HOUSE BILL REPORT
SSB 5469

As Reported by House Committee On:
Housing

Title: An act relating to prohibiting algorithmic rent fixing and noncompete agreements in the rental housing market.

Brief Description: Prohibiting algorithmic rent fixing and noncompete agreements in the rental housing market.

Sponsors: Senate Committee on Housing (originally sponsored by Senators Salomon, Bateman, Trudeau, Frame, Hasegawa, Lovelett, Nobles, Pedersen, Saldaña, Shewmake, Valdez and Wilson, C.).

Brief History:
Committee Activity:
Housing: 3/20/25, 3/26/25 [DP].

Brief Summary of Substitute Bill

- Prohibits a service provider from collecting or analyzing certain data to recommend rental prices, lease renewal terms, or occupancy levels for more than one landlord.
- Prohibits a landlord from obtaining recommendations for rental prices, lease renewal terms, or occupancy levels from a service provider.
- Authorizes the Attorney General's Office to enforce a violation under the Consumer Protection Act and creates a private cause of action.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass. Signed by 10 members: Representatives Peterson, Chair; Hill, Vice Chair; Richards, Vice Chair; Entenman, Gregerson, Lekanoff, Reed, Thomas, Timmons and Zahn.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 7 members: Representatives Low, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Manjarrez, Assistant Ranking Minority Member; Barkis, Connors, Dufault and Engell.

Staff: Serena Dolly (786-7150).

Background:

The Consumer Protection Act (CPA) prohibits:
- unfair or deceptive acts or practices in trade or commerce;
- the formation of contracts, combinations, and conspiracies in restraint of trade or commerce; and
- monopolies.

A person injured by a violation of the CPA may bring a civil action to enjoin violations and recover certain damages, costs, and attorneys' fees. The Attorney General's Office (AGO) may bring an action in the name of the state, or on behalf of persons residing in the state, against any person to enjoin violations of the CPA and obtain restitution. The AGO may seek civil penalties up to the statutorily authorized maximums against any person who violates the CPA. Civil penalties are paid to the state.

Summary of Bill:

A provider may not coordinate two or more landlords. Coordinate is defined as:
- the collection of rental prices, price changes, supply levels, occupancy rates, or lease or rental contract termination and renewal dates of residential dwelling units from two or more landlords, public databases, or private databases; and
- analysis of that data through a system, software, algorithm, or other automated process to recommend rental prices, lease renewal terms, or occupancy levels to more than one landlord.

Coordinate does not include the publication of rental price estimates solely based on publicly available information that is equally available to all members of the public and does not require a contract, agreement, or license to obtain.

A landlord, including the operator of a short-term rental, may not obtain the services of a provider that coordinates two or more landlords.

The AGO is authorized to enforce a violation under the CPA. Any person injured by a violation may file a private cause of action.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) It is important to promote transparency and fairness within the housing market. This bill seeks to address rental market collusion. At least one company has been sued, and this will help permanently resolve the problem. Using a third party, landlords are sharing their pricing and vacancy rates. The data is processed through an algorithm, which recommends a rental amount. By contract, landlords are required to take the recommendation. That is the definition of market collusion, which is anticompetitive, anti-capitalist, and unfair. These products create a means for landlords to price fix rents and keep units vacant to artificially restrict supply. Landlords should be setting rental amounts independently. A White House study determined that rental pricing algorithms are costing Americans an additional $3.8 billion per month in rent. Lower income residents, especially disabled and retired seniors, are purposely being priced out of their homes with inflated rents imposed by corporate investors.

(Opposed) The software has been mischaracterized. It provides market research and analysis with a pricing suggestion. Customers do not receive any incentive for accepting the software's pricing suggestion, and most of the time landlords opt for a higher or lower rental amount instead. This bill goes far beyond what any regulator has asked these companies to do. This is very old technology, and the platforms have been around for more than two decades. In other industries, similar platforms have been around for more than four decades. Every seller in every industry is using software to help them price their units.

Persons Testifying: (In support) Senator Jesse Salomon, prime sponsor; Stacey Valenzuela, Manufactured Homeowner member AMHO; Lee Hepner, American Economic Liberties Project; Michele Thomas, Washington Low Income Housing Alliance; and Mary Hull-Drury, Washington Realtors.

(Opposed) Mike Semko, Realpage.

Persons Signed In To Testify But Not Testifying: Karen Ceurvorst; Steve Sundstrom; Gloria Hazen, private citizen; TaraLyn Fray; and Sandra Mochizuki.