

40 Ways to Increase the Net Income of Your Rental Property

Copyright © 2015 Albert E. Williamson dba Williamson Ideations

All rights reserved. This book was published by Al Williamson, the author. No part of this book may be reproduced in any form by any means without the expressed written permission of the author. This includes reprints, excerpts, photocopying, recording, or any future means of reproducing text.

If you would like to do any of the above, please seek permission first by contacting me at <http://LeadingLandlord.com>

Published in the United States by Williamson Ideations



Table of Contents

Section 1 Transportation Hub	4
Tip 1: Bike Share and Rentals	5
Tip 2: U-Haul	7
Tip 3: Zip Car	9
Tip 4: Relay Ride.....	11
Section 2 Power Plant	13
Tip 5: Solar Power	14
Section 3 Be the Bank	16
Tip 6: Arrears	17
Tip 7: IOUs	19
Section 4 Broadcast Station	22
Tip 8: Wi-Fi.....	23
Tip 9: Cell Phone – Roof Top Leases.....	25
Tip 10: Live Cam.....	27
Section 5 Fee and Commission Generator	29
Tip 11: Real Estate Commissions.....	30
Tip 12: Parking	32
Tip 13: Fee Generator	34
Tip 14: Pet Fees.....	37
Section 6 Commerce Center	40
Tip 15: Vending Store.....	41
Tip 16: Self-Serve Car Wash and Vacuum	43
Tip 17: Co-Working Office and Workshops	46
Section 7 Health and Fitness	48
Tip 18: Filtered Water	49
Tip 19: Fitness Center	51
Section 8 Land Use / Farm	54
Tip 20: Edible Food	55
Tip 21: Bamboo and Timber.....	58
Tip 22: Beneficial Insects.....	60
Section 9 Hospitality	63
Tip 23: Short Stay Niche Housing	64
Tip 24: Long-Term Rooming House.....	66
Tip 25: Airbnb.com.....	68
Tip 26: Innkeeper	70
Tip 27: Corporate Housing	73
Tip 28: Laundry – Fluff and Fold.....	75
Tip 29: Housekeeping	77
Tip 30: Concierge Services	80
Tip 31: Design (Space and Materials).....	82
Tip 32: Rent Appliances and Furnishings.....	85
Tip 33: Customization Using the Internet of Things	87
Section 10 Ad Agency	89
Tip 34: Naming Rights	90
Tip 35: Resident-centric Ad Placement & Referrals	92
Tip 36: Billboards	94
Tip 37: Banners for Nonprofit & Political Organizations	96
Section 11 Place Making	98
Tip 38: Resident Retention.....	99
Tip 39: Neighborhood Improvement	101
Section 12 Storage Facility	103
Tip 40: Resident Storage	104
Tip 41 (extra): Non-Resident Mini Storage.....	107
Bonus Section	110
Ideas That May Benefit You	110

Introduction

Change has snuck up on us Landlords. We now have the ability to create cash flow in ways we never dreamt of before. And what's even better news is that you can set some new cash flow goals that far exceed market rents. It is now very possible to double your net income using the tactics presented in this book.

This book isn't an all-inclusive collection of cash flow ideas. I intuitively sense I'm only discussing the tip of the iceberg. Still, this book is a great way to get your creativity going.

Since 2011, when I started the Leading Landlord Blog, I've been on a mission to generate enough ancillary income to cover the \$1,650 mortgage of our 8-unit apartment building. Ultimately I want to figure out how to operate my residential apartment in a manner so I'm not dependent on tenants to pay the mortgage. I'm still in pursuit of that goal, but I've come across some interesting ideas along my journey.

As I write this, I generate 58% of my 1st mortgage of an eight unit apartment by non-rent income. That is good, but it's not great. My journey continues.

How to Get the Most Out of This Book

The purpose of this book is to start the conversation about the power of ancillary income in a serious and rigorous way. Whether you're a large or small property rental owner, I want you to have this checklist-like tool to help you discover more of your rental's potential. I want you to have the option to grow your rental income by tapping into the endowment your existing rentals contain. If you do, you will enjoy a world of greater profitability.

The 40 ideas discussed here are organized into 12 categories. I encourage you to familiarize yourself with all the categories as a way of preparing yourself to spot cash flow opportunities.

If an idea resonates with you, by all means, set this book down and go make some money - *NOW*. Please drop me an email to tell me about your success. That would really be appreciated.

After you've explored that low hanging fruit, I would like you to evaluate how many of these profit centers you could implement at one of your rentals. Overlaying ancillary income strategies at one location is a way to dramatically increase your profitability without taking on the larger debt associated with purchasing additional properties (which is ok as well – just riskier).

The Course for Mastery

If you want to learn how to link these ideas together to potentially generate three times more than a typical landlord would, you should consider enrolling in the 12-month course where we explore, in depth, one ancillary income category per month.

This focus, along with bonuses, will present you with photos and videos to cross pollinate your imagination. My sense is that when you see pictures of other landlords using these strategies to increase their rental income, you will recognize similar conditions at your own properties, take action, and get the results.

I'm always coming across updated information, so having the honor of having you as an online client will allow me to share the best and most recent information with you.

To learn more about the online course that accompanies this book, visit www.LeadingLandlord.com/40-ways

Section 1

Transportation Hub



Your rental residents start and end their daily journey from your property. There are plenty of opportunities to increase your cash flow by helping them become more efficient and/or save money.

Do you have some extra space in your lot? Is it accessible from your driveway? Is it accessible to the public? If so, then viewing your property as more than just a dwelling to rent out may help you solve some of your neighbors' problems and make more money in the process. If you're waiting for permission to do business with more people than just your residents – listen up.

Permission is granted.

You can grow your net income by viewing your property as a transportation hub.

Tip 1: Bike Share and Rentals

Bike sharing is about numerous people borrowing the same bicycle as a means of transportation. Its popularity is growing in large cities like New York and Washington D.C. It's also growing in small cities like Chattanooga, Tennessee and Boulder, Colorado. The reason why is because it is profitable.

It's super easy for landlords and property managers to jump on the bike sharing bandwagon.

Bikes for Short-Term Housing

On two occasions while I worked on short term projects away from home, my landlords made bicycles available to me. I used the bikes to explore and enjoy new neighborhoods on an entirely different level. I loved it! And to this day, I am still grateful for the use of their bikes.

This is why I offer a bike rental option to the short term medical students that I house. These students fly in from all parts of the world and typically don't have access to cars. After signing a waiver, they rent the bicycle from me for \$40 per month with maintenance included.

I bought a really nice bicycle off Craigslist, installed a basket and lights and I'm getting high marks. Second hand bicycles are the way to go. Just get them tuned up.

Bikes for Long-Term Residents

I realized a past resident had left their bike behind. I asked a few residents if they would use it if I fixed it up and their reactions were all I needed to see. I didn't expect such positive responses.

So I bought a nice lock, flat-proofed the tires with puncture-resistant liners and puncture-resistant tubes, then set the bike out for my residents to use. I've invested \$60 in the "community bike" so far.

I keep the bike lock key in the laundry room beneath a framed sign explaining the rules for borrowing the bike. The specific terms of use will be shared in my Ancillary Income Course which is a great way to dig deeper into each of these tips.

Success? YES, the community bike is being used once a week by residents and their guests.

The Downside

Bikes are known to get damaged and stolen. However, the smaller, less anonymous the sharing group, the better the bikes will be cared for.

You do need to maintain the bikes for this effort to gather steam.

You're going to need space to store and secure your bicycles. Again, as with everything, presentation means a lot.

Cost / Projected Revenue

I rent bikes to my residents for \$40 per month.

Some groups sell \$75 annual memberships for bike share coops.

Local bicycle rental companies rent their bikes for \$40 per day.

Local SpinLister.com owners list their bikes for \$20 per day.

Sponsorships and advertisements all depend on audience, size of mini billboard etc. However, if you're focusing on short-term rental, it would be wise to pitch ad space to the nearby restaurant.

What	Landlord-Driven Bike Sharing and Rentals	
Difficulty: ●●○○○	Time Commitment: ●●○○○	
Why	People want to ride nice bicycles but they don't want to maintain or store them.	
Increase Net Income By	<ul style="list-style-type: none"> • Offering well-maintained bicycles stationed on your property that display advertisements available to users. User can be your residents, neighbors or anyone who wants to borrow a bike for the day. • Renting bikes as part of your housing package. 	
Basic Components	<ul style="list-style-type: none"> • Well maintained bicycles • Controlled access • Check out / in procedure • Basic money collection / membership management systems 	
The Extreme Version	Place bicycles so neighbors can join your bike share group. List with www.SpinLister.com and join the World Wide Bike share program. Use their system to collect bike rental fees while you collect advertisement fees.	
Possible New Income Streams	<ul style="list-style-type: none"> • Membership fees • Sponsorships • Mini billboard advertisement revenue (micro NASCAR) • Carbon tax credits • Rental fees 	
Nontangible Benefits	<ul style="list-style-type: none"> • Use mini billboards for self-advertisement that builds your own wait list • Additional convenient feature to reduce vacancies 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Get a bicycle (or three-wheeler) with a U-lock and place the key where your ideal users can access it. • Observe if and how they use the bike. • Then peruse an advertisement and/or sponsorship model that makes sense. Self-branding to build a waiting list is a valuable goal as well. 	

Tip 2: U-Haul

If you have onsite management, you should evaluate your potential to run a U-Haul side business. You would have to focus mainly on non-residents but a small dealership can help your own residents as well.

What you may not know is that setting up a U-Haul business is free. That's right; it costs nothing to become a dealer. Just place a phone call and work out details.

What's even more interesting is that U-Haul businesses are often the landing pad for people moving into the community. What a great way to fill vacancies.

A Thought Experiment

Say you have a pick-up truck and it's rented four times every weekend for one month. Assume each renter puts on 60 miles during their trips.

Charging \$19.95 * 4 rentals/week * 4 weeks/month = \$319.20 and mileage would come to \$854.40 (\$0.89 * 60 miles/rental * 4 rentals/week * 4 weeks/month) for a grand total of \$1,173.60 and a 21% commission means you take home \$246.45 for your efforts.

A U-Haul Case Study

Dan in Sacramento runs a small consignment store that has an attached parking lot where he stores his small fleet of U-Haul vans. Dan told me this side business brings in \$2,000 - \$6,000 each month, but advises a typical landlord should expect to earn between \$300 and \$500 per month.

The Downside

Although U-Haul is a turn-key side business, it does take effort to check someone in, monitor gas and clean vehicles.

Cost / Projected Revenue

If you rented a truck out six times per weekend; Friday, Saturday and Sunday for rentals that cost \$125 each, then you would net \$630 each month.

What	Small fleet U-Haul truck or trailer rental operation	
Difficulty: ●○○○○	Time Commitment: ●●●○○	
Why	People surrounding and inside your rental periodically need a truck or trailer. You could make a 21% commission by storing a U-Haul vehicle and facilitating its rental.	
Increase Net Income By	Storing U-Haul moving vans, trailers or pick-up trucks at your property and managing its rental.	
Basic Components	<ul style="list-style-type: none"> • Suitable parking and zoning • A computer • Willing onsite management 	
The Extreme Version	Improve vacant/underutilized areas to house enough trucks/trailers to cover residential mortgage expenses. A small multifamily complex that sits on a large lot could have the right mix.	
Possible New Income Streams	<ul style="list-style-type: none"> • Selling boxes • Adding storage space via shipping containers • Fees for filling gas tank 	
Nontangible Benefits	<ul style="list-style-type: none"> • You may be able to lower your own vacancy rates by the additional marketing and traffic • You can schedule weekend only business hours 	
Steps to Implement	<ul style="list-style-type: none"> • Check with your city's zoning – typically commercial or mixed zone. • Contact U-Haul or another popular franchise. • Have a truck or trailer delivered. 	

Tip 3: Zip Car

ZipCar is one of the best known car sharing ventures in the collaborative economy. It has a membership program that allows users to pick up and return cars in a seamless manner.

As a landlord, you can invite ZipCar to rent a stall in your parking lot. This would be additional income for you and addition convenience for your residents and /or neighbors surrounding your rental.

Case Study

Lucas has been renting one of his two parking stalls behind his Washington D.C. row house to ZipCar since 2007. Their monthly stall rent started at \$200 but Lucas has negotiated two \$25 increases over the years; the current rent is \$250 per month.

He says although the residents lose a parking spot, they enjoy having the ZipCar close by. Typically only half of his residents own cars so it's a big convenience. The majority of the ZipCar renters are people from the neighborhood that don't reside on his property.

The Downside

- Your residents lose access to a parking spot.
- You attract strangers onto your property.

Cost / Projected Revenue

ZipCar paid \$300 per month for a parking stall in San Francisco and they pay \$250 per month in Washington D.C.

