MEMORANDUM: EXTENDED POLICY BRIEF

To: Professor Keith Hoffmann, J.D., Rhode Island General Assembly, and Department of Business Regulation

From: Areeb Uzzaman

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Course: Policy Problems of the 21st Century (MPA 2475B)

Subject: Restoring Market Integrity: Regulating Algorithmic Price Coordination in Rhode Island's Residential Rental Market

Executive Summary

Rhode Island's residential rental market is shifting fast, and tenants are feeling it. The biggest new pressure comes from third-party revenue management software like RealPage's YieldStar. These platforms let big corporate landlords pool private competitor data, actual lease rates, lease terms, vacancy numbers, and then spit out pricing suggestions that push rents higher while quietly encouraging landlords to leave units sitting empty. On the surface, it all looks like normal market behavior. However, what is really happening is coordinated price setting, driven by a single shared algorithm (Vogell, 2022). Federal antitrust law, which grew up around the Sherman Act, still needs clear proof that people actually got together and agreed to fix prices. Here, there is no meeting, no emails, no paper trail, just landlords feeding their data into the same system and all following the same output. That has left a serious hole in enforcement.

This brief offers a practical state-level fix. Rhode Island should amend its Unfair Trade Practice and Consumer Protection Act (R.I. Gen. Laws § 6-13.1-1 et seq.) to treat algorithmic pricing that relies on Non-Public Competitor Data as an unfair method of competition. The proposal draws directly from the course's focus on state policymaking power, Stone's ideas about how numbers get weaponized in policy fights, and the emerging recognition of affordable housing as a right that states can protect. This brief is organized into six parts: problem definition, theoretical framework, legal analysis, economic impacts, detailed policy recommendations with implementation steps, and conclusion. It shows how Rhode Island can act where the federal government has not.

I. Problem Definition: The Regulatory Gap in Real Estate Technology

Providence and the rest of Rhode Island are deep in a housing affordability crisis. Most explanations focus on too little new construction and too much demand. That story is real, but it misses something important that has grown over the last decade. Big property management firms and corporate landlords have started outsourcing rent decisions to outside software platforms. These tools suck in confidential pricing and vacancy data from other landlords in the same area and spit out daily recommendations. Time and again, the software tells operators it is more profitable to keep units vacant than to lower rents and fill them. The result is a quiet, digital form of price coordination that looks nothing like the old-fashioned cartel (Vogell, 2022; U.S. Dep't of Justice, 2024).

The legal problem is straightforward. Classic antitrust cases require evidence that competitors sat down and agreed to fix prices. Here, the coordination happens inside the code. Landlords subscribe independently, contribute their private numbers, and then all adopt nearly identical outputs. There is no smoke-filled room anymore, just racks of servers. Federal enforcers are left trying to prove something that leaves almost no traditional evidence. That is exactly why states need to use the tools they already have: consumer protection statutes and their own police power over local markets. Rhode Island has both.

II. Theoretical Framework: The Paradox of "Neutral" Numbers

This kind of algorithmic pricing has stayed under the radar partly because the companies selling it wrap it in the language of neutral math. They say the software simply calculates the true market rate using sophisticated data. Deborah Stone's *Policy Paradox* (2012) makes clear why that claim is misleading. Numbers in policy debates are rarely neutral facts. They are political tools that shape what counts as a problem and what counts as a solution. The people who built these platforms made deliberate choices about what data to include, how to weight it, and what goal to optimize: maximum revenue extraction rather than maximum occupancy or tenant stability. One of the original architects even admitted that leasing agents have "too much empathy" and that the algorithm removes that human softness from pricing decisions (Vogell, 2022). Calling the result "neutral" or "efficient" hides the political choice to favor landlords over renters. Rhode Island's lawmakers need to stop accepting that story and start treating the practice as the unfair trade practice it really is.

III. Legal Framework: Affordable Housing as a Negative Right

Fixing this requires a small but important shift in how we think about housing rights. Much of housing advocacy has pushed for positive rights, such as the government building units or handing out vouchers. Those fights still matter. However, recent legal scholarship increasingly treats affordable housing as something the state has a duty to *protect* from private interference (Note 2022). That is a negative right. The state does not have to spend money or dictate exact rents. It simply has to stop corporate actors from rigging the market so badly that normal supply and demand cannot function. Tenants have a basic right to shop in a market where prices are not being quietly coordinated behind the scenes. When one algorithm ends up setting the floor for most of the local market, that right disappears. Rhode Island already has strong statutory authority under its consumer protection law to step in. Using it here is not radical; it is filling the exact gap left by the federal system and is consistent with the course's emphasis on states stepping up where Washington cannot.

