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## **HB 434: Residential Leases - Use of Algorithmic Device by Landlord to Determine Rent, Occupancy, and Lease Terms – Prohibition**

**Hearing of the House Economic Matters Committee on February 19, 2025**

**Position: FAVORABLE**

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The Public Justice Center (PJC) is a nonprofit public interest law firm that stands with tenants to protect and expand their rights to safe, habitable, affordable, and non-discriminatory housing and their rights to fair and equal treatment by Maryland’s landlord-tenant laws, courts, and agencies. The PJC advocates for systemic change to build a just society. **PJC supports HB 434 and asks for a favorable report.**

**HB 434 Addresses the Crisis of Rent Collusion and Inflation.** Rents in Maryland continue to soar with a [forecasted increase of 7.1% in the median rent in 2025](#). According to Zillow’s Observed Rent Index, [rents have increased 35% since the pandemic – far outpacing inflation](#).

**Rent Inflation Leads to Homelessness And Increased Costs to the State.** It is no surprise that [almost 50% of Maryland renters are housing cost burdened – including 25% of renters who pay over half of their income toward rent](#). Rapid rent inflation means that families are living closer to the financial edge than ever. When these families experience any disruption in income, they quickly face an eviction action and potential spiral into poverty and homelessness. [Evictions throughout the state are rising back to pre-pandemic levels \(21,284 in FY 24\)](#). And we know that between 15-25% of individuals who are evicted become homeless. This has enormous costs for the individual, the community, and the state. Preventing eviction saves the state money by reducing homelessness and state-funded safety net costs related to shelter, educating students experiencing homelessness, health care, institutionalization of people with disabilities, foster care, decreased incarceration, and the economic impacts of increased employment and income stability.

**HB 434 Is a Common-Sense Prohibition on Industry Collusion to Address Part of the Affordable, Sustainable Housing Crisis.** HB 434 simply prevents landlords from using software algorithms that set rents and automate rent increases based on non-public, competitive data such as rents, vacancies, and lease terms. These algorithms are designed to maximize profits for all product subscribers by working together to increase rents – to the detriment of renters who must all then pay more than the free, fair market value.

RealPage is one example: Its “Revenue Management” product uses non-public, competitively sensitive data—for example, landlords’ private estimates for occupancy or the number of potential tenant visits

to a property—to estimate supply and demand, and then generates a rent “price” that maximizes the landlord’s revenue. As alleged in the [Department of Justice lawsuit](#), RealPage pushes its software users into an auto-accept setting. Landlords cannot diverge from the software’s pricing except by special request. These requests must be vetted by RealPage staff, who are trained to push back against landlords who want to diverge from the software. Because of this price collusion, many landlords are [charging rents that are \\$70 to \\$112 higher](#) than the fair market would provide.

**Algorithmic rents are the face of industry collusion in the 21st century, and our laws must adapt to meet this challenge.** In recent months, multiple antitrust lawsuits have recently been filed against companies that offer such software, namely RealPage, Inc. and Yardi Systems, Inc, as well as some of their corporate landlord clients. [Maryland Attorney General Anthony Brown filed a lawsuit in January 2025 against RealPage, Inc. and six corporate landlords, which he describes as an illegal “cartel.”](#) Maryland’s lawsuit alleges that RealPage and the defendant landlords worked together to use RealPage’s Revenue Management technology to artificially drive rents above competitive rates. Brown’s underlying investigation revealed that the technology is used to set rents for more than 100,000 apartments across the state.

**Current laws around price-fixing and anti-trust are outdated and insufficient to meet the moment of rapidly evolving software algorithms setting rent.** HB 434 provides a brightline rule that such algorithms relying on non-public, competitive data are prohibited. HB 434 does not prevent the development or sale of software to help landlords manage their units generally or to set prices through the use of internal or public data. Nor does this bill regulate the amount of rent that a landlord may charge.

Public Justice Center **urges a favorable report on HB 434.** If you have any questions, please contact C. Albert Turner, [turnera@publicjustice.org](mailto:turnera@publicjustice.org) (410) 625-9409 Ext. 250.