What	Rent a parking space to ZipCar
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Your residents and neighbors may already be using ZipCar to get around. You may be able to rent a parking stall to ZipCar.
Increase Net Income By	Renting a parking space to ZipCar
Basic Components	A strategic parking place
The Extreme Version	Place a fleet of ZipCars, one per apartment, to ensure your residents always have access and neighbors find cars when they need to
Possible New Income Streams	<ul style="list-style-type: none"> • Advertisement space for other businesses in the collaborative economy
Nontangible Benefits	<ul style="list-style-type: none"> • ZipCar may be seen as a perk that lowers your vacancy rates
Steps to Implement/Test	<ul style="list-style-type: none"> • Contact your local ZipCar office. • Evaluate your space. • Strike a deal.

Tip 4: Relay Ride

RelayRides.com is a collaborative economy site that enables you to rent your car to others. If you have a car and a parking space, then you're in business.

RelayRides.com provides \$1M of insurance coverage and roadside support so you won't need to worry about your car. According to their website, people typically earn \$250 each month from renting their car.

Example

Residents can sell their existing cars before moving into your multifamily rental and just rely on your car sharing offering. Since other transportation options are available (mass transit, Uber, Lyft, bicycle, etc.), this tactic could be a way for residents to save money while not affecting their lifestyle.

Your rental offering can become a lifestyle center for the collaborative economy.

The Downside

Less parking for residents and visitors with cars.

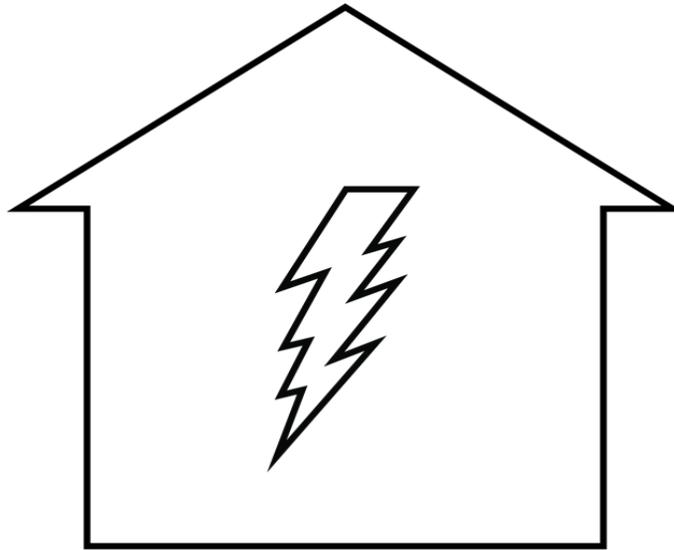
Cost / Projected Revenue

- The RelayRides website says the average owner make \$250 per month.
- They only accept passenger cars with fewer than 100,000 miles.

What	Rent vehicles to residents and non-residents	
Difficulty: ●○○○○	Time Commitment: ●●○○○	
Why	People are increasingly interested in having access to cars but not owning them	
Increase Net Income By	Renting your vehicle to residents and non-residents	
Basic Components	<ul style="list-style-type: none"> • A car with less than 100,000 miles on odometer • Suitable parking • A computer • Key management system 	
The Extreme Version	All residents at your multifamily building utilize your vehicles and you enjoy the added income. You could utilize Wi-Fi smart locks and smart tags to manage access and check in of the car keys.	
Possible New Income Streams	<ul style="list-style-type: none"> • Car rental revenue • Car roof advertisement • In car advertisement on iPad devices 	
Nontangible Benefits	<ul style="list-style-type: none"> • This feature may increase short term rental appeal and overall demand for your rental. 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Check the popularity of RelayRides or other car sharing in your neighborhood • If your location is near a cluster of other RelayRides available cars then you have a ready market and a good chance at being successful • If no other cars are in your area, then determine if your resident base is large enough to support your goals 	

Section 2

Power Plant



New clean energy alternatives are coming online every day – some are subsidies and many are not. For a landlord, it's best to understand there are political forces encouraging you not to produce more energy than you consume at your site. Utilities lean toward a net zero policy; meaning they want to discourage you from producing more energy than you consume over the course of a year.

As a result, you will buy less energy from the utility and this creates a financial savings. However there are new technologies that allow landlords to convert their saving into profit. Just imagine that your rental is a power plant and watch opportunities unfold.

Tip 5: Solar Power

When I bring up the idea of profit centers for rentals, many people think of solar. The improvement in solar photovoltaic technology along with the increase in affordability makes this technology worthy of consideration.

If you plan on using solar photovoltaics to increase your net income, you basically need to charge your residents for their consumption.

In reality, you can't just up your rents and hope to get a chance to explain how a resident will save on energy. That won't work in a competitive market. You know potential applicants are not doing cost benefit analyses as they skim Craigslist ads.

To work around this you'll need to bill your residents for energy consumption. Meaning you'll need to clip on energy measuring and data logging devices made by Shark, E-Mon, Schneider Electric or some other manufacturer. You'll also need a computer to store the information and connect to the internet.

The final step is to read the meters each month and bill your residents. This will make the resident feel that this is business as usual (how they normally pay for their electric – meter reading and billing) and encourage them to conserve as usual. You can also mention that the energy is renewable, which will be a selling point for many residents, but not all!

What Kevin Could Do

Kevin in Colorado is considering building a garage behind his single family rental and mounting a PV system on it. His vendor estimates the system will cost him \$12,000 out of pocket (\$8,000 after taxes) and lead to \$1,280 in annual savings.

That means \$1,280 of income if he charges his resident for energy at market rates.

So this investment could make sense for a single family rental, but it makes a lot of sense for commercial properties whose value is based on the income they produce.

The Downside

You don't want to do this on a single family rental that you don't plan to keep for 25 years. You run the risk of advances in solar technology making your system obsolete.

You also risk not being able to recoup your cost when you go to sell the SFR.

Measuring power and billing the resident takes time and is another bill to track. You may need your own accounts receivable department or enlist the help of a virtual assistant.

Cost / Projected Revenue

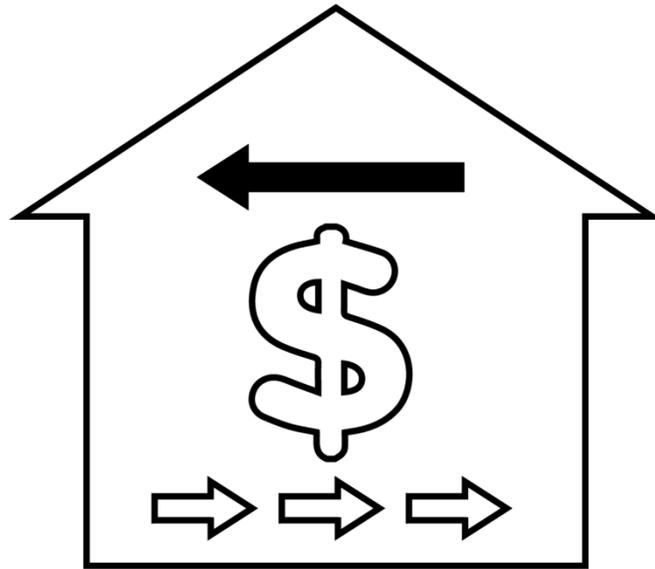
May gross \$1,280 per unit per year less billing expenses.

The meters needed to measure and record your resident's electrical usage cost around \$400 each.

What	Sell photovoltaic generated electricity to your residents
Difficulty: ●●●○○	Time Commitment: ●●○○○
Why	Your resident will pay you for electricity just as they pay for other utilities
Increase Net Income By	Collecting the difference between your cost to produce and the market rate for electricity
Basic Components	<ul style="list-style-type: none"> • Properly-sized PV system • Power measuring and data logging devices • Onsite computer with Internet access • Utility billing company • Cooperative residents
The Extreme Version	Sell power to residents and bank excess in grid. Use power grid instead of a battery.
Possible New Income Streams	<ul style="list-style-type: none"> • Efficiency products • Utility tax credits • Personal Federal income tax credit • Increased property value
Nontangible Benefits	You can attract residents that prefer to use and support sustainable power incentives
Steps to Implement/Test	<ul style="list-style-type: none"> • Check with your city's zoning • Get an estimate of production from local contractors • Analyze benefits for your rental situation (commercial/residential)

Section 3

Be the Bank



We landlords love to say we aren't the bank when our tenants are late on their rent. And that's a great saying unless you're looking for ways to grow your net income. Collecting financing fees is profitable for credit card companies and financial institutions; the business might work well for you too.

Your real estate is not cutting you a check each month – a person is. That same source of cash flow (your resident) can be a bigger source of income if you expand your view to provide services found at lending institutions. Cash is, after all, just a fancy IOU. Open yourself to the financing opportunities that surround you. Start small and create ways help your residents get what they need.

Tip 6: Arrears

Life happens to all of us – but it especially happens to our tenants. It is NOT a great idea to accept partial rent payments but it could be a means of increasing your net income. That's why I included this tactic for your consideration.

I want to discourage charging interest if you're serving a low income neighborhood. I believe ethical landlords should work out payment plans that do not include interest for this group of people. However, if you're not dealing with poor people then, by all means, charge interest just like any financial institution would.

Some landlords see that they are headed for an eviction and are willing to accept a partial payment instead of losing an entire month's income and starting a time consuming eviction process. So accepting arrears is a method of giving your tenant a time extension, saving yourself from having to spend time and money on evicting them, readying the home for another tenant, and going through the home showing application process.

Financing Arrears

Everyone hits hard times. Having a financing program in place makes this fact of life easier.

Of course, the goal is to collect back rent payments on top of current rent payments.

The Downside

Resident falling so far behind you have to evict anyway.

What	Collect arrears with interest
Difficulty: ●○○○○	Time Commitment: ●●○○○
Why	You can profit from helping a resident out of a financial bind
Increase Net Income By	Collecting more of your back payments and reducing turn over Helping to stabilize residents could reduce turn over
Basic Components	<ul style="list-style-type: none"> • An honorable resident • A good contract • A good accounting system
The Extreme Version	Set up an arrears payment plan so you recover the equivalent of 12.5 month's rent per year.
Possible New Income Streams	<ul style="list-style-type: none"> • Administration fee for processing • Administration fee for setting up payment plan
Nontangible Benefits	More grateful and loyal resident
Steps to Implement/Test	<ul style="list-style-type: none"> • Design a trail payment plan. • Agree to written terms. • Fully execute the agreement.

Tip 7: IOUs

Real estate investors have been using rent-to-own strategies for years. So why not take this concept a few steps further than Tip 6 above?

By expanding on the definition of property, you'll see that it's perfectly reasonable for a landlord to finance mattresses, furnishings, washer-dryer sets and cars for their residents/clients.

Financing Lease Option Gap Funding

Say a resident wants to enter into a lease-option arrangement to buy your rental home, but they don't have all the option money needed to make the deal work. A savvy landlord could finance the gap and make the deal happen. For example, if the resident only has \$3,000 of the \$7,000 that you want for option money, then you could finance the \$4,000 gap.

Financing Appliances

A resident may want an upgraded bedroom set or dryer. They may take advantage of landlord financing and get more attractive financing than predatory lenders. In this case, if things don't work out, the landlord-owner can always resort to Craigslist to sell off the appliance or use it as standard equipment for the next resident.

Financing Cars

This tricky subject needs some in depth discussion. I suggest you start with the standard agreement you find at your local used car dealer and customize it for your situation.

The Downside

More paperwork associated with tracking payments and statements.
If resident faces financial problems then collections could lead to a pain point.

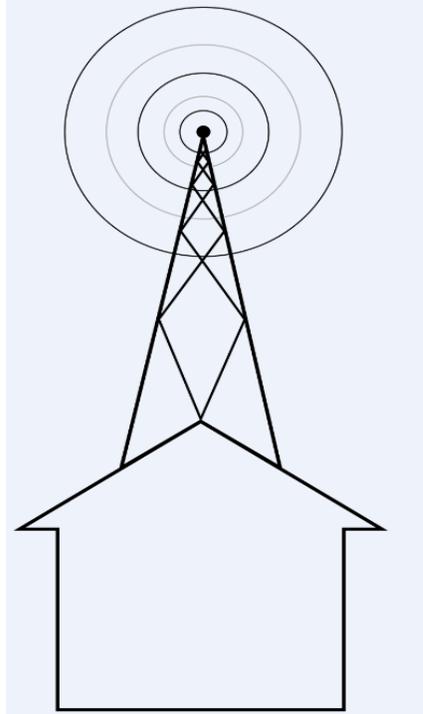
Cost / Projected Revenue

- At least 10% return for back rent payments. (Assuming you're not dealing with low income tenants. Avoid usury issues and don't charge interest on poor people. If a resident isn't poor, then they are fair game.)
- Aim for 20% return on furniture and other re-saleable items. Buy nice stuff so you can resell them on Craigslist as an exit strategy.

What	Create IOUs with your residents	
Difficulty: ●○○○○	Time Commitment: ●●○○○	
Why	Residents often use financing to purchase goods for their homes. You can take a piece of this action.	
Increase Net Income By	Charging interest on back rent and rent-to-own payments	
Basic Components	<ul style="list-style-type: none"> • A good resident that hits bad times • IOU loan agreement • Auto draft 	
The Extreme Version	Set up gap option financing on a rent-to-own house arrangement and /or finance your tenant's car as well.	
Possible New Income Streams	<ul style="list-style-type: none"> • Interest on catch up rent payments • Interest on lease-option payments • Interest on rent-to-own non-consumables 	
Nontangible Benefits	<ul style="list-style-type: none"> • Improve vacancy rates 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Develop a formal program. • Promote landlord financing plan to residents. • Test on a resident that gets behind or have excellent credit. 	

Section 4

Broadcast Station



Just think about this, your cell phone transmits four signals: Wi-Fi, SMS text messaging, Bluetooth and cellular communications. This means your rental is already in the broadcast business without you benefiting. Why not capitalize on these signals, and others, by helping them get stronger.

In this section, you're encouraged to think of your rental as a broadcasting station.

Tip 8: Wi-Fi

Imagine broadcasting a signal from your rental and charging the people that used the signal. How many customers could you have? That would be a game changer! If your client base was large enough, you could generate an independent income stream that could exceed your rents.

My Wi-Fi Experiment

I decided to test this idea with a coffee shop / complimentary internet service. I would “sell” an email newsletter to my neighbors and “give” my customers access to Wi-Fi via a protected password. This is just an expansion of a practice that is used every day.

Let this concept sink in. Providing complimentary services to “customers” solves a lot of problems. It’s a model that is used in stores like Target and Walmart and at nearly every coffee shop that wants to stay in business. Follow their model. Use their disclaimers.

Technical Success but Delivery Failure

I hired a company to install a hotspot on my apartment building. We placed the transmitter 30 feet above my roof, above other structures in the area. I was set to broadcast for miles, but I learned the meaning of landscape interference.

The trees snuffed out my Wi-Fi signal. I could get a signal next to a tree but I couldn’t get one behind the tree. And the people I was trying to reach were behind trees!

Waiting on Technology

I believe technology will eventually solve the landscape interfere issue, so the implementation of this idea will eventually work. However, people want their internet to be free. Some large company or government agency will eventually make the internet just like the public school system – accessible to all.

So I’m bullish on the technology, but I’m bearish on the long term viability of this business idea. If the concept ever works, there would be a race to the bottom as competitors cut their prices to take market share. Eventually, there will be no profit left for providing Wi-Fi. It’s going to get disrupted – that’s my prediction.

My Recommendation

Stay on the lookout for opportunities to serve customers beyond your property lines, then find a monetization mechanism to capture most, but not all, of the value you create.

The Downside

- Door to door sales is involved – you might want to hire that piece out if you’re uncomfortable
- Trees get in the way
- Up front cost to test technology
- People now want lots of bandwidth for video conferencing and Skyping. Low speed Wi-Fi won’t keep clients happy.

What	Broadcast Wi-Fi from your rental
Difficulty: ●●○○○	Time Commitment: ●●○○○
Why	Income stream would be independent of your resident occupancy and allow you to do business within the neighborhood.
Increase Net Income By	Collecting subscriptions fees from neighbors
Basic Components	<ul style="list-style-type: none"> • Transmission source taller than surrounding buildings • Method to obtain and transmit signal • Billing system
The Extreme Version	Signal can travel in a radius large enough to allow you to give it away for free and market to the customers via affiliate sales and advertisement.
Possible New Income Streams	<ul style="list-style-type: none"> • Subscription fees • Advertisement • Affiliate income
Nontangible Benefits	<ul style="list-style-type: none"> • If property is commercial, then the attached antenna revenue will increase property value
Steps to Implement/Test	<ul style="list-style-type: none"> • Observe what residents and neighbors are using for Wi-Fi. • Ask five of them if they would buy it from you if your price was cheaper. • Do a bench scale test to check range of technology.

Tip 9: Cell Phone – Roof Top Leases

If you're having trouble getting cell phone reception at your rental, that might be a clue that a cell repeater is needed. And if that's the case, your rental property might serve as an ideal antenna station for a cell carrier.

Robert wasn't able to connect to 9-1-1 by cell when his resident had a seizure. This made him realize he needed better cell phone reception at his rental. So he started learning about ground leases for cell towers and antennas.

His first attempt to win a cell antenna lease didn't work out, but the second one did. He ended up securing an antenna lease that grossed \$1,300 each month!

The Downside

Need to be prepared and educated about the equipment's removal and routine maintenance. You don't want roof damage.

Cost / Projected Revenue

Depending on the market, ground leases can go for well over \$1,000 per month.

What	Lease roof space to cell provider	
Difficulty: ●○○○○	Time Commitment: ●○○○○	
Why	Cell carriers pay to locate their broadcast equipment in strategic areas.	
Increase Net Income By	Leasing antenna space to signal providers.	
Basic Components	<ul style="list-style-type: none"> • Have control over the tallest building in the area • Make sure cell carriers know your space is available 	
The Extreme Version	Secure a rooftop lease on your commercial property then sell the package with more than 7 yrs left on lease.	
Possible New Income Streams	Income from rooftop or ground lease	
Nontangible Benefits	<ul style="list-style-type: none"> • Less dependent on tenant to cover mortgage payments. 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine most profitable contractual arrangements. 	

Tip 10: Live Cam

Web cams aren't just for the adult entertainment industry. They show up wherever a voyeur wants to watch. If your rental has a view that would be of interest to:

1. Tourists who want views of local hotspots, beaches and landmarks
2. The hospitality industry that wants to feature their hotels, resorts, bed and breakfast or venues and want to show potential customers how many people are in line and give a living picture frame experience
3. Nature & wildlife enthusiasts who want a view of the animals and environment surrounding your rental

Some cameras point inside bars and cafes, some at oceans.

Voyeurism is one of the biggest American pastimes of the 21st century. Whether it's sitting in the park or turning on a reality television show, people love to watch other people. Modern technology allows them to watch without being watched back.

If you have a good view of a popular coffee shop, approach them about putting your feed on their website. Strike a deal on compensation. If you have a general point of interest, such as a popular fishing lake, consider approaching the local bait and tackle store to buy an ad on your site.

Controllable live cams where viewers get to control where the camera points and what it zooms in on. Local business advertises on the website that is very engaging. Check out the Venice Beach Live Cam: www.venicebeachlivecam.tv/ for an example.

Look into becoming a Streamdays Partner: sell live camera streams.

The Downside

Low barrier of entry. If you become a local success, other will try to copy your business. You will need to learn how to manage a website.

Cost / Projected Revenue

Your revenue is directly related to your audience size and your ability to attract and characterize a niche viewer. Google Analytics will help.

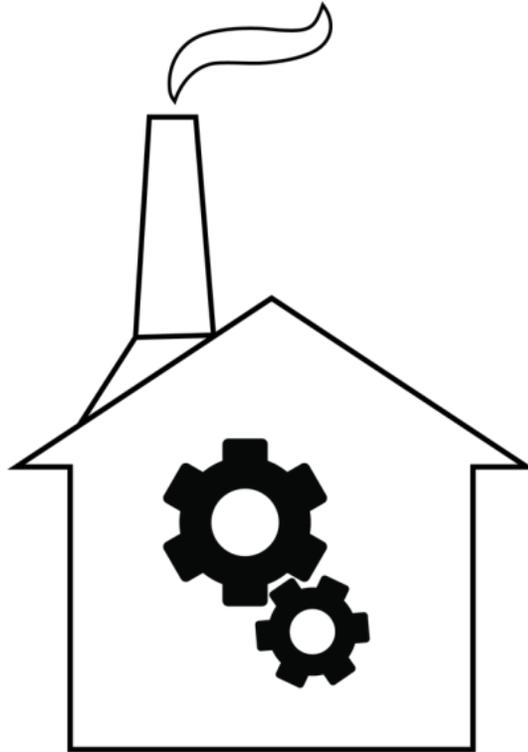
Drop cam retails for around \$200

Web hosting could cost around \$100 per year

What	Use your rental as a tripod for webcams
Difficulty: ●●○○○	Time Commitment: ●○○○○
Why	Webcams can provide live feeds to voyeurs interested in experiencing the virtual reality of being there.
Increase Net Income By	Selling live stream or attract viewers to a website that displays advertisements
Basic Components	<ul style="list-style-type: none"> • A webcam (stationary or moveable) • An interesting view • Website hosting
The Extreme Version	If you owned a rental on a beach boardwalk, you could set up a viewer controlled web cam that allows viewers to look around and zoom in on whatever they like. This engaging site could attract a large international audience and demand a premium for advertisers wanting to buy ad space. Ad revenue could be enough to cover mortgage payment.
Possible New Income Streams	<ul style="list-style-type: none"> • Ad revenue • Live stream revenue
Nontangible Benefits	<ul style="list-style-type: none"> • Web cam revenue independent of residents and building maintenance.
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine your topic • Set up a basic live cam and measure your audience size • Determine how to monetize stream

Section 5

Fee and Commission Generator



Most landlords are very familiar and comfortable with the idea of charging fees. However, you may come to appreciate them in a different way once understand they can help you stay in control of your landlording business if they are enforced.

Fees are also a way to compensate you for additional privileges that residents might want. Instead of refusing to be flexible, you have the option to charging a service fee to make the non-standard possible. Commissions are the flip side of fees. They are a reward for you helping to make a transaction occur. If you're one who likes to be helpful and refer quality businesses to your tenants and friends, consider formalizing the process.

In this section, you're encouraged to view your rentals as a means to generate fees and commissions.

Tip 11: Real Estate Commissions

Have you ever had your best residents move out to become homeowners? It's always tough to say good bye but it would be a lot easier if you had added a few clauses to your lease to make sure you're a player in their real estate transaction. If you're a realtor that owns rentals, when you screen rental applicants you might consider screening them as future clients too.

Example

Jonna, a landlord in Idaho, had a couple of residents that were concerned about signing a long lease because they were thinking about buying a home in the near future. So she structured their lease with an exit clause that allowed them to end their term without penalty as long as she served as their agent. She later expanded the contract language to allow residents to use other agents that could better help them, and settling for a referral fee.

Another Example: In Louisiana, Jennifer had her landlady of five years serve as her real estate agent. Her former landlady sold her a duplex and launched Jennifer's own landlording career. Jennifer says at first she was a little concerned about using her landlady as her agent since they already had an important professional relationship and she didn't want that to muddy the waters. But everything worked out well. The landlady did a great job looking out for Jennifer's interests and earned a commission once her home closed.

The Downside

You will have a vacancy every time your resident-buyer buys a resident a home.
The cost to maintain a real estate license.

Cost / Projected Revenue

Cost to get and maintain a real estate license. The cost of vacancy should be low if you proactively build a wait list and encourage word of mouth testimonials.

Buying agents typically get commission equal to 3% of the sales price. If you sold a \$100,000 house to your resident, you could get \$3,000. Real estate agents typically get 25% of the buyer agent's commission for passing along a qualified leads that result in a purchase. For a \$100,000 transaction, you could get \$750.

What	Landlord serves as real estate (RE) agent
Difficulty: ●●○○○	Time Commitment: ●○○○○
Why	Landlords can leverage the built in relationship with their residents to create streams of commissions on top of rents.
Increase Net Income By	Collecting sales commissions by helping (or referring) residents that move out to buy homes.
What you'll need	<ul style="list-style-type: none"> • A real estate license • An annual marketing strategy • Lease terms giving you an overwhelming advantage
The Extreme Version	<ul style="list-style-type: none"> • Set aside your least desirable rental unit as a home buyer's incubator. • Charge resident below market rent and connect them with a nonprofit that helps people get prequalified as buyers into homes, for example NeighborWorks.org. • When resident moves on to buy a home, you get to pocket the sales commission or referral fee. • Then rinse and repeat.
Possible New Income Streams	<ul style="list-style-type: none"> • Real estate agent commissions • Referral fee for connecting resident to an agent that helps them buy a home
Nontangible Benefits	<ul style="list-style-type: none"> • Build waiting list of clients wanting to go through your home buying boot camp • Little need to remodel unit; save on costly upgrades
Steps to Implement/Test	<ul style="list-style-type: none"> • Be in a position to sell real estate as a side business • Modify your lease agreement so residents can move at any time if they utilize your service • Routinely remind residents of your RE services

Tip 12: Parking

It's lucrative to rent parking spaces to people who don't reside at your rental. There are likely opportunities to rent parking space no matter where you live.

- If you're in a downtown area or near a place where others are charging for parking, then you already have a marketplace to participate in.
- If you're near a fishing hole, boaters want to park their boats. If you're in the suburbs, people need places to park their RVs.
- Your rental property is posed to do business with your surrounding neighbors. You only need to adjust your mindset to exploit the opportunity.

