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CASE STUDY

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| 01 Abstract

Type of OER (Case study, Simulation, Scenario exercise, ...)

This case study focuses on *FindtheRightTenant* a ficitional company that uses AI and credit history to decide access to housing and **it** is an example of how algorithmic decision making can lead to consumer harm and even infringe on people's rights when they do not work properly. The case is essentially divided in two parts. First, the case study explores the history of *FindtheRightTenant* and their algorithm, explaining how it was deployed and how it went wrong, how it affected consumers and their access to housing and how it damaged the company's reputation and led to trouble for them. This part finalizes by highlighting the risks associated with these practices The second part of the case study focuses on solutions, what a company should do to mitigate the identified risks as well as the legal norms that it ought to follow to avoid liability, how it can better protect user rights and learnings that can then be applied by other companies seeking to leverage automated decision making to decide on citizen access to opportunities in housing, credit and other areas as well. The case study focuses on identifying the ethical risks in algorithmic decision making related to access to housing and propose corrective measures by first identifying the ethical and legal risks associated with it so that the student can understand the issues associated with bias, discrimination, transparency and data privacy. While the company described is entirely fictional, it is based around the experiences of an actual company that ran into similar issues. When claims are made, they are all properly backed by a source.

Goal or Purpose

The goal of this case study is to illustrate how algorithmic decision-making is integrated into business decisions related to access to housing and highlight the ethical and legal that come from the widespread use of this technology. It does so by exploring the experiences of a fictional company, *FindtheRightTenant* and the challenges and issues it faced when its algorithm did not work as intended and had very real consequences for people seeking to rent housing.

Expected Learning Outcomes

- The student will be able to **identify** ethical risks in automated decision-making and scoring models and propose corrective measures.
- The student will understand the key ethical issues in AI applications for decision-making enabled by algorithms, including bias, discrimination, transparency, and data privacy.

Suggested Methodological Approach

This case works best as problem-based learning in which instructors should guide a discussion with students once they have familiarized themselves with the company and with concepts and technology. Topics for discussion and potential concerns are provided, but instructors should encourage students to think on their own and identify other potential concerns they may have. The Students should be encouraged to discuss where the problems arose from and discuss if the proposed solutions can be effective and to come up with enhancements, improvements or even other possible solutions.

Keywords

Algorithmic decision-making, Access to housing, transparency, information and data literacy, bias.





| Introduction

FindtheRightTenant

In the Republic of Nordovia, tenant screening has become an increasingly central component of the rental application process. Rather than assessing tenants independently, **many landlords and property managers now depend on private screening firms to evaluate applicant suitability.** These assessments often involve compiling large datasets sourced from financial institutions, credit agencies, and commercial data brokers. To streamline this process, **many screening companies have integrated AI-driven tools and automated decision-making** into their services.

FindtheRightTenant stands out as a key actor in this evolving landscape. Operating nationwide, the company provides digital tenant evaluation tools designed to help landlords make quick, data-informed leasing decisions. Since 2019, *FindtheRightTenant* has also worked in partnership with the Nordovian Social Housing Agency (NSHA), supplying tenant screening services for participants in the National Housing Access Scheme (NHAS). This publicly funded initiative aims to expand affordable housing options for individuals and families with limited financial means by facilitating access to homes in the private rental sector.

As a result, applicants' access to public housing support increasingly depends on algorithmically generated profiles and risk assessments produced by *FindtheRightTenant's* systems. This growing reliance on automated evaluations raises critical concerns about accountability, fairness, and compliance with data protection laws), which safeguards individuals' rights in the processing of personal data across Nordovia and the wider European region.









| Tenant Screening and Automated Decision-Making

Background: A General Overview of Tenant Screening

Tenant screening is an evaluation process that landlords and property managers use to determine if a prospective tenant is likely to meet their rental obligations. In other words, is a process that allows them to identify who may meet the standards of a "good tenant," someone that will pay rent in time, take care of the property and follow their tenancy contract. The tenant screening process has become the cornerstone of modern property management, particularly in competitive markets in urban environments where large tenants operate multiple properties.

