May 20, 2025

Chairman Brett Guthrie
House Energy & Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

Ranking Member Frank Pallone
House Energy & Commerce Committee
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Guthrie and Ranking Member Pallone:

On behalf of the members of the National Multifamily Housing Council (NMHC), the National Apartment Association (NAA), and the Real Estate Technology and Transformation Center (RETTC), we write ahead of your hearing entitled "AI Regulation and the Future of US Leadership" to commend the Committee's efforts to support the nation's leadership in artificial intelligence (AI) . Thank you for the opportunity to share the view of rental housing providers and their technology partners as the Committee examines the risks and opportunities of rapidly evolving AI technology.

We support recent provisions in the Energy and Commerce Committee's Budget Reconciliation package that would prevent the enactment of duplicative or burdensome AI regulations at the state and local levels. As our organizations have consistently said in the past, a fragmented regulatory approach in data management, security and technology risks stifling innovation and increasing compliance costs. This ultimately undermines the benefits these systems and technologies offer to renters and housing providers alike.

As the Committee considers AI policy, we urge you to support a balanced framework that safeguards innovation. The existing legal landscape already offers strong protections, and any new regulations should build on that foundation without undermining technological progress.

Background

Rental housing providers use emerging technologies, like AI, to reshape business operations, improve housing affordability and benefit millions of American renters. While commonly perceived to be new technologies, AI and related technologies in rental housing have already led to significant gains in meeting resident expectations and demand. Applications of this technology continue to grow rapidly but, to date, include virtual touring, enhanced resident screening and leasing, home automation, predictive maintenance, and even improved property level climate resilience.

These tools offer benefits to housing providers and residents alike, driving modernization of historic practices and maximizing operational efficiency and improving housing outcomes. They are also subject to robust internal controls, existing legal protections, and regulatory requirements at the federal, state and local level that should be considered before overlaying any additional regulations.

Benefits of AI for Residents, Rental Housing Providers and Others

Below are some examples of how stakeholders in the multifamily space are utilizing AI and other technologies to improve operations and enhance renters' experiences:

- **Rental housing owners and lenders** leverage technology platforms to improve efficiency, underwrite lending, identify investment opportunities to meet growing rental demand and work towards improving housing affordability.

- **Rental housing developers** use new cutting-edge technologies to build and rehabilitate rental properties and have begun to cut costs by leveraging AI to navigate complex and antiquated zoning policies to identify workable land-use strategies to speed development and ultimately improve housing affordability.

- **Rental housing operators** use AI platforms for improved resident service; more transparent and accurate resident screening and leasing to improve housing opportunity and prevent rising rental housing fraud; home automation; and predictive maintenance.

- **Rental housing technology suppliers** are transforming the market with tools that improve the resident experience, enable property sustainability and resilience, enhance security for residents, and lower operational costs through risk management solutions.

As evidenced above, housing providers are turning to these new AI tools to combat rising operational threats that are difficult to address using traditional methods. When implemented properly, these technologies can greatly assist with management and other housing-related obligations and ensure residents receive the best living experience possible.

The rise in fraud in the application and leasing process presents a notable case study on the benefits of AI. NMHC and NAA surveys[1] and reports[2] have found staggering increases in application fraud. A vast majority of respondents (93.3%) experienced fraud in the past twelve months and most also (70.7%) reported experiencing an increase in fraudulent applications and payments where the person utilized fraudulent documentation, financial statements and even identities. Individuals who submit fraudulent applications and subsequently fail to pay rent account for roughly 1 in 4 (23.8%) of eviction filings. This also drives up housing costs broadly due to nonpayment, with apartment owners, developers and managers forced to write off an average of roughly $1 million in bad debt stemming from nonpayment due to fraudulent applications. By integrating AI technologies into the screening process, housing providers are pursuing new avenues to better identify and combat application fraud. Over time, this will reduce evictions, lower costs, and prevent renters from fraudulently securing unsustainable leases that result in bad debt.

Similarly, underwriting is a critical part of the lending process, and its accuracy is highly dependent on the quality of the available information. Incorporating AI enhances housing owners' and financiers' ability to effectively underwrite lending and ultimately improve housing supply and lower housing costs as a result.

In addition, empirical evidence suggests that while AI systems are far from perfect, they appear to result in less bias than human beings and may be taught to avoid bias, including in underwriting. For example, renewing or enforcing leases, helping to guide rental pricing, screening applicants for rental housing and taking other resident-facing actions can be time-consuming, costly and inconsistent, despite the best efforts of property owners and managers. Some housing providers use, or are considering using, technology to address these issues that arise within their own communities. Industry practices include providing for human, individualized oversight of decisions recommended by AI systems so that the automated recommendation is just one component in a process that gives humans the best information on which to make a decision.

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[1] National Multifamily Housing Council, "NMHC Pulse Survey: Analyzing the Operational Impact of Rental Application Fraud and Bad Debt," https://www.nmhc.org/research-insight/research-report/nmhc-pulsesurvey-analyzing-the-operational-impact-of-rental-application-fraud-and-bad-debt.
[2] National Apartment Association, "Synthetic Fraud: How to Identify, Respond To & Prevent It," https://www.naahq.org/synthetic-fraud.

Conclusion

We appreciate the Committee's focus on fostering innovation and ensuring a coherent, forward-looking approach to AI policy. NMHC, NAA, and RETTC stand ready to work with the Committee to support responsible innovation that improves efficiency, resilience, and affordability in rental housing.
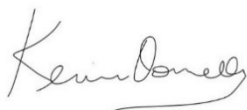
Sincerely,

Sharon Wilson Géno
President
National Multifamily Housing Council

Bob Pinnegar
President and Chief Executive Officer
National Apartment Association

Kevin Donnelly
Executive Director and Chief Advocacy Officer
Real Estate Technology & Transformation Center