Bill:	**HB 434 - Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent, Occupancy, and Lease Terms - Prohibition**
Committee:	**Economic Matters Committee**
Date:	**February 19, 2026**
Position:	**Unfavorable**

The Apartment and Office Building Association (AOBA) of Metropolitan Washington is a nonprofit trade association representing the owners and managers of more than 23 million square feet of commercial office space and 167,000 apartment rental units in Montgomery and Prince George's counties. AOBA submits the following testimony in opposition to House Bill 434.

HB 434 prohibits a landlord from using algorithmic devices to determine rent amounts, ideal occupancy levels, lease terms, and other lease conditions. An algorithmic device is one that uses or was trained on non-public competitor data to advise landlords on the amount of rent that they should charge tenants. A violation would constitute an unfair, abusive, or deceptive trade practice under the Maryland Consumer Protection Act

AOBA opposes this bill because algorithmic devices are an important revenue management tool that allows landlords to better manage rising operating expenses. This bill is drafted so broadly that it could inadvertently capture common business analytic tools for vacancy forecasting, lease expiration management, and revenue projections. This could include internal property management software and even Excel spreadsheets.

Proponents argue that algorithmic devices are driving up rents and exacerbating the housing affordability crisis. However, these devices only provide recommendations, while property management staff ultimately retains the discretion to accept, modify, or reject any recommendation based on actual property conditions. In Montgomery and Prince Counties, only about one-third of multifamily landlords use these tools and they typically accept the recommendations about half the time. Given this math, it is simply not possible for algorithmic devices to be causing the state's housing crisis.

Instead, rising housing costs are being driven by the lack of new housing supply. When housing supply increases, rents stabilize or decline regardless of the tools used to analyze market data. In fact, some of the markets with the highest reported use of algorithmic devices have seen also some of the highest amounts of rent decreases. Renters in Austin, TX, for example, saw rent decreases of 6% from 2023 to

2024,[1] despite nearly half of the housing providers in the city reportedly using algorithmic devices.[2] Austin is not an outlier. A 2023 study from the University of Pennsylvania Wharton School examined the use of algorithmic pricing across the 50 largest metro areas. The study found that algorithmic pricing caused property managers to lower rents more rapidly than non-adopters of algorithmic pricing during economic downturns.[3]

For these reasons, AOBA urges an unfavorable report on House Bill 434. For more information, please contact Brian Anleu at banleu@aoba-metro.org.

[1] https://www.bizjournals.com/houston/news/2024/01/28/houston-apartment-rents-are-down-in-2023.html

[2] https://www.washingtonpost.com/business/interactive/2025/realpage-lawsuit-rent-map/

[3] https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4403058