



RENTAL HISTORY REPORTS

**Automated lease decisions
improve background screening
results & insulate staff from
Fair Housing issues**

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Today's rental property world is rapidly changing.

For rental property owners and managers, instability in the real estate market and an economic downturn has led to an increase in rental applicants. While occupancy levels and rent prices are up, so are the various rules and regulations that govern our industry.

This rapidly changing regulatory landscape, combined with the increasing breadth of technology that has helped form the new set of products and services incorporated into the background report on a potential renter has led to the need for increased automation of the entire process.

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» **This old fashioned process of placing the responsibility of assessing candidate worthiness on the site level staff often times leads to subjective interpretation of the information and poor or inconsistent application of the criteria; which ultimately leads to unqualified candidates in the community.**

In other cases, relying on a site or leasing manager to determine applicant worthiness can lead to discrimination and/or Fair Housing issues. In many states it is required to put your resident selection criteria in writing, and make it available to a potential renter before they make application. This is to allow the applicant to determine if they meet the approval criteria before paying an application fee.

Based upon this type of liability and many other factors, property owners and managers are increasingly turning to more comprehensive, and completely customized, automated-decision screening tools.

»» **The issue that comes into play is when an applicant is denied by the site manager for a reason outside of the written guidelines.**

Take for example a case in which the written criteria states that all applicants with a felony conviction will be denied. Upon review of the background report, a Gross Misdemeanor conviction for rape is discovered and the site manager rejects the application. If the denied applicant challenges the basis for the rejection based upon the written criteria, they will win the case because the decision didn't match the criteria.

In addition, the manager may be subject to court and/or legal fees if the applicant is a member of a protected class and believes that part of the denial decision was based upon other factors beyond the criminal record.

Based upon this type of liability and many other factors, property owners and managers are increasingly turning to more comprehensive, and completely customized, automated-decision screening tools.

»» **The benefits of these automated screening models are two-fold:**

1. Help maximize occupancy through the strategic lowering of criteria
2. Maintain a consistent adherence and application of the company's leasing guidelines insuring only qualified applicants are approved

Unlike many national screening vendors that impose their own "one size fits all" statistical-based scoring models, these automated decisions are developed with each client's unique criteria in mind, so that the approval criteria is matched precisely to the values of the organization.

The customized decision model allows for each of the various factors to be adjusted independently from one another, allowing the manager to fine-tune the tool to weigh each of the different areas of the background report separately.

The advantage of the customized decision tool is that it takes any and all guesswork out of the equation; both from the client perspective and applicant's point of view. With statistical models, the client is only able to slide a scale higher or lower in a prefabricated decisioning tool that will either increase or decrease the number of renters approved based upon the client's "threshold for pain".

The shortcoming of this type of model is that it doesn't allow for the manager/owner to establish what criteria points are most important to them.

For example, if the manager is less concerned about the applicant's credit worthiness, but very concerned in the quality of the applicant's past rental payment history, the sliding scale can't be adjusted to lower only the credit factor, but instead all factors are adjusted equally. In addition, the algorithm used to develop the decision model is typically proprietary and never shared with the manager.

Conversely, the customized decision model allows for each of the various factors (credit, criminal, housing, income, etc.) to be adjusted independently from one another, allowing the manager to fine-tune the tool to weigh each of the different areas of the background report separately.

>> In addition to the primary benefits derived from a customized automated decision, other less obvious advantages are also derived.

First, the initial training of new site and leasing staff can be reduced, as they are not required to be experts on the company criteria and comparing the raw data from a background check result against the denial factors.

RHR is constantly researching and developing new technologies that further separate our service from the rest of the traditional screening agencies of today.

Second, background reports are becoming increasingly broad in scope and in many cases the information can be difficult to interpret. Automating the decision after a comprehensive consultation with your account manager removes the liability associated with misinterpreting the information.

Third, having the automated decision appear directly on the body of the background report is extremely useful in the event an applicant is denied and requests a copy of their report. Often times the applicant cannot remember all of the factors that can ultimately result in a denial decision; however when the denied applicant receives this original copy and sees the basis for the decision, there are far fewer calls back to the rental office to dispute the information or decision.

» **Rental History Reports is an expert resident screening company operating for over 15 years.**

RHR is unique in the sense that we combine the fast, internet-driven technical capabilities of the large national suppliers with the exceptional personal service of a small, local company.

Working with us offers the best of both worlds.

In addition, RHR is constantly researching and developing new technologies that further separate our service from the rest of the traditional screening agencies of today, while also allowing us the flexibility and customization to fit virtually any unique need suggested by our clients.

Dare to compare RHR against your current screening partner and you will see that we truly provide the right path to the right people!

For further information about Rental History Reports full array of screening services please contact Tony Karels directly at 952.259.3022 or TonyK@RentalHistoryReports.com.