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Rental Applicants Reach \$2.28M Settlement Agreement for Discriminatory AI-Powered Screening Tool

"The changes SafeRent has agreed to make are key to ensuring the original intention of the nation's voucher programs, helping to erase historic discrimination in the housing markets," said Brian Corman, a partner at Cohen Milstein who leads the firm's fair housing litigation efforts and helped negotiate the settlement.

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Class Actions



Marianna Wharry



What You Need to Know

- A lawsuit against SafeRent Solutions reached a settlement Thursday, pending final approval.
- The settlement came after a federal judge allowed a \$2.28 million settlement on behalf of Massachusetts housing voucher recipients to move forward.
- The lawsuit claimed that SafeRent's algorithmic tenant screening program disproportionately harmed housing voucher recipients, including Black and Hispanic individuals, under federal and Massachusetts law.

Rental applicants in Massachusetts recently reached a \$2.28 million settlement agreement against a tenant screening service, SafeRent Solutions, after alleging the company's algorithmic screen program disproportionately harmed Black and Hispanic rental applicants using federally funded housing choice vouchers.

U.S. District Judge Angel Kelley for the District of Massachusetts certified the two settlement classes and ordered SafeRent, formerly known as CoreLogic Rental Property Solutions, to provide names and other identifying information to send settlement notices, according to an order filed April 25.

A settlement approval hearing will be held in November and, if approved, will resolve the litigation against SafeRent which claimed that its algorithm assigns disproportionately lower scores to Black and Hispanic rental applicants compared with white rental applicants.

Cohen Milstein Sellers & Toll, Greater Boston Legal Services and the National Consumer Law Center represent the plaintiffs and will act as settlement class counsel. The plaintiffs brought the complaint against SafeRent under the Fair Housing Act and Massachusetts discrimination laws in May 2022, and the judge denied the defendant's motion to dismiss in July 2023.

“Federal and state housing voucher programs were established to give recipients, who are disproportionately Black and Hispanic renters, more choice in where they live,” said Brian Corman, a partner at Cohen Milstein who leads the firm’s fair housing litigation efforts and helped negotiate the settlement. “The changes SafeRent has agreed to make are key to ensuring the original intention of the nation’s voucher programs, helping to erase historic discrimination in the housing markets.”

Christine E. Webber, co-chair of Cohen Milstein’s civil rights and employment practice, said in a statement that the court’s decision is a case of first impression for the home rental and property management industries.

“Decision-making algorithms, such as the ones at issue here, are often opaque,” Webber said. “Vendors who develop these algorithms are not willing to disclose all the data they consider or how the data is weighted in score modeling. This is gravely concerning to fair housing, employment, and civil rights advocates as potentially discriminatory bias can be easily coded into automated decision-making platforms. The ability to hold such vendors accountable is essential for full enforcement of the civil rights laws.”

The SafeRent screening service, available both nationwide and in Massachusetts, generates tenant screening reports which instruct housing providers to either accept or reject a rental application based on a numerical screening score, ranging between 200 and 800. The company markets its SafeRent scores as being capable of ranking applicant quality to help housing providers select what they deem to be “better renters,” and its calculation considers applicants’ credit history, other credit-related information, including nontenancy debts, and eviction history.

A spokesperson for SafeRent told Law.com that the company is committed to being an industry leader, and it looks forward to its continued partnerships with property managers, landlords, real estate professionals and the communities it helps build.

“While SafeRent continues to believe the SRS Scores comply with all applicable laws, litigation is time-consuming and expensive,” the SafeRent spokesperson said. “It became increasingly clear that defending the SRS Score in this case would divert time and resources SafeRent can better use to serve its core mission of giving housing providers the tools they need to screen applicants. With this settlement, SafeRent can focus on providing its customers with solutions that enable them to easily, efficiently, and reliably screen rental applicants.”

Each settlement class will include rental applicants who used publicly funded housing vouchers and sought but were denied housing in Massachusetts due to their SafeRent score at any property using the company’s tenant-screening services. One class will be specifically for Black and Hispanic rental applicants and one for all other applicants.

Joining Webber and Corman in representing the plaintiffs were Todd S. Kaplan, of Greater Boston Legal Services, and Ariel C. Nelson, Shennan A. Kavanagh and Stuart T. Rossman, of the National Consumer Law Center in Boston.

Andrew Soukup, Lelia A. Ledain, Marc P. Capuano, Rachel Ellen Grossman, Jeffrey Huberman and Robert Allen Long Jr., of Covington & Burling in Washington, D.C., are representing SafeRent.

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