

MOTION

Artificial intelligence (AI) and algorithmic pricing technologies are increasingly used by multifamily housing providers for rental pricing, occupancy management, leasing decisions, and property operations. Recent federal enforcement actions and local government responses have raised concerns regarding the potential impacts of algorithmic rent-setting systems on housing affordability, market competition, and tenant stability.

In August 2024, the United States Department of Justice, joined by the State of California and other states, filed an antitrust lawsuit alleging that algorithmic rent-setting software utilized nonpublic market information in a manner that may reduce competition and contribute to higher rental prices. Additionally, California jurisdictions, including San Diego and San Francisco, have adopted measures restricting or regulating certain algorithmic rent-setting practices.

As Los Angeles continues to confront a housing affordability crisis, the City should evaluate whether regulatory safeguards, transparency requirements, registration programs, and dedicated funding mechanisms are necessary to ensure that emerging technologies do not negatively impact renters and housing stability. The City should also explore opportunities to direct revenues associated with such regulatory programs toward tenant protections, eviction prevention, and housing stabilization initiatives.

I THEREFORE MOVE that the City Council instruct the Los Angeles Housing Department and Chief Legislative Analyst, with assistance from the City Attorney, City Administrative Officer, and any other relevant departments, to report with policy recommendations related to the regulation of algorithmic rent-setting and artificial intelligence technologies utilized by multifamily residential housing providers operating within the City of Los Angeles. The report should include recommendations regarding:

- A registration and disclosure program for multifamily housing providers utilizing algorithmic rent-setting or revenue management software;
- Notification requirements for prospective and current tenants when rental rates, lease renewals, or occupancy decisions are influenced by artificial intelligence or algorithmic pricing systems;
- The City's legal authority to regulate, restrict, or prohibit the use of algorithmic rent-setting technologies that rely upon nonpublic competitor information;
- The establishment of annual registration, licensing, or administrative fees associated with the use of algorithmic rent-setting systems, including projected revenues and implementation costs;
- The creation of a special fund, to receive revenues generated through any adopted registration, licensing, or enforcement program;
- Eligible uses of such funds, including eviction prevention services, emergency rental assistance, tenant legal services, fair housing enforcement, tenant outreach and education, housing navigation services, homelessness prevention programs, affordable housing preservation efforts, and administrative costs necessary to implement and enforce any adopted ordinance;
- The potential for such algorithms to violate fair housing laws; and
- Enforcement mechanisms, auditing procedures, penalties, and reporting requirements necessary to ensure transparency, accountability, and compliance with any adopted regulations.

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