

February 11, 2025

The Honorable William C. Smith Jr.
Chairman, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE – SB609 Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent - Prohibition

Dear Chair Smith:

The Maryland Building Industry Association, representing 100,000 employees statewide, appreciates the opportunity to participate in the discussion surrounding Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent - Prohibition. MBIA **Opposes** the Act in its current version.

Senate Bill 609 (“SB 609”) prohibits a landlord from using certain algorithmic devices to determine the amount of rent to charge a residential tenant; making a violation of the Act an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act; and applying the Act prospectively.

MBIA urges an unfavorable report on SB 609, the proposal relies on a premise that housing providers, who pay for algorithm devices to utilize the nonpublic competitor data, for the purpose of justifying higher rent prices and creating an artificial inflation in rent prices as more and more housing providers use the device. These devices are no more than a “tool in the toolbox” that housing providers use when determining the price of a unit to go on market. It is a recommendation; not a final say or answer to the price of a unit that is made by housing provider staffers at the time of signing the lease. Housing providers use a variety of other tools, such as paid real estate market research from entities like “Co-Star” to help formulate prices.

The true benefit of having this “tool in the toolbox” is that housing providers are able to turnover vacant units more efficiently and effectively by coming up with appropriate pricing recommendations. What used to take weeks to accurately price units on the market can now be done in days, thanks to this added tool. According to members, turnover costs have skyrocketed and can range from thousands to tens of thousands of dollars. The housing provider can only recoup this cost once the unit is ready and able to be put back on the market. While the stated goal behind SB 609 is to curtail the utilization of “nonpublic competitor data” by housing providers with the assistance of algorithm devices such as those provided by RealPage.

It is also important to note that On January 15th, Maryland Attorney General Anthony Brown sued RealPage and a number of housing providers for allegedly “... collude[ing] Through RealPage’s Centralized Price-Setting Algorithms to Raise Rent Prices in Violation of the Maryland Antitrust Act. MBIA has no comment on the ongoing suit but it would be prudent for the general assembly to await the results of this litigation before tailoring public policy around the premise of a case that has yet to be decided.

For all these reasons, we would respectfully request an unfavorable report on SB 609.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee