

## Recommendations to ensure AI systems help close the racial wealth gap.

The evidence presented in this report demonstrates that without deliberate and outcome-oriented interventions, AI will likely amplify the racial wealth gap rather than narrow it. To be clear, this does not have to be a foregone conclusion. AI technologies can produce positive outcomes when developed, tested, and adopted with principled and civil-rights-protective guardrails. But without safeguards, governance, and corrective measures, AI risks reinforcing existing disparities under the guise of neutrality and efficiency.

**“I would like [policymakers] to know that behind all this technology and all these policies, there’s actual people whose lives are being affected by it, and I would hope that they have somewhat of a backbone and stand up for the actual people, not just their pockets.”**

To address these concerns, transparency and accountability in algorithmic decision-making must be established across these three domains - housing, lending, and jobs.

### Tenant-Screening Recommendations

- **Require disclosure of automated housing decisions.** Lawmakers should require housing providers to clearly disclose when automated or AI-driven tools are used to influence housing decisions, including screening, pricing, fees, lease renewals, and eviction-related actions. Disclosure must be provided in advance and in plain language. Lawmakers should also require landlords to make their screening criteria publicly available before applicants apply or pay fees, so that renters can assess whether they are likely to qualify before incurring nonrefundable costs.

- **Require risk assessments for housing technologies.** Lawmakers must require vendors to perform written risk assessments of any digital tools they market for screening, setting rent, or property management, identifying where each tool might produce biased, inaccurate, or exclusionary results, and how they will mitigate those risks. These reviews should be repeated on a schedule (i.e., annually or after major system changes), shared with regulators on request, and summarized in plain language. Tenant-screening companies must be prohibited from selling scores or recommendations unless they are empirically derived, demonstrably predictive of tenant performance, and routinely tested.
- **Strengthen explanation requirements for denials.** Housing providers must be required to give clear, plain-language explanations when applications are denied or when housing terms are made worse based on automated tools or standardized reports. Explanations should identify the main factors relied upon and the types of data used, not just cite a score or report. Lawmakers should require landlords to provide a written statement of the specific reasons for denial in all cases, not only when an automated tool was involved. This broader requirement ensures renters have actionable information, regardless of whether a human or algorithm made the decision, and supports their abilities to correct errors and improve future housing outcomes.
- **Guarantee access to meaningful human review.** Renters should have the right to request timely review of adverse housing decisions by a human decision-maker with authority to override automated outputs. Review processes must be accessible and fast enough to matter in competitive rental markets. Lawmakers should require individualized assessments of rental applicants and prohibit automatic denials based solely on a tenant-screening report score or recommendation. Meaningful human review should be ensured at each predictable stage of the housing process, including application, occupancy, renewal, and termination. Interviewee 9 offers one example of how consequential human review can be: “When I was in college in New Orleans, I had a rental home where I applied through Zillow, and initially I did get rejected, but the landlord reached out to me and said, ‘Hey, let’s give this a try.’”
- **Restrict algorithmic rent-setting and coordinated pricing.** Lawmakers must bar tools that use shared landlord data to influence each other’s rents and explicitly treat such tools as potential price-fixing. Enforcement agencies must have clear authority to audit systems and require simple reporting channels for tenants to flag suspected algorithmic collusion.