IV. Economic Impact Analysis: The Cost to Rhode Island

In markets where this software has deep penetration, rents have jumped by double digits in some cases, by as much as 16% in a single year in Providence, one of the steepest increases in the country (Providence Housing Crisis Task Force 2025; Vogell, 2022). Because people need a place to live, they pay whatever is asked of them. That money leaves the local economy and flows to distant institutional investors instead. The software also actively encourages "warehousing": intentionally keeping units empty. It runs the math and decides that higher rents on occupied apartments more than offset the lost income from vacancies. In a state that already lacks enough housing, deliberately pulling units off the market to protect high prices is a clear system failure. Finally, tenants negotiate blind. The landlord's software knows every competitor's price and vacancy rate in real time. The renter knows almost nothing. That information imbalance undermines the principles of a competitive free market.

Providence is ground zero for these pressures. Rents in the city have risen more than 40 percent since 2020, with some reports showing average increases of 16 percent in a single recent year, one of the steepest jumps in the country (Providence Housing Crisis Task Force 2025). As of late 2025, the average rent for all units in Providence was around $2,574, with two-bedroom apartments often exceeding $2,861 in desirable neighborhoods. A studio now averages close to $1,965. For a city where roughly 60 percent of residents rent, these numbers hit hard. Nearly half of Providence renters are now housing-cost burdened, meaning they spend more than 30 percent of their income on rent and utilities. That is not a sustainable situation for working families, students at Brown or RISD, or service workers who keep the city running.

The numbers get even starker when you look at the lowest-income households. According to the latest National Low Income Housing Coalition Gap Report, Rhode Island has only 54 affordable and available rental homes for every 100 extremely low-income households, those earning at or below 30 percent of the area median income or the federal poverty level (National Low Income Housing Coalition 2026). That leaves a statewide shortage of roughly 23,222 units for this group alone. In Providence, the problem is compounded by the city's large student and young-adult population, many of whom compete for the same limited stock. Median renter income in Rhode Island sits at about $48,434. However, for the first time, that income is no longer enough to afford the average apartment in *any* Rhode Island municipality, including Providence (HousingWorks RI, 2025). Wages have grown only about 29 percent since 2018, while housing costs have climbed more than 60 percent. The gap is widening every month.

This is not just an abstract affordability problem. It has real human costs. Providence has seen more than 24,000 evictions since 2020, and homelessness across Rhode Island jumped 35 percent between 2023 and 2024, the second-highest increase in the country (Providence Housing Crisis Task Force 2025). When algorithmic software pushes rents higher and keeps units vacant to maximize yield, it does not just raise prices for new tenants; it squeezes the entire market upward. Landlords in high-demand, low-vacancy neighborhoods have less incentive to offer reasonable renewals because the algorithm tells them someone else will pay more. The result is a slow-motion displacement machine that hits low-income families, immigrants, and people of color, who are the hardest groups already facing disproportionate cost burdens, according to state housing data.

The bigger economic hit might be even worse than the individual pain. Every extra dollar that gets sucked into higher rent is money that never reaches local shops, emergency savings, or things like tuition and doctor visits. In a student-heavy city like Providence, many young people end up living in the suburbs or cramming into tiny apartments with too many roommates. This diminishes the vibrancy and livability of neighborhoods that previously attracted residents, businesses, and investment. When the market gets this warped, taxpayers end up footing the bill anyway through bigger shelter budgets, emergency rental aid, and lost revenue from a workforce that cannot stay stable. Algorithmic pricing does not just move money from renters to landlords. It takes an already bad housing shortage and turns the scarcity itself into a profit machine.

V. Policy Recommendations and Implementation Mechanics

Rhode Island can close this loophole without new taxes or giant new bureaucracies. Other states are already moving in the same direction, showing that the idea is both workable and timely. Colorado passed legislation in 2024 that bans landlords from using algorithmic devices that rely on Non-Public Competitor Data and declares such use an unfair trade practice. The District of Columbia's attorney general sued RealPage and fourteen large landlords in 2023, alleging exactly this kind of coordinated price-fixing through the same software. These examples prove states can act effectively; Rhode Island should lead by adopting a clear, enforceable rule tailored to its own market.

Here is the plan:

1. **Amend the Unfair Trade Practice and Consumer Protection Act**: Add explicit language to R.I. Gen. Laws § 6-13.1-1, making it an unfair practice for larger landlords to use pricing software that pulls in Non-Public Competitor Data. Turn the abstract problem into something the Department of Business Regulation can actually enforce.
2. **Create a Rebuttable Presumption**: Landlords often claim they only use the software "as a suggestion." Close that loophole with a simple rule: if a landlord subscribes to the software and actual rents stay within 5 percent of the recommendation, the state can presume coordination occurred. The burden then shifts to the landlord to prove an independent decision.
3. **Annual Rent Reporting with Smart Triggers**: We do not need to create a brand-new reporting system from scratch. Just add a simple rent-per-square-foot declaration to the paperwork landlords are already required to submit for lead safety or rental registry requirements. The DBR maintains a benchmark for fair rental value. If someone has reported rents run more than 15 percent above that benchmark, it automatically triggers a closer look and the right to subpoena software contracts and pricing history.
4. **No Waivers in Leases**: Ban any lease clause that attempts to require tenants to accept algorithmic pricing or to waive their rights under the new rule. Such clauses would be void anyway, but spelling them out stops the games before they start.

