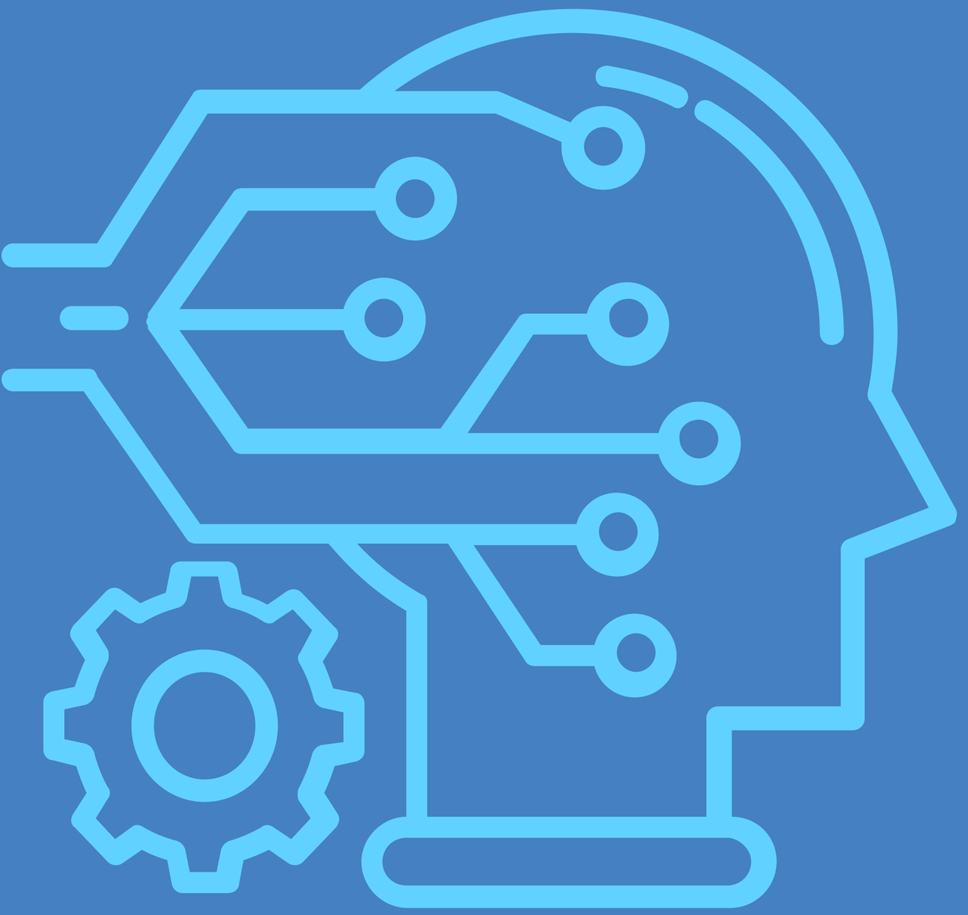


# AI in Affordable Housing

## What Equity Investors Need to Know

30TH ANNIVERSARY | AHIC
AFFORDABLE HOUSING INVESTORS COUNCIL

# Hello!

**Anne Hollander**

Advisor,

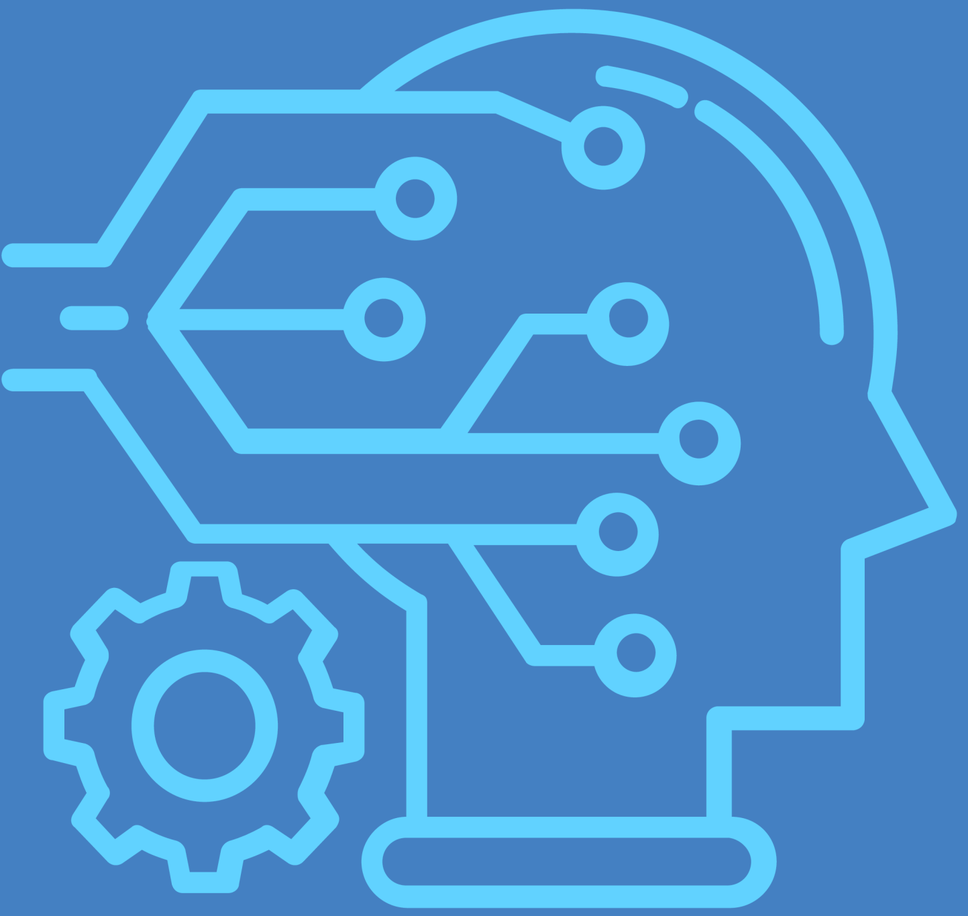
The Strategic Edge

**94% of executives agree that AI will transform their industry over the next five years.**

Source: Deloitte | State of the AI Enterprise | May 2024

# Our Agenda

- The Role of AI in Affordable Housing
- Key Areas for AI Investment
- Setting Expectations for Operators & Managers
- Audience Questions



# Role of AI in Affordable Housing

# What is Artificial Intelligence

Artificial intelligence (AI) is technology that enables computers and machines to *simulate* human learning, comprehension, problem solving, decision making, creativity and autonomy.