A typical tenant screening process includes several key components:

- 1. An application review in which a tenant is asked to provide personal information including details about employment, income and rental history which becomes the basis for further checks and verifications.
- 2. A credit history assessment where landlords consult a credit report to evaluate the tenant's financial reliability. Landlords will look for evidence of on-time payments, debt levels, and overall creditworthiness.
- 3. Employment and income verification that ensure that tenant's employment status and source and amount of income offer guarantees that the tenant will be able to meet rental payments. This may include checking employer references, requesting recent pay slips, or other proof of stable income such as a pension or a grant.
- 4. A background check which may include reviewing eviction history, criminal records and other available data that may help landlords identify potential red flags. These checks can raise important questions about privacy, consent and fairness, and depending on the jurisdiction may or may not be possible.
- 5. **Reference checks** in which former landlords or personal references are contacted so that property owners can gain insight into the applicant's past behavior as tenant, particularly in terms of how they took care of the property, timely payments and the relationship with former landlords or neighbors.

Tenant screening aims to reduce financial and legal risk for landlords but increasingly, automated means of screening have become common practice. Automated decision-making and the use of big data also introduce concerns raising issues such as the use of inaccurate or outdated data, which may lead to erroneous decisions, systemic bias which may end up being discriminatory for certain populations, or lack of transparency which makes it very difficult to know how and why decisions are made.

As housing providers, policymakers and digital service developers (the ones that create the tenant screening digital tools) engage with evolving rental markets in Nordovia and elsewhere around the world, a nuanced understanding of how tenant screening works, including comprehending its methods, benefits and risks, becomes essential to ensure fair, transparent and accountable housing access systems.

How Automated Tenant Screening Works

Automated tenant screening, or algorithmic tenant screening uses artificial intelligence and machine learning to evaluate rental applications. It seeks to automate a process that is similar to "traditional" screening described above in the sense that it also uses certain inputs to assess the suitability of a tenant. However, the use of modern digital technologies, however, analyzes vast amounts of data to evaluate tenants, enabling landlords and property managers to process applications more efficiently, and, assuming the technology can work as intended, improving the chance

of making the right decisions.

Automated tenant screening typically involves the following processes:

- **1. Data collection.** Applicants fill out digital forms through which they provide personal details, information about employment, income, rental history and give consent for background checks to be performed.
- 2. Al assessment. Algorithms powered by Al and machine learning process this information and evaluate factors such as credit scores, rental history, employment verification and criminal records. Al analysis is key and a leap from traditional assessment as these systems can identify patterns and raise potential red flags by comparing data from a particular candidate with the insights derived from analyzing large amounts of data that have been used to train the Al system.
- **3.** Fraud detection. Advanced AI tools can also detect inconsistencies or forgeries in submitted documents, including pay stubs or identification and intend to enhance the reliability of the screening process.
- 4. Decision support. The AI system generates a report or score that ascribes a risk level to applicants. This information can help landlords make informed leasing decisions but if taken at face value, and if landlords and property managers decide only on the risk score ascribed, then there is a risk that flawed systems -that exhibit issues such as systemic bias- lead to decisions that could be discriminatory for certain people or collectives and therefore, could expose landlords to legal liabilities.

Automated screening certainly has benefits. It can be more efficient, since AI can process applications more rapidly that humans can, reducing the time between an application submission and a decision. It can be more consistent that human decisions, as automated systems apply the same criteria to all applications, ensuring uniformity in evaluations. Fraud detection can be more effect since AI has the ability to analyze and cross-verify information and be a powerful tool for identifying fraudulent applications and be more effective, and faster, than manual methods.

There are, on the other hand, **several challenges and considerations** as well. The use of these systems can raise questions about **the accuracy of data** since the effectiveness and precision of automated screening will depend on the quality and accuracy of the data analyzed. **Transparency** can also be a challenge because applicants may find it challenging to understand how a decision was made by an opaque AI system, which in turn can make it difficult to contest those decisions. **Bias and fairness** can also be a significant challenge. Algorithmic decisions made with AI need to be managed carefully. Since they are trained on and use historical data to make their analysis and arrive to a decision, biases present in such data may be repeated and perpetuated, leading to **unfair outcomes** that can even constitute **discrimination**, with the **potential to systematically deny housing to certain groups in society, including those most vulnerable**.

