



House Bill 817 – Residential Leases – Use of Algorithmic Device by Landlord to Determine Rent -- Prohibition

Position: Unfavorable

Maryland REALTORS® oppose HB 817 which prohibits the use of “algorithmic devices” in the setting of housing rents. While the REALTORS® support open markets and oppose price fixing, the REALTORS® are concerned over the legislation’s prohibition and limitation on the use of market information to assist landlords in setting fair rental prices and tenants seeking fair rental prices. REALTORS® represent both landlords and tenants.

Many of the landlords that REALTORS® work with are property owners of single-family rentals who are not experienced in renting property and need advice about how to fairly price their property. Additionally, REALTORS® sometime help tenants seeking single family properties to rent. The Maryland REALTORS® are concerned that the language in HB 817 is vague and could capture information used by both landlords and prospective tenants.

As an example, HB 817 states that an algorithmic device INCLUDES data concerning local or statewide rent amounts. However, the term “INCLUDES” is not limiting. As a result, the REALTORS® are concerned that common information about property values on private networks like the Multiple Listing Service (MLS) could be captured by the bill as well as a comparative market analysis (CMA) provided by the MLS. This information can sometimes be used by real estate agents who are advising a property owner about how much to charge for property rent. This information is “NONPUBLIC” information and may be captured by the open definition of “NONPUBLIC COMPETITOR DATA.”

Moreover, the information on the MLS is not the only information that is used to set a fair rental rate. MLS data usually provides a range of value and is often only one factor in an owner’s ultimate rate making decision. While similar properties may share common elements like number of rooms, square footage, they all are unique in the condition and location of the property which are extremely important factors in determining rent.

Market data has always been used to provide guidance to the ultimate decision maker – the property owner or tenant – in determining fair market value for rental homes. Prohibiting aggregation of important information makes it more likely, rather than less likely, that properties will not be fairly priced. For these reasons, the REALTORS® recommend an unfavorable report.

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