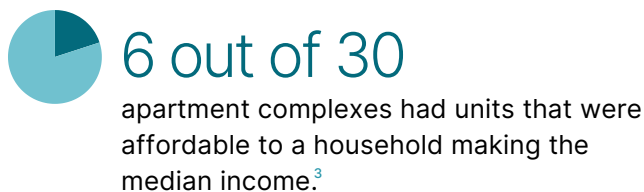
Across apartments located in low-income zip codes (median household income of \$43,559), junk fees averaged

\$63/month (\$756/year)²

Across the low-income zip codes, we found that



With junk fees included,



CPAL found that of the 56 apartment complexes that charged junk fees,



¹ [The Price Isn't Right: How Junk Fees Cost Consumers and Undermine Competition](#), The White House, March 5, 2024

² The weighted average of the median household incomes for the high-income zip codes is \$139,29 and for the low-income zip codes is \$43,559. For reference, the median household income for the City of Dallas is \$63,985.

³ CPAL defines housing as “affordable” if costs, inclusive of rent and utilities, are 30% or less of the gross income of the tenant.

Methods

To collect data on junk fees, we mimicked how everyday apartment shoppers search for apartments. We utilized apartments.com, a free, well-known website available to apartment shoppers, to find listings and phone numbers of leasing managers. We approached data collection as “secret shoppers” and created personas with mock budgets and email addresses to provide to leasing agents. We then called leasing agents and asked questions about the rent and mandatory fees.

CPAL secret shoppers contacted 60 market-rate apartment complexes, all listed on apartments.com. The roster included 30 apartment complexes in high-income zip codes and 30 in low-income zip codes within the City of Dallas. The apartment complexes summarized below are market-rate and without subsidy from Public Facility Corporations, Low Income Housing Tax Credits, or other affordable housing programs.

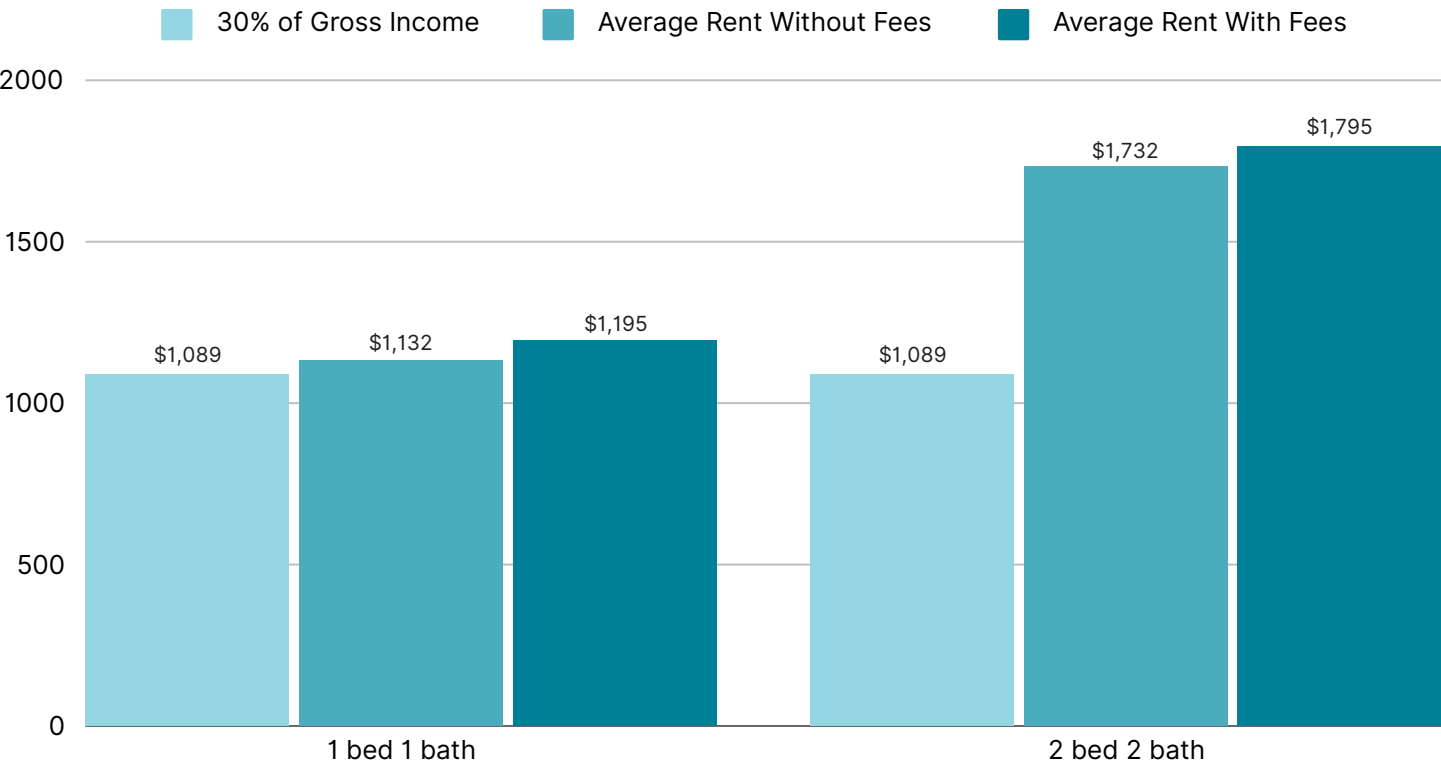
The analysis that follows includes mandatory monthly fees, required for all tenants, that were disclosed to the secret shoppers during phone calls with leasing agents and property managers. Valet trash, pest control, amenity, and technology fees were the most common types of mandatory monthly junk fees reported. CPAL’s findings do not include one-time fees, such as application and administration fees, punitive fees, or pet fees. The findings only include fees that were shared during phone calls: there may be other fees not captured in the summary, as additional fees might not be disclosed until the tenant sees a lease agreement or pays rent for the first time.

Area	Zip Codes	Weighted Average of Median Household Incomes
Low-Income Zip Codes	75210, 75211, 75212, 75215, 75216, 75236, 75237, 75247	\$43,559
High-Income Zip Codes	75204, 75205, 75209, 75225	\$139,294

Findings

	Number of apartment complexes contacted	Number of apartment complexes with monthly junk fees	Average monthly cost of junk fees	Average annual cost of monthly junk fees	Number of apartment complexes with monthly junk fees accurately disclosed on apartments.com
Low-Income Zip Codes	30	27	\$63 (Range: \$0 to \$121)	\$756	1
High-Income Zip Codes	30	29	\$82 (Range: \$0 to \$234)	\$984	1

Low-income Zip Codes: Budgeted Rent, Average Rent without Fees, and Average Rent with Fees



Assuming a household earns the weighted average of the median income of the low-income zip codes (\$43,559):

The monthly housing cost (including fees) should be

\$1,089

or less to stay within the 30% housing budget.

But average monthly rent across the low-income zip codes was

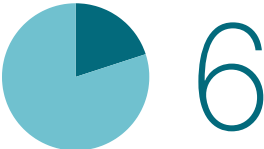
\$1,132 +\$43

excluding fees, for 1 bed/1bath apartments. Among the 30 apartment complexes, 7 had 1 bed/1 bath units priced at \$1,089 or less, and 0 had 2 bed/2 bath units priced at \$1,089 or less.

Including fees, average monthly rent across the low-income zip codes was

\$1,195 +\$106

Among the 30 apartment complexes, when including fees,



had 1 bed/1 bath units priced at \$1,089 or less.

Data Limitations

Data collected in summer 2024 represents a small snapshot of the Dallas rental market. Data limitations include:

1. CPAL did not survey across the entire geography of the Dallas housing market, which extends beyond the city limits into the larger DFW metropolitan area.
2. CPAL only researched apartment complexes listed on apartments.com. Complexes not listed on apartments.com were not studied.
3. The 60 apartments do not constitute a random sample.
4. This data only represents market-rate apartment complexes and not income-restricted apartment complexes.

Further Areas of Inquiry

Further areas of study related to junk fees include assessing the role of junk fees in income-restricted buildings, surveying additional Dallas neighborhoods, contacting rental properties that do not list on apartments.com, understanding how tenants experience junk fees, understanding how junk fees are recorded in measures of rental housing prices (e.g., the CPI, ACS, Zillow Observed Rent Index, and other data sources), and understanding when the use of junk fees emerged in the rental housing market.

About CPAL

CPAL is a Dallas-based nonprofit organization committed to cutting child poverty in Dallas, Texas in half within a generation by (1) generating relevant data insights to break big problems into small, actionable ones, (2) facilitating cross-sector, collective action based on data insights, and (3) applying principles of human-centered design to solve problems in partnership with communities. One of CPAL's five areas of focus is housing, and CPAL's long-term aspiration is to ensure all Dallas families have access to housing that is healthy and safe, affordable, stable, and in a thriving community.