**The big idea: AI is a pattern-finding tool**

Source: IBM | May 2024

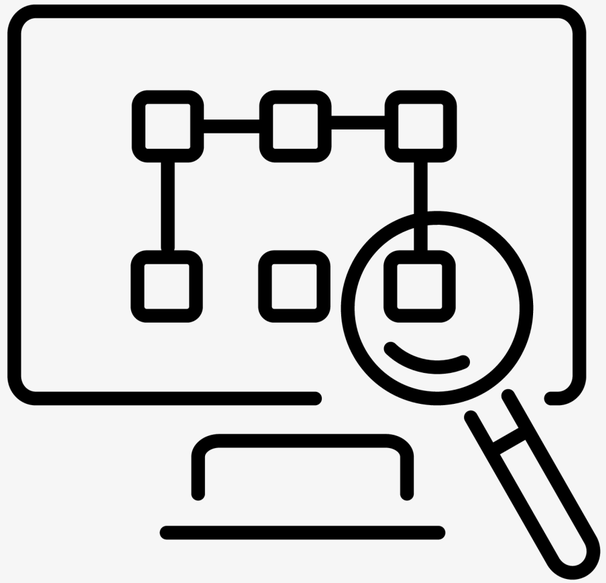
# Our Work

Creates
Uses
Integrates
Reports
Interprets
Analyzes

# Data

# Welcome to Artificial Intelligence

Data Age



Insights Age

# Artificial Intelligence in Affordable Housing

## In affordable housing, this looks like:

**Increase Supply**

**Reduce Costs**

**Empower Community**

# AI applications focused on Increasing Housing Supply:

**Increase Supply**

Zoning & Land-Use Requirements

Building Code Requirements

Location Identification

Feasibility Studies

Design & Unit Configuration

Progress Visualization & Risk Mitigation

Automated Valuation Models

# AI applications focused on Reducing Costs:

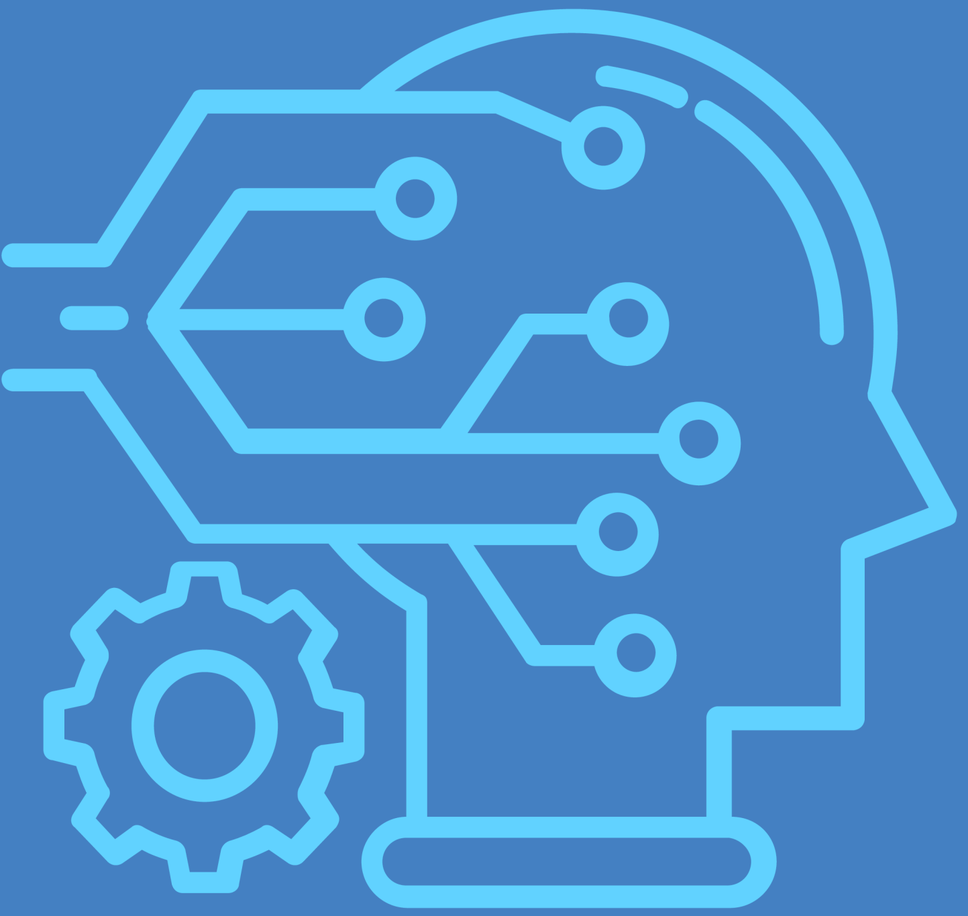
**Reduce Costs**

- Autonomous Agents & Virtual Assistants
- Analysis & Summary Synthesis
- Content & Communications Generation
- Knowledge Management & Smart Search
- Compliance Documentation
- Variance & Exception Reporting
- Investment Modeling & Simulations

# AI applications focused on Empowering Communities:

**Empower Community**

- Autonomous Agents & Virtual Assistants
- Text & Speech Language Translation
- Community Services Matching
- Multi-Factor Outcome Tracking
- Housing Risk Models (Fannie Mae & Freddie Mac)
- Bias Recognition in the Housing System
- Disparate Impact Analysis

