

Seattle's Ordinance to

Cap Late Fees for Overdue Rent at \$10/Month

Frequently Asked Questions

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Many rental leases require renters to pay late fees in addition to getting caught up on rent when rent payments are late. Currently, late fees are totally unregulated in Seattle, allowing many corporate and predatory landlords to charge astronomical fees.

What would this ordinance do, if approved by the Seattle City Council?

The ordinance would cap late fees for overdue rent at no more than \$10/month. The nearby cities of Auburn and Burien have already passed such a law.

Extra charges like late fees are on top of the out-of-control rents that the majority of our city's renters struggle to pay. We need protections like this ordinance, in addition to the ones that renters' movements and our socialist Council office have [already won](#), including the [Amazon Tax](#) to fund the expansion of publicly-owned affordable housing. Seattle's renters also need citywide rent control without corporate loopholes.

Renters do not get paid late fees when their landlord delays fixing broken appliances, heating, or mold infestations! Yet renters have to pay rent on time regardless of whether their landlord completed repairs.

Is this ordinance really necessary? Are late fees a big problem for renters?

While many landlords do not charge punishing late fees, many do treat late fees as yet another opportunity to exploit their renters. Some Seattle renters have told us they are charged upwards of \$250 as soon as rent is overdue, and many leases have clauses where landlords can charge an additional \$40 or \$50 every day the rent is late. Other renters have even faced late fees and then

late fee notice delivery fees (an additional fee for the privilege of getting a notice of the late fee). For working-class renters, this is a punch in the gut for being a few days late on rent, and for people who are temporarily unable to pay rent, late fees can spiral out of control.

Here are some [examples of outrageous late fees](#) renters in Seattle have reported:

“My landlord charges \$250 for late rent. My rent is already half of my take home pay each month, and having to pay the late fee keeps me more in debt every single month.”

“I receive a late fee immediately when the month starts if it’s not paid on the first of \$250 and then a few days later I will get an extended late fee of an additional \$250. After they already raised my rent, 25% 10 months ago. It’s outrageous. As a new mother, this is not what I planned on doing in my first year of motherhood.”

“My landlord has never told me in the 2 years I’ve lived there about late fees or what it would be. All of a sudden this year they come out of nowhere saying it's a \$100 late fee added to the rent total. That’s not fair when we never knew it. We live on Section 8. It's hard already to pay rent now and add an extra \$100. Section 8 vouchers are giving us a difficult time as is to lower the cost of the rent paid. Now to worry about an extra \$100 when I’m the only one working in my household of 4.”

Why don’t renters just pay their rent on time and avoid late fees?

The most common reason for delayed rent payments is financial distress. So in reality, it is exploitative for landlords to make renters pay more when they are already struggling to pay their rent in the first place. **Late fees for overdue rents are like a penalty for the crime of being poor and short on money.**

As a renter who signed the community petition said:

“Every time I am late on rent, there’s a \$100 late fee. There’s also an overdraw fee which they charge twice — ‘one for them and one for my bank.’ So if I don’t have the money in my bank to pay, and they try to charge me, I owe \$160 just for being poor. Monetary punishment for insufficient funds boggles me because if I didn’t have money in the first place, I won’t after being charged another \$160.”

This ordinance is especially necessary now, as the cost of living has soared to an unprecedented degree, on top of rents having skyrocketed over the last two decades. The average rent for a one-bedroom apartment in Seattle was [\\$1,970 last year](#). Rents increased by 19 percent last year in downtown Seattle—more than double the rate of record inflation, which is

already squeezing working people to breaking point, and rent is expected to rise by a similar amount this year.

Why cap late fees at \$10/month? Why not a different amount?

Different cities and states have capped late fees at different amounts. Currently \$10/month is the best cap for renters in any city in Washington State. The nearby cities of Burien and Auburn both have a \$10/month limit for late fees, and in both cities, this has been successful. Renters continue to pay rent on time to the best of their ability, and when they fail, they are not burdened with excessive penalties that push them farther and farther behind.

The Seattle Times editorial board, which has a decades-long track record of hostility towards workers' and renters' rights, recently wrote a [hit piece](#) against our proposed legislation, and said that late fees should be a percent of the rent. *The Times* cites Kenmore and Redmond, which capped late rent fees at 1.5 percent.

The Times claims that a \$10/month cap “benefits the wealthier renter... there is no equity in a scenario where a renter of a swanky \$3,000 apartment pays the same late fee as someone struggling to pay \$900 for a studio apartment.”

This claim is dishonest in more than one way. First, those who possess enough wealth and income to live in “swanky” apartments are not the renters who experience the financial distress that forces a renter to be late in rent payment. Second, if the late fee cap was 1.5 percent of rent, then that would result in a late fee greater than \$10/month unless your rent is less than \$667. According to [national databases](#), there are currently no apartments available in Seattle for rents lower than \$700, and in fact, only 2 percent of apartments rent for less than \$1,000! Fifty five percent of Seattle's apartments rent at more than \$2,000. The vast majority of them are not swanky apartments for wealthy people, but ordinary rental homes whose rents have skyrocketed in the absence of rent control.

Why don't renters just negotiate fair late fees when they sign the lease?

Renters almost never have the opportunity to negotiate the terms of their lease with their landlord, because virtually all the power is in the hands of the landlord, especially in the case of corporate landlords and property management corporations. For a renter, the choice is to either sign the lease offered, or hope to find another place they can afford before becoming homeless. Imagine, as a renter, trying to tell a prospective landlord (corporation) that the lease they offer you has too large a penalty for rent that is not paid on time—it is simply not a realistic option.

