

HB0434 RichardKaplowitz\_FAV

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Frederick, MD 21703

**TESTIMONY ON HB#/0434- POSITION: FAVORABLE**

**Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent, Occupancy, and Lease Terms - Prohibition**

**TO:** Chair Valderrama, Vice Chair Charkoudian and members of the Economic Matters Committee

**FROM:** Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony in support of HB#/0434, **Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent, Occupancy, and Lease Terms – Prohibition**

The National Low Income Housing Council reported, prior to the policies of the current Federal Administration, *White House Council of Economic Advisors Releases Analysis of Costs of Pricing Algorithms in Rental Housing:*<sup>1</sup>

The White House Council of Economic Advisors (CEA) released a [report](#) on December 17 [2024] detailing the impact of rental housing price algorithms on the cost of rent. The report shows that such algorithms, which are marketed by RealPage and other companies, add an average of \$70 per month to the cost of rent for units in algorithm-utilizing buildings. In 2023 alone, such algorithms are estimated to have cost renters more than \$3.8 billion.

Rental pricing algorithms like those proffered by RealPage use rental housing market data to predict and recommend rent prices that will maximize profits for landlords. At least 10% of all rental units use RealPage’s products to help determine rent prices, and the CEA estimates that nearly one in four multifamily housing providers use a RealPage pricing algorithm.

“Algorithmic pricing weakens competition because it can facilitate price coordination among landlords who would otherwise be competing,” explains the CEA in its report. “Our analysis indicates that if price coordination was eliminated, there would be an economically meaningful decrease in price mark-ups for rental units using pricing algorithms.”

In response to these known harms to the consumer and to support Maryland’s attempt to increase our affordable housing stock this bill will protect renters from this practice.

The National Community Investment Council says “... algorithmic software ... is effectively facilitating price-fixing schemes that exacerbate the affordable housing crisis.”<sup>2</sup>

This bill will prohibit a landlord from using certain algorithmic devices to determine the amount of rent to charge for, occupancy levels of, and lease terms and conditions for a residential dwelling unit; making a violation of the Act an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act; and applying the Act prospectively.

**I respectfully urge this committee to return a favorable report on HB#/0434.**

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<sup>1</sup> <https://nlihc.org/resource/white-house-council-economic-advisors-releases-analysis-costs-pricing-algorithms-rental>

<sup>2</sup> <https://www.ncrc.org/how-algorithms-and-monopolies-hurt-tenants-and-how-tech-can-help/>