

# Increasing rent cheques

There are a few simple ways to find good tenants, keep them and have them pay for common services

**A**s a landlord, you can increase your rental income by 20 per cent or more without added work and with your tenants' cooperation if you follow a few simple and consistent guidelines.

To fill vacancies with quality tenants, think beyond a simple newspaper ad. For example, contact the local military housing office and provide information on your property. Do the same with local school districts, hospitals and the police department. The latter provides perhaps the best tenants, but all of these organizations are staffed with well-paid, credible workers who often require short- or long-term rentals. I also get in touch with the provincial housing authority, which provide rent subsidies to qualified people and will, in many cases, send rent cheques directly to the landlord. One of the most effective and inexpensive advertising methods, however, is a large, simple yard sign (yellow is the most effective background colour) advertising a vacancy.

Two of the secrets that can help you boost your monthly revenues is to offer your tenants flexible payment options and/or offer diverse rent packages. Both options will help you fill the vacancies and significantly increase your monthly income.

Some tenants prefer to pay biweekly, instead of monthly. If you offer such an option, you can add 10 per cent to the standard monthly rent. For example, if the regular monthly rent is \$500, you may request that the tenant pays \$275 biweekly. The financial impact on the tenant will be negligible while making it easier for him or her to budget their money. In this win-win scenario, you will observe a significant increase in your rental income, especial-

ly if you are dealing with a large number of tenants.

Offering diverse rent packages is another easy strategy to increase your income. For example, you may create the "Standard," "Special," "Customized Deluxe" and "Super Deluxe" rental packages. Each package should include some attractive features that are inexpensive to implement and justify the rent increase. Some of the features could include new appliances, attractive window coverings, ceiling fans, colour TV or a satellite dish, new kitchen and bathroom cabinets, all of which would add to the perceived value of the unit and could be purchased at a discount. Good sources from which to buy include local wholesalers, government surplus stores, hotels that are selling off appliances and colour TVs during renovations, and flea markets. You can also purchase the slightly chipped stock that distributors want to dispose of.

When designing your rent packages, follow the "landlording rule of thumb" that upgrades should have been paid for within the first three to six months from the day the upgraded unit was rented. For example, if your cost is \$500, you should increase the rent by about \$85 a month. If you purchase a ceiling fan for \$29.95, you should be able to increase the rent by \$10 a month. After you have covered expenses, you will have increased the value of your property and attract a higher calibre of tenants. You can also use the packages as a tool to encourage your renters to sign long-term leases (two years

or more). As a bonus, you can offer them the ownership of the appliances at the conclusion of the lease. This has been proven to significantly increase the likelihood of the tenants wanting to sign the long-term lease.

In addition, you can substantially increase your income by providing specific services to your tenants. The services must be essential to their comfort and inexpensive for you to offer. These include installing token-operated laundry facilities; charging for services provided outside of business hours; renting out vacuum cleaners for \$5 per week; renting VCRs and TVs for \$10 to \$25 per month; renting safes for \$10 to \$30 a month; converting basement spaces into storage areas and charging a fee to use these; charging extra for personal services such as dry-cleaning pick-up, lawn services and move-in assistance.



**INVESTOR  
ADVICE**

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## Rent collection

Collecting rent is one of the most important jobs you will ever have. This is the lifeline of your business. Many landlords experience difficulties in this area because they are intimidated by aggressive tenants or feel like they are imposing on people. In order to make this process easier on yourself, you must either hire someone to do it for you or be prepared adequately to do it yourself.

First of all, your rental contract must clearly stipulate all the conditions and guarantees. You must include self-addressed envelopes with the monthly rent statements, get your tenants to deposit rent payments directly to your bank account before the first day of the month and offer them a \$5 discount for doing that. Also, in your contract, insert a clause that you reserve the right to increase the rent by \$25 a month for late rent payment. In order to appear as professional as you can, get a business licence and use a business name instead of your personal name. This makes the whole process more official and separates you, the person, from the rent collection process. When collecting rent, you must dress appropriately to the type of tenants you are dealing with. Tenants' feelings about

you will affect how they pay their rent. Send your tenants receipts and collect post-dated checks for a year. You may also offer your tenants an option to prepay their rent in advance, offering them a discount. To protect yourself from NSF checks, demand that payments be made in the form of money orders, cash or credit cards.

## Negotiate for lower taxes

At least 20 per cent to 30 per cent of all property tax assessments are too high. Check into the tax appeal process and learn how to appeal your assessed values if you suspect they are excessive.

You may be charged too much on adjustable-rate mortgages. Statistics show that error rates on principal recalculation are fairly common. Have your loan checked, for a nominal fee, from a recognized loan-checking service.

Negotiate with utility companies for a better deal and pay close attention to errors that may occur on phone, water and sewage bills — they are more common than you may think. When you discover an error, request a refund in writing.

Finally, familiarize yourself with provincial landlord/tenant legislation and with real estate law as it relates to the rights of a landlord. Even armed with this information, always attempt to resolve any disputes with tenants without lawyers and lawsuits. First meet with the tenant directly. If that doesn't work, consider mediation by a neutral third party, often available at little or no cost from a publicly funded program. If the disputes involves money, small claims court, where you can represent yourself, is often the best avenue to follow. ♦

*Edmonton-based Jerry Raczowski has been in the landlord business for more than 20 years. Together with his partner, Anita Kozlowski, he has compiled this experience into the fact-packed "Landlord's Bible." To order this book, e-mail invest@albertainvestor.com, visit the Web page www.albertainvestor.com and www.amazon.com or fax at (208) 248-1817.*

