U.S. Senator Tina Smith Leads Hearing Exploring the Promises and Perils of Artificial Intelligence in America's Housing Sector

Senator Smith Chairs the Senate Housing, Transportation, and Community Development Subcommittee

WASHINGTON [1/31/2024] – U.S. Senator Tina Smith, Chair of the Subcommittee on Housing, Transportation, and Community Development, today led a bipartisan hearing with Senator Cynthia Lummis (R-WY), exploring the opportunities and threats that Artificial Intelligence (AI) poses in America's housing sector.

The hearing, titled *Artificial Intelligence and Housing: Exploring Promise and Peril*, highlighted the potential artificial intelligence has to make housing more affordable, accessible and equitable, but also to perpetuate existing discrimination and inequality if not implemented responsibly. How AI is deployed has major implications for a person's credit scores, their mortgage rates, and whether home-ownership and wealth building is even within reach. Experts have raised serious concerns about whether AI is extending and reinforcing systemic racial biases. The hearing also brought into focus specific positive applications of AI in housing, such as connecting people experiencing homelessness to health and housing resources.

Witnesses at the hearing included:
1. **Ms. Lisa Rice**, President and Chief Executive Officer, National Fair Housing Alliance
2. **Dr. Vanessa Perry**, Interim Dean and Professor, George Washington School of Business, non-resident Fellow, Housing Finance Policy Center, Urban Institute
3. **Mr. Nicholas Schmidt**, Partner and Artificial Intelligence Practice Leader, BLDS, and Founder and CTO, SolasAI

Senator Smith's full opening remarks are below and available to view **here**. The full video of the hearing is available to view **here**.

Opening Remarks by U.S. Senator Tina Smith (D-Minn.)
Good morning. The Subcommittee on Housing, Transportation, and Community Development will come to order.

Today's Hearing will focus on the promise and threats that Artificial Intelligence poses in the housing sector, and I am very much looking forward to our witnesses testimony and this conversation. I want to thank Ranking Member Lummis and her staff for our ongoing bipartisan work as we put together this hearing. We both share, I believe, a deep interest in how we can develop federal policy that supports innovation and expands opportunity for everyone to have a safe, decent affordable place to live.

And one of the most consequential innovations in recent years is Artificial Intelligence. Leader Schumer, Senator Rounds, Senator Young and Senator Heinrich are leading a bipartisan effort to explore the impacts, opportunities and threats that AI poses. And they have asked Senate Committees to engage in our areas of expertise, which leads us to this committee hearing today, examining what AI means for housing.

Without a safe, decent, affordable place to live, nothing in your life works – not your job, your family, your education, or your health.

So, a foundational question is how AI can help and hinder this goal. We know that some aspects of Artificial Intelligence have been around for a long time, and we also know that major advances are fueling the use of A.I. in finance and housing in ways that we need to understand.

Consumers can find AI when they encounter chat bots when they shop online, or digital "helpers" that seem to be ubiquitous.

AI plays a role when:
• a prospective tenant is looking to rent an apartment,
• a renter submits a maintenance request to her management company,
• a family tries to qualify for a home loan, or when
• a person experiencing homelessness is connected to services.

These are powerful tools that hold great potential to cut costs, target services, reduce wait times, and even reduce bias.

But they also have the potential to bake in existing inequities, reduce accountability, and limit opportunity.

Today AI is being actively used in every part of the housing continuum, from emergency homelessness services to mortgage financing. As I was preparing for this hearing, I found endless applications.

AI is being deployed to help connect people experiencing homelessness to health and housing resources.

AI is helping to forecast more precisely and accurately where families are at risk of eviction to help better target assistance.

Academics and advocates are using AI and machine learning to help understand and map the country's zoning laws and codes, which span about 30,000 localities. These insights will help understand the dense and complicated rules that govern where, how and what type of housing is allowed to be built, so we can make better decisions about boosting housing supply and lowering costs.

So there are many opportunities. And, there are also very real concerns about the threats that artificial intelligence can pose to Americans. In Minnesota, some landlords are reportedly using AI-generated tenant screening reports that include incorrect and sometimes illegal and off-limits information. The result – it's even harder for people to find a place to rent, and they may never know why they were declined, or be able to correct the record. For landlords, it may be easier to just move onto the next applicant rather than considering additional information.

Another example of how AI, used in a bad way, can be quite harmful: There's a current lawsuit in Minnesota against a law firm that allegedly has "automated" the process of filing evictions for landlords. In one month, the firm filed 400 eviction complaints. These eviction filings lacked much detail about why the eviction was happening and seem to routinely lack basic information about lease terms and included significant errors regarding lease dates, rental amounts and payment information.

The fact that a firm allegedly leaned on AI to generate a large number of eviction filings with false information, apparently without meaningful reviewing by an attorney is a big problem. Not only is the eviction illegal, but that eviction will live on in public records and hurt the tenant into the future.

AI is also increasingly part of how people buy homes. It's used in credit scoring models and automated valuation models (or AVMs), which determine the value of

a home. How AI is deployed has major implications for a person's credit scores, their mortgage rates, and whether home-ownership and wealth building is even within reach. We know that we have historic, systemic challenges with fairness and equity in in this country – my own home town of Minneapolis has some of the greatest disparities in home ownership between black and white families anywhere in the country. We need to carefully explore whether AI is extending and reinforcing these biases, and how it has the potential to correct them.

Our excellent witnesses have an unenviable task in your opening statements – to ground us in both the opportunities and threats of AI in housing, in five minutes each. I look forward to hearing from you, and I look forward to hearing the questions and conversation with my colleagues that will follow.

As with any innovation, there are both opportunities and challenges that must be balanced, and our job is to think through how these complex issues so we can develop the best public policy. I very much look forward to this conversation.

I'll now turn to Senator Lummis for her opening statement.

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