

RUBEN GALLEGO
3RD DISTRICT, ARIZONA

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Congress of the United States
House of Representatives
Washington, DC 20515-0307

DC OFFICE:
1114 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-4066

DISTRICT OFFICE:
1601 N 7TH STREET
SUITE 310
PHOENIX, AZ 85006-2481
(602) 256-0551

September 13, 2024

The Honorable Lina Khan
Chair
Federal Trade Commission (FTC)
1600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Chair Khan:

I write today to call your attention to Arizona's rental housing market, including predatory rental and pricing practices targeting Arizona families.

In the last two years on record alone, the average price of renting in Arizona jumped by 32 percent. While rent prices have stabilized recently, far too many Arizonans are still overwhelmed by high rental prices. In some cases, costs on Arizonans have been artificially inflated.

Recent reporting has shown how some landlords combined non-public, sensitive information about rental rates, vacancies, and other attributes with algorithmic pricing software. These would be competitors then coordinated to significantly increase rental prices across entire regions of Arizona, blatant market manipulation meant to squeeze Arizonans for every penny.

In addition, reports and recent court cases have shown that some Arizona-based landlords charge tenants for repairs that tenants are not responsible for, including plumbing, water, and sanitary conditions that landlords are required to provide under the Arizona Residential Landlord Tenant Act, which outlines the responsibilities of a landlord. Renters, many who are living paycheck to paycheck, are then faced with a difficult choice - pay for these repairs, try to break a lease and pay any penalties, withhold rent and risk eviction, or take their case to court. For renters, this can be a life-altering situation. However, for some large, corporate-backed landlords, this has become ingrained in their business and pricing models.

The ambiguous, hidden fees that some Arizona renters face can create a serious financial burden, particularly for families, seniors, and Arizonans with disabilities. This constitutes a serious misrepresentation of the sticker price of a rental agreement. Bad actors also harm legitimate, law-abiding property owners who are at a competitive disadvantage for honoring rental agreements

and who also charge a legitimate rental price instead of nickel and diming tenants down the road.

As a Capitalist who believes that free markets and innovation are what is best for Arizona's future, we cannot have a system where legitimate businesses and entrepreneurs feel they must bend or break the rules to succeed. Therefore, I call on the FTC to investigate and, where appropriate, take action to protect Arizona renters. I appreciate your commitment to our shared goal of a competitive, fair rental market.

Thank you in advance for your consideration.

Sincerely,



Ruben Gallego
MEMBER OF CONGRESS