As one renter said:

“I exist on my Social Security Retirement Benefits which are paid on the second Wednesday of the month. Of course, my rent is due on the first of each month. This sets me up for a perpetual late fee of \$50 every month since my check will never arrive before the deadline to pay without penalty, which is the 5th. I have asked several times to change my due date to the 15th... I estimate that I have paid over \$3,600 in late fees so far. The high past due penalty has not encouraged me to pay rent on time and in fact has hindered my ability to pay future rent. All because the landlord will not accept a mid-month payment as an on-time payment.”

Landlords get charged late fees if they miss mortgage payments. Don't they need to charge renters the same?

Banks are some of the most powerful capitalist institutions and use their power to set profitable mortgage terms, and when those investments fall through, they use their power to get bailed out by the federal government. If landlords with high mortgages want to organize against the power of the banks, we will support them, but it is no excuse to pass on the costs to working-class renters.

Renters are often forced to accept extremely hostile terms from landlords because they need shelter, and while we know there are some small landlords that don't exploit and gouge their tenants, they are not the norm. In contrast, there is nothing forcing a landlord to accept predatory mortgages—they are free to sell their properties. No landlord has the right to gouge their tenants with the excuse that they need to pay mortgages.

According to [major lenders](#), most mortgages have a 15-day grace period for late payment, which proves that landlords charging \$250 on the 2nd of the month, or \$50 per day until late rent is paid (which is the norm according to hundreds of renters we've heard from), are engaging in blatant exploitation to squeeze renters for extra profit.

Some landlords say they need high late fees to motivate renters to pay rent on time, is that true?

Anyone who has ever struggled to pay rent knows this is absolutely untrue. Working-class renters do everything in their power to pay rent, because there are few things as terrifying as having overdue rent. As mentioned above, the nearby cities of Auburn and Burien have already capped late fees for overdue rent at \$10/month, and renters continue to pay their rents in those cities.

In fact, predatory late fees almost always have the opposite effect—being charged huge fees, when you didn't have the money to pay rent on time in the first place, only makes it that much

harder to catch up on rent payments in subsequent months. Many renters have told us they end up trapped in a cycle of rental debt that can become impossible to recover from.

Some landlords say they need late fees and notice fees to cover their costs, is that true?

Renters already pay a fee to cover their landlord's costs every month – that fee is called the “rent.” Landlords recoup their expenses and make profits through the rents their tenants pay.

Despite the profits from rents, many landlords increase their profits even further by charging their tenants additional fees. As one landlord told our community organizers at a neighborhood table about the late fee legislation, “that is how I make my money.” Seattle renters have [reported](#) “junk fees” (fees charged for no good reason), such as a \$75 notice fee for a notice to remove potted plants from a balcony, and a \$300 administrative fee for signing a new lease.

The reality is that being a landlord is extremely profitable. Norada Real Estate Investments reports:

“Rental rates are high and continue to rise, guaranteeing ROI [return on investment] for those who buy and hold properties for the long term. We’ve already addressed the fact that you can raise rents as necessary to match the market. This means you will certainly be able to profit from the large rental market in Seattle whether you buy and hold or buy and flip.”

The exploitation of low-income renters, especially those of color, is particularly acute. In fact, according to a [recently published study](#) in the American Journal of Sociology, landlords and property corporations who own rental properties in poor and low-income neighborhoods, or otherwise rent to low-income tenants, make “staggeringly high profit margins.” Using the example of Milwaukee, the authors report:

“Rental units in neighborhoods with less than 15% poverty rates have exploitation rates around 10%. There, rents sum to the value of property in around 10 years. But in high-poverty neighborhoods, those with 50%–60% poverty rates, exploitation more than doubles as annual rents amount to 25% of property values. A substantial shift also appears between black and nonblack neighborhoods: a 10%–15% median exploitation rate in minority-black neighborhoods compared to a 20%–25% rate in majority-black neighborhoods.”

Some landlords say Seattle renter protections are simply too complicated, and the penalties for breaking the rules are too harsh?

There is almost no enforcement of renter rights in Seattle. **In all of 2021, the City of Seattle only issued five fines to landlords citywide, and that was only after many months of warnings.** Renters, on the other hand, face unaffordable rent increases, and in the worst cases, evictions. Statistically nine out of ten people who are evicted become homeless, which can be fatal. It is not complicated for landlords to follow landlord laws. That is literally their job.

Are landlords struggling to make money in Seattle?

The Rental Housing Association of Washington, a landlord lobbying organization, falsely claims that, “The large majority of landlords are not wealthy, 59% are cited as earning less than \$75,000 per year. Only 8% reported incomes over \$150,000 per year.” This lie has been repeated by landlords testifying against every recent renters’ rights bill. They are referring to a 2018 study that surveyed over 4,000 Seattle landlords. Predictably, the reality is the exact opposite. The question landlords were asked in the survey referenced by that 2018 study was, “What is the average total household income for the **tenants** that you rent to?” In other words, it is renters, not landlords who struggle to make ends meet.

Won’t ordinances like this one make small landlords sell their properties?

The landlord lobby has claimed that any and all renters’ rights will force small landlords to sell their properties, and they have presented the most dubious evidence. They cite a reduction in rental property registrations during years when the City stopped enforcing the requirement to register rental properties because of the COVID emergency. In fact, the cited report explicitly states, “registration data cannot provide a complete picture of rental market characteristics due to the currently indeterminate rate of non-compliance.” And they cite an anecdotal opinion poll of landlords as if it were a scientific study. The reality is there is no reliable evidence of any change in the number of landlords, and there is certainly no evidence that renter rights is any sort of factor. On the contrary, it is likely that the staggering increase in property values over the last decade is the principal reason a landlord would sell their properties.

At the end of the day, no landlord—big or small—has the right to exploit or gouge their tenants. If a landlord sells their property because they do not want to comply with renter rights, it doesn’t remove the housing, it just changes the property owner.