

What Makes for a Good Tenant?



SNAPPT
Rent Better

What do you fear more as a landlord – an empty unit or a bad tenant? An empty unit is money down the drain ... and industry estimates are that 5 to 11 percent of all units are empty at any given time. But a bad tenant can mean an eviction, which is an extremely expensive and long process – often costing more than **two or three months** of a single unit vacancy.

The key is to find the right tenant, but quickly and efficiently. The key here is to have a plan. Here are four tactics that can help you find, sign and keep the very best tenants:



1. VET THE TENANT

Remember, when things get tight financially, landlords are the last to get paid. The electric bill, the phone bill and even the cable bill get paid immediately because those services are so easy to shut off. But your tenant knows you can't do much if they are late paying you, so rent goes to the bottom of the list. Here are the things I look for:



How long have they worked in their current job?



Savings account (do they have a rainy day fund)?



Credit card usage. Are they using credit cards to float their life?

It is not an exact science. Take this imaginary scenario, for example:

Jim is 57 and has 35 years of excellent credit. He has worked as a sales manager for his company for 15 years. No late payments on his current rental unit.

Bill is 22, just graduated from Cal Poly. He has virtually no credit history and his only rental experience has been the dorms.

Jim is a much better risk, right? But if we dig a little deeper

we see Jim just got divorced and will be required to make alimony and child support payments. We also see his credit cards are starting to max out, one by one. Jim's financial life seems to be starting to unravel.

Bill, on the other hand, just started a job as an engineer with a huge petrochemical firm. He is making \$125,000/year. Sure, he has no credit history, but he is only 22 – that is not that unusual. It seems Bill is on the way up in life.

Either candidate presents some risks, but Bill is the better choice as he is on the way up, while Jim is on the way down.

2. LOOK IN THE RIGHT PLACES

Where do you advertise for tenants? A lot of landlords use Craigslist, but is that the best strategy? While you may not get ripped off buying a used car on Craigslist, too often the site is used for hooking up and other shady activities as the site attracts many less than desirable people. On the other hand, sites like Zillow are much more targeted.

I dropped Craigslist a while back and I have found that restricting my listings to rental-specific sites have done wonders for the caliber of applicants I receive.

By searching in reputable places, you will find reputable tenants. The more you target, the more you'll find exactly what you are looking for.

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3. BE THE KIND OF LANDLORD THE BEST TENANTS WANT TO LEASE FROM

In a way, the leasing application process is like dating. Do what you can to look your best! Make an effort to get the best photographs of the unit you can, and spend a few extra minutes on writing the listing.

Provide personalized “white glove” service during the leasing process.

Remember, in doing so you’re showing the applicant what kind of landlord you will be.

This could include walking an applicant through the process of signing a lease before they ever show up to actually sign the lease. Or, assisting them with turning on their utilities if they are having trouble. Offer recommendations of moving companies and places to buy appliances that may not be included in the unit.

Instead of letting the applicant fumble through the process try and make it somewhat smooth and enjoyable. Understand that moving can be stressful and try to make their interaction with your company the easiest and most enjoyable part of the process.

Remember, this is where smaller landlords have an advantage. The big guys struggle with this.

4. DO WHAT IT TAKES TO KEEP YOUR TENANTS LONG-TERM

Perhaps the best way to find a great tenant is to keep the ones you already have. Here are 3 tips that help with that:



Great service. Take care of their issues in a timely manner. It takes a little more effort, but that pales in comparison to finding a new tenant.



Pay attention to the culture within your building. You have a lot of control over the environment your tenants live in. Do what you can to make it a nice environment that your best tenants want to live in.

For example, we strictly prohibit AirBNB or subletting units. That keeps the building quiet and much more enjoyable for our tenants.



Be ready to accommodate tenants as they move up in life. Right now, for example, we have a shortage of two-bedroom units. We're looking to purchase new units as soon as possible to remedy that. Why? Because younger tenants in one-bedroom units often meet someone and before you know it they want a bigger place.

If we cannot accommodate them, they'll go elsewhere. A good tenant moving up in the world is precisely what we want, so we work hard to have inventory for them when they need it.

Being a landlord can be tough at times. But finding and retaining great tenants goes a long way to making things easier.



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