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DEPUTY MAJORITY WHIP

Ways and Means Committee

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## THE MARYLAND HOUSE OF DELEGATES ANNAPOLIS, MARYLAND 21401

### Testimony in Support of HB 817

#### Residential Leases – Use of Algorithmic Device by Landlord to Determine Rent – Prohibition

This legislation cracks down on a growing practice by landlords to use computer algorithms that violate antitrust laws to raise rents. HB 817 would ban the use of rent price-fixing software that is based on nonpublic competitor data. This bill is needed to halt a practice that has resulted in Maryland tenants needlessly paying millions of dollars more in rent.

In recent years, a small number of algorithmic rental pricing software products have pushed rents higher nationwide, including in Maryland, and caused some rental units to sit vacant purely to increase landlord profits. These products enable landlords to indirectly coordinate with one another by feeding non-public, competitively sensitive data on rents and vacancy rates into the software.

In recent months, multiple antitrust lawsuits have recently been filed against companies that offer such software, namely RealPage, Inc. and Yardi Systems, Inc, as well as some of their corporate landlord clients. These include a lawsuit filed in August 2024 by the United States Department of Justice (DOJ) with 10 state Attorneys General as co-plaintiffs<sup>1</sup> that has already yielded a settlement and consent decree with a defendant;<sup>2</sup> a lawsuit filed by the District of Columbia Attorney General in November 2023; and a lawsuit filed by the Arizona Attorney General in February 2024. The lawsuits allege that these companies are enabling and participating in a scheme of unlawful rent price-fixing. Additionally, more than 20 federal private class action lawsuits have been filed nationwide. The DOJ filed a Statement of Interest in support of the class actions, stating such algorithms present a new frontier in price-fixing that “poses an even greater anticompetitive threat than the last.”<sup>3</sup>

Maryland Attorney General Anthony Brown filed a lawsuit in January 2025 against RealPage, Inc. and six corporate landlords, which he describes as an illegal “cartel.” Maryland’s lawsuit alleges that RealPage and the defendant landlords worked together to use RealPage’s Revenue Management technology to artificially drive rents above competitive rates. Brown’s underlying investigation revealed that the technology is used to set rents for more than 100,000 apartments across the state.<sup>4</sup>

<sup>1</sup> Joining the [DOJ complaint](#): California, Colorado, Connecticut, Illinois, Massachusetts, Minnesota, North Carolina, Oregon, Tennessee, and Washington.

<sup>2</sup> [Landlord Cortland Agrees to Cooperate with DOJ and Enter Settlement to End Use of Rental Pricing Algorithms](#)

<sup>3</sup> [Statement of Interest of the United States: In Re: RealPage, Rental Software Antitrust Litigation \(No. II\)](#)

<sup>4</sup> [Attorney General Brown Sues RealPage and Residential Landlords for Illegally Raising Rent for Thousands of Maryland Residents](#)

According to the filing, this leaves many Maryland residents with no choice but to pay RealPage’s inflated rents, worsening the state’s ongoing affordable housing crisis.

Of particular concern is RealPage’s unparalleled access to proprietary data. Its “Revenue Management” product uses non-public, competitively sensitive data—for example, landlords’ private estimates for occupancy or the number of potential tenant visits to a property—to estimate supply and demand, and then generates a rent “price” that maximizes the landlord’s revenue.

RealPage goes further than providing a recommendation for rent; the company tracks and enforces each landlord’s compliance with RealPage’s rental pricing. The company takes extensive measures to prevent landlords from setting rents lower than the company’s recommendations. As alleged in the DOJ lawsuit, RealPage pushes its software users into an auto-accept setting so that price recommendations are automatically accepted. Landlords cannot diverge from the software’s pricing except by special request accompanied by supporting documentation. These requests must be vetted by RealPage staff, who are trained by their employer to push back against landlords who want to diverge from the software’s pricing.

Use of RealPage is growing. A recent analysis by *The Washington Post* revealed that 232 properties in Maryland rely on RealPage’s rent-setting recommendations, with a plurality located in Montgomery County (see table).<sup>5</sup>

In December, the White House’s Council of Economic Advisers found that coordinated rents from algorithmic pricing cost renters in algorithm-utilizing units an average of \$70 a month, or 4% of rent, in what its authors warned “is likely a lower bound on the true costs.” In the DC metro area, the average cost to renters is \$112 a month, fourth highest in the nation.<sup>6</sup>

This bill prohibits the use of algorithmic devices for the purpose of setting rents on residential dwelling units in Maryland. HB 817 would help address our state’s housing affordability crisis by preventing arbitrary rent increases and the emerging practice of holding rental units vacant to increase demand. It would also level the playing field for landlords who adhere to fair market standards.

This bill does not prevent the development or sale of software to help landlords manage their units generally or to set prices through the use of internal or public data. Nor does this bill regulate the amount of rent that a landlord may charge. This bill takes aim only at the use of algorithmic devices that analyze and share non-public, competitively sensitive data for the purpose of setting rental prices.

County	Properties
Montgomery	86
Baltimore County	36
Prince George's	34
Baltimore City	29
Howard	17
Charles	13
Frederick	5
Harford	5
Cecil, Carroll, Calvert, St Mary's, Dorchester, Wicomico	2 or fewer
Total	232

<sup>5</sup> Washington Post: [Landlords are accused of colluding to raise rents. See where.](#)

<sup>6</sup> White House Council of Economic Advisers: [The Cost of Anticompetitive Pricing Algorithms in Rental Housing](#)