Automated tenant screening offers significant advantages in efficiency and consistency for landlords and property managers and has the potential in aiding them to make better decisions. However, it is essential to address concerns related to data accuracy, transparency, and potential biases to ensure fair and equitable housing practices.



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| | FindtheRightTenant: an "anti"-case study

An Automated Recipe for Trouble

As FindtheRightTenant became essential to Nordovia's landlords and property managers, and as algorithmically generated profiles and risk scores became central to housing decisions, FindtheRightTentant systems invited increased public scrutiny.

FindtheRightTentant's screening system relies on a wide range of data sources to generate automated reports that assign risk scores to prospective tenants. These include public records, credit information obtained from the major credit reporting agencies and the credit bureau of Nordovia as well as other data that the company acquired from commercial data aggregators. *FindtheRightTenant* uses a wide range of data sources.

There are longstanding concerns related to the reliability of the data sets that *FindtheRightTentants* and similar companies have chosen to use. Many investigators have pointed out to **persistent errors** in them, such as duplicate records, missing, outdated or erroneously reported information, and issues with mistaken identity, particularly when individuals share similar names or demographic details. Such inaccuracies can compromise the integrity of the whole screening process and lead to erroneous assessments. When automated systems use flawed input data to produce what appear to be objective results there is a risk that, if taken at face value, any outputs assessing the suitability of a candidate are simply wrong. If the data used in the input is erroneous, is more than likely that the outcome, and the decision taken as a result, is erroneous as well.

In addition to issues related to accuracy, the data infrastructure of a system like the one used by *FindtheRightTenant* raise concerns about the fairness of the decisions made. Information such as criminal records of family members, employment history, a record of prior evictions, and a history of residential instability often reflect the patterns of **structural inequality** in society, which in turn may be rooted in **Nordovia's** own social problems and past issues with discriminatory housing and law enforcement practices. **Data can reflect societal issues and AI systems can reproduce and perpetuate such issues. Historical biases** become embedded in the data, and thus, automated systems can **reproduce and legitimize these patterns under the guise of neutrality and algorithmic efficiency.**

Despite these being know issues, *FindtheRightTentant* also had a history of disclaiming responsibility for verifying the accuracy or fairness of data it uses for its tenant screening reports. The company's practices do not include meaningful quality control on third-party data inputs it acquires and had no risk mitigation practices as part of the way it did business. Despite being an Al-driven business, *FindtheRightTenant* had no known responsible AI practices or an AI governance framework even as it claimed that its product complied with Nordovian laws related to consumer protection or personal data protection. These evident flaws caught the attention of investigative journalists in the country.

| The Investigation

What Journalists found

Several news organizations and consumer protection groups took notice of *FindtheRightTenant* practices. The Planet News, the National Consumer Protection League and Nordovian Tech News took the lead and highlighted several systemic problems in how tenant screening algorithms in general are designed, implemented and regulated, but particularly singled out *FindtheRightTenant* as irresponsible.



They called out the company for not doing enough to address know issues related to **data accuracy** and **lack of transparency.** They found that data from credit bureaus, eviction databases and criminal justice records are often riddled with outdated, incorrect or incomplete data. In various instances, they found, records of arrests that never led to actual convictions and civil eviction cases that were dismissed or settled still appeared in reports and the inclusion of these "zombie records" resulted in several rental rejections that were based on misleading, false or incorrect information.

They also found the company's systems were not **transparent at all** and several tenants they interviewed had **no idea what data was used** to make a decision. They also have little to **no information about how to contest a negative screening result.** . Neither *FindtheRightTenant* nor landlords routinely informed tenants when they were denied **because of an automated screening report**, with opaqueness being present in private market rentals, even if there was evidence of this problem in the Nordovian public housing system as well.

