

SENATE BILL REPORT

SB 5469

As of February 17, 2025

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: Senators Salomon, Bateman, Trudeau, Frame, Hasegawa, Lovelett, Nobles, Pedersen, Saldaña, Shewmake, Valdez and Wilson, C..

Brief History:

Committee Activity: Housing: 1/31/25, 2/14/25 [DPS-WM, DNP].

Ways & Means: 2/20/25.

Brief Summary of First Substitute Bill

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

SENATE COMMITTEE ON HOUSING

Majority Report: That Substitute Senate Bill No. 5469 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Bateman, Chair; Alvarado, Vice Chair; Orwall, Salomon and Trudeau.

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 Senators Goehner, Ranking Member; Gildon.

Staff: Bill Fosbre (786-7531)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Samuel Brown (786-7470)

Background: Residential Landlord-Tenant Act. The Residential Landlord-Tenant Act (RLTA) governs the relationship and agreements between residential landlords and tenants.

Under the RLTA, landlords are authorized to set rental prices for dwelling units, lease renewal terms, and occupancy levels. The RLTA does not prohibit landlords from providing rental information to third-party service providers. This information may include:

- historical, anticipated, or contemporary rental prices;
- rental price changes;
- supply levels;
- occupancy rates; or
- lease or rental contract termination and renewal dates.

Consumer Protection Act. 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 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 and may seek civil penalties against any person who violates the CPA. Civil penalties are paid to the state.

Summary of Bill (First Substitute): Prohibited Acts. The provision or procurement of landlord coordination services is prohibited. Coordination 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 public 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 for multiple landlords. Coordination does not include the publication of rental price estimates solely based on publicly available information, equally available to all members of the public, and not requiring a contract, agreement, or license to obtain.

Enforcement. The Attorney General's Office is authorized to enforce a violation of this law

under the CPA. Any person injured by a violation of this act may file a private cause of action.

EFFECT OF CHANGES MADE BY HOUSING COMMITTEE (First Substitute):

- Excludes from the definition of "coordinating" when the publication of rental price estimates are solely based on publicly available information, are equally available to all members of the public, and do not require a contract, agreement, or license to obtain.
- Creates a private cause of action for any person injured by a violation of this act.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 17, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Housing): *The committee recommended a different version of the bill than what was heard.* PRO: The legislature has been passing bills to help drive down the cost of housing. However, landlords are colluding together to raise rents as much as they can through software programs. There has been a Department of Justice lawsuit that accuses landlords of sharing sensitive data on rents and occupancy through this software. This information shared allegedly included renewal rates, how often they accept an algorithms price recommendation, the use of concessions, such as offering one month of free rent, and even their approach to pricing for the next quarter.

This approach is arguably illegal and shouldn't be happening anyways. This bill takes a step in the right direction, hopefully by banning the software.

Landlords are using software, like real page, to raise rents far beyond reasonable levels to price gouge tenants. The increased rents force tenants to choose between paying their rent and paying for medications, childcare, or heat. This practice has been scandalized across the nation, but these products are still available in Washington. The software product encourages landlords to keep rental units vacant at a time when Washington state is trying to increase supply. We need this bill to provide fairness for renters.

Persons Testifying (Housing): PRO: Senator Jesse Salomon, Prime Sponsor; Michele Thomas, WA Low Income Housing Alliance; Joe Kunzler.

Persons Signed In To Testify But Not Testifying (Housing): No one.