



House Bill 817

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

Hearing in the House Environment and Transportation Committee

On February 18, 2025

Position: FAVORABLE

Maryland Legal Aid submits its written and oral testimony on HB0817 at the request of the bill sponsor Delegate Julie Palakovich Carr.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents. Our offices serve residents in each of Maryland's 24 jurisdictions and handle a range of civil legal matters, the most prominent of which is housing. MLA Tenant Right to Counsel Project represented renters in over 4,600 eviction cases in 2024. Because we know that our clients face a tight rental market in which housing opportunities are continually out of reach, Maryland Legal Aid urges this Committee to report **favorably** on House Bill 817.

HB 817 would prohibit landlords' use of algorithmic software to collude on rent price-fixing. In 2023 price-fixing software gouged U.S. renters of \$3.8 billion, according to the Biden Administration, which deemed the estimate "the lower bound on the true cost."¹ The estimated cost to renters due to coordinated algorithmic price-fixing was \$112 per month.²

According to the Washington Post, "[i]n the region around D.C... about 24 percent of multifamily units are managed by companies alleged to have used RealPage's rent software."³ Maryland is currently "one of the most expensive states in the country for rental housing with statewide median rent of **\$1,900** a month."⁴ The fair market rent (40th percentile) for a two-

¹ The White House, The Cost of Anticompetitive Pricing Algorithms in Rental Housing, Dec. 17, 2024, <https://bidenwhitehouse.archives.gov/cea/written-materials/2024/12/17/the-cost-of-anticompetitive-pricing-algorithms-in-rental-housing>.

² *Id.*

³ Alyssa Fowers et al., "Landlords are accused of colluding to raise rents. See where." Washington Post, Jan. 8, 2025, <https://www.washingtonpost.com/business/interactive/2025/realpage-lawsuit-rent-map>.

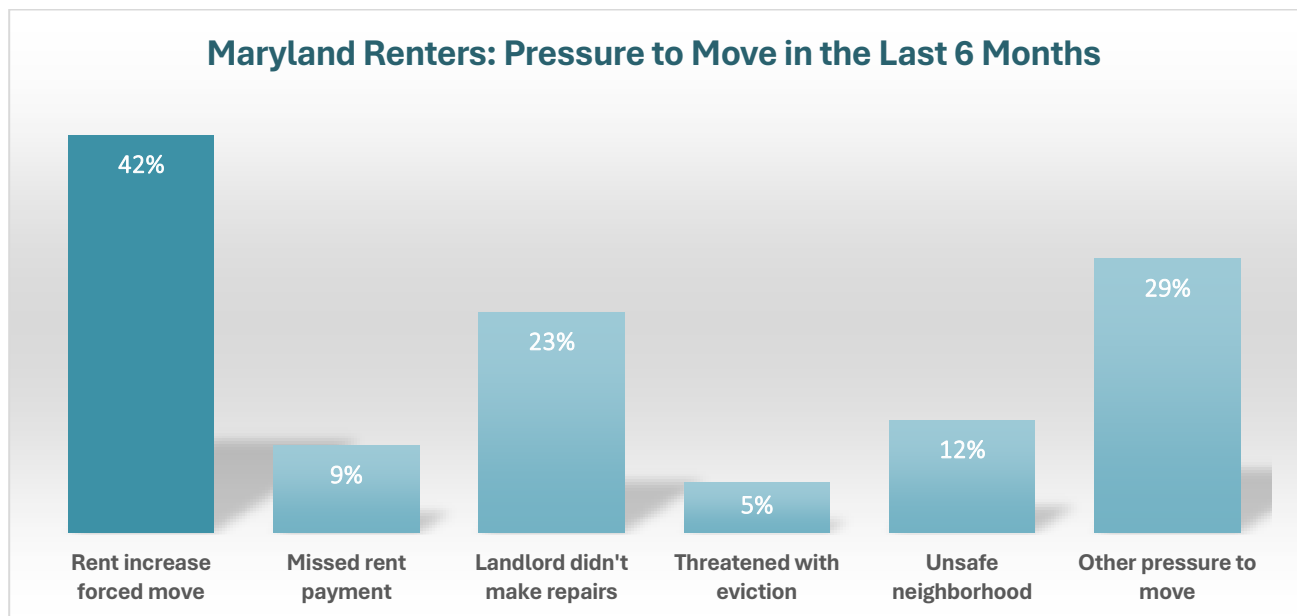
⁴ Aaron Weiner, "Md. bill would bar landlords from using algorithms to collude on rents," Washington Post, Jan. 28, 2025, <https://www.washingtonpost.com/dc-md-va/2025/01/28/algorithmic-software-lawsuit-maryland>.