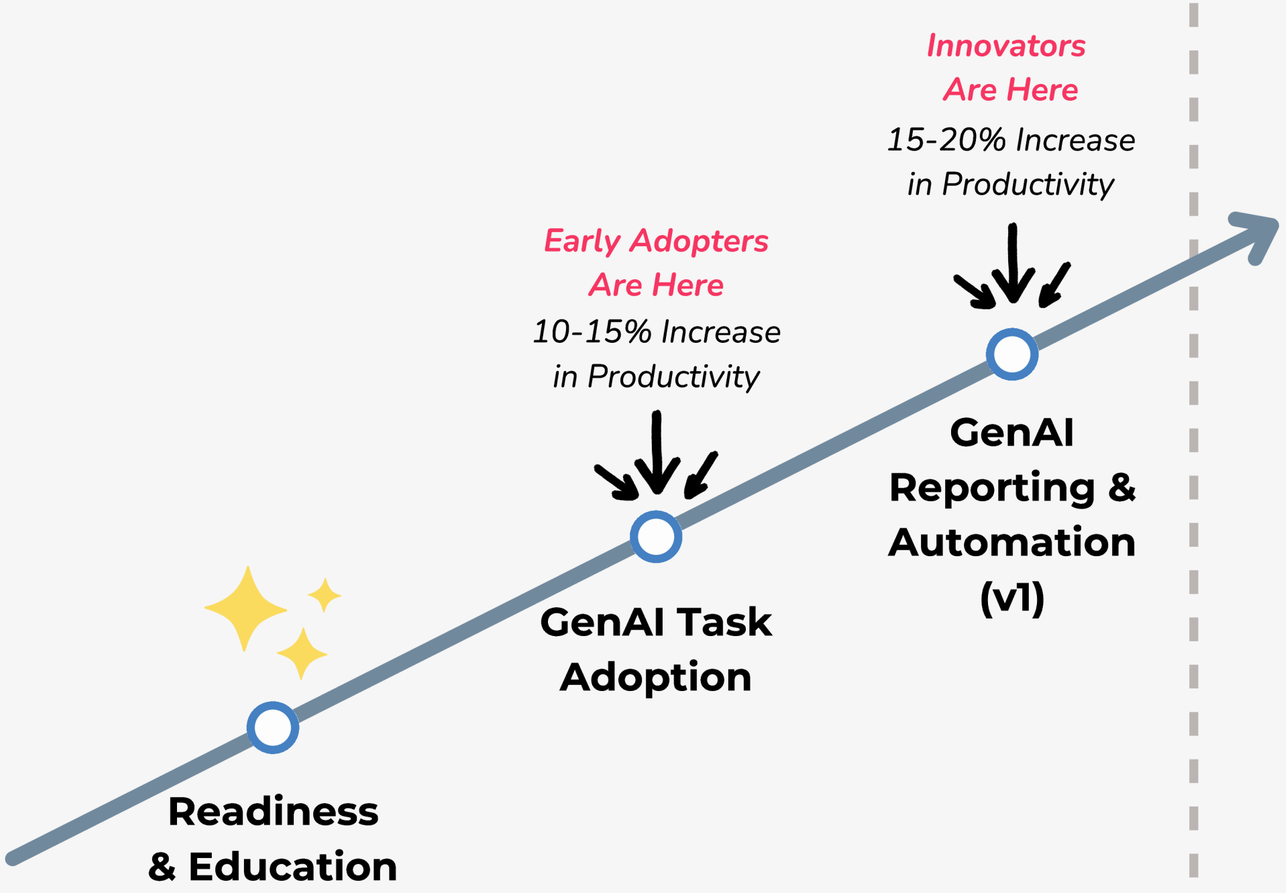


# Key Investments in AI & Automation

Transformation Curve for Affordable Housing

# 2025-2027

First Wave of
AI Transformation
**"New Status Quo"**




## Phase 0: Fundamentals

- Objectives & Goals for AI Program
- AI Policy & Governance (org-wide)
- AI Skills & Education

## Phase 1: Intro to AI - Tasks & Processes

- Data-Based Task Automation
- AI Assistants
- Data Mapping & Ownership (multi-routing)

## Phase 2: 5-10X Value

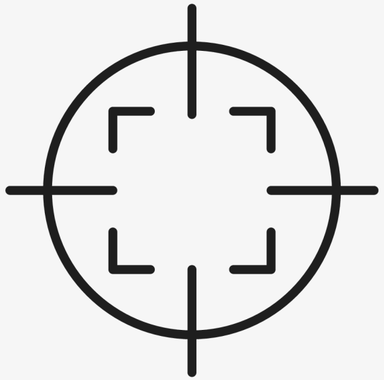
- Process Improvement & Automation
- Purposeful AI Agents
- Reporting Automation (eliminate data gathering)

# Initial Impacts of AI: Using AI Assistants in Daily Work

6,000 knowledge workers across fifty-six companies were given access to Microsoft's Copilot AI during a six month experiment:

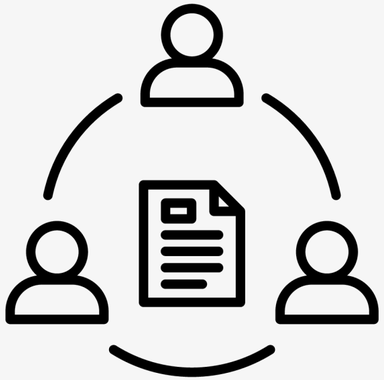
Saved

**3 hours/week on email**



Gained

**2 hours/week of focused time**



Completed

**20% faster collaboration**

Source: Harvard Business Review | April 2025

# Initial Impacts of AI: Using AI Agents in Focused Processes

Impacts for Property Management

| | | | |
|---|---|---|---|
| Up to **10%** Savings — PAYROLL | **10-20%** Improvement — CONVERSION RATIOS | **5%** Improvement — RESIDENT SATISFACTION | **15%** Increase — RETENTION RATES |
| **7** Fewer days — LEAD-TO-MOVE-IN | Up to **10%** Decrease — CALL VOLUME | Up to **10** Hours a week — HOURS SAVED | **10-15%** Increase — PROSPECT RESPONSES |

