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D.C. Attorney General Sues 14 Of The City's Biggest Landlords For Colluding To Inflate Rental Prices

Reporter: Morgan Baskin https://dcist.com/story/23/11/01/dc-attorney-general-lawsuit-landlords-realpage/

D.C. Attorney General Brian Schwalb is suing 14 of the city's largest landlords, alleging in a sweeping antitrust lawsuit filed Wednesday that they colluded with property management software company RealPage to artificially inflate rent prices by up to 7% across roughly 40,000 apartments in the District.

Schwalb's lawsuit alleges that the defendants – including big names like Greystar, William C. Smith & Co., Bozzuto Management Company, and JBG Smith Properties – engaged in a price-fixing scheme by using RealPage's "Revenue Management" Software to determine rent prices, effectively delegating their price-setting ability to a single entity rather than competing among each other.

"[Defendants] communicated openly about their anticompetitive scheme at public events and through advertising campaigns, and actively worked to recruit new members into what amounted to a District-wide housing cartel," Schwalb said in a statement.

RealPage is a Texas-based technology company whose RM Software has become dominant in the multifamily housing market – and incredibly lucrative for the company.

The premise of Realpage's RM Software is simple: It generates a suggested rental price to charge for any particular apartment. It does so based on statistical models that estimate supply and demand for rental housing specific to the apartment's geographic area and type of unit. The proprietary and non-public data RealPage collects, courtesy of the property owners and managers it contracts with, is key to these algorithms.

RealPage charges landlords both an initial setup fee for use of the software as well as a monthly fee for units included in the database, which has netted RealPage hundreds of millions of dollars in revenue, per the lawsuit. RealPage also pressures its contractors not to deviate from the rental prices generated by the software, and per Schwalb's suit, landlords agree to charge the software-generated rental prices in more than 90% of cases.

Landlords using RealPage's software have allegedly advertised that it allows them to charge up to 20% more than they would otherwise, while RealPage itself represents that landlords can increase revenue by 2-7% by using its price-setting software. These figures translate to millions of dollars collectively over-paid by renters in the last four years alone, Schwalb's lawsuit alleges.

The lawsuit comes as <u>rents in D.C. continue to</u> rise and amid a worsening national housing affordability crisis. More than 44,000 renter households in D.C. are "severely housing cost-burdened," meaning that they <u>spend at least half of their income on rent</u>.

Many of the apartments whose rental prices were determined by this software – primarily large, 50+ unit multifamily buildings – are clustered along Connecticut Avenue in Northwest D.C., 14th Street from Columbia Heights to Shaw, and in NoMa and Navy Yard.

The lawsuit further alleges that the defendants agreed in writing to share competitively sensitive data, like the rents they charge across all of their properties, to RealPage, which it fed into its software. By sharing this sensitive information, the lawsuit alleges, the

landlords named in the suit conspired to limit their collective housing supply and drive up rent prices.

"Defendants understand that recruiting more would-be competitors to their anticompetitive scheme only increases their mutual ability to extract unlawfully higher rent, confident that their competitors will not dramatically undercut their prices," the lawsuit says.

Defendants named in the suit include Avenue5 Residential, LLC; AvalonBay Communities, Inc.; Bell Partners, Inc.; Bozzuto Management Company; Camden Summit Partnership L.P.; Equity Residential; Gables Residential Services, Inc.; GREP Atlantic, LLC; Highmark Residential, LLC; JBG Smith Properties, LP; Mid-America Apartments, LP; Paradigm Management II, LP; UDR, Inc.; and William C. Smith & Co., Inc.

These landlords collectively represent more than 58,000 of the available multifamily housing units in D.C. Spokespeople for most did not immediately respond to DCist/WAMU's request for comment. A spokesperson for WC Smith said in an emailed statement that the company had not yet been served with the complaint and "as a result lack any actual information about the specifics of the matter," but added that as a general policy they do not comment on pending litigation. A spokesperson for JBG Smith said the company does not comment on pending litigation. A spokesperson for RealPage did not immediately return DCist/WAMU's request for comment.

In total, Schwalb's staff calculated that RealPage's software was used to set rent prices at more than 40,000 apartments across D.C. – nearly one out of five of the 210,000 total rental apartments in the city – and about 60% of all the units in large, 50-plus unit multifamily buildings. Across the Washington-Arlington-Alexandria metro area, more than 90% of the units in large buildings are priced using RealPage's RM software.

"RealPage and its clients ... have transformed a competitive marketplace into one in which competing landlords work together for their collective benefit at the expense of renters," the lawsuit reads. "Indeed, when a former high-ranking manager at Defendant Greystar was asked whether landlords use the RealPage RM Software to collude on raising rental prices, he responded that of course they did—it's the entire reason landlords used the software."

The company was also the subject of a <u>2022 investigation by ProPublica</u>, which found that, in some large cities, RealPage's market dominance is so profound that its software is used to set the price for nearly every available rental apartment.

Schwalb's lawsuit seeks both injunctive and financial relief for this practice, asking a judge to order the defendants to stop this practice and award D.C. "any other equitable relief [that] the court finds appropriate ... to restore competitive conditions in the markets affected by defendants unlawful conduct."

RELOCATION TRACKING FOR ARLINGTON COUNTY HOUSING DIVISION

This relocation tracking form is intended to record and provide accountability of the tenants affected during the process of relocation. It is to be completed and submitted by the fifth date of each month to Robin Canty, Arlington Relocation Coordinator.