Specific Example

Don C. in Washington told me his parents rent out five extra parking spaces at a duplex that's near the University for \$10/month/stall.

But he modified this idea a little bit, he charges a rent which takes into account the parking and allows his residents to sublet a space. This is a way of subcontracting the work and collaborating with your resident.

The Downside

You may have to monitor for trespassers – learn how to ticket and boot cars.

The laws are different for parking lots and storage. You need to do some research for your zone.

Cost / Projected Revenue

1. Search for parking sublets in your local Craigslist. Find out if there's an existing market for parking and current rates. Is covered parking a profitable option?
2. Look at your local parking lots or self-storage. How much do they charge for the type of parking you could offer? Beat them on price or beat them on security.

What	Renting parking space for RVs, boats and cars on a monthly or special event basis
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	People want a predictable and convenient location to park their vehicle and are willing to pay for it.
Increase Net Income By	Charging people to park on you rental property. Do this in a manner that separate from your resident or work in collaboration with resident.
Basic Components	<ul style="list-style-type: none"> • Two gravel pathways for vehicle or trailer wheels
The Extreme Version	Allow double parking based on having spare keys in a lock box. Parking tenants must be willing to collaborate. Code given only when needed then changed.
Possible New Income Streams	<ul style="list-style-type: none"> • Affiliate commission from auto detailers • Sublease boat rental
Nontangible Benefits	<ul style="list-style-type: none"> • Gravel is not considered an improvement and should not boost your tax basis
Steps to Implement/Test	<ul style="list-style-type: none"> • Monitor your Craigslist using IFTTT.com • Check your competition's rates • Pass out flyers and post bulletin board ads, make the phone ring

Tip 13: Fee Generator

Many landlords start off conversations about ancillary income by discussing fees. In fact, depending on how many rentals you own, fees and small commissions can really add up. Your rental is a fee generator.

There are fees for an application, lock out, paying late rent, bounced checks, other services. Fees are an effective way of increasing revenue. They are typically viewed as a penalty for inconveniencing management, however looking at fees to pad your bottom line is one great way to irritate your residents.

Deterrent Fees

- Nonsufficient funds / returned check
- Parking violation
- Late payments
- Tampering with smoke-CO2 detector
- Non-compliance (i.e., violating noise ordinance, disturbance of neighbors)
- Smoking in restricted area
- Unauthorized Pet Fee
- Failure to clean pet waste

Convenience Fees

- Abandonment fee – resident vacates before end of lease – typical fee of 1.5 month's rent
- Parking – auctioning off preferred stalls
- Pet Fees and Pet Application Fee in lieu of deposit
- Reserve-the-unit for me fee
- Check cashing
- Credit card processing
- Missed repair man appointment

Administrative Fees

- Application fee
- "I locked myself out – please let me in right now" fee
- Assignment or Subletting
- Roommates or extended guest changes
- Notice Service Fee (cost of serving/posting/mailling legal notices related to rental agreement violations)

Commissions and Referral Fees

- Moving Company
- Mini Storage
- Housekeeping
- Landscaping
- Mechanic
- Renter's Insurance referral fee
- Family-owned grocery store
- Pizza parlor or local restaurant

Referral fees and commissions can benefit your bottom line as well. You can generate kickbacks or small informal commissions when your residents patronize a business that you've developed an affiliate relationship with. Meaning you could receive a referral fee (or credit) when your residents use one of your "preferred" moving services, storage facilities, restaurants, housekeeper, etc.

The Downside

Fees can really upset people and discourage loyalty. People don't like to be nicked and dimed.

Cost / Projected Revenue

Some fees, such as late payments, are limited by your state laws. But other fees should be based on your local market trends. Miscellaneous fees are typically \$50.

Charles in Denver said, "We have some residents that pay the max possible in fees EVERY MONTH, which nets us up to 20%-30% more than the base rent amount. Some give up and move, which is fine. Some stay which is fine. In all, these trouble cases only represent about 5% of our residents, but they always take up 90% of our time."

What	Collect fees
Difficulty: ●●○○○	Time Commitment: ●○○○○
Why	Earn extra income by helping your residents resolve a problem related and/or unrelated to your rental property.
Increase Net Income By	Building relationship with vendors that can service your residents' living requirements.
Basic Components	<ul style="list-style-type: none"> • List of penalty related fees incorporated in lease agreement. • Pre-arranged affiliate agreements with service providers that your residents would patronize.
The Extreme Version	Collect application fee, moving van rental commission, late rent fees, moving van commission again and mini storage referral credit for each rental.
Possible New Income Streams	<ul style="list-style-type: none"> • Fees to discourage tenants from doing things you don't want • Fees for special privileges your residents want • Commission/affiliate payments from vendors that you promote to your residents • Fees for emergency services
Nontangible Benefits	A combination of financial incentives and penalties can guide residents towards reputable vendors and a successful stay at your rental.
Steps to Implement/Test	<ul style="list-style-type: none"> • Check your state laws • Modify your lease agreements so money received first goes to pay fees and then are applied to rents • Create a list of fees and spell them out in your lease agreement • Begin building affiliate relationships with reputable vendors that you could benefit your residents.

Tip 14: Pet Fees

People love their pets and are increasingly attached to them – especially Millennials. Years ago I heard a prediction that we would see pet seats become standard options in cars. I thought it was a crazy idea but I can see it as a real possibility now.

Take a hint from the hotel industry – they are becoming more pet friendly. The Hyatt charges a non-refundable \$75 cleaning fee for people who insist on traveling with their pets. And the Sheraton charges \$150 per night for pet-family stays.

The tide is turning. To remain competitive you will need to allow for pets. But the good news is two-fold:

1. There are new cleaning solutions that make it possible to thoroughly remove pet urine and smells
2. People are willing to pay extra (sometimes a fortune) for their pets

Testimonial Example

Bill S. in Colorado says, “Since I have converted to pet registration fees and pet rent I have seen a significant increase in my bottom line (+3% last year for just pets) and no additional losses. If you think my fees are steep, call your local big box apartment complex and see what their pet fees are. Mine are about half of the big boys. I'm considering increasing them in the coming year. Post ads with your pet fees and those of your market if you know them.”

Around here landlords charge \$20 - \$25/month for a cat; \$25 - \$35/month for a small dog and \$35 - \$50/month for a large dog.

Specific Example

I read a discussion on the Mr. Landlord Forum (www.mrlandlord.com) where a landlord was asking for a \$500 deposit per pet, PLUS \$350 one-time per pet application fee, PLUS \$10 per month per pet.

Others ask for a \$250 non-refundable pet registration fee and \$25 to \$50 per month pet rent.

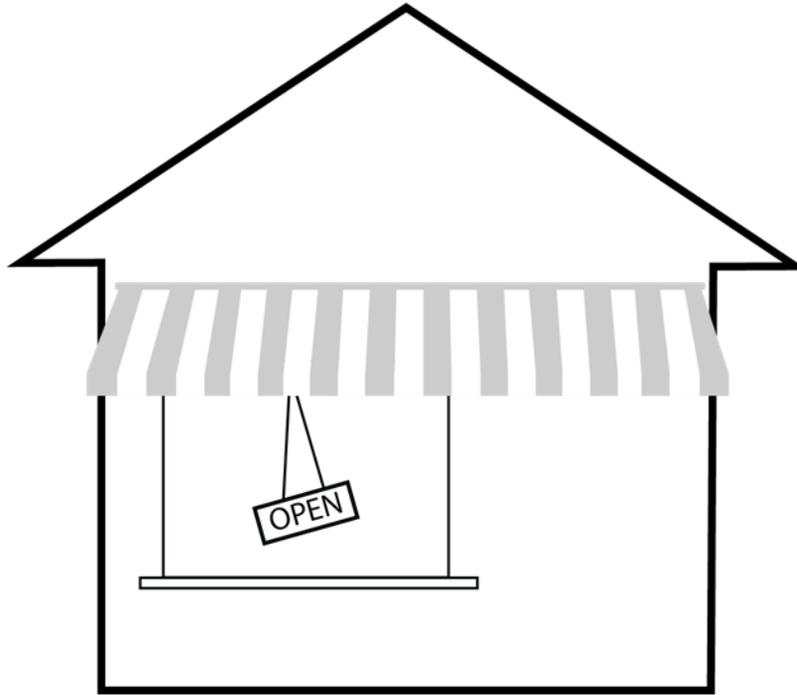
Cost / Projected Revenue

The amount you charge for a pet fee should be in line with your local market trends.

What	Charge extra for pets
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	There are a lot of animal lovers who are willing to make go/no go decisions based on your pet policy.
Increase Net Income By	Charging extra each month for a pet to live in your rental.
Basic Components	Possible pet door
The Extreme Version	Present a menu of options for renter. So much for a pet door, so much for size of pet, etc. and customize your rental to make a particular cat happy.
Possible New Income Streams	<ul style="list-style-type: none"> • Upgrade for pickup service • Application fee
Nontangible Benefits	<ul style="list-style-type: none"> • Increase demand for your rental
Steps to Implement/Test	<ul style="list-style-type: none"> • Decide on which pets you will allow • Advertise your policy with vacancy

Section 6

Commerce Center



There are endless ways of growing your net income by selling things to your residents. Especially if those things help the residents and neighbors accomplish their financial goals.

Here are some ancillary income ideas that you might discover if you viewed your rental as a commerce center.

Tip 15: Vending Store

These new style machines are not the ones you grew up with. They can dispense anything or nearly anything these days. Think of a robotic Walgreens that can be customized to sell products that are in demand. Vending stores can be designed to service just your residents or the surrounding neighbors as well.

They come in the form of kiosks that sell food and supplies in population-dense areas like college campuses, city centers and self-contained communities. True, this isn't exactly a new idea. But robotics, wireless technology and networking are making the concept bigger and better and allowing the kiosks to perform more complex tasks. Connectivity comes in via wireless modem or DSL and a dedicated power outlet keeps perishables cool.

Some apartment communities are trying to get approval to accept the government assistance cards. That would be a great opportunity for lower-end properties.

I've read that residents at the 800-unit Class C-plus property are buying enough with cash or credit cards to make the machine's owner believe they could eventually reach \$1 million per year in income.

Shop24 Global

The vending stores are a 10 x 13 foot unit that stands nine feet tall. They carry up to 200 standard convenience items, such as beverages, cleaning supplies, over-the-counter medicines, refrigerated meals and snacks. According to the vending unit maker, Shop24 Global, the robotic arm that picks purchased items can handle products up to eight pounds.

The company reports that many people are comfortable using the machine the first time they see it.

Cost / Projected Revenue

Machines start at \$50K and the price can go above \$150K, it all depends on the features, size and technologies you want.

What are typical leasing costs? – Approx. 50K+ per year. The deal can work out cheaper, depends on the location, population size and traffic to a specific location.

What	Install a Robotic Vending Store that's roughly 4 feet deep by 7 feet wide
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Consumers are already accustomed to demanding immediate response to their consumers' needs.
Increase Net Income By	Installing a machine that sells desired products to your customers.
Basic Components	<ul style="list-style-type: none"> • A well-lit and secure area, at least 4 x 7 ft in size • Electricity • A vending store • A restocking and money collection service
The Extreme Version	Place a vending store in your parking lot so the general public can access it. Profit share with the machine's owner.
Possible New Income Streams	<ul style="list-style-type: none"> • Profit share from items sold • Straight lease for allowing machine to be on your property
Nontangible Benefits	<ul style="list-style-type: none"> • Possibly able to do business with non-residents and service a larger audience • If you're in a remote/rural location, you can create an attraction that serves your residents and neighbors as well
Steps to Implement/Test	<ul style="list-style-type: none"> • Inventory the space and electricity available for your machine • Contact vending machine companies to learn about options • Determine most profitable contractual arrangements

Tip 16: Self-Serve Car Wash and Vacuum

With growing concerns about storm water quality many states are tightening regulations on where you can wash your car. For many good reasons, government agencies are limiting the public's ability to discharge detergent-rich water that likely also contains metals and hydrocarbons into street drains.

This opens up a big opportunity for multifamily landlords because it is not difficult to set up a small car wash station that pre-treats water before releasing it into public sewer systems.

According to the US Environmental Protection Agency, 60% of US residents wash their cars at least once a month. If your commercial property is surrounded by enough potential customers, both residents and non-residents, then consider creating a single bay self-serve car wash.

You can promote your carwash as a green alternative by using recycled water, containment mats and storm water drain protection.

Simple filtration and an oil/water separator systems may help you recycle a large percentage of the water used and further increase your profit if your water is metered.

But, to keep things simple, use natural soap products and just use a sump pump to discharge runoff onto your lawn or the nearest tree. This way the dirty water will percolate into the ground and won't enter the storm drain in the first place.

The Downside

As with any coin operated machine open to the public, you'll need to collect coin frequently and guard against theft.