Source: National Apartment Association | Artificial Intelligence Survey | February 2025

THE STRATEGIC EDGE
TECH & GTM ADVISORY

# Transformation Curve for Affordable Housing

## 2025-2027

First Wave of
AI Transformation
**“New Status Quo”**

### Phase 3: Rapid Evolution

- People, Roles, Skills
- Organizational Culture & Management
- Real-Time Data Ecosystem

### Phase 4: Past + Present

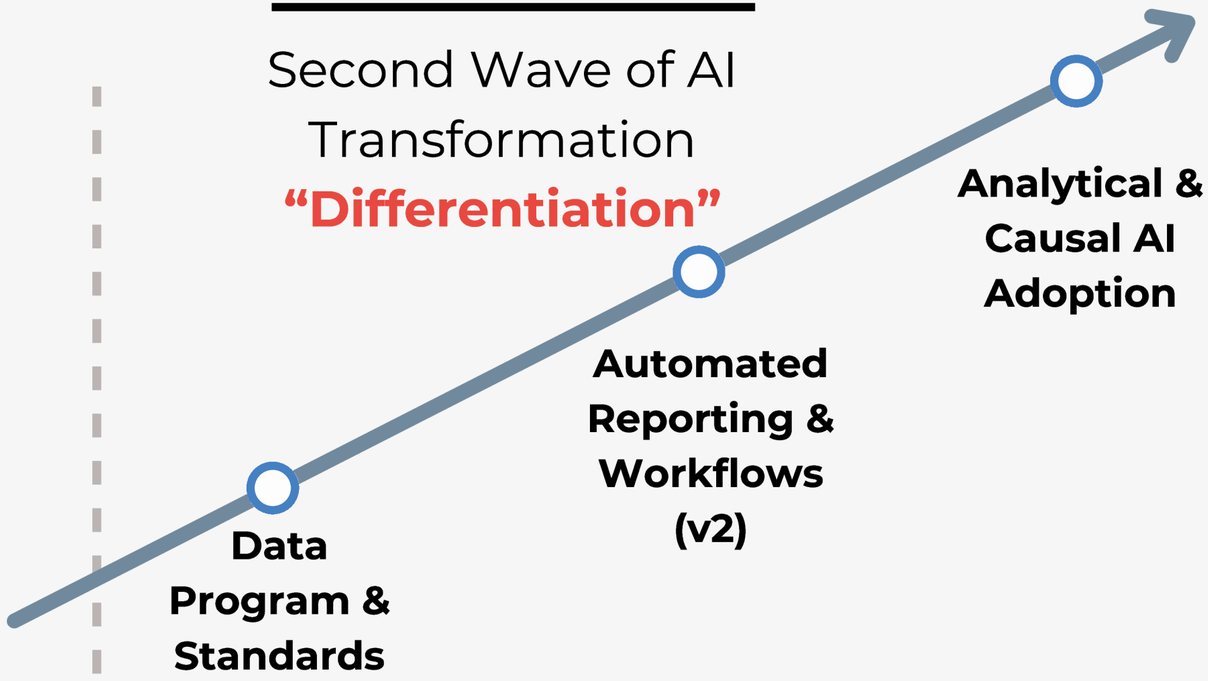
- Static Reporting + Dynamic Dashboards
- Decision-Based Insights & Automation
- Proactive Management

