



Auto Consumer Alliance
13900 Laurel Lakes Avenue, Suite 100
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Testimony to the House Environment and Transportation Committee
HB 817 – Residential Leases –
Use of Algorithmic Device by Landlord to Determine Rent -- Prohibition
Position: FAVORABLE

The Honorable Mark Korman
Environment and Transportation Committee
Room 251, House Office Building
Annapolis, MD 21401
cc, Members House Environment and Transportation Committee

Feb. 18, 2025

Honorable Chair Korman and Members of the Committee:

I'm a consumer advocate and Executive Director of Consumer Auto, a non-profit group that works to secure safety, transparency, and fair treatment for Maryland drivers and consumers,

We support **HB 817** because it will protect Maryland renters against unfair (and probably illegal) rent hikes caused by the fast-growing use of anti-competitive rental price-fixing software. These algorithmic pricing practices are costing Maryland tenants millions in added rent payments – and will cost renters much more if their use continues to expand unchecked in our already high-priced, shortage-plagued rental housing market.

The rent-setting systems this bill addresses (chiefly RealPage, Inc.) coordinate private and competitively sensitive data on rents, vacancies, tenant visits, and other factors to estimate total demand – and set a rent price that maximizes landlord revenue (often through aggressive and repeated rent hikes). They allow landlords to collude indirectly through the software hub – in ways they surely couldn't legally do directly. This amounts to a kind of a "hub and spoke conspiracy" (in which the software system acts as the price-fixing hub and the corporations that own many multi-family housing properties are the spokes). ¹

As a December report from the White House Council on Economic Advisers explains, these systems give monopolistic power to otherwise independent property owners. They enable individual landlords to "act as if they are a single dominant landlord, and use their collective market power to increase profits by setting higher prices," the CEA found.² The report found that these systems cost renters across the country at least \$3.6 billion extra in direct costs and cost renters in properties that use them an average of an extra \$70/month in rent. In the Washington, DC area, it estimated the average extra cost imposed on renters at \$112/month.³ The CEA report finds that about one in four multi-family apartment facilities are now using these costly systems – and as the Washington Post and others have reported, their use is rapidly growing. ⁴

¹ <https://www.economicliberties.us/our-work/a-new-culprit-in-the-housing-crisis-rent-setting-software-algorithms/#>

² <https://popular.info/p/ai-costs-american-renters-over-36>

³ Ibid.

⁴ <https://www.washingtonpost.com/business/interactive/2025/realpage-lawsuit-rent-map/>



The lawsuit Attorney General Anthony filed against RealPage in January argues that its systems are now pushing up the prices of more than 100,000 apartments in our state – by an average of 2 to 7 percent each – and costing Marylanders millions in the process. The lawsuit filing calls these pricing algorithms “a high-tech way of achieving a classically anti-competitive and unlawful result: agreeing not to undercut the prices of one’s competitors.”⁵ The U.S Department of Justice (joined by eight states), and the Attorneys General for the District of Columbia and Arizona have also filed suits to stop this price-fixing practice. More than 20 private class action suits have also been filed to stop the practice.

But pending court action, the use of RealPage continues to grow quickly. And indeed, RealPage continues to work aggressively to push up rents, not just by recommending higher rates to its clients raise rates but by pushing them aggressively them to do so. Users report that RealPage customers are only allowed to deviate from its price recommendations only by special request, backed up by further documentation. RealPage staff are reportedly trained to reject such requests and one leasing agent cited in one of the lawsuits insists that “deviation requests were rejected 99% of the time.”⁶ Not surprisingly these aggressive price hikes are also linked to increased displacement of renters. One landlord client noted that RealPage recommendations boost “turnover rates” by 15% -- as many renters are forced to seek other housing options as rent rates rise.⁷

By prohibiting landlords from using “**an algorithmic device that uses, incorporates, or was trained with nonpublic competitor data,**” **HB 817** would protect Marylanders against further rent increases and housing displacement prompted by these price-fixing systems. Philadelphia and San Francisco have already passed similar legislation and other cities and states are actively looking at such regulations.

Renters and lower-income Marylanders are already deeply burdened by rent costs that average about \$1,900/month—and cause more than half of Maryland renters to spend more than 30% of their income on rent. We shouldn’t wait for possible (and uncertain) court rulings to protect them against further cost hikes.

This bill does not impose price controls on landlords or prevent them from using their own information to reassess rates. But it would prevent unfair collusion and algorithmic price-fixing that hurts renters.

We strongly support HB 817 and ask you to give it a FAVORABLE report.

Sincerely,

Franz Schneiderman

Consumer Auto

⁵ <https://www.thebaltimorebanner.com/community/housing/realpage-maryland-ag-price-fixing-rents-FH4KWU6TDRAOFOWKJK5C6HJS24/>

⁶ <https://popular.info/p/ai-costs-american-renters-over-36>

⁷ <https://www.economicliberties.us/our-work/a-new-culprit-in-the-housing-crisis-rent-setting-software-algorithms/#>