



MAXIMIZING MOVE-INS

*Converting residents in
a competitive market*

By Ellen Calmas, Neighborhood Pay
Services / NPS Rent Assurance

It's here: the annual slow winter leasing season, when rental prospects come at a premium, and getting signed leases can be incredibly tough.

With the competitive nature of the market, winter is also often the time of year when property managers take stock of lease offers and screening criteria, looking for incentives to get keys into the hands of more residents that don't end up costing the community in the long run.

For most community and portfolio managers, some of the best opportunities to boost business-critical move-ins during the winter months involve strategic management of

lease offers to conditionally approved prospects. Comprising 35 percent or more of application volume at B grade rental communities, these are renters with solid jobs who nonetheless have less than perfect credit for any of hundreds of reasons we all face in balancing our finances.

Paradoxically, the traditional method to qualify these budget-conscious renters has been to saddle them with an additional security deposit, which does little to guarantee



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on-time rent payments after move-in and can stress personal finances further. That's why many multifamily owners and operators are turning to alternative solutions to improve conversions by providing new cost-saving options to prospects. Some options can even essentially remove residents from the rent payment process, which in turn provides greater payment assurance to the community.

Rent from payroll, in particular, has seen fast adoption as a way to move in more conditional approvals and provide residents with a budget management tool that alleviates the property manager's burden of chasing and collecting rent

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payments. As a condition of the lease, residents enroll in a rent from payroll program by instructing their employer to direct deposit funds into a rent savings account each pay period prior to residents getting paid. Rent is then automatically forwarded to each community when due.

“Using rent from payroll as an alternative offer to higher security deposits has had a consistently positive impact on conversion rates, move-ins and incremental income across our portfolio,” says Steven P. Rosenthal, president and CEO of Northland Investment Corporation, which owns and operates several apartment communities in Tucson. “Particularly at communities that see higher volumes of conditionally approved residents, rent from payroll makes it easier for applicants to accept lease terms, and provides the peace of mind that funds for rent will be the first to come out of a resident’s payroll before covering any other expenses.”

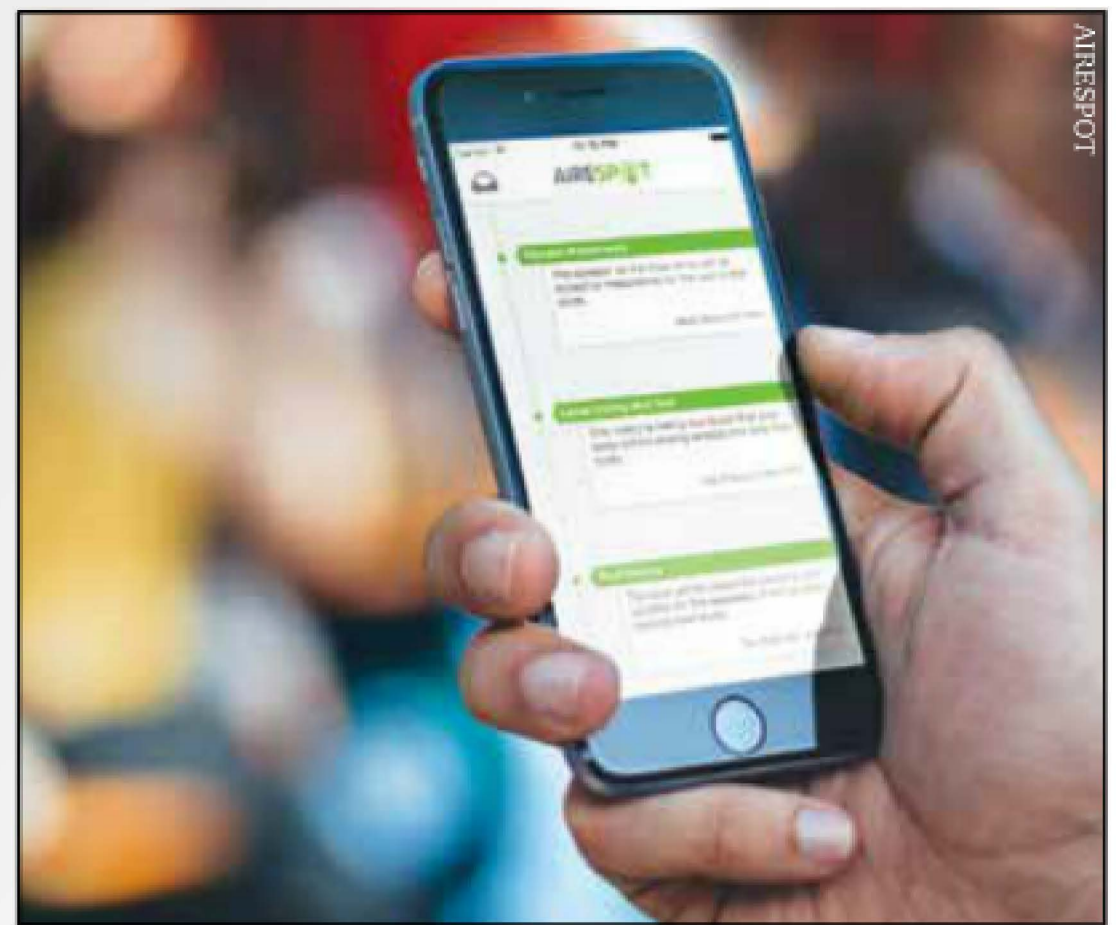
According to a recent analysis of nearly 15,000 rental units conducted by NPS Rent Assurance, move-ins among conditional approvals increased by 57 percent when a rent from payroll option was included in offers as an alternative to higher cash security deposit requirements. What’s more, skips and evictions due to non-payment of rent were reduced by 77 percent for the residents in the study who opted for rent from payroll.

Large Arizona employers like Southwest Airlines, Banner Health, The Home Depot and Wells Fargo are all typical of the type of companies that can easily facilitate rent from payroll, though smaller employers easily partner with the service as well since businesses of all sizes utilize some form of payroll processing these days.

For property managers looking to increase move-ins and maximize profits, rent from payroll is one example of the creative alternatives available to leasing offices year-round when traditional offers aren’t converting, or worse, are pushing prospects away. Let’s face it: more move-ins and less move-outs due to poor payment is the name of the game. Tis’ the season to arm your leasing teams with the tools to get it done.

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Editor’s Note: Download a copy of the entire rent from payroll analysis at <http://www.npsrentassurance.com/get-the-rent-from-payroll-advantage>.



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