### Phase 5: 10-100X Value

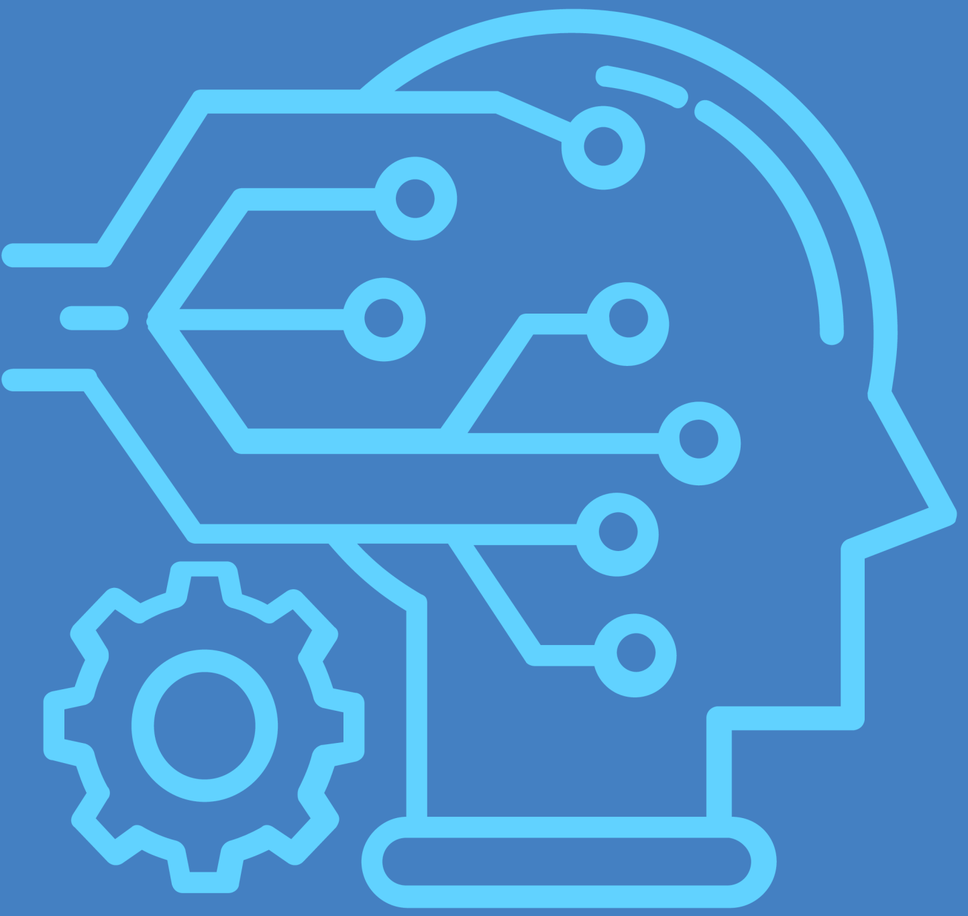
- AI/ML Programs for Key Differentiators
- Automated Modeling & Scenario-Building

## 2027-2030

Second Wave of AI
Transformation
**“Differentiation”**



# AI isn't about tech - it's about sustaining strategic advantage.



# Setting Expectations for Operators & Managers

# What You Need to Assess:

## How is AI impacting

- → financial stability
- → risk management
- → operational efficiency

# What measurable lift are you realizing (or target) from AI tools?

**Why it matters:** helps quantify whether AI translates into tangible, trackable financial gain rather than aspirational narrative.

## Common Responses:

Cites audited results or live pilots with a clear use case and defined KPIs and expected ROI within 3-6 months.
*Example: "Smart thermostat rollout in 3 properties lowered utility spend 18%"*
*Example: "Automated rent notifications & tracking lifted collections by 4.2% YOY."*

Everything is still in pilot without clear adoption or use case and no data to support the value of the tool.
*Example: "We plan to see lift once the vendor is fully implemented."*

# How does your AI strategy strengthen financial resilience - and what metrics show this?

**Why it matters:** shows whether AI is woven into core financial levers & backed by measurable results.

**Common Responses:**

Links AI use cases to specific leve(s) - income, costs, reserves, CapEx - and provides baseline vs post-AI implementation metrics timeline.
*Example: "Predictive maintenance cut OpEx 6%; reserves now sized at nine months of debt service under worst-case stress test."*

No baselines, not quantified gains, heavy on buzzwords ("game-changer"), but no numbers.
*Example: "AI will help us save money in lots of ways."*

# How are AI models validated and monitored to ensure projections align with actual operating results?

**Why it matters:** ensures governance and accountability around model accuracy so you're not blind-sided by over-optimistic forecasts.

## Common Responses:

Describes a formal model risk framework (drift checks, quarterly back testing, RACI matrix) with a clear accountable human & escalation path.

No documented thresholds or accountability.
*Example: "The vendor handles that."*
*Example: "If it goes wrong, we'll shut it off."*

# What formal AI governance framework do you have in place to manage risk, privacy, and bias?

**Why it matters:** confirms that a governance framework is in place to address current & future regulatory standards + baked into the tech stack.

