

MRLANDLORD.COM Tips on Management
Is the Amount of the Increase What Bothers Long-Term Residents?
by Jeffrey Taylor

Landlords are often scared to raise rents because they think doing so gets residents upset and makes them consider moving. According to studies, however, the real reason that residents get upset is not so much that the rent is going up. Oftentimes, the real issue is that long-term residents see that they are paying more money for rentals that have not been updated to any degree in recent years. At the same time they see friends moving into other rental homes and apartments that have been updated or renovated (with freshly repainted walls and shampooed or new carpeting) and those friends are paying the SAME amount of rent.

So, the issue that causes residents to feel miffed is not the increase. The issue is that they are not being rewarded for their longevity. They feel taken for granted and feel they are not getting their money's worth in comparison to other rentals. The residents' perception that they are not getting as good a value as new residents is a key reason that they gladly move into newly renovated or updated rentals for the same or only slightly more than what they are now paying.

Move-outs can cost between \$1,000 - \$2,000 and more (with turnover costs, maintenance repairs/renovations, concessions, vacancy loss, advertising, the value of your time, etc.). If residents simply feel their rental is not as nice and fresh as the ones their friends or other residents move into, would not it be worth it to spend a couple of hundred dollars to shampoo their carpet and/or paint their rental or add an inexpensive upgrade or two for a renewal, and a long-term loyalty?

What's up in the Neighborhood

Whether you are buying, holding or considering selling some of your rentals, in order to make the most profit on any transaction, it's important for you to stay current on what's happening in the neighborhood(s) where you own rental property. You probably did some initial investigation before you bought your property, but now it would be smart to keep ongoing notes about the neighborhood and the buildings that surround yours. You can keep such information in a notebook or binder. Some of the things you should keep up-to-date information regarding include:

- Properties that are listed for sale in the area.
- Actual sales (and prices) of homes, noting any trends regarding sale prices, time on the market, etc.
- Amenities in the other rental properties, including any new apartments built nearby.
- Rental rates and terms on neighboring rentals and apartments. Overall condition of the neighborhood including any renovation activity and city plans.
- Trends and statistics regarding criminal activity in the area.
- New stores and merchants in the area that appeal to rental residents. Keep track of names and phone numbers of the owners of neighboring buildings, including investment or apartment buildings.

Keeping up-to-date information as suggested is an ongoing process. Such information can help you in so many ways, including having a great sense of knowing when may be the best time to buy more property and best price to offer, as well as when to sell what you have for maximum profit. The primary goal of your notes is to always have a good overview and understanding of what's happening in your real estate market at all times, so that you will be able to make smart investment decisions.

What to do When Residents Fall in Love

The weather is really warming up in many parts of the country. As the weather gets hot, many new love relationships will start to develop. What do you do when residents fall in love (and will you even notice)?

First, take note if you get a rent check drawn on an account in the name of someone other than your resident. Also take note if you start getting repair calls or emails from someone other than your original resident requesting service for "their" home. If your antenna is not UP after the first incident, it certainly should be after the second or third phone or email contact. Your rental resident - either male or female - may be in LOVE and has set up housekeeping with their new Significant Other in your rental unit.

Being all for LOVE, you do not want to encroach with your resident's love life; however, as a rental property owner, you need to address some concerns fairly quickly - and with some tact.

First, ask to speak with your resident or have them contact you. You should not have any discussion with this "new person" concerning your lease agreement with your resident. Even though your resident has brought this person into your rented property, you still owe the resident the confidentiality as to the terms and conditions of their occupancy. When you are in contact with your actual resident, ask exactly who the "unknown" contact person is and remind your resident that you need to approve any additional residents per the terms of your lease. At that point your resident should fess up that....A) he/she is Significant Other, brother/sister/cousin - whoever; or B) that he/she is a fiancée and they are getting married....soon.

In case A... you need to find out the name of the person and the anticipated length of stay. If you have a "limited length of occupancy" period in your lease such as 10 days, remind your resident of the provision at this point. Make a note of the day and time you had this discussion or received the email.

In case B... determine when the "wedding" is scheduled. You can jokingly use Dr. Laura's question... "Do you have a ring and a date?" and offer to send your resident the necessary application to add the fiancée to the lease. If you charge a credit check or application processing fee, you might offer to waive it as a wedding gift.

Always pay attention to who pays the rent - whose check comes in the mail. Be sure to make a note if a check belongs to the friend, guest, or relative. If it does, contact your resident, in writing, and start your procedure for handling an unauthorized occupant or your procedure for qualifying an additional applicant.

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