- **Set regulatory standards for data quality and record use.** Lawmakers must require baseline rules for accuracy, timely updates, and recordkeeping that allow decisions to be reviewed and errors to be corrected. Statutes should limit lookback periods for adverse information, bar the use of pandemic-era eviction records, and require systems to use only accurate, lawfully reportable data that reflects sealing and expungement laws. More specifically, lawmakers should: prohibit consideration of eviction records except those resulting in a judgment on the merits against the tenant; facilitate sealing and expungement of eviction records; prohibit consideration of non-conviction criminal records; limit consideration of convictions to those bearing directly on whether the applicant will be a successful tenant; prohibit tenant-screening companies from reporting cases that have been expunged or sealed; and prohibit consideration of credit reports and scores, either alone or as part of a tenant-screening report.
- **Anchor all screening criteria to current ability to pay rent.** Lawmakers should establish that the key inquiry in any tenant-screening process is whether the prospective tenant has the current ability to pay rent, and that any data, model, algorithm, or score used in screening must bear directly on that question. This standard provides the principled basis for prohibiting the use of credit scores, limiting criminal and eviction history, and requiring that any AI-generated screening tool be validated against actual rental performance outcomes rather than proxies that reflect historical discrimination.
- **Expand fair chance laws.** These laws limit the degree to which landlords can consider an applicant's history of arrests and convictions in tenant screening. Consistent with the standards set out above, lawmakers should prohibit consideration of non-conviction records entirely, and limit consideration of convictions to those bearing directly on whether the applicant will be a successful tenant. Legislation enacted in New York provides an effective model. Seattle's experience illustrates the implementation challenges these laws can face, underscoring the importance of clear drafting, robust enforcement mechanisms, and landlord education.
- **Pair more inclusive screening rules with landlord support.** Lawmakers should offer risk-mitigation tools, such as limited insurance or guarantee programs, and incentives like tax credits or subsidies, so landlords are not encouraged to offset perceived risk by raising rents, deposits, or co-signer requirements.

## Homeownership and Lending Recommendations

- **Require lenders and AVM providers to test AI-driven models for disparate impacts.** Statutes should mandate regular testing across protected classes, require reporting to regulators, establish equity benchmarks and minimum accuracy standards, and authorize agencies to require model adjustment or retirement, and to enforce compliance through audits, corrective orders, and penalties.
- **Create a legal right to explanation and contestation.** Strengthen legal rights for borrowers and homeowners to receive meaningful explanations of algorithmic decisions and to challenge errors, including through independent reviews and appeals.
- **Mandate fairness benchmarks and audits.** Legislatures should require model fairness testing and racial-impact audits for AVMs and credit-scoring systems, paired with transparency, reporting, and enforcement mechanisms that ensure identified disparities are corrected rather than merely disclosed.

## Jobs Recommendations

- **Require regular, independent bias audits and public summaries for AI tools.** Summaries must evaluate tools used in hiring, promotion, discipline, and pay, with a mandate to fix or stop tools that disproportionately harm workers of color.
- **Strengthen labor protections.** Policymakers should reinforce just-cause and fair-scheduling laws to address wage instability, worker surveillance, and job precarity exacerbated by bossware and algorithmic wage-setting, particularly in immigrant and minority workforces. Reforms should also include robust enforcement against worker misclassification, direct regulation of bossware systems, and support for worker organizations and collective bargaining.
- **Enact advance notification and transition assistance legislation.** Require employers to provide advance notice when AI will result in a major change to job responsibilities. Require employers to work with unions or through labor-management committees to ensure that workers are trained to use AI to augment—not replace—existing workers. Employers should be required to retrain workers for a new position or provide severance if they eliminate workers' roles.

- **Require clear disclosure rules governing the use of bossware** like workplace surveillance and management technologies. Mandate that employers disclose what data are monitored, how monitoring systems influence pay, scheduling, evaluation, discipline, and job security, and whether automated tools play a role in employment decisions, so that workers can meaningfully understand and contest technology-mediated workplace control.
- **Create an affirmative prohibition on algorithmic wage discrimination.** Current litigation largely addresses only narrow antitrust and fraud claims, leaving broader discriminatory wage practices unregulated.
- **Invest in economic mobility through education and capital access for people of color.** Policymakers and institutions should support career impact bonds that fund reskilling and pathways into high-growth occupations, expand college and career preparation platforms for students of color, and strengthen supplier diversity initiatives, which research suggests could generate up to four million new jobs if spending doubled from \$1 trillion to \$2 trillion.