## Common Responses:

Produces a written policy, clear governance framework, and procedures for regular reviews & audits for AI tools. External counsel reviews & updates annually.

No policy; assumes compliance across the organization.
*Example: "Our IT team keeps an eye on it."*

# Can you walk us through your AI incident plan & how your escalation process mitigates risk?

**Why it matters:** reveals the maturity of their incident-response playbook and continuous improvement of AI model usage.

## Common Responses:

- Shares a real example (misrouted maintenance ticket; escalated leasing issue), root-cause analysis, human involvement, corrective action, updated guardrails.
- Blank stare or lack of knowledge - “we’ve never had an issue.” (Highly unlikely.)
  Defensive responses - “that’s proprietary.”

# How is sensitive, confidential, or privileged data protected when fed into GenAI tools?

**Why it matters:** tests data security & privacy as well as vendor evaluation & risk oversight.

## Common Responses:

Explains data retention settings, data tokenization, vendor evaluation results, data encryption in transit & at rest. Has cyberinsurance that covers AI usage.

No vendor agreements, ongoing data management or monitoring with AI tools. Broad, vague responses about data.
*Example: "We don't send anything too sensitive through AI."*
*Example: "ChatGPT deletes it after 30 days."*

# Which tasks or processes are automated or augmented by AI - and what KPIs are you tracking?

**Why it matters:** seeks evidence of concrete efficiency & productivity gains rather than tech experiments.

## Common Responses:

- Can provide an overview of the existing tasks or processes with a before/after dashboard highlighting relevant KPIs.
  *Example: "Average response time down from 18 hours to 4 hours."*
- No KPI shifts, can't name which tasks or processes actually changed, and doesn't understand the impact of AI.
  *Example: "Maintenance is faster now."*
- Rather than speaking about automation or augmentation, the conversation shifts to ***replacement by AI***.

# How is your team trained to use AI responsibly & effectively - and how is adoption tracked?

**Why it matters:** highlights change management rigor and depth of organizational buy-in.

**Common Responses:**

Details training & education budget (at least $500/FTE annually), mandatory training and followup, live labs, 90-day adoption targets, opt-in/opt-out metrics, incentives tied to KPI improvement, intervention steps.

Broad enablement of an AI tool with no education or background, no tracking of usage or impact. Expectation for team to learn on their own.
*Example: "We sent out a PDF."*
*Example: "People can play with the tool if they want."*

