

March 14, 2025

Kirk Dohne
Acting Director
National Coordination Office
Networking and Information Technology Research and Development
490 L'Enfant Plaza SW, Suite 8001
Washington, DC 20024

RE: Comments on the Request for Information: Development of an Artificial Intelligence Action Plan

Dear Acting Director Dohne:

The National Multifamily Housing Council (NMHC), National Apartment Association (NAA) and Real Estate Technology and Transformation Center (RETTTC)¹ value the opportunity to provide these comments in response to the NITRD NCO's Request for Information on Development of an Artificial Intelligence (AI) Action Plan. We commend President Trump for pursuing an AI Action Plan as part of the Presidential Executive Order on January 23, 2025. Thank you for the opportunity to share the view of rental housing providers and the technology companies that partner with them as the Administration examines the risks and opportunities of rapidly evolving AI technology.

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

¹ The National Multifamily Housing Council (NMHC), the National Apartment Association (NAA) and the Real Estate Technology & Transformation Center (RETTTC) partner on behalf of America's rental housing providers and technology suppliers that are driving innovation and helping assist in addressing our long-term housing challenges. Drawing on the knowledge and policy expertise of staff in Washington, D.C., as well as the advocacy power of over 140 NAA state and local affiliated associations, NMHC, NAA and RETTTC provide a single voice for rental housing developers, owners and operators and the technology suppliers that are driving innovation and helping assist in addressing our long-term housing challenges. One-third of all Americans call a rental property home—where, increasingly, technology solutions are being leveraged to modernize property operations, improve housing affordability and enhance the resident experience.

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 surveys² and reports³ have found staggering increases in application

² 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>.

³ National Apartment Association, "Synthetic Fraud: How to Identify, Respond To & Prevent It," <https://www.naahq.org/synthetic-fraud>.

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.

Consumer Data and the Need for Federal Privacy Protections

The relationship between the resident and the housing provider may span years and involve the collection and use of various types of information. Consumer data contained in resident screening reports and held by property managers and their service providers is crucial in accounting for rental history, tenure and payment data, which make up an important part of a resident's profile. These data points can also serve as tools to improve a resident's housing opportunities in the future. Rental housing owners and operators, and their service providers, rely heavily on highly sensitive, personal data about rental applicants, residents and employees to run their day-to-day business and effectively integrate new technologies into their operations. Given the sensitivity of the information that rental housing operators rely on and the ever-expanding cyber threat landscape we face, our industry has placed a high priority on strengthening defenses against vulnerabilities and protecting sensitive data and consumer privacy.

To effectively regulate AI and emerging technologies used by the rental housing industry and beyond, NMHC, NAA and RETTC strongly believe that it is necessary to first establish a comprehensive federal data privacy standard, and we hope to continue working with Congress and the Administration to ensure that any legislation or regulation recognizes the unique nature and

needs of the rental housing industry while ensuring the data that our members collect, use, and maintain is secure.

Industry-Driven Efforts and Existing State and Federal Regulations are Protecting Consumers

Rental housing providers have worked to develop robust internal compliance plans and provide appropriate guardrails around their uses of AI, recognizing the key role these protections play in ensuring continued positive outcomes for all impacted parties. NMHC, NAA and RETTC have been at the forefront of helping rental housing providers navigate new technology by facilitating the creation of educational resources for our members. NMHC, NAA and RETTC members have also acknowledged the need for continual, internal review as users of third-party tools to ensure that both business operations and resident impacts are understood, and negative outcomes are mitigated.

Existing State and Federal Regulations Provide Strong Consumer Protection

Because the relative availability of AI systems has changed recently, the public impression is that the issues are also new, giving the impression that new rules and regulations are necessary to deal with them. This is not the case.

The current legal landscape provides strong protection against risks posed by AI, machine learning and algorithmic decision making. Housing policy and the relationship between housing providers and renters are guided strongly by robust state and local laws that include protections for both renters and housing providers alike. Additional consumer protections found under state privacy laws and regulations are also another important consideration. At the federal level more specifically, various federal statutes already apply to AI applications with impacts on housing providers and renters. For example, the U.S. Department of Housing and Urban Development (HUD) and Department of Justice (DOJ) enforce the Fair Housing Act (FHA) and similar laws, and the Federal Trade Commission (FTC) has general authority to regulate potentially unfair and deceptive trade practices. Additionally, the Consumer Financial Protection Bureau (CFPB) has rule-making and enforcement responsibility under the Fair Credit Reporting Act (FCRA). Each of these agencies has taken actions – ranging from joint statements to requests for public input and enforcement actions, among other efforts – under their existing authorities to ensure consumer protections are applied to AI and other emerging technologies.

As policymakers consider AI developments, we urge that any efforts to regulate these products and services should acknowledge the end-user as beyond the scope of liability. This is important to ensure that future regulations do not unnecessarily stifle innovation or undermine the pro-consumer and pro-housing benefits new technologies bring to bear. Further, incorporating safe harbors into future approaches is a proven method for providing the industry with the flexibility necessary to continue innovating as technologies evolve.

Conclusion

NMHC, NAA and RETTC appreciate the opportunity to provide the Administration with information on rental housing providers' use of AI. It is critical that any future regulatory efforts continue to promote principles that prioritize technological transformation, data integrity and acknowledge the legitimate business purposes for technology. We are committed to working with policymakers and regulators on these emerging technologies. If we can be of any assistance, please do not hesitate to contact us.

Sincerely,



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