

January 31, 2024

Chair Tina Smith

Subcommittee on Housing, Transportation and Community Development
Senate Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Ranking Member Cynthia Lummis

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Dear Chair Smith and Ranking Member Lummis:

The National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) applaud the Committee for calling a hearing entitled “Artificial Intelligence and Housing: Exploring Promise and Peril.” We appreciate the Committee exploring the use of emerging technologies, like Artificial Intelligence (AI), in the housing space and the many ways they are providing significant benefits to property owners and their residents. NMHC and NAA members have been at the forefront of technology deployments that have reshaped business operations, improved housing affordability, and benefited millions of Americans renters.

For more than 25 years, NMHC and NAA have partnered on behalf of America’s apartment industry. Our combined memberships are engaged in all aspects of the apartment industry, including ownership, development, management, finance, and suppliers partners/service providers. Drawing on the knowledge and policy expertise of staff in Washington, D.C., as well as the advocacy power of 141 NAA state and local affiliated associations, NMHC and NAA provide a single voice for developers, owners, and operators of multifamily rental housing. One-third of all Americans rent their housing, and 38.9 million of them live in an apartment home.

The Positive Role of AI and Emerging Technologies in Rental Housing

The use of artificial intelligence—or AI—has garnered significant attention in recent years, with policymakers and media outlets addressing it on an almost daily basis. Whether they are touting its beneficial qualities or warning of its potential pitfalls, it has been at the epicenter of political and social discussions across the nation and has significant implications for housing providers.

For the better part of the past two decades, the rental housing sector saw tremendous growth and opportunities emerge through new, innovative technologies. In many ways, multifamily housing communities have served as the innovation lab for America. Today, seamless connectivity delivered by Managed Wi Fi or bulk internet systems have enabled AI and related technologies in the multifamily housing sector and led to significant gains in meeting resident expectation and demand through virtual leasing and touring, enhanced resident screening, home automation, or improved property level climate resilience and predictive maintenance to name just a few. Yet with that, like most other technologies, the risk landscape has also

expanded for housing operators because of these technologies and why the multifamily industry continues to place a high priority on data security, integrity, and consumer privacy.

A snapshot of some of the early ways that AI and other technologies are being utilized in the multifamily housing context are below:

Housing Developers are using technology in critical ways to build and rehabilitate rental properties. A growing number of AI enabled platforms are cutting costs by automating design and planning and some are now even using AI to identify opportunities to develop in areas of need with favorable zoning and land use policies. Both are critical issues as we continue to work towards improved housing affordability, equity, and opportunity.

Housing Operators are using AI enabled platforms to overcome labor market challenges, provide positive rental payment reporting services, improve the accuracy and reduce bias in resident screening, and even identify cases of fraud in the application and leasing process to protect the financial viability of the property. In fact, a recent [NMHC and NAA survey and report](#) found staggering increases of application fraud, contributing to both the growth in rents and number of evictions. A vast majority of respondents (70.7%) reported experiencing an increase in fraudulent applications and payments, utilizing fraudulent documentation, financial statements and even identities in the past twelve months. AI enabled screening processes and machine learning are aiding in efforts to protect the financial health of properties and their long-term viability. Importantly, these tools also help reduce foreseeable risks to community residents and employees.

Housing Technology Suppliers are the backbone of modern multifamily property operations. From the leasing office to managing a network of renter centric PropTech platforms, solutions are being deployed to solve some of our most stubborn housing challenges like increasing responsiveness to applicant inquiries and follow-up with residents, improving sustainability and resilience, providing enhanced security for residents and communities, and driving operational costs down through predictive maintenance.

Housing Owners and Financiers are leveraging cost saving technology platforms to improve efficiencies, underwrite lending, identify investing opportunities to meet growing rental demand and work towards improving housing affordability. Through technology, owners can more quickly reallocate funding to drive production and preservation of critically needed rental housing. Even further, owners can deliver tech-driven amenities, service and solutions that residents want and increasingly demand.

Regular Review of AI and other Technologies is Needed

While the multifamily industry, like others, is in the early stages of adoption of tools and platforms that utilize AI, machine learning and other emerging technologies, there is a clear upside to their use. Yet, NMHC and NAA members also acknowledge the need for continual, internal review and oversight of AI models, processes, and outcomes to ensure that both business operations and resident impact is understood, and negative outcomes are prevented. As technology becomes more integral to every facet of the real estate industry, stakeholders must work to uphold our strong commitment to Fair Housing, Fair Credit

Reporting and other pillars of the housing and consumer policy landscape. While policymakers debate how is most appropriate to regulate AI and other technologies, it is critical that they not stifle innovation or inhibit the growth of technologies that have significant pro-consumer and pro-housing benefits. Instead, legislative and regulatory efforts should continue to promote principles that prioritize data integrity, mitigate bias, and acknowledge the legitimate business purposes for technology. To ignore those principles in favor of hyper-prescriptive approaches would impede progress, increase costs for housing, and worse, it would freeze inequities, effectively making them permanent, and prevent advancements.¹

Existing 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. Additionally, research into the relative bias of AI and humans has been the subject of research for decades and has shown that even AI systems presenting bias can be corrected. Policymakers should work to ensure that additional requirements are grounded in fact rather than fear. Instead, they should consider approaches that allows for safe harbors so that the industry maintains the flexibility it needs to continue to innovate in this evolving area. The safe harbor approach is common in housing, particularly affordable housing.

Conclusion

We thank you for the opportunity to present the views of the multifamily industry as you explore the many opportunities and the risks posed by AI in the housing market. We stand ready to support the efforts of Congress in its work to unleash the power of technology to improve housing affordability, enhance property operations and meet the expectations and needs of our nation's renters.

Sincerely,



Sharon Wilson Géno
President
National Multifamily Housing Council



Robert Pinnegar
President & CEO
National Apartment Association

¹ NMHC White Paper, *Artificial Intelligence & Resident Screening: Considerations for the Rental Housing Industry*, Amy M. Glassman, et al. Ballard Spahr LLP. October 2023.