SF Board of Supervisors Passes First-in-the-Nation Local Ban on Rent Price Fixing

Aaron Peskin Law To Restore Units to Market in Wake of National RealPage Rent Crisis

San Francisco – Today, the San Francisco Board of Supervisors unanimously adopted the nation’s first local ordinance, sponsored by Board President Aaron Peskin, banning the sale or use of software which enables price collusion among large corporate landlords for the purpose of rent-gouging.

A new type of rental software is increasing rents and vacancy rates by allowing large landlords to collude on pricing decisions, according to multiple class action lawsuits, investigations by three state Attorneys General and an inquiry by the Department of Justice. In President Biden’s 2024 State of the Union Address and in subsequent briefings, President Biden identified algorithmic price-fixing as a threat to housing affordability and a policy priority in the fight against corporate rent-gouging.¹

Third-party revenue management companies such as RealPage and Yardi, collect and combine proprietary large landlord data and make pricing and occupancy recommendations. These recommendations allow landlords to manipulate the market, with multiple investigations finding they amount to illegal price-fixing. RealPage’s own executives have told investors that its software has driven double-digit increases in rents, increased “turnover” of units, and increased vacancy rates.²

“Banning automated price-fixing will allow the market to work and bring down rents in San Francisco,” said Board of Supervisors President Aaron Peskin. “We want to put more units on the market. Let’s be clear: RealPage has exacerbated our rent crisis and empowered corporate landlords to intentionally keep units vacant. So we’re taking action locally to ensure our working renters can afford to live here.”

Many of San Francisco’s largest corporate landlords are clients of RealPage, including the city’s largest residential landlord, Brookfield Properties, Greystar, Equity Residential and UDR, Inc.³

According to the consolidated class action lawsuit, owners and property managers who use revenue management software account for approximately 70% of all multifamily rental units in the San Francisco submarket.

“Two years ago, we worked with President Peskin’s office to establish a first-in-the-nation Tenants’ Right to Organize, in reaction to many of the practices that we can now trace back to RealPage,” said Lenea Maibaum, a tenant organizer for the Housing Rights Committee and Veritas Tenants Association member. “Since Veritas, then Brookfield, took over my apartment building and the management of thousands of other rental units in San Francisco, we’ve noticed
dramatic increases in rent for new tenants and new tactics to harass and displace long-term tenants, who are particularly vulnerable because their homes are viewed by real estate investors as underpriced. Tenants experience the effects of RealPage in the form of rent hikes, miscellaneous fees to get around rent control, and arbitrary evictions. It’s a dangerous tool in the hands of well-resourced corporate landlords.”

“Widespread use of price fixing software presents a new front in the housing affordability crisis,” said Lee Hepner, an antitrust lawyer at the American Economic Liberties Project. “In San Francisco and across the country, RealPage’s software has contributed to double-digit rent increases, increased rates of eviction, and artificial housing scarcity. We applaud Board President Peskin for putting forward this pro-housing legislation, which is consistent with wanting new housing construction to result in lower rents.”

This first-in-the nation ordinance:

- Bans both the sale and use of software which combines non-public competitor data to set, recommend or advise on rents and occupancy levels
- Enables local enforcement through civil action and private right of action by tenants who have been harmed by this practice.

President Peskin has coordinated closely with tenant advocates, and other local elected leaders around the country, including fellow members of the Local Progress network, whose constituents have experienced similar issues, are considering similar local remedies, and may be emboldened by San Francisco’s action.

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References:

“Presentation Before Land Use Committee”, Lee Hepner, American Economic Liberties Project, July 2024

“Rent Going Up? One Company’s Algorithm Could Be Why.”, Heather Vogell, ProPublica, October 2022


“A New Culprit in the Housing Crisis: Rent-Setting Software Algorithms”, Local Progress and American Economic Liberties Project, March 2024

DC OAG Real Page Complaint, November 2023

Arizona OAG Real Page Complaint, February 2024

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i  https://www.whitehouse.gov/briefing-room/statements-releases/2024/03/07/fact-sheet-president-biden-announces-plan-to-lower-housing-costs-for-working-families/

ii See Propublica

iii According to consolidated class action lawsuit in Middle District of Tennessee: MDL Case Information | Middle District of Tennessee | United States District Court (uscourts.gov)