

Increased Evictions Equal Stricter Resident Screening

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During times of reduced apartment occupancy, the temptation for those charged with filling apartments is to reduce their applicant screening efforts, citing the need to fill those empty units. Some property managers have looked for ways to reduce expense, and are settling with reduced data in their screening reports. While it is easy to understand the desire to fill an empty unit, by not screening effectively you are effectively reducing the standards of acceptance to your rental community. The results are predictable.

Hennepin County is the most populous county in the state of Minnesota. A recent report about evictions in this county indicates that eviction filings are at an all time high, with nearly 700 cases filed in December alone (Mike Kaszuba, *Minneapolis Star Tribune*, December 23, 2004). And this is during a time of generally improving economic conditions in the region.

At first glance this doesn't make sense. How could generally improving economic conditions bring with it an increase in eviction filing? By looking back at the past couple of years we see the upward swing in vacancy rates in the metro area. While some property managers held firm on their long proven acceptance standards, many reduced their standards by either not screening thoroughly or by looking the other way when they saw information that would normally cause them to reject an applicant. While that may have solved the immediate problem of filling a unit, it didn't solve the real problem of having that unit produce income. Now these landlords must deal with lost income, court costs, and in some cases damage to the unit.

Many apartment dwellers with good credit have taken advantage of historically low mortgage interest rates and purchased a home. That leaves the remaining pool of available residents having a generally lower credit rating. It just doesn't make sense to reduce your screening efforts or your standards of acceptance in the current environment like this. These are the times when you need to be more vigilant than ever in order to prevent a further increase in the eviction rate.