FILE NO. 240766

LEGISLATIVE DIGEST

[Administrative Code - Ban on Automated Rent-Setting]

Ordinance amending the Administrative Code to prohibit the sale or use of algorithmic devices to set rents or manage occupancy levels for residential dwelling units located in San Francisco.

Existing Law

City law does not regulate how landlords may set rents or occupancy levels for residential rental units in San Francisco.

Amendments to Current Law

The proposed ordinance would prohibit the sale or use of "algorithmic devices" to set, recommend, or advise on rents or occupancy levels for residential rental units in San Francisco. The term "algorithmic device" means a device such as a software program that uses algorithms to calculate and/or analyze non-public competitor rental data for the purposes of advising a landlord whether to leave their unit vacant or on what rent to charge. An entity that sold such a device for use on residential rental units in San Francisco, or a San Francisco landlord that used such a device, could face a civil action and be ordered to pay damages, restitution, civil penalties of up to $1,000 per violation, and/or attorneys' fees.

Background Information

It has been alleged that automated rent-setting through algorithmic devices is a form of price-fixing that violates federal and state antitrust law. The ordinance would prohibit the sale or use of algorithmic devices that analyze and share non-public data for the purpose of setting rents or occupancy levels for residential rental units, but does not prevent the development or sale of software to help landlords manage their units generally, or regulate the amount of rent that a landlord may charge.

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