

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 240862)

RESOLUTION

Calling on the Pennsylvania General Assembly to pass legislation prohibiting the use and sale of software that use algorithms to anti-competitively set rental rates, fees, and occupancy levels.

WHEREAS, The City of Philadelphia is committed to ensuring equitable access to affordable and safe housing for all its residents; and

WHEREAS, Despite our commitment, the rising cost of rental housing has become a significant challenge for many Philadelphia residents, where over half of renters are “cost-burdened,” in other words, spending more than 30% of their incomes on rent; and

WHEREAS, This renting struggle is felt throughout the Commonwealth of Pennsylvania, where roughly half of all renters are also cost-burdened; and

WHEREAS, Recent reports have highlighted the increased use of algorithmic software by landlords and property management companies to set rental prices in coordination with competitors. This anti-competitive practice artificially inflates prices, in some cases leading to double-digit rent increases, larger fee hikes, even higher eviction rates; and

WHEREAS, These expensive and proprietary programs enable landlords to indirectly coordinate with one another through the sharing of competitively sensitive data in order to artificially inflate rents, manipulate vacancy rates, and maximize property fees for rental housing. Participating landlords provide vast amounts of proprietary data to the programs, which run algorithmic calculations to provide recommendations for “maximized” rent rates, property fees, and occupancy levels; and

WHEREAS, Landlords using these tools are not engaging in appropriate or federally legal market behavior; and

WHEREAS, Despite numerous active federal lawsuits, including from the Department of Justice and nine different states Attorneys General, these softwares continue to be active in Philadelphia, where property owners and managers who use revenue management softwares account for 47%

City of Philadelphia

RESOLUTION NO. 240862 continued

of all multifamily rental units. These softwares are also active in dozens of municipalities throughout Pennsylvania, where they artificially inflate rent prices across the Commonwealth; and

WHEREAS, These algorithms are primarily used by large, national corporate landlords who can afford the expensive software. The use of this software fuels the consolidation of investor-owned rental housing at the expense of tenants and of local landlords who play by the rules; and

WHEREAS, It is in the best interest of Philadelphia's residents and the broader Pennsylvania community to protect renters from exploitative practices driven by these technologies and to ensure that rental pricing remains fair, transparent, and competitive; and

WHEREAS, Although the City of Philadelphia is acting to prohibit this behavior within its limits, legislative action by the Pennsylvania General Assembly is necessary to address this issue comprehensively and to safeguard the Commonwealth's housing market from unfair, anti-competitive practices driven by these algorithms; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby call on the Pennsylvania General Assembly to pass legislation prohibiting the use and sale of software that use algorithms to anti-competitively set rental rates, fees, and occupancy levels.

City of Philadelphia

RESOLUTION NO. 240862 continued

CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the tenth day of October, 2024.

Kenyatta Johnson
PRESIDENT OF THE COUNCIL

Elizabeth McCollum
INTERIM CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember O'Rourke

Sponsored by: Councilmembers O'Rourke, Phillips, Gauthier, Thomas, Jones, Landau, Brooks, Harrity, Driscoll, Squilla, Bass and Ahmad