

ZACH HUDSON
STATE REPRESENTATIVE
HOUSE DISTRICT 49



OREGON HOUSE OF REPRESENTATIVES

Chair Pham, Vice Chair Anderson, and members of the Senate Committee On Housing and Development,

My name is Representative Zach Hudson and I represent Oregon's 49th House District, which encompasses Troutdale, Fairview, Wood Village, and parts of Gresham and East Portland. I am writing to urge you to pass Senate Bill 722 (SB 722), which will prohibit the use of algorithm-based commercial software for setting rents and occupancy rates and modify the rent cap exemption for new housing.

In House District 49, almost half of housing units are rentals. Over 60% of the renter households who lived in those units were forced to spend more than 30% of their income on rent in the years between 2019 and 2023, which is 9.5% higher than the state average for that same time period. These ratios are relatively consistent across East Multnomah County.

My concern, and what SB 722 seeks to prevent, is the use of AI algorithms that essentially enable price fixing between landlords. In a market that is increasingly dominated by a small number of large corporations, AI software such as YieldStar and RealPage allows something akin to collusion in nature. When a small number of sellers control a commodity and they share information that lets them raise prices, they enjoy an unfair advantage in the market. An AI algorithm used by multiple sellers supplies them all with the same analysis based on the same information, and the result looks a lot like price fixing.

Jurisdictions across the United States have recognized the threat posed to consumers by these algorithms. I am pleased that Oregon has joined a federal antitrust lawsuit against RealPage, whose algorithmic pricing software is alleged to enable landlords to fix prices in violation of the Sherman Antitrust Act.

I remain hopeful that this federal antitrust suit will succeed, and passing SB 722 at the state level will reinforce the U.S. Department of Justice's efforts to end the price-fixing named in the suit. Nevertheless, housing unaffordability is an emergency in Oregon, and the Legislature must not abdicate its responsibility to protect Oregonians. By

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prohibiting the use of these price-fixing algorithms, SB 722 helps make corporate landlords compete with each other as they should in a fair housing market.

This bill has attracted a great deal of attention and support, as evidenced by the setting of a second public hearing. I urge you to listen to the voices of rent-burdened people and prioritize their need for shelter and dignity over landlords' profits. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Zach Hudson".

Representative Zach Hudson