

Executive Summary

Artificial intelligence (AI) is rapidly reshaping how residents of Los Angeles County access services, interact with government, and participate in the marketplace. From housing allocation systems to AI-driven customer service tools, these technologies offer efficiency gains but introduce significant **consumer protection risks**, including lack of transparency, biased decision-making, privacy violations, and limited accountability.

This recommendation is for a **comprehensive, local-level policy framework** to ensure AI deployment protects consumer rights while enabling responsible innovation. The framework emphasizes transparency, accountability, equity, and public trust—aligned with emerging California laws and federal guidance from agencies such as the Federal Trade Commission.

Local governments in Los Angeles County are already using or piloting AI systems in:

- Homeless services prioritization
- Permitting and licensing
- Traffic and parking enforcement
- Public communications (chatbots, translation tools)

At the same time, private-sector AI systems are influencing:

- Housing and rental pricing
- Credit and financial services
- Healthcare access
- Consumer advertising and media

Without clear safeguards, these systems can undermine fundamental consumer rights, including **fair treatment, due process, transparency, and data privacy**.

Key Consumer Protection Risks

1. **Lack of Transparency:** Residents are often unaware when AI systems influence decisions.
2. **Bias and Discrimination:** AI may replicate or amplify inequities in housing, employment, and public services.
3. **Privacy Risks:** Increased data collection and surveillance without meaningful consent.
4. **Limited Accountability:** Unclear responsibility when AI systems cause harm.
5. **Manipulative or Deceptive Practices:** AI-generated content and pricing strategies may mislead consumers.

Require an “AI Use Disclosure” for Public-Facing Systems

What to do:

- Mandate that any city or county service using AI must clearly disclose:
 - when AI is used
 - what it does
 - how decisions are made (plain language)

Applies to:

- housing allocation tools
- permit processing
- chatbots
- enforcement systems (parking, traffic)

Why it matters in LA:

Residents often don't know when AI is affecting outcomes—this undermines trust.

Aligns with emerging California transparency laws (e.g., SB 1000)

Strengthen Data Privacy Protections (Local Layer)

What to do:

- Limit data collection to **minimum necessary**
- Ban sale or secondary use of data collected via public AI systems
- Require **data retention limits**

Focus areas:

- surveillance systems
- smart city infrastructure
- public service platforms

AI Protections for Children & Youth

What to do:

- Prohibit use of AI systems that:
 - manipulate or emotionally exploit minors
- Require safeguards in:
 - libraries
 - schools
 - youth programs

Add:

- digital literacy programs on AI for students and parents

Monitor Algorithmic Pricing & Consumer Markets

What to do:

- Partner with the Los Angeles County Department of Consumer and Business Affairs to:
 - track complaints about pricing algorithms
 - investigate rent-setting software and coordinated pricing

Policy lever:

- Use local consumer protection authority to flag violations of state law (e.g., AB 325)

Safeguards for AI in Health & Legal Services

What to do:

- Require clear disclaimers when AI is used in:
 - public health tools
 - legal aid services
- Prohibit AI from presenting itself as a licensed professional

Why it matters:

High-risk reliance by vulnerable populations

Prepare for the 2028 Olympics (LA-Specific)

What to do now:

- Set AI rules for:
 - surveillance technologies
 - crowd management systems
 - dynamic pricing (tickets, hotels, transportation)
- Prevention tactics

Key risk:

Large-scale consumer exploitation + global scrutiny

Community Engagement Requirements

What to do:

Before deploying high-impact AI:

- hold public hearings
- conduct community impact workshops
- provide multilingual education materials
- Seek corporate partners for dissemination (i.e. business doing business with county)

Why it matters in LA:

- Highly diverse population
- Risk of disproportionate impact on immigrant and low-income communities

Create an Independent AI Oversight Body

What to do:

Establish a:

- County AI Commission or
- City-level AI Review Board
- Recommend actions and capacity for prevention and action to calls

Include:

- technologists
- community advocates
- civil rights experts

Responsibilities:

- review high-risk AI systems
- investigate complaints
- publish annual reports

Implementation Strategy (Realistic Path)

Phase 1 (0–12 months):

- AI disclosure policy
- procurement standards
- pilot AI inventory

Phase 2 (1–2 years):

- oversight body
- algorithmic impact assessments

- appeals process

Phase 3 (2–4 years):

- full regulatory framework
- enforcement + auditing