bedroom apartment in central Maryland rose 45% between 2019 to 2024, with most of that price-jump occurring in from 2022 to 2024:

BALTIMORE-COLUMBIA-TOWSON Metro Statistical Area			
YEAR	FMR 2BR	YOY Increase	Increase from 2019
2020	\$ 1,376.00	3%	
2021	\$ 1,384.00	1%	
2022	\$ 1,395.00	1%	
2023	\$ 1,548.00	11%	
2024	\$ 1,943.00	26%	45%

Source: <https://www.rentdata.org/states/maryland/2025>

This rapid rise in rents, coinciding with the growth in use of RealPage’s “AI Revenue Management” software, has placed inordinate destabilizing pressure on Maryland households. According to the most recent U.S. Census Household Pulse Survey, among Maryland renters who felt pressure to move in the prior six months, the most-cited cause of that pressure was a rent increase:



Source: U.S. Census Bureau Household Pulse Survey, Phase 4.2 Cycle 09 (August 20 – September 16, 2024), available at <https://www.census.gov/data/tables/2024/demo/hhp/cycle09.html>.

While lobbyists for multi-family industry developers contend that the rising housing-cost burdens for Maryland's renters stem from factors such as supply chain fluctuations, rising labor and insurance costs, and insufficient building construction, they have downplayed the impact of their industry's active role in coordinating rent increases in the region. However, RealPage executives themselves attribute double-digit rent increases to their software, as revealed by *Pro Publica* reporting in 2022:

"Never before have we seen these numbers," said Jay Parsons, a vice president of RealPage, as conventiongoers wandered by. Apartment rents had recently shot up by as much as 14.5%, he said in a video touting the company's services. Turning to his colleague, Parsons asked: What role had the software played?

"I think it's driving it, quite honestly," answered Andrew Bowen, another RealPage executive. "As a property manager, very few of us would be willing to actually raise rents double digits within a single month by doing it manually."

Source: "Rent Going Up? One Company's Algorithm Could Be Why." *Pro Publica*, Oct. 15, 2022.

Even while collusive rent increases have led to increased number of tenants leaving the properties of RealPage clients, the cost-benefit analysis has benefitted landlords. The CEO of one early adopter of RealPage software recounted that, despite having to replace more tenants, their company's revenue grew by more than 7 percent.⁵ "The net effect of driving revenue and pushing people out was \$10 million in income. I think that shows keeping the heads in the beds above all else is not always the best strategy."⁶

While Maryland policymakers, from the State House to local legislatures, are working on solutions to Maryland's eviction epidemic and the worsening housing affordability crisis, price-fixing demonstrates that the multi-family industry has stayed one step ahead of renter protections. HB 817 introduces a new regulation necessitated by the state's fear of rent stabilization policies, such as percentage-based increase caps. HB 817 is a tailored measure

⁵ Heather Vogell et al., "Rent Going Up? One Company's Algorithm Could Be Why." *Pro Publica*, Oct. 15, 2022, <https://www.propublica.org/article/yieldstar-rent-increase-realpage-rent>.

⁶ *Id.*

to prohibit landlords from using algorithmic tools that incorporate non-public competitor data to advise them on the amount of rent to charge a tenant.

Maryland renters deserve a fair rental market. For all these reasons, Maryland Legal Aid urges the Committee to report **FAVORABLE** on House Bill 817.

If you have any questions, please contact:

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