

City Council

Motion without Notice

MM23.18	ACTION			Ward: All
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Protecting Tenants from Price-Fixing on Rental Apartments - by Councillor Josh Matlow, seconded by Councillor Alejandra Bravo

** Notice of this Motion has not been given. A two-thirds vote is required to waive notice.
* This Motion is subject to referral to the Planning and Housing Committee. A two-thirds vote is required to waive referral.
* This Motion has been deemed urgent by the Chair.*

Recommendations

Councillor Josh Matlow, seconded by Councillor Alejandra Bravo, recommends that:

1. City Council request the City Manager to report to the Planning and Housing Committee by the second quarter of 2025 on:
 - a. the use and mechanisms of software that enables landlords and private rental management companies to engage in price-fixing of rents; and
 - b. potential municipal levers to restrict the use of software that allows landlords and private rental management companies to engage in price-fixing of rents.
2. City Council request the Government of Ontario to amend the Residential Tenancies Act, 2006, to ban the use of software that allows landlords and private rental management companies to engage in price-fixing on rental prices.

Summary

With vacancy decontrol and the Ford government's removal of rent control on buildings constructed after 2018, Toronto renters are all too aware of escalating prices for vacant units and annual double-digit rent increases on an apartment they're already renting. With a structural housing supply shortage driving rent inflation, landlords are said to pass on massive rent increases to tenants according to what the market will bear. But what if these large increases are not solely the machinations of the "free market", but rather the product of illegal price collusion between landlords facilitated by the same algorithmic pricing software currently subject to antitrust investigations in the United States?

In the U.S., the Federal Bureau of Investigation is investigating property management software company RealPage for illegal algorithmic rent setting through its software Yieldstar. The Department of Justice launched a lawsuit last August, claiming that the AI software allows landlords to collude on their rents, avoiding fair competition in the market. The influence of RealPage across U.S. rental markets was significant: it set roughly 60 percent of prices in the D.C. area, and 70 percent in Phoenix, Arizona.

A recent CBC investigation found that Yieldstar software has been in use by landlords and property managers in Canada since 2017. Reporting has documented its use by property management company GWLRA, as well as Dream Unlimited and its property manager Rhapsody Living. In response, the federal government recently announced that it is launching an investigation into price-fixing by landlords using algorithms through the Competition Bureau.

The full extent of this software's use in the Toronto rental market is unknown, nor do we have a full picture of who is using it. In this context, it is imperative that the City employ all tools at its disposal to ensure fairness for renters by taking action against landlords who cheat to illegally drive up their profits.

Background Information (City Council)

Member Motion MM23.18

(<https://www.toronto.ca/legdocs/mmis/2024/mm/bgrd/backgroundfile-250469.pdf>)