PROJECT NAME:		
PROJECT ADDRESS:		
OWNER / PROPERTY MANAGER:		
PROJECT START DATE:	_ TOTAL OCCUPIED UNITS(on start date)	CURRENT OCCUPIED UNITS
DATE SUBMITTED	<u> </u>	

#	Tenant Name	Phase II Orig. address	120 Day Notice	Date Moved	New Address (Indicate Perm/Temp) NOTE: if a 2 nd move occurs, list it on the next line with the same tenant entry #.	Date Returned

#	Tenant Name	Orig. Address	120 day	Date moved	Perm/Tem – New Address	Date Returned

#	Tenant Name	Orig. address	120 day	Date moved	Perm/Tem – New Address	Date returned

Code of Virginia

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<u>5. Activities Tending to Cause Violence</u> » § 18.2-422. Prohibition of wearing of masks in certain places; exceptions

§ 18.2-422. Prohibition of wearing of masks in certain places; exceptions.

It shall be unlawful for any person over 16 years of age to, with the intent to conceal his identity, wear any mask, hood or other device whereby a substantial portion of the face is hidden or covered so as to conceal the identity of the wearer, to be or appear in any public place, or upon any private property in this Commonwealth without first having obtained from the owner or tenant thereof consent to do so in writing. However, the provisions of this section shall not apply to persons (i) wearing traditional holiday costumes; (ii) engaged in professions, trades, employment or other activities and wearing protective masks which are deemed necessary for the physical safety of the wearer or other persons; (iii) engaged in any bona fide theatrical production or masquerade ball; or (iv) wearing a mask, hood or other device for bona fide medical reasons upon (a) the advice of a licensed physician or osteopath and carrying on his person an affidavit from the physician or osteopath specifying the medical necessity for wearing the device and the date on which the wearing of the device will no longer be necessary and providing a brief description of the device, or (b) the declaration of a disaster or state of emergency by the Governor in response to a public health emergency where the emergency declaration expressly waives this section, defines the mask appropriate for the emergency, and provides for the duration of the waiver. The violation of any provisions of this section is a Class 6 felony.

Code 1950, §§ 18.1-364, 18.1-367; 1960, c. 358; 1975, cc. 14, 15; 1986, c. 19; 2010, cc. 262, 420; 2014, c. 167.

The chapters of the acts of assembly referenced in the historical citation at the end

The chapters of the acts of assembly referenced in the historical citation at the end of this section may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.

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This article is about 3 years old

Alexandria mandates facemasks in public spaces starting Oct. 1

John Domen | jdomen@wtop.com September 14, 2020, 7:00 AM

The <u>Alexandria City Council approved a new ordinance</u> that will mandate face coverings at indoor and outdoor public settings in the Virginia city starting October.

Alexandria's new mask ordinance takes effect Oct. 1 and applies to anyone in a public space over the age of 10. It includes those present at indoor venues, as well as outdoor areas where social distancing isn't achievable. Exceptions will be made for eating and drinking, or for religious and safety concerns.

"COVID-19 is extremely easy to transmit, can be transmitted by infected people who show no symptoms, and the population has not developed herd immunity," reads the ordinance. "At this time, there is no known cure, no effective treatment, no vaccine; and because people may be infected but asymptomatic, they may unwittingly infect others.

Philadelphia votes to ban ski masks to decrease crime. Opponents worry it'll unfairly target some

The Associated Press December 1, 2023, 3:43 PM

https://wtop.com/national/2023/12/philadelphia-votes-to-ban-ski-masks-to-decrease-crime-opponents-worry-itll-unfairly-target-some/

PHILADELPHIA (AP) — Philadelphia City Council passed legislation to ban ski masks in some public spaces, a measure supporters say will increase public safety amid high violent crime, but opponents argue it will unfairly target people without proof of any wrongdoing.

The <u>legislation</u> passed on Thursday with a 13-2 vote, and now goes to Democratic Mayor Jim Kenney. A spokesperson said he would review the legislation and "looks forward to our ongoing work with City Council on the urgent matter of ensuring public safety."

The measure would ban ski masks, or balaclavas, in public spaces like schools, recreation centers, parks, city-owned buildings and on public transportation. It defines the garment as a close-fitting covering over the whole head, with holes only for the eyes, nose, or mouth.

A \$250 fine would be imposed against anyone who violates the law. It has exceptions for religious garb and protests.

The legislation comes as the nation's sixth-largest city has been beleaguered by violent crime, tallying a record number of homicides in 2021, most of them gun-related. That number fell from 562 to 516 in 2022 but was still higher than pre-pandemic levels, and advocates have said they are on track to decrease further this year.

Big cities across the nation experienced spikes in crime as social supports were upended during the pandemic, though crime has started to decrease to pre-pandemic levels.

Philadelphia's move goes in the opposite direction to New York City, which relaxed a law that prohibited masks, during the COVID-19 pandemic.

In 2020, New York City repealed a more than century-old law that prohibited face coverings in public. It was meant to permit mask-wearing during the coronavirus outbreak. Supporters of the repeal said the former law also exposed men of color to police harassment and was used against protesters during demonstrations.

Concerns about theft, even as crime decreases in the city, pushed Mayor Eric Adams, a former police officer, to suggest storeowners should refuse to admit anyone wearing a mask unless it was lowered to be picked up by store cameras.

Philadelphia's ban cites an increase in those casually wearing ski masks in 2020 — during the beginning of the pandemic — alongside a rise in individuals sought by Philadelphia police. The ski masks conceal people's identities, making it harder for the police to identify them, supporters say. Messages were left for the bill's sponsor, Councilman Anthony Phillips.