PARTNERSHIP FOR STRONG COMMUNITIES

Partnership for Strong Communities promotes equitable change in Connecticut housing policy by coordinating advocacy, advancing research, and uniting diverse partners

TESTIMONY BEFORE THE JUDICIARY COMMITTEE
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PARTNERSHIP FOR STRONG COMMUNITIES
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Dear Senator Winfield, Representative Stafstrom, Vice-Chairs, Ranking Members and all other distinguished members of the Judiciary Committee, thank you for the opportunity to submit testimony **addressing House Bill 7209** An Act Concerning Legal Proceedings Involving Housing Matters and the Impermissible Use of Pricing Algorithms and Competitors' Sensitive Data to Set Rental Prices. I am Amy Peltier, Coalition and Advocacy Director with the Partnership for Strong Communities. We are a statewide nonprofit research, policy and advocacy organization dedicated to ensuring everyone in Connecticut has a safe, stable home that is affordable to them in an equitable community of their choice. **We respectfully request that the committee SUPPORT sections 1 and 3 of this bill and, without additional amending language, remove section 2 entirely.**

Vulnerable and marginalized populations often face systemic barriers to housing. To ensure that everyone has fair access to housing opportunities regardless of race, ethnicity, gender, ability or other protected status, there must be well-defined and specific laws to prevent discriminatory practices by landlords, property managers and real estate agents. When the law is clear and comprehensive, enforcement agencies can investigate and address complaints effectively and tenants or buyers can recognize and challenge discriminatory practices. **Section 1 of House Bill 7209** enables the Attorney General's office to investigate and seek legal relief from those who have a pattern of discriminating against someone as it relates to housing based on race, sex, gender identity, disabilities, and other statuses. This extension will reduce any ambiguity in the housing market, saving time and resources spent on what can be lengthy legal battles. Enforcing fair housing laws is a proactive step toward creating inclusive neighborhoods and equal housing opportunities for all.

Section 2 of HB 7209 proposes to modify the 8-30g statute. We propose striking this section without significant further clarification and amendment. When the

intent of the statute is to develop more affordable housing, not for towns and developers to become entangled in long and costly legal battles, it is risky to confront the issue of attorney's fees during this market; it could motivate reciprocity. Further, it may be difficult to determine bad faith or undue delay when making these decisions as they often involve normal delay and contention, thus leading to further lengthy and costly litigation, but not further housing development.

Section 3 of HB 7209 prohibits the use of algorithmic devices to set rental rates or occupancy levels for residential dwelling units. Often, many private equity and corporate landlords use algorithmic software to coordinate and set rent prices in the local communities as part of a strategy to extract maximum prices from tenants. Across the country, companies owning large swaths of rental housing share data using universal pricing software to set prices in an uncompetitive manner. In fact, The White House Council of Economic Advisors studied the impact of algorithmic rent-setting schemes and released the following findings:

- These third parties add an estimated average of $70 per month (or $850 per year) to the cost of rent, almost certainly a lower bound
- An estimated one in four multifamily housing providers use a RealPage (one third-party company providing these services) pricing algorithm
- In 2023 alone, such algorithms are estimated to have cost renters more than $3.8 billion. The authors of the report stated, "Algorithmic pricing weakens competition because it can facilitate price coordination among landlords who would otherwise be competing."

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." Price collusion is illegal under existing anti-trust laws. The federal Department of Justice, together with ten states (including Connecticut) have initiated a lawsuit against RealPage, a leader and innovator in algorithmic price setting. Recognizing the impact of high housing costs on CT residents, Senator Richard Blumenthal has co-sponsored legislation in the U.S. Congress to monitor and prohibit this type of third-party data sharing and price setting. Former Attorney

General Merrick Garland accurately captured the issues at stake: “Americans should not have to pay more in rent because a company has found a new way to scheme with landlords to break the law. We allege that RealPage’s pricing algorithm enables landlords to share confidential, competitively sensitive information and align their rents. Using software as the sharing mechanism does not immunize this scheme from [antitrust legislation] Sherman Act liability, and the Justice Department will continue to aggressively enforce the antitrust laws and protect the American people from those who violate them.” Unfortunately, there is no guarantee that the current Department of Justice lawsuit will continue this lawsuit under the current Trump administration. In the absence of progress at the federal level, the CT General Assembly can protect renters under state law and ensure that rental prices are established in an honest, competitive manner driven by market forces.

Thank you. Please don’t hesitate to reach out to me with any questions,

Amy Peltier