Machines break and require maintenance.

You may need to maintain a small water treatment system to remove the soap and dirt before the water is discharged from your property. Sand filters can easily be constructed to handle car wash rinse water.

Cost / Projected Revenue

Some vacuum vending machines go for \$0.75 to \$1 for 5 minutes of service. Assuming the machine was used twice a day, it could pay for itself in three years.

You might need to hire someone to service and to maintain machine.

There are subscription models that allow for unlimited washes. This may be a good alternative were users simply enter their code to activate the equipment for a period of time.

Internet research suggest it takes a population base of 1,000-1,500 people to support 1 self-serve bay and a national average of approximately \$1,350 per bay per month of gross income for one self-serve bay.

Research also indicates you should have 1-1/2 vacuums per 1 bay of self-serve. National average of revenue per vacuum is approximately \$222 per vacuum per month in gross revenue.

What	Install car wash or cleaning station	
Difficulty: ●○○○○		Time Commitment: ●○○○○
Why	You may be able to operate a profitable self-serve car wash station on your property.	
Increase Net Income By	Installing a coin-operated or subscription-based car wash station on your property.	
Basic Components	<ul style="list-style-type: none"> • Vacuum vending • Timed water control • Water treatment/collection system 	
The Extreme Version	Place car wash station on edge of your property where neighbors can access it. Set up a subscription service so users can operate equipment without coins.	
Possible New Income Streams	<ul style="list-style-type: none"> • Vend soap and moistened wipes • Sell air freshener 	
Nontangible Benefits	This income tactic may also be an amenity that attracts and retains residents	
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine level of interest by evaluating your competition and polling your residents • Develop a marketing plan • Lease or buy a \$1,500 vacuum vending machine and gauge the interest in expanded services • Add on to serve market demand 	

Tip 17: Co-Working Office and Workshops

The Millennials are coming. This group of people was born around the year 2000 and they are making their way into the rental market and their priorities are different from previous generations.

This group is comfortable sharing things which open opportunities for a landlord who understands and recruits them.

Shared Utility Closets

Beth Clifford is a boutique housing developer in the Washington D.C. area. She describes herself as someone who builds jewelry box houses.

One tactic she uses is to build pods; small communities inside her larger community where Millennial types can live. Knowing they want private bedrooms and bathrooms, but they are perfectly happy sharing common kitchens, living rooms, lawns, laundry facilities and high end appliances.

They want to enjoy the yard, not own the lawn. They want the prestige of using a Dyson vacuum, but they don't want to shell out the money for one.

Clifford is designing her housing to include a common closet for every three apartments. This is where they will store high end appliances and a centralized washer and dryer. This way a small group of neighbors can easily share things with people they know.

She's betting a Millennial will really appreciate the design when they see it and that will build demand for her product.

Shared Office/Study Areas

Co-working is the ultimate subdivide of space. If you can get the community culture correct (everyone is respectful of each other's area) then you might be able to convert your smallest, least desirable apartment, that may rent for \$600 per month, into five co-working spaces that collectively brings in \$1,000 per month (\$200 per month per space).

If your complex or house doesn't have a large enough population to make this feasible, consider marketing to your neighbors as well.

NOTE: Many digital door locks can accept up to eight user codes. Using a digital keyless lock is a great way to authorize and unauthorized users.

The Downside

There is a chance that shared appliances can get stolen or create a tracking hassle. There may be large upfront set up costs.

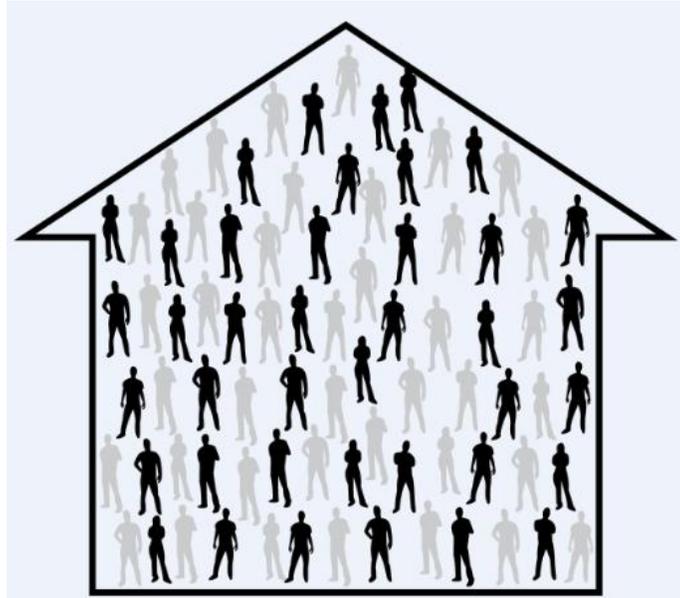
Cost / Projected

- Revenue could be expressed in terms of increased demand for your rental translating into increased rent capacity
- Co-working office spaces can rent for \$25 per week

What	Establish Co-Working Areas
Difficulty: ●●○○○	Time Commitment: ●○○○○
Why	Renting fractions of an area to different people will generate a higher \$/SF
Increase Net Income By	Charging many people for a subdivided yet private office space and/or storage.
Basic Components	<ul style="list-style-type: none"> • Under-utilized space • A method of controlling access to space • Furnish space with equipment desirable to your resident's and neighbor's businesses (large monitor, printer, or 3D printer)
The Extreme Version	<ul style="list-style-type: none"> • Convert 1 in every 10 apartment units into a co-working center for residents to do online course work, operate their freelance business or build their prototypes • Divide onsite office manager's space and create a private area for residents to rent
Possible New Income Streams	<ul style="list-style-type: none"> • File cabinet drawer rental • Both rental
Nontangible Benefits	People of the same mindset can help each other be more create and effective
Steps to Implement/Test	<ul style="list-style-type: none"> • Identify an area no matter how small • Place an "asset" for authorized users • Increase options based on people's usage

Section 7

Health and Fitness



Incorporating options in your housing offering that help people live healthier lifestyles is a solid attraction. Your residents will appreciate it even if they don't use it.

And the same can be said about offering services that promote health. They have perceived value.

Here are some options you might discover if you thought of your rental as a health and fitness club.

Tip 18: Filtered Water

Drinking water is big business everywhere in the U.S. You may be a bottled water purchaser yourself. If your rental community has bad tasting water, then you may have a huge money maker on your hands.

Consider setting up a small onsite water filtering system to remove targeted components from your tap water.

Commercial machines remove a wide range of components; they are turnkey solution. However I'm suggesting that you could be even more profitable if you set up your own system designed to remove specific constituents from the tap water that reaches your multifamily property.

Did You Know

Restaurants, schools and offices often have their own systems. Hyatt, Hilton and other hotels replace bottled water with commercial treatment systems. The simple reason is that everything tastes better when it starts with purified water.

You can learn more about nano-filtrated water from Vero's website.

Water and Ice Vending

There are a number of water vending companies, but *Twice the Ice* is a familiar brand. They have vending machines that you can purchase for \$18,000 and up, however they also will rent a spot in your parking lot and place their machine. Check them out at *Twice the Ice* (www.twicetheice.com).

The Downside

Placing a water/ice machine in your parking lot will attract more people onto your property and that is not necessarily a good thing. It definitely increases your liability exposure.

However, if you limited water/ice to your residents the revenue would likely be much less.

Cost / Projected Revenue

A small commercial grade water purifier starts at \$800 and a *Twice the Ice* machine start at \$1,800.

You can make money by creating a water club, raising rents, water-ice vending, or leasing your parking space to a water vendor. But no matter which way you approach it, if you have poor tasting tap water, then you have an income boosting opportunity.

What	Create high quality drinking water out of your apartment's tap water
Difficulty: ●●○○○	Time Commitment: ●●○○○
Why	Your residents may be willing to purchase drinking water from you instead of buying it elsewhere.
Increase Net Income By	Charging residents by the gallon to use high quality drinking water created on site.
Basic Components	<ul style="list-style-type: none"> • A filtration or treatment system that removes taste and odor from onsite tap water • Space to store and secure treatment system • A large enough customer base
The Extreme Version	<ul style="list-style-type: none"> • Place water treatment dispenser in your parking lot and allow residents and neighbors to use water for free, but sell advertisement space on the machine • Rent a stall in your parking lot to a Twice the Ice vendor
Possible New Income Streams	<ul style="list-style-type: none"> • Selling water containers • Selling various grades of treated water
Nontangible Benefits	You'll also be able to advertise other services to people who use treated water. Moreover, this profit center may be another feature that attracts qualified applicants.
Steps to Implement/Test	<ul style="list-style-type: none"> • Poll your residents and potential customers to determine if they want this machine. • Buy or lease a restaurant-grade water purifier • Determine the actual demand for your water • Expand operation accordingly

Tip 19: Fitness Center

Fitness centers are tricky to classify. If you have a high-end building, then a gym is expected. However, in a lower end apartment, say less than \$1,000 per month of rent, then a fitness center is a huge perk.

The psychology behind gym memberships is interesting. These businesses bank on the fact that their members won't show up. And this is an important principle for an entrepreneurial landlord to keep in mind. Let that principle sink in. Take note of its meaning.

A fitness center could take the form of a room with a:

- Mirror – appropriate for a dance, yoga studio or someone into P90X videos
- A treadmill and TV
- One piece of specialized training equipment that was in high demand
- Robotic massage chair

With the popularity of video training, it may be possible to equip a room with:

- Wood laminate flooring
- Flat screen TV
- DVD player and library of DVD workouts

And call this your fitness room. This could dramatically increase the profitability of an odd shaped space.

The Downside

- The maintenance of fitness equipment is costly
- Aiming for high utility may be futile
- Frequent cleaning is a must
- Fitness equipment fads frequently change

Cost / Projected Revenue

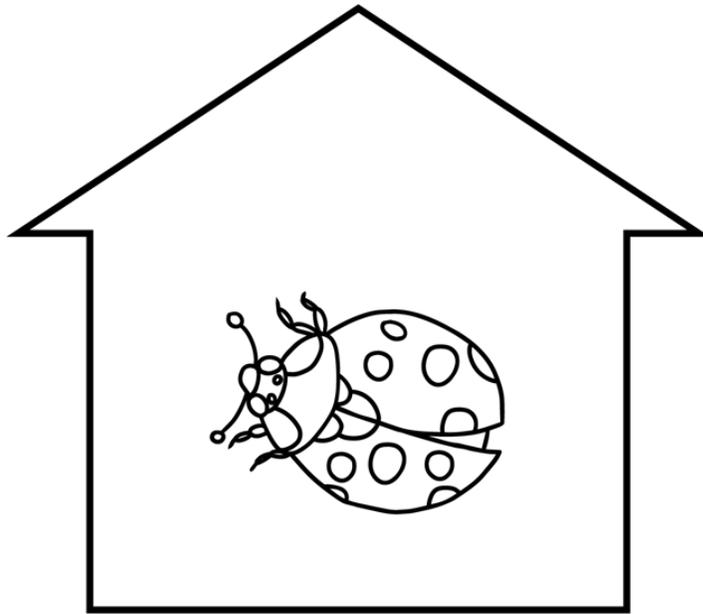
Such as the case with pools, even though most residents don't use them, they use the amenity as a way to decide which property is better.

Laminate floors cost around \$2.50 - \$3.00 per sq. ft. to install. I like Allure floating vinyl planks from Home Depot. Mirrors \$200 - \$300. TV with DVD player \$400

What	Fitness Center
Difficulty: ●●○○○	Time Commitment: ●●○○○
Why	Residents will pay for a convenient and comfortable place to workout even if they never use it.
Increase Net Income By	Adding a health related amenity that justifies a higher rent.
Basic Components	<ul style="list-style-type: none"> • A dedicated space for gym equipment • A dedicated space for a yoga studio and TV • A mirror
The Extreme Version	<ul style="list-style-type: none"> • Create a space for a personal trainer and rent the space to a personal training business • Fill a room with treadmills and lots of TVs and auction timeslots for usage • Create a yoga or meditation room with appropriate decorations • Install a deluxe massage chair; create a relaxation station
Possible New Income Streams	<ul style="list-style-type: none"> • Towel rentals • Gym rental for personal training • Rental of one unique piece of equipment that's in high demand
Nontangible Benefits	Customize room for your market
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine which space is available to be dedicated • Poll your ideal customer on desire to pay • Contact vending store to learn about options • Determine most profitable contractual arrangements

Section 8

Land Use / Farm



May I direct your attention to the area outside of your structure? Whether it's several acres of separation or just a 5-foot strip, you can cultivate an income stream from it.

This section presents three broad options you might discover if you looked at your rental for its potential to grow things.

Tip 20: Edible Food

Yes, farming is much more labor intensive than landlording but the two can be combined to match your desired lifestyle. The wonderful thing about real estate is that it can be modified to incorporate your passions. You can actually enjoy the process of creating wealth.