Journalists also investigated potential **bias and discrimination** that may be embedded in the data and algorithms present in the data the company's systems were relying on. While they could not determine or have access to the specific data bases that *FindtheRightTenant* their research highlighted concerns about the potential **bias and discrimination** embedded in datasets and algorithms similar to those the company's systems were relying on, and they put the focus on the types of data points used to feed the score that feeds decision-making algorithms.

An article published by The Planet News explained how using criminal records, eviction history and address-based risk scoring **disproportionately affected Nordovian minorities** -especially peoples of color and migrants – due to **historical patterns of housing discrimination**, **segregation and income inequality.** Given the fact that journalists and watchdogs pointed out that *FindtheRightTenant* had no meaningful bias mitigation and data governance procedures, they raised worries that what looked like a "neutral" technology that would lead to better decision-making and "finding the right tentant" per the company's name, was in fact an automated process that carried the risk of **perpetuating and legitimizing structural racism and discrimination** through those decisions.

This led to criticisms by consumer organizations about how *FindtheRightTenant* marketed its algorithmic product. They claimed that they complied with all relevant laws but at the same time, claimed that they had no responsibility for the accuracy of the data used. Both consumer organizations and the press found this contradictory and highlighted that it raised questions regarding accountability, **especially when renters were denied access to housing based on** *FindtheRightTenant* **automated reports.**

| FindtheRightTenant goes to Court

From Journalistic Investigation to Legal Action

As a result of the investigations, since 2023 *FindtheRightTenant* has been named in several lawsuits and complaints. Since it had been providing tentant screening services to both private landlords and public housing authorities, several human rights advocates and consumer organizations, and eventually the government sued the company. Contracts with local governments were terminated as a result of the outcry, including a very large one with a local government agency that handled a housing rental aid program in Nordovia's capital, making the *FindtheRightTentant*'s legal troubles very public. It soon made national and international news.

The National Consumer Protection highlighted that *FindtheRightTenant* had been accused to adequately vet the accuracy of third-party data sources, and evidence has been presented in court that they did not do any vetting, even when data sources were widely known to produce frequent errors. According to the Planet News reporter Kent Lois "several of the lawsuits filed accused *FindtheRightTentant* of systematically producing reports that conflated individuals with similar names, misreported court outcomes, and presented data in ways that lacked any contest. For example, in relation to arrests, they did not include information about dismissed charges or resolutions of lawsuits."

The fact that the company got taken to court gave further tools to journalists. This led to a landmark investigation by the newspaper into the tenant screening industry in Nordovia. Facing limitations in accessing tenant data directly due to privacy laws, they turned to an innovative methodology: analyzing federal lawsuits related to tenant screening companies.

The fact that *FindtheRightTenant* also worked with governmental agencies gave investigators an edge and ironically, **AI tools did too**. Journalists from the Planet News used natural language processing and custom-built data tools to scrape and sort thousands of court records to identify patterns in consumer complaints and legal outcomes. They cross-referenced these cases with Access to Information requests to Nordovian housing authorities, which revealed the widespread use of companies like *FindtheRightTentant* in several public housing programs.

| The Very Human Cost of Automated Legal Screening

How Industry Malpractice Affected the Most Vulnerable

Reporting done by the Planet News emphasized how opaque and difficult it is for renters to challenge decisions made by these systems, and how rare it is for any company to be held accountable for faulty or biased outcomes. Their investigation exposed Nordovians to a **troubling picture of the automated tenant screening industry:** a powerful, data-driven system that operates with minimal transparency, limited accountability, **and serious consequences for vulnerable renters.**

One case documented by the newspaper involved woman named Luisa Sanchez who was denied housing after her tenant screening report mistakenly included a criminal record belonging to someone else with a similar name, a Louisa Marquez. A migrant to Nordovia that had been legally in the country for almost a decade, she was repeatedly rejected from apartments and faced significant hardship as a result, despite having no criminal record herself. Stories like Ms. Sanchez illustrate how data mix-ups and automated systems can wrongly label individuals as high-risk tenants and **severely impact their lives**.

