June 3, 2025

Open Letter to California Lawmakers, the California Attorney General, the City of Berkeley, the City of San Diego, the City of San Francisco, and Members of the California State Legislature

We, the undersigned professors, economists, and legal professionals, applaud your commitment to addressing California's housing affordability crisis, which has left more than half of renter households cost-burdened and placed extraordinary financial strain on working families, students, and the elderly. However, we believe that the market is demonstrating that some proposed solutions, particularly efforts to restrict or ban the use of algorithmic rent pricing tools, are counterproductive.

Just as consumers' car pricing guides, supermarkets and restaurant chains, and hotel, flight, and car rental booking sites aggregate data from across the market to provide consumers fair, real-time pricing estimates and comparisons, rent pricing software aggregates market data — such as location, amenities, unit size, and local demand — to help property owners price competitively. These tools don't inflate marketplace prices; they better reflect what current market conditions are.

In fact, after rising sharply between 2019 and 2023, rents across much of California have begun to slowly decline — a trend that reflects broader economic and supply-side shifts. The fact that rental prices are starting to decline despite the continued use of this new technology, which has been widely scapegoated for the price increases, demonstrates how such scapegoating was unjustified. In other words, the state's rental housing crisis was caused not by rental pricing algorithms but by a raft of adverse public policies.

California's incredible housing costs stem from persistent supply constraints, excessive permitting and regulatory barriers, and inflationary fiscal policies, not digital tools that provide transparency and consistency in pricing.

Consequently, we urge you to reconsider the push to outlaw rent pricing estimation software, because, as aforementioned, "there are many consumer benefits stemming from the use of algorithm-based software, including for pricing."

Too few providers of rental units use such software for it to provide monopoly or collusive power. Further, whether a city uses algorithmic software does not explain whether its rental prices are higher. As one analyst noted, cities such as Dallas and Phoenix have lower rental prices than San Francisco and Los Angeles even though they have more property owners using this software.

Rather than undermine tools that improve efficiency and fairness for both renters and property managers, we urge you to focus on the root causes of California's affordability

crisis. That means stopping inflationary policies and instituting pro-growth policies — including zoning reform, streamlining of building approvals, expansion of by-right housing construction, and infrastructure investment to support new development, etc.

These policies are the proven path to affordability. Getting this right matters deeply to the more than 17 million Californians who rent their homes, many of whom are struggling to make ends meet despite working full-time jobs.

Thank you for your attention to this important matter of public policy.

Sincerely,

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