There are specialty crops you can grow and sell. Fruit trees, vegetables, herbs ... take a look at the gaps in your local economy and then exploit them.

There is a swelling Farm to Fork movement and restaurants want fresh locally grown herbs, vegetables, spices, peppers and other products. If you have the space and interest, then this is for you. With automated drips systems and resident collaboration, you might be surprised at how much you could earn.

Space

You would be surprised at how many tomatoes you can get from one patio pot! So even while space is an issue, you can grow crops in almost any spot you are in. Certainly you can make use of any lawn space you have. You can also use a window, patio, balcony and roof. Just do your homework on which plants like to grow in what sized containers and how much sun each type of plant needs.

Edible Landscaping

If you are in it for the long term, think about making each shrub you plant a berry bush. Think about making all your trees fruit or nut trees – they give off just as much shade and in a few years they will give something a shade tree doesn't – baskets full of edible food! Why go through the effort to plant a bush that turns red in the fall if that is all it does? Plant a blue berry bush and it will not only give you red leaves in the fall – but white flowers in the spring and blue fruit in the summer. What a Patriotic plant! (Note – for some plants you have to plant two of them to cross pollinate.)

The Downside

Raising herbs and vegetables can be a lot of work, then marketing and selling them can be time consuming. Unless you're looking to keep yourself busy or have an unfair advantage in your local market, I would shy away from herbs.

Fungus and disease can wipe out your crop. So it may make sense to invest in a greenhouse if your market conditions permit.

Cost / Projected Revenue

Pomegranates and blueberries are very lucrative to grow. Approximately \$13 to \$18/square foot.

You can demand a premium if you have organic (no pesticides and no GMO) crops to sell ... and the Big Secret? It doesn't take any more effort to grow organically – especially in containers! The only slightly extra expense may be organic compost to mix with the soil.

If you decide to grow nuts (a product that has a long shelf life) you can sell your product year round. However, if you found a profitable fruit, like persimmons, you might be able to work in a burst once a year and make enough to pay your property taxes or meet some other strategic goal. Just be aware of how long each type of tree or bush takes to give you food – some take a year ... some take 30 years!

What	Grow Edible Food
Difficulty: ●●○○○	Time Commitment: ●●●○○
Why	There is a growing demand for locally grown food. Your location and conditions may be perfect for a crop specifically for your local restaurant across the street.
Increase Net Income By	Selling a crop that your favorite chef wants to buy.
Basic Components	<ul style="list-style-type: none"> • Water • Sunlight • Labor
The Extreme Version	Greenhouse that produces annual crops of high margin.
Possible New Income Streams	<ul style="list-style-type: none"> • Sell fresh crops • Host tours • Rent space for holiday parties
Nontangible Benefits	Agricultural use may decrease your property taxes.
Steps to Implement/Test	<ul style="list-style-type: none"> • Talk with local restaurant owners about their needs • Talk with people at your local farmers market to learn if there is an unmet demand • Start small and make sales before expanding

Tip 21: Bamboo and Timber

The bamboo and timber business define the fast and slow commodities that you could grow. These trees and grasses (bamboo is a grass) have been grown for centuries and the business models are well defined. Your profits depend on current commodity pricing. What's important to realize is that the species of bamboo can be altered quickly based on market demands. So learn your local market needs.

Growing trees is a long term and very passive profit center. You might harvest trees every 12 years, but if that's in sync with your plan to sell your property, then you'll have a great exit plan. Growing timber on your land could also be a great holding strategy if your rental is in the path of progress. If you're planning to sell to a developer one day, then growing timber makes a lot of sense.

Preparation

The only time intensive phase of this is planting. Depending on which tree, bamboo or grass species you are planning – do your homework and dig down to the appropriate depth for your choice. Plant your saplings and water well, then water well for the first year (usually a good soaking once a week – but it all depends on your local weather).

It is a good idea to put down straw (not hay which has weed seeds) between the new trees to keep weeds down the first year. Weeds will compete with your young trees for water and sunlight! If you have enough land – plant them in rows so that you can easily mow between the trees. Once the trees are big enough to outgrow the weeds, you won't even need to mow unless you enjoy strolling in your mini-forest. (Which is a great way to get rid of stress.)

Harvest

Usually whomever you sell the trees to comes out and they do their own harvesting. Make sure you put in your sales contract that they are to take out the stumps – this way your land is ready for the next phase, either more trees, a lawn – or whatever the next step is. Stumps will be a burden to anything else you want to do.

If you have planted berries or fruit – you also don't have to actually do anything. You can run a Pick Your Own stand – and charge people for what *they* pick and take. No effort on your part. **This is a long term play.** Some time frames for first harvest are around 6-15 years for nuts, longer for growing timber.

What	Grow bamboo\timber at your rental property
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Landscapers and commodity brokers always need timber.
Increase Net Income By	Growing timber and grasses for sale.
Basic Components	<ul style="list-style-type: none"> • Plenty of land or room for containers • Property irrigation system • A Buyer
The Extreme Version	<ul style="list-style-type: none"> • Grow enough timber/grasses to pay your mortgage • Sell carbon tax credits as well
Possible New Income Streams	<ul style="list-style-type: none"> • Carbon tax credits • Seasonal grasses
Nontangible Benefits	<ul style="list-style-type: none"> • May create shade that reduces utility bills.
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine the best tree or grasses for your area • Take a forestry course provided by your local state • Plant • Water as needed

Tip 22: Beneficial Insects

With food security and organic farming growing in popularity (and necessity) the demand for beneficial insects is growing as well.

Your rental property already has a certain population of insects living on it. With some encouragement, you could grow and sell those assets for additional revenue. And if that's not a strong enough reason for you to consider the idea, think about the potential property tax savings you might be able to access for urban farming or commercial agricultural land use.

Tap the Bee Economy

Rent an area on your property to a beekeeper to produce local honey, sought after by people with allergies as a natural remedy.

The price of honey varies from year to year just like any other commodity, but you can expect \$1 to \$4 per pound. Some people report they spend only 8 hours a year to maintain their bee hives.

Regarding honey, you should plan on a profit of \$300 per hive per year. However, you could easily do much better if you go on to sell beeswax and propolis.

ALERT: Check into your local property tax exemptions for agricultural use of your property. Raising bees often counts as raising food animals, and that could save you thousands in property taxes.

ALERT: Check into your local property tax exemptions related to "urban farms." Raising bees may qualify for these property tax breaks.

Tap the Worm Economy

Running a worm farm is my fall back plan. In a nut shell, you can find worms nearly everywhere or buy a few at the local bait and tackle store. Then you feed them scraps, used coffee grounds, etc. and allow them to exponentially reproduce. You'll soon have a worm population that will permit you to sell the worms themselves, sell the compost and sell the "worm tea" they produce to local gardeners or to eBay shoppers.

Since the worm population will grow exponentially and not much space is needed, if you have good business practices you may make a hundred dollars each week (plus you may qualify for agricultural related property tax breaks).

Beneficial Insects for Pest Control

Food security is no joke and organic farming is becoming a necessity for people sensitive to all the pesticides and many genetic food alterations that are becoming increasingly commonplace. I expect demand for biological pest control to grow stronger as more research confirms enlisting natural pest control is effective.

Landlords should consider this profit center as a way to better utilize stagnate space and access property tax incentives. You can sell ladybugs, praying mantis, fly predators (a huge seller to rich horse owners), and non-stinging wasps that eat aphids (which rose owners will love).

The Downside

You may need to build a small greenhouse, worm bins and bee houses to control the environment for year round production.

You may need to train collaborative residents or staff, or at least educate residents on what they can or can't do around your money making bugs.

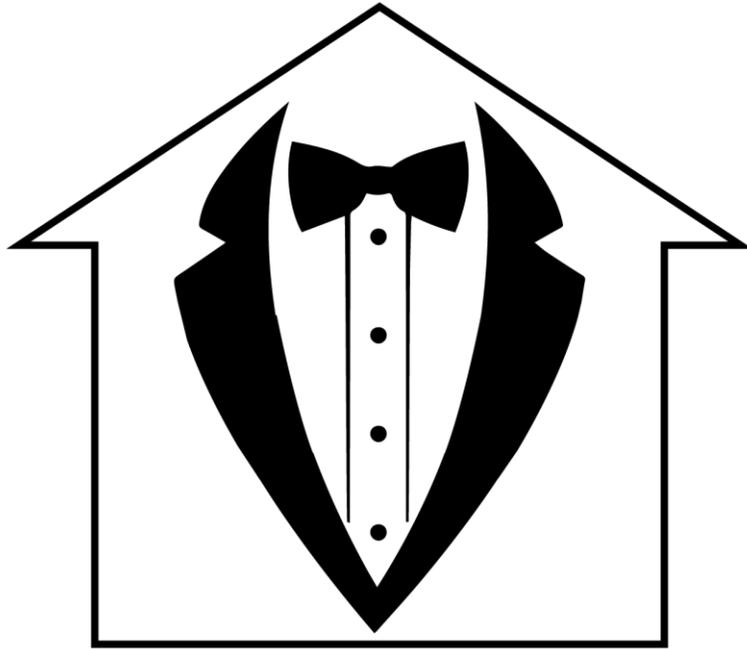
Cost / Projected Revenue

Beneficial Bugs	Current Sales per online/eBay
Worms	\$22/lb there are approximately 1,000 worms per pound
Praying Mantis	\$18 each
Lady bugs	\$7 per 1,500 bugs
Mealybug Destroyers	\$85 per 100 bugs
Crickets	\$15 per 500 bugs

What	Farm and sell insects	
Difficulty: ●●●○○	Time Commitment: ●●●○○	
Why	There is an international demand for insects that could be raised on your property.	
Increase Net Income By	Selling the insects or their byproducts.	
Basic Components	<ul style="list-style-type: none"> • Trained insect farmer, bee keeper, grower • Adequate space for the species • Marketing system 	
The Extreme Version	Farm multiple beneficial insects with help of a tender to defray mortgage costs and access property tax incentives.	
Possible New Income Streams	<ul style="list-style-type: none"> • Rent land to a bee keeper • Butterflies as business: sell kits, weddings, larva • Worm business: compost for micro-farms, bait, bird/fish food • Crickets: sell to pets stores • Beneficial insects for increasing harvest of micro-farms and organic farms 	
Nontangible Benefits	<ul style="list-style-type: none"> • If you automate your systems, you will be less dependent on resident rents. • You may be eligible for agricultural property tax breaks 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine the area that you could dedicate to raising insects • Determine which insect is most appropriate to be raised in your area • Determine if you'll use a collaborative resident or staff to tend insects • Do a small test and make a sale – then scale up 	

Section 9

Hospitality



The hospitality industry is innovative and points the way for landlords to increase their net incomes. That is, if you can identify where they find success and try to emulate the strategy in your business.

From allowing flexible terms, a cleaning staff, making custom appliances available and on demand billing – this industry is a great source of inspiration.

This section reviews some of the new tools landlords have that allow us to customize our housing offerings to create additional value, solve problems and generate additional income.

Tip 23: Short Stay Niche Housing

There may be a group of people that come to your neighborhood for one or two month stays and hotels are unaffordable. These people struggle to find housing because most landlords do not want frequent turnovers.

That was the case with the medical students that came to our town as part of their 4th year rotations. The medical school had an online bulletin board to help incoming students connect with residents willing to rent them a furnished room, but demand seemed to outstrip supply. That is why I repurposed one of my eight unit apartments as a dormitory for doctors.

However the same thing is done for pilots, stewardess, film crews and high tech workers. If you can furnish a multi-bedroom house or apartment so two strangers in the same niche can safely live together for 1 month, then you can charge each the full market rate for an unfurnished apartment. This should double your gross income for that rental unit.

Partner with a trade school

I met Noy in Fort Lauderdale, Florida. He lives near a marine mechanic school that attracts people from all over the world. He plans to create a dormitory for these students similar to my DocDorm. With such a tight focus on his ideal tenant, he is sure to be successful.

The Downside

- Neighbors will complain if you do this wrong.
- You may get into slum lord territory if you go too far on the low end.
- The ratio of bedroom to bathrooms should limit you on the higher end. Wealthier people do not want to share bathrooms.

Cost / Revenue

Run your projections without worrying about vacancies. If you are collecting two times the market rent during half the year, then you're still technically at a 0% vacancy rate. The more you know about a niche tenant, the safer & better you can craft your offering and increase your profitability.

There are startup costs associated with furnished housing. There's monthly utility bills to pay and extra work as well, however if you want to collect two- and sometimes three -times market rents, you cannot be passive.

