

March 4, 2026

The Honorable French Hill
Chairman
House Financial Services Committee
1533 Longworth House Office Building
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Financial Services Committee
2221 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hill and Ranking Member Waters:

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 (RETTCC), we write ahead of your hearing entitled “Fighting Fraud on the Front Lines: Challenges and Opportunities for Financial Institutions.” Thank you for the opportunity to share how rental housing providers and their technology partners are currently utilizing emerging technologies to address growing fraud in the rental housing industry.

Housing providers are flooded with fraudulent rental applications, often including falsified personal information and documentation whose authenticity cannot easily be verified with the naked eye. Providers rely on technology to help bridge this gap and mitigate risks to their residents, employees, and rental communities. As the Committee examines fraud in the financial services sector, we urge you to recognize the impacts of fraud on rental housing and how an increase in fraudulent activity drives up housing costs for renters collectively and elevates risks to rental communities.

The Impact of Fraud in Rental Housing

An [NMHC and NAA survey](#) found staggering increases in application fraud, with a vast majority of respondents (93.3%) experiencing fraud in recent months and most (70.7%) experiencing an increase in fraudulent applications and payments where the person utilized fraudulent documentation, financial statements and even identities. 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. Housing providers have observed an increase in fabricated documentation, often generated using publicly available and easily accessible tools. The falsified materials consist of modified identification documents, fabricated credit profiles, fake employment records. The specific impacts of fraud on the industry include:

- **Rental fraud takes homes away from law-abiding renters.** For every apartment taken by a scammer, there’s one less apartment available for a law-abiding renter. Furthermore, depending on local laws, it can take months, even years, for a housing provider to take back a fraudulently rented apartment. During that time, the apartment is off the market, unavailable to families who need a home.
- **Rental fraud makes communities less safe.** Nearly all housing providers screen applicants to ensure not only that they can afford the apartment but also that they’re not a danger to their neighbors or the community. When criminals apply for an apartment using stolen or synthetic identities, they circumvent the screening and background-check process. That

makes it harder for housing providers to keep violent criminals and other offenders out, endangering their neighbors and the broader community.

- **Rental fraud has made it more expensive for law-abiding renters to search for apartments.** Housing providers have been forced to invest in more sophisticated fraud-detection tools as fraud becomes more widespread. But these tools aren't cheap and can add to soaring operational costs.
- **Rental fraud raises costs for housing providers.** Fraudulent rental applications usually result in delinquencies, with roughly one-quarter of evictions stemming from rental fraud. (NMHC) That means housing providers lose months (even years) of revenue while also incurring other costs, including legal costs and the cost to repair and remarket fraudulently obtained apartments. (NAA)

Combating Fraud with Emerging Technologies

Emerging technologies are revolutionizing the way housing providers can prevent rising levels of fraud. Emerging technologies are particularly improving the resident screening process, which is critical for housing providers as they evaluate whether a potential resident is likely to fully comply with the terms of their lease and their ability to pay rent timely and consistently. Screening laws enable providers to identify and mitigate against foreseeable risks to their residents, employees, and rental communities. These are necessary, long-standing industry practices that support equal opportunity in housing and consistent decision-making.

Rental housing operators use AI-enabled platforms for more transparent and accurate resident screening and leasing to improve housing opportunity and prevent rising rental housing fraud. By integrating AI enabled 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 help improve housing affordability and access for renters. These technologies are 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.

Policy Solutions

NMHC, NAA and RETTC believe technology is essential to protecting the financial viability and stability of rental housing communities. To address long-standing housing challenges, Congress must ensure housing providers can continue to leverage technology effectively. In their efforts to address emerging AI technologies, policymakers risk restricting tools that have become integral to day-to-day business operations. AI is critical to efficient resident screening, yet recent policy proposals overlook the true drivers of housing affordability challenges, namely housing shortages and rising operating costs.

As legislation is developed, policymakers should prioritize innovation and a coordinated, forward-looking approach to fraud prevention. Federal, state, and local policies should preserve the ability of housing providers to use AI and other emerging technologies, enabling more efficient screening and safer communities.

Conclusion

We appreciate the Committee's focus on preventing rising fraudulent activity in the financial services sector. We urge the Committee to continue its bipartisan work to achieve federal policy that protects consumers, allows business uses of AI and other emerging technologies to continue. 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
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