# What is your roadmap for integrating AI outputs into seamless flows - and not into a new silo?

**Why it matters:** assesses whether AI initiatives will scale sustainably without fragmenting data or workflows.

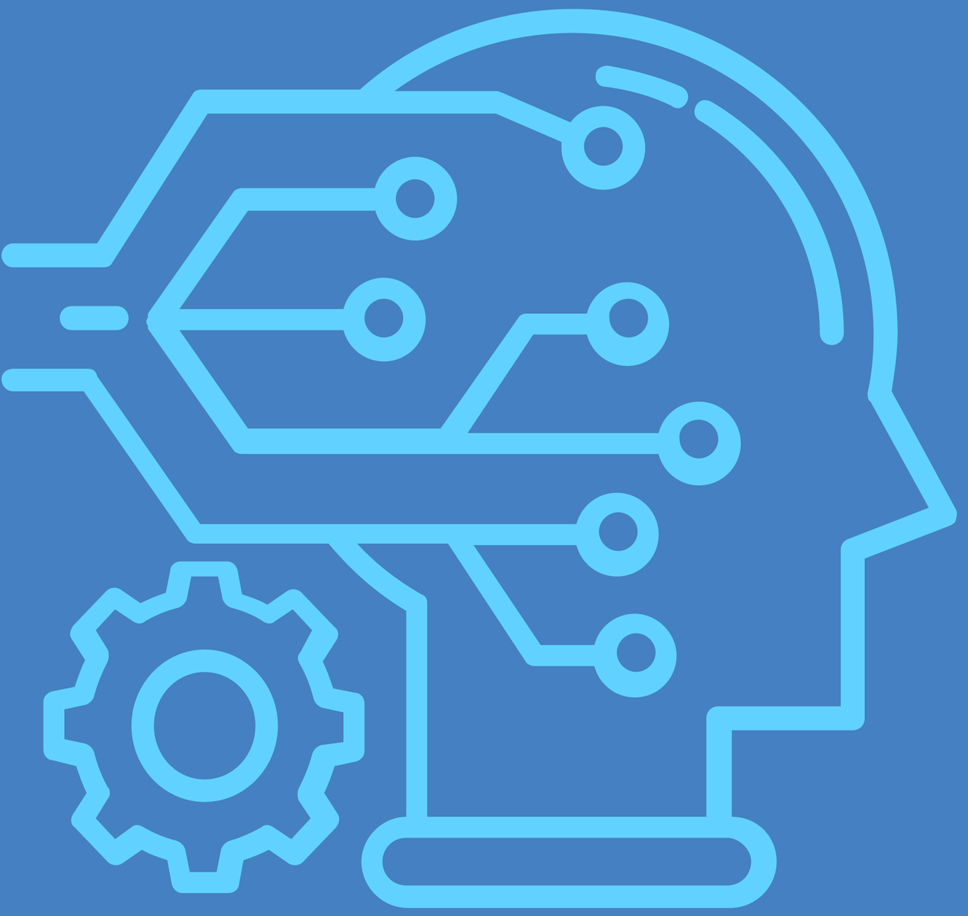
**Common Responses:**

- Discusses data & system architecture grounded in the processes & workflows across the organization. Connectors or orchestration between existing & new tools is clear and doesn't create new data silots.

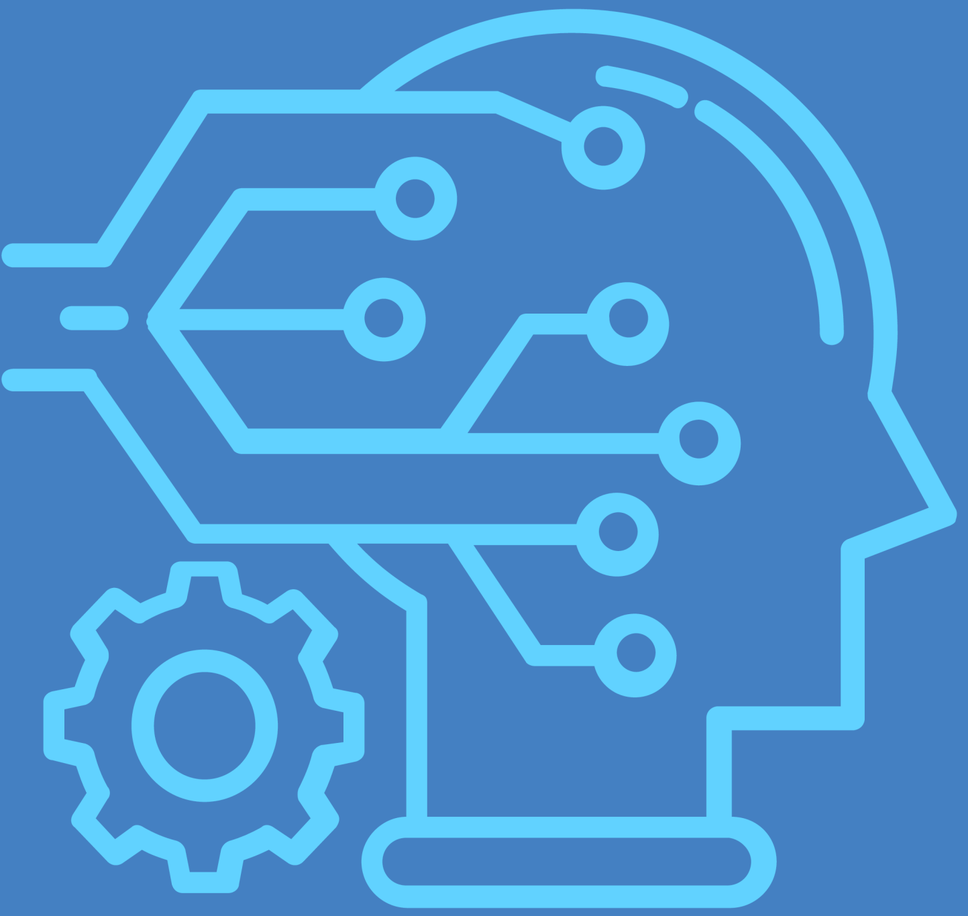
- No clear orchestration or integration plan for data; relies on manual transfers (often via "we'll export to / import from Excel.")

**AI is aspirational** if it's vague, future-tense, and defers to vendors.

**AI is institutional** if it's specific, tracked, accountable, and has clear policy, governance, and education.



# Audience Questions



# Thank You For Joining!

**Reach out with any questions:**

anne@thestrategicedge.co