What	Short Stay Corporate Housing	
Difficulty: ●●○○○	Time Commitment: ●●○○○	
Why	Groups with limited budgets need nice short stay housing options.	
Increase Net Income By	Renting furnished bedrooms to a group that you organize.	
Basic Components	<ul style="list-style-type: none"> • Good relationship with a corporate human resources manager or gatekeeper • Nice furnishings • Digital locks • A reliable house cleaning service 	
The Extreme Version	Sign a longer-term lease with a business and re-rent the unit, with their permission, when they have extended periods of non-use. Strategic double booking.	
Possible New Income Streams	<ul style="list-style-type: none"> • Meal plans • Concierge services 	
Nontangible Benefits	May build up furnishings and kitchenware as residents “donate” items to you	
Steps to Implement/Test	<ul style="list-style-type: none"> • Connect with the school housing department or festival organizer • Craft an offering that meets their needs • Do a trial run and work out the kinks 	

Tip 24: Long-Term Rooming House

If you start at a conceptual level, then you can really see all the opportunities with helping peers share a space in a way that benefits them. These people that you are servicing actually benefit by meeting each other and sharing the housing space you've created.

The Guaraldis Family

The Guaraldis operate 5 buildings - one built years ago as a rooming house. The other buildings were converted from apartments to rooms; in total they have 50 rooms. They focus on providing housing for people who are just getting out of prison and sex offenders as well as those needing short term housing. By charging \$110 to \$200 per week per room and implementing the best practices they learned over the years, they have developed a profitable business that they also consider to be a ministry.

Renting by the week gives them some mechanisms not contained in long-term leases. For example, they are able to lock out tenants that haven't paid for the week – similar to a motel. The Guaraldis, who have been operating rooming houses for over 40 years, are a perfect example of how a landlord can meet a community need while making a profit.

Other Examples include:

Youth hostels and senior assisted housing, boarding homes and shared homes for high tech workers. These are examples of peers sharing living quarters or homes for a mutual benefit.

That benefit could be affordability, convenience or networking opportunities.

As long as you don't try to house the general public, but a small well defined group, you should find success. Whether you operate in a traditional or high tech manner, there are many ways to configure your rental so you could make money in this space.

The Downside

- Neighbors will complain if you do this wrong.
- You may get into slum lord territory if you go too far on the low end.
- You may need to work closely with your police department if you work on the low end options.
- The ratio of bedroom to bathrooms should limit you on the higher end. Wealthier people do not want to share bathrooms.

What	Co-living: High-End and Low-End	
Difficulty: ●●●○○	Time Commitment: ●●●●○	
Why	People look for affordable options for long term or temporary housing with their peers.	
Increase Net Income By	Collecting a premium by helping strangers live together.	
Basic Components	<ul style="list-style-type: none"> ● Basic furnishings ● Onsite manager ● A detailed operating plan 	
The Extreme Version	Create private sleeping nooks so you can house enough people to double your rental income.	
Possible New Income Streams	<ul style="list-style-type: none"> ● Meal plans ● Concierge services 	
Nontangible Benefits	Meet a lot of interesting people	
Steps to Implement/Test	<ul style="list-style-type: none"> ● Think about the market you want to serve ● Provide the right furnishings to attract for your market ● Get your message out to a target market 	

Tip 25: Airbnb.com

If you have a hard to rent non-conventional unit, consider joining the Airbnb and HomeAway communities.

Airbnb is a platform that matches people who have a guest room that they would like to rent with people that want or need a place to stay. Airbnb.com handles all the payment transactions for a 3% fee from the host's gross receipts. They are a wildly successful part of the collaborative economy that has large corporations trying to figure out how to compete. They have taken a slice out of the multibillion dollar hospitality business.

HomeAway differentiates itself from Airbnb by trying to own the vacation rental niche. HomeAway charges a 7% commission plus a 3% processing fee. It is now possible for any resident to become a host and sublet their unit. This may not be allowed in your lease, but things are changing. Not getting on the sublease band wagon will eventually cause your rental to remain empty.

Harnessing the Power

J Martin, in Oakland CA, had an under-utilized 200 SF master bedroom and bathroom attached to his apartment, which already had plenty of space for him to live. Instead of just letting it sit idle for occasional guests to stay in, he decided to market the space on AirBnB.com.

He found success and is now booked about 27 out of 30 nights a month by travelers from around the world- mostly on vacation, and some on business. This space generates about double the income a normal rental would provide and with a lockbox, combined with a maid who cleans and washes the sheets and towels, has created an operation that can be run even if he's out of the country.

Martin has since started providing furnished and partially-furnished rentals to students and professionals moving into Oakland from outside the state or country. He is meeting a niche housing need and boosting his net income at the same time.

The Downside

If you're in a city that has tenant friendly laws, have caution. For example, Patti rented a unit for 30 days and became the victim of a squatter. Others have found their units used for parties and a number of unhappy neighbors upon their return.

This matchmaking platform is based on trust. Trust and good reviews have never been more important. And it's a two way street like never before.

What	Rent a room/apartment by listing it with Airbnb, HomeAway, VRBO
Difficulty: ●○○○○	Time Commitment: ●●○○○
Why	You can get twice the normal long-term rate by renting on a daily basis.
Increase Net Income By	Working to collect customer reviews for your offering that lead to more bookings at higher rates.
Basic Components	<ul style="list-style-type: none"> • Nicely decorated room • Professional photos • Well written ad copy • Cleaning crew
The Extreme Version	Run a business that spins off cash to fund other real estate ventures or accelerate mortgage payoff.
Possible New Income Streams	<ul style="list-style-type: none"> • Short term rentals give ability to adjust rents and take advantage in spikes in market demand • Charge extra for extra guests or pets
Nontangible Benefits	<ul style="list-style-type: none"> • Decorative experiments • The ability to do A and B testing
Steps to Implement/Test	<ul style="list-style-type: none"> • Study your market and competition on the Airbnb.com and AirDnA.com websites • Read their reviews, understand the benefits of their location • Borrow or buy used furniture to furnish a dwelling to gain experience

Tip 26: Innkeeper

Both forward thinking landlords and entrepreneurial tenants are using Airbnb.com to make extra money. **Airbnb** is an online marketplace where someone looking for a hotel alternative can rent someone's guest room for a night or more. Travelers love Airbnb because they can often find nicer places to stay at better rates than a hotel. Hotels hate Airbnb because they lose business to hosts that often don't face the same set of business taxes.

Although this is a trend that is gaining momentum, many landlords protest when they discover their tenants are Airbnb'ing their units in violating of their lease terms. Instead of evicting the entrepreneurial tenant, I suggest we landlords take a fresh look at the situation.

Airbnb - Two Issues for Landlords

Landlords need to work through two issues with their tenants using Airbnb to sublease their homes:

1. If a tenant temporarily moves out and turns over their home to an Airbnb guest, then the landlord loses contractual control of their rental. This makes it difficult to resolve a noise complaint or coordinate water shut off or other emergency issues. Essentially the landlord is at the mercy of an un-vetted person; what a nightmare.
2. If a tenant rents out their spare room and shares common living space with their Airbnb guest, then there really is no issue.

I want to promote the second model but add a little twist. There is a lot of room for an enterprising tenant and their landlord to collaborate to form a win-win joint venture. This can happen with an Innkeeper Business Model.

Innkeepers in the Collaborative Economy

Using the Innkeeper model, the landlord handles all the Airbnb financial interfaces and the tenant handles all the physical hosting aspects.

This is the way of the Collaborative Economy. Jeremiah Owyang, a Collaborative Economy thought leader, describes a future where businesses and their clients collaborate so closely that the customer could be mistaken for a hired consultant.

Entrepreneurial landlords that want to generate incomes that far exceed market rate rents need to embrace a mindset that encourages joint ventures with their residents.

A collaborative landlord might offer a collaborative tenant the opportunity to offset half their rent or more by hosting an Airbnb guest. The tenant would perform housekeeping, bellhop and information desk services; the landlord would handle front desk financial matters.

The Innkeeping tenant pays rent as normal, but receives payment from the landlord when they actually host an Airbnb guest.

Evaluate Your Potential

1. Go to [Airbnb.com](https://www.airbnb.com) and see how many offering there are for your area.
2. Pay attention to where the other offerings are located and determine why people are selecting those locations.

My Upcoming Experiment

I plan to rent my 2 bedroom 1 bath apartment unit for \$625/month to a collaborative tenant who will manage the extra room as an Airbnb bedroom. I will handle the bookings and financials and he will handle the physical work.

If we were able to rent 10 days per month via Airbnb at \$70 per night, then we would gross \$700 per month. Splitting the proceeds 50-50, I would write him a check for \$350 (off setting his rent by 56%) and collect an effective rent of \$975 while at the same time making my tenant very happy with saving ½ his rent costs.

We would need to split utilities and other expenses as well, but this a sustainable win-win in my book.

The Downside

This idea does require some up front expenditures. You will need to:

- 1 – Furnish the room in an attractive manner
- 2 – Have high quality photos taken
- 3 – Write a compelling ad

Final Thoughts

Landlords can do business with the entire world in partnership with a collaborative tenant. The relationship with your tenant is critical, therefore written agreements and accurate bookkeeping cannot be emphasized enough.

What	Profit share with a tenant that hosts short-stay customers you find on Airbnb.com	
Difficulty: ●●○○○	Time Commitment: ●●○○○	
Why	Instead of fighting tenants wanting to sublet their homes, landlords should collaborate with them to capture higher rental income.	
Increase Net Income By	Marketing a room on Airbnb and splitting the profits with the Innkeeper.	
Basic Components	<ul style="list-style-type: none"> • A nicely furnished room or suite • A tenant willing to fulfill housekeeping, bellhop and information desk duties 	
The Extreme Version	Allow tenant opportunity to share their way to “free rent” – enough shared income to completely offset their monthly rent.	
Possible New Income Streams	Premium pricing when your area sees a seasonal demand for hotel alternatives.	
Nontangible Benefits	Innkeeper business model may allow you to purchase trophy properties that might otherwise be unaffordable.	
Steps to Implement/Test	<ul style="list-style-type: none"> • Find a collaborative tenant • Post photos of a furnished room on Airbnb • Start fine tuning your offering to collect more positive reviews • Stay in control of the funds but split as agreed with tenant. Keep good records so you can issue your tenant a 1099t for tax purposes. 	

Tip 27: Corporate Housing

Corporate housing is an established concept where you rent a furnished apartment or home to a business. Typically all utilities and services are included just like a hotel without daily housekeeping.

The point of providing corporative housing is to appeal to upper end clients and capture a premium by providing luxury furnishings and designs.

Executive Lifestyles Furnished Homes

ELF Homes and Hotels have been providing corporate housing in the Bay Area since 2007.

Their San Francisco Bay Area operation focuses on providing housing for companies like Google, Microsoft, Facebook and Apple. You can see pictures of their luxury homes at www.ELFglobal.com.

ELF uses their website, word of mouth, Airbnb, Expedia and other online travel agencies to book their Bay Area residential homes. Most of their clientele are out of town visitors.

Groups of executives rent out ELF's houses for retreats, meetings or other business related activities. Their homes can house four - five executives at rates less than the equivalent number of hotel rooms plus meeting space.

ELF is also able to benchmark their pricing off high-end hotels and make seasonal adjustments to capture spikes in demand.

The Downside

Luxury rentals are very demanding. Executives expect to receive the VIP treatment they are paying for. It's critical that there are no mechanical break downs or inconveniences during the bookings. This business model is lucrative but it is not passive.

Cost / Projected Revenue

In the Silicon Valley, housing prices and rents are astronomical. And the rates a corporate house provider can charge are sky-high as well.

Rent for a corporate home will vary seasonally and spike up to three times as much during festivals and times of high demand. A good rule of thumb is to expect an all-inclusive furnished corporate unit to rent for two to three times an equivalent unfurnished market rental unit.

Although you never want vacancy, when dealing with luxury corporate housing, the number of days of lost rent is not as meaningful a factor as it is in the traditional landlord world. Catching the times of highest demand may more than exceed a year's worth of market rate rents.

What	Provide corporate housing
Difficulty: ●●●○○	Time Commitment: ●●●○○
Why	You can get two or three times the normal long-term housing rates by focusing on corporate housing.
Increase Net Income By	Catering to high end clients who expect to pay extra for premium service and furnishings.
Basic Components	<ul style="list-style-type: none"> • High end furnishings and tasteful design • Art work and high end appliances, fully furnished kitchen • Good network with the HR department of larger companies • Cleaning and maintenance crew
The Extreme Version	Convert luxury house into corporate rental and include luxury vehicle in rental.
Possible New Income Streams	<ul style="list-style-type: none"> • Frequency of housekeeping • Security guard or body guard service • Chef service
Nontangible Benefits	<ul style="list-style-type: none"> • Branding for additional products • Network of accredited investors could be organized for other investments.
Steps to Implement/Test	<ul style="list-style-type: none"> • Study your market and competition. • Network with HR managers and others connected to traveling executives and corporate retreats • Book a stay using rented furnishings to test market

Tip 28: Laundry – Fluff and Fold

Many apartment complexes have under-utilized laundry rooms. I, myself, learned that my income went up when I stopped using my apartment's common area laundry room as my personal storage shed.