Another man, whose name was not revealed, was flagged for a criminal record that belonged to someone else with a similar name, leading to repeated rejections. Another renter had a dismissed eviction case listed in their file, despite never having been evicted. Both faced long delays and hardship in resolving these errors, highlighting the damaging impact of flawed automated systems.

News articles also highlighted other renters whose lives were disrupted due to tenant screening errors. For instance, individuals were denied housing because automated reports mistakenly listed eviction filings or criminal records that did not belong to them. These errors often stemmed from common names or outdated data. Many victims struggled to get corrections made or even understand why they were denied

FindtheRightTenant, as one of the largest providers of automated tenant screening in Nordovia, served as a case study in how these systems can fail—and how such failures can harm real people seeking stable housing, **particularly when companies are reckless and do not adopt any guardrails or Al governance frameworks**. The work of journalists and advocates continues to shine a light on these practices in Nordovia today, pushing for reforms that prioritize fairness, accuracy, and transparency in housing access. *FindtheRightTentant* in the meantime, still faces legal trouble, and while it remains in business, is in serious financial trouble.



GUIDELINES FOR

INSTRUCTORS

05



GUIDELINES FOR INSTRUCTORS

On the Case Study

First of all, a disclaimer: While the *FindtheRightTenant* case is based on actual journalistic investigations in the real world, this case is entirely made up for the purpose of this exercise. The following public sources were used to create the anti-case study but any similarities to actual companies and living or deceased persons is purely coincidental.

Sources used

- <u>https://themarkup.org/show-your-work/2020/05/28/how-we-investigated-the-tenant-screening-industry</u>
- https://techequity.us/2022/02/23/tech-bias-and-housing-initiative-tenant-screening/
- <u>https://www.nclc.org/new-report-examines-how-abuse-and-bias-in-tenant-screening-harm-renters/</u>

Instructors should make students aware of this fact during or after they have gone through the case study and the discussion depending on how valuable instructors may feel knowing or not knowing beforehand is. Personally, the author of this anti-case study feels that what is more valuable is to give students access to The Markup's actual investigation at any point (see first provided link) as it is very good work and will help them further understand the issues at hand. When? Well, that is up to you!

This case study focuses on *FindtheRightTenant* a ficitional company that uses AI and credit history to decide access to housing and **it is an example of how algorithmic decision making can lead to consumer harm and even infringe on people's rights when they do not work properly.**

The case is essentially divided in two parts. First, the case study explores the history of *FindtheRightTenant* and their algorithm, explaining how it was deployed and how it went wrong, how it affected consumers and their access to housing and how it damaged the company's reputation and led to trouble for them. This part finalizes by highlighting the risks associated with these practices

The second part of the case study focuses should focus on solutions and this is were these instructions and the role of instructors should become more active.

You could discuss questions such as:

- What can a company do to mitigate the identified risks as well as the legal norms that it ought to follow to avoid liability?
- How it can better protect user rights and learnings that can then be applied by other companies seeking to leverage automated decision making to decide on citizen access to opportunities in housing, credit or other areas?

The case study gives you the opportunity to identify the ethical and legal risks in algorithmic decision making related to access to housing and propose corrective measures by first identifying the ethical and legal risks associated with it. That is what the **bold fond** through the text is for.

Your goal should be that your students can understand the issues associated with bias, discrimination, transparency and data privacy.

This anti-Case Study shows how a company like this ought **not to conduct itself** so part of your discussion could be about **what should a company like FindtheRightTenant should have done differently** and if indeed **companies that provide automated tenant screening services** should even exist, and if so, what is the best way of **profiting from the** advantages of technology while taking measures for mitigating the potential risks and tradeoffs. Instructors could encourage their students to come up with methods and measures to do so (see suggested readings for more). Another avenue for discussion is what those that buy a product like the one FindtheRightTenant offered could do, landlords, property managers or public housing authorities. What is their role? Are their partially responsible or corresponsible? What can and what should they do?





ANNEXES



|Further reading

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