VI. Conclusion

The housing affordability crisis has many causes, but algorithmic rent pricing is artificial and fixable. Corporate landlords have figured out how to run a cartel without ever talking to each other by letting an algorithm coordinate for them. That is not competition. It is an extraction dressed up as innovation. Rhode Island has the chance to act now, using tools states already possess. The changes proposed here require no massive spending and no zoning overhaul. They simply say: if you want to operate in our rental market, you have to play fair—no secret data swaps. No algorithm is telling everyone to keep rents artificially high. Just real supply, real demand, and real competition, the market that most people think they are living in. It is time to make that true again.

Appendix A: Proposed Regulatory Text

STATE OF RHODE ISLAND

DEPARTMENT OF BUSINESS REGULATION

REGULATION: 26-R-08

TITLE: PROHIBITION ON ALGORITHMIC PRICE COORDINATION IN RESIDENTIAL RENTAL MARKETS

SECTION 1. AUTHORITY

This regulation is issued under the authority the Department already holds in the Rhode Island Unfair Trade Practice and Consumer Protection Act, R.I. Gen. Laws § 6-13.1-1 et seq. That statute empowers the Department to prohibit unfair methods of competition and deceptive acts in trade or commerce within the state.

SECTION 2. PURPOSE

The purpose is to protect the competitive integrity of the residential rental market by banning the use of algorithmic pricing software that gathers Non-Public Competitor Data to raise rents beyond what a free market would produce. Such practices amount to tacit collusion and harm Rhode Island consumers.

SECTION 3. DEFINITIONS

(a) “Algorithmic Pricing Software” means any software or service that uses Non-Public Competitor Data to recommend or set rental prices or lease terms.

(b) “Non-Public Competitor Data” means actual rent figures, lease details, or vacancy information that is not publicly available and comes from multiple landlords contributing to an Algorithmic Pricing Software.

(c) “Coordinated Pricing” means adopting rents recommended by Algorithmic Pricing Software when those recommendations are based, even partly, on Non-Public Competitor Data.

(d) “Affiliate” means any entity that controls, is controlled by, or is under common control with a person or entity subject to this regulation.

SECTION 4. PROHIBITED CONDUCT

(a) It is an unfair trade practice for any person or entity, including through affiliates, owning or managing more than ten residential dwelling units in Rhode Island to use Algorithmic Pricing Software that incorporates Non-Public Competitor Data.

(b) Covered landlords must set rents based on their own independent assessment of supply and demand. The practice of Coordinated Pricing is prohibited.

SECTION 5. REBUTTABLE PRESUMPTION

In any enforcement action, proof that a landlord (1) subscribes to Algorithmic Pricing Software and (2) sets rents within 5% of the software’s recommendation creates a rebuttable presumption of Coordinated Pricing. The burden then shifts to the landlord to show the price was set through independent professional judgment unrelated to Non-Public Competitor Data.

SECTION 6. REPORTING AND ENFORCEMENT TRIGGER

(a) Annual Rent Filing: At the same time landlords file existing required housing paperwork (lead safety, rental registry, etc.), they must submit to the DBR their average rent per square foot for covered units.

(b) Audit Trigger: The DBR will maintain a “Fair Rental Value” benchmark. If a landlord’s reported average rent exceeds that benchmark by more than 15%, the Department may subpoena software subscription agreements, pricing history, and any other relevant records to determine compliance.

SECTION 7. NON-WAIVER

Any lease provision that attempts to waive a tenant’s rights under this regulation or that requires a tenant to acknowledge or consent to the landlord’s use of Algorithmic Pricing Software is void and unenforceable as against public policy.

SECTION 8. PENALTIES

Violations are subject to civil penalties of up to $10,000 per violation under R.I. Gen. Laws § 6-13.1-5.2. Each month that any covered unit is priced in violation of this regulation constitutes a separate offense. Thus, if a landlord with 15 units engages in prohibited pricing for 6 months, that constitutes 90 separate violations.

SECTION 9. EFFECTIVE DATE

This regulation applies to all rental pricing decisions made on or after January 1, 2027. It does not apply retroactively to leases entered into before the effective date, except that any renewal or extension of such a lease occurring on or after January 1, 2027, shall be subject to this regulation.

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