

Tenant Selection

Being in a hurry to fill a vacancy and not properly checking tenant's history, references and background often results in very serious problems for both landlords and neighborhoods. It also contributes to the public's perception that "those dam landlords will rent to anyone".

Inadequate screening is likely to result in tenants who pay the rent late, or not at all; tenants who are likely to trash your property, move in undesirable friends ... or worse ... operate a gang or drug house in your property. Studies show that 90% of tenants who violate their tenancy agreements do so repeatedly. Without proper screening, bad guys are able to move through a community like a cancer destroying every home they touch and impacting the quality of life for all of us.

The tenant selection process is a separate skill from just managing or investing. Most people don't respect it. While you might be able to buy a property in a couple of days or a couple of weeks, you have to deal with that property for years. By selecting the right tenants upfront everything that happens is so much easier to handle. The tenant selection process is the most important skill, bar none, a landlord or property manager will need.

Most people don't respect it as a separate skill. Investors spend months preparing to buy the right property, get their financing and confidence to go in and buy something and they spend absolutely no time learning the tenant selection process. Most problems with tenants actually begin before landlords hand over the keys.

Here is some good process....

Initial contact....You have done your advertising and prospective tenants are ringing. Engage the prospect in conversation about their needs, why they are moving, children, pets, job etc. In your mind you are looking to eliminate. You cannot discriminate but if in your mind they eliminate themselves you may suggest a reason why the property might not be for them. If they insist on applying for the property always allow an application form to be filled out. Never give a reason why you will not let a property to someone. You are not obliged to, and it is safer not to.

Showing the property... Firstly make sure your property is looking the best it can. If you want to attract quality tenants do your part... OK....You have someone who wishes to view the property with you so you meet with them on site. Once again you are looking to eliminate. Check the cleanliness of the vehicle they drive and if you can glance inside, see how tidy it is. It's a great indicator of a persons habits. Check the standard of dress of your prospect. Check the behaviour of any children and the way the adults talk to the children. All indicators to help you.

The Application form... Your prospect is keen and you have not eliminated them in your mind. Have every person who will be responsible for the rent fill in a Tenancy Application form. Before you have someone fill out the form explain that you will be performing various checks on them. Ask if they have any outstanding credit issues or previous tenancy problems which will show up while you are checking.

Right here people will often be honest as they know that you are about to find out anyway. If they front up, talk about it. Often it is best not to immediately eliminate at this point. Make sure you have a comprehensive 'Tenancy Application form'. If you do not have one they are freely available to TINZ members on their website www.tinz.net.nz or ask someone in your local PIA group.

Reference checking... Make sure you check each reference. If the verbal references all check out the final check to do is online checking. This is the check that will cost you money so it is left to the last. The most cost effective and comprehensive online tenant checking in NZ is through www.tinz.net.nz where you are able to search five relevant databases simultaneously with just one data input. Information which will show up on these databases will often be information which you have not discovered elsewhere.

The Tenancy Agreement... Up until this point the ball has been in your court and you have full control. Realise that once you sign a tenancy agreement you release some control so be sure of yourself before filling in this form.

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