There's a potential to operate a laundry room as a drop off and/or pick up service. This is another tactic to work on with a collaborative resident to both increase your bottom line and delight the other residents.

Your own drop off service

If you go to a laundromat there is usually a drop-off service. Why not have one at your complex? If you already have a laundromat, this is very doable. Designate a location for residents to drop off their laundry and have an employee wash their clothes. Or have the employee conduct weekly check-ins with residents to see if they have laundry they need done. To be cost efficient, it is best to charge by the pound and only have the employee available one day a week.

You don't need your own machine. You can always partner with a service or organize a group of residents charge a facilitator fee.

The Downside

- Collaborative resident could take business and move out
- Machines are expensive to repair when they break

Cost / Projected Revenue

Gross income: at a billing rate of \$1.20 / pound, 10 lbs. /load, 2 loads/week per person, 2 people per unit, 10 units = \$580/week

Gross expense: 40 loads/week, 2 machines cycles/load, \$1.75/cycle = \$140/week

Profit Potential = \$440/week or \$1,769 per month

What	Operate a laundry service for residents and neighbors
Difficulty: ●○○○○	Time Commitment: ●●○○○
Why	Laundry is a pain, but it has to get done. A laundry service will increase the usage of your coin-op machines.
Increase Net Income By	Establishing and/or encouraging laundry services that utilizes your coin-op laundry machines.
Basic Components	<ul style="list-style-type: none"> • Laundry machines • Electricity • A helper to operate/manage the service
The Extreme Version	Operate a laundry pick up service that serves clients within and beyond your property line.
Possible New Income Streams	<ul style="list-style-type: none"> • Rent storage and office space to laundry service provider • Sell supplies • Commissions or ad revenue from an outside laundry service • Manager fee for group of residents and neighbors that join your laundry service club for discounted rates • Smart lockers to notify attendant and bill users for service
Nontangible Benefits	Service may provide incentive that reduces your vacancy rates
Steps to Implement/Test	<ul style="list-style-type: none"> • Inventory the space and electrical requirements for your machine • Find a collaborative resident/operator for laundry service • Promote service within your rental community

Tip 29: Housekeeping

Landlords often include landscaping to care for the outside grooming as part of their rental package, but why stop there? Give residents the option to use your preferred housekeeping provider to maintain the inside of their place as well.

Housekeeping or maid service is something desirable to:

- Class A renters (they are probably already paying for the service)
- Elderly renters
- Busy residents preparing for a move out inspection

By organizing a group discount or credits towards your future use, you may be able to enjoy some income/credits/commission from promoting a cleaning service.

Class A Amenity

If you are in the Class A market, then your resident likely wants a housekeeper to come by once or twice a month. This could benefit you in the following ways:

- If you have multiple Class A rentals, you might be able to arrange a group rate and collect a commission
- By collecting a service discount/credit toward your own future use (this is technically an expense reduction maneuver)

Move Out Profit Center

I read a forum by Roy N. who operates student housing. He said he hadn't much success getting residents to use maid service on a routine basis but they do use it before move out inspections.

And when they use Roy's recommend housekeeping service, Roy gets a 10 to 20% credit toward his next service. Although it's not real money, Roy benefits two-fold:

- 1) Not needed to come out of pocket to have housekeeping clean the apartment
- 2) A manufactured savings toward the time he needs the service

Housekeeping – As a Condition of Lease

If a landlady has a dozen units or more, she could negotiate a discounted group rate with a local maid company to clean each unit once/twice a month. Then, she could charge residents a mandatory cleaning fee that was 20-30% higher than her cost but still below market rates. The economies of scale are what could make this tactic really profitable.

The cleaning fee would have to be in the lease and fully disclosed prior to signing. You don't want to blindside your clients.

This idea could be viable if you were renting apartments to a high risk population like college students, stage hands or any group that is known to have a tendency to be messy (or throw a messy party).

The Downside

You want to ensure your housekeepers are trustworthy. There is some risk of your tenant accusing your preferred service of stealing. Bonding them is a good idea.

Cost / Projected Revenue

Every arrangement can be different. I charge my corporate clients \$150 for housekeeping which cost me \$95. So my administration fee is \$55 less supplies.

What	Promote a housekeeping service to residents
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Residents want to come home to a clean place and may already be paying for housekeeping.
Increase Net Income By	Collecting a fee/benefit by promoting housekeeping.
Basic Components	<ul style="list-style-type: none"> • A really good and dependable housekeeper • Revenue sharing or “future credit” agreement with housekeeper • Routine marketing plan to residents
The Extreme Version	You extend housekeeping brokerage to other neighbors who aren’t your residents, collect a commission/credits, and have all your move in/out cleaning paid for.
Possible New Income Streams	<ul style="list-style-type: none"> • Housekeeping management fee • Cleaning supply, trash bag and general supply fee • Credits toward future work
Nontangible Benefits	<ul style="list-style-type: none"> • Capture more of residents monthly expense • Reduce your turnover expenses • Quick notice of plumbing leaks or maintenance needs
Steps to Implement/Test	<ul style="list-style-type: none"> • Poll residents to see if they want group housekeeping service • Offer below market rates that includes service fee

Tip 30: Concierge Services

You can create additional income by offering your residents services they would expect at a high end hotel. You can hire your own group of service providers or contract with a collaborative resident to run errands, walk dogs and collect garbage from doorsteps.

Ideas

Some apartment owners partner with hotel concierge service providers to offer an array of services to their residents including:

Business Services:

courier, office organization, technical support

Entertainment and Leisure:

restaurant , theater, catering

Travel Arrangements:

limousines, private charters, etc.

Housekeeping:

window washing, apartment sitter for deliveries and installations, home organization, interior design

Storage and Shopping

Pet Care

What	Concierge Services	
Difficulty: ●○○○○	Time Commitment: ●○○○○	
Why	Busy residents want concierge services.	
Increase Net Income By	Charging residents for mandatory and optional concierge services.	
Basic Components	<ul style="list-style-type: none"> • Concierge subcontractors • A one-stop system for your residents to place an order 	
The Extreme Version	Residents use your concierge services a part of their administrative assistance.	
Possible New Income Streams	<ul style="list-style-type: none"> • Affiliate income from service providers • Additional rent from non-optional services like doorstep trash pickup for complex 	
Nontangible Benefits	<ul style="list-style-type: none"> • Your affiliate services might attract residents to your housing 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Research your concierge providers and their offering • Test providers that perform services your residents request • Formalize affiliate relationship with concierge provider of choice 	

Tip 31: Design (Space and Materials)

If you're locked into thinking your rents are capped at the prevailing market rate because of your rental's square footage, then I've got news for you.

Boutique apartments have been on the rise since boutique hotels gained popularity in the 1980s. They are small, stylish and urban. The business model aims to create one of a kind, themed apartments that will have a list of people waiting to move in. For many desirable renters, it's quality over quantity of space.

Boutiquing and Design

I want to stay away from discussing rent increases but we've got to discuss this. Design is so important to the overall value of your property. The apartment unit on the end and the unit under the stairwell can have completely different feels and can be priced higher than market rents.

A house next door to its twin can rent for much more if it has moveable walls and lofted ceilings inside.

Broad Example

All this assumes that your neighborhood is relatively secure and people have the luxury of not worrying about their safety. These upgrades won't cancel out personal safety concerns.

You could start boutiquing your rental by:

- Adding a little fashion forward shelf designed like a key drop off station
- Adding a cubby with a USB charging station built in
- Vaulting the ceiling in one room and utilizing attic space for storage or display can add \$100 per month to your rental at very little cost
- Adding a skylight or fiber optics to light a room can quickly improve its coziness

I recommend adding visible upgrades over hidden improvements. Go for stained wood shelves and accent walls and tasteful paint schemes over radiant flooring or a quieter exhaust fan.

Installing custom cubby storage or shelves to feature a residents' prize possession may only cost \$25 and 3 hours of time, but garner an extra \$20 per month in rent.

Specific Example #1

Beth C. of Washington D.C. describes herself as one who makes "Jewelry Box" homes. She prides herself on understanding her target market to the extent which even includes a place to wash dogs. Beth says when her buyers see that she has gone through the effort to make their lives easier, they feel her company hasn't cut corners or cheapened out the place.

Specific Example #2

I brought over my friend Tony Valentine to look at my apartment's floor plan. I was hoping he would make some suggestions.

The first thing he asked was why I was featuring a thermostat? The heater's thermostat was at eye level and it was the first thing you noticed when entering. I wasn't paying attention to the initial view.

The Downside

- You will not appeal to everyone.
- There is more upfront cost to purchase high end appliances and finishes.
- Good designers don't always work for free (but can add much more value than their fee).

Cost / Projected Revenue

You will appeal to a select few – your ideal resident who will likely stay longer.

You don't have to go all the way all at once, but having a design that you implement will help you save money in the long run.

What	Boutique Unit - Customize rental space with design elements	
Difficulty: ●●●○○	Time Commitment: ●●●○○	
Why	People will pay more for spaces that have custom features.	
Increase Net Income By	Making design changes or upgrades that your target renter will appreciate and want to show to their friends will lead you towards higher rents.	
What You Need	<ul style="list-style-type: none"> • A good designer • A good understanding of your target resident 	
The Extreme Version	Convert a basic apartment unit into a boutique apartment with one-of-a-kind personality and collect \$100/more per month	
Possible New Income Streams	Rent premium	
Nontangible Benefits	Waiting list of prospects	
Steps to Implement/Test	<ul style="list-style-type: none"> • Decide on with features to add • Implement during turnover • Show to new prospects 	

Tip 32: Rent Appliances and Furnishings

People are attracted to amenities and love modern appliances. Only problem is that nicer appliances are expensive. It's increasingly popular to rent movies, tools, software, purses and high end products verses buying them. The rent-to-own business is also alive and well.

These business models are perfect for a landlord to try out.

Example

This example was provided by Jeffrey Talyor, www.MrLandlord.com, who has been talking about profit centers for 30 some years. Jeffrey says, "I noticed that Rent-A-Center type companies were offering a Black Friday Special to rent a 32" TV for *only* \$9.99 per **WEEK**. And this was considered a great deal, lower than what they normally charge.

Hey, during this time of the year [the Christmas season], you can get deals on the same size TV for \$100.00. You can then turn around and offer the TV as an optional upgrade to prospective or current residents for just \$20 or \$25 per *month* with free installation. This is less than HALF the special offer rental companies are charging. You get your small investment back in less than 6 months, and it's all gravy after that. The TV upgrade could help you fill a vacancy faster, residents get a much better TV deal than they can get renting it elsewhere and they like your rental even more."

Appliance Closet

We mentioned Beth C. earlier; she is a boutique developer in the D.C. area. Among other strategies, her company focuses on the small, high end residential market. In one of her offerings they target Millennials who typically like to use nice gadgets but don't care to own them. They want access over ownership.

Beth says Millennials are also willing to share high end products like Dyson vacuums and fancy side loading washing machines and feels her company will be able to charge market rents in area that would otherwise have lower demand and rent concessions.

The Downside

- Renting appliances gives you another component to maintain and potentially argue about.
- These relatively small payments require tracking and bookkeeping.

Cost / Projected Revenue

Washers, dryers, and refrigerators may rent for \$25 each per month. Don't forget the delivery fee. TVs and furnishings should be slightly less than your local rental center's rates.

What	On-demand appliance and accessory rental
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Residents want access to luxury appliances but don't feel the need to own them.
Increase Net Income By	Renting appliances and accessories to residents on demand.
Basic Components	<ul style="list-style-type: none"> • Appliances that your residents want (Dyson vacuum, flat screen TV) • Smart tags and smart hub • A billing program
The Extreme Version	<ul style="list-style-type: none"> • Wire a short term rental to automatically bill resident for the extra accessories they use • Buy top brand appliances for residents on a rent-to-own basis
Possible New Income Streams	<ul style="list-style-type: none"> • Appliance rental • Furniture rental
Nontangible Benefits	Renting furniture and appliances allows residents to sell off belongs and not incur moving or storage expenses
Steps to Implement/Test	<ul style="list-style-type: none"> • Determine what appliance or furnishings your ideal resident prefers to rent • Sign an agreement or smart tag the appliance • Purchase the item

Tip 33: Customization Using the Internet of Things

The Internet of Things (IoT) will be a huge help for property owners who value predictive maintenance information. There are sensors to detect water leaks, excessive vibration, temperature, pressure and other indicators that connected to a network to transform your rental into a smart building.

This will definitely save you money, but the IoT can make money for you as well.

Install Wi-Fi controlled locks, webcams and other devices to create a security system upgrade for your residents. Tractable tags and digital locks can create a rental tool shed for your residents as well.

Example

Ron in Canada said they have built a building monitoring system that leverages the protocols underlying the "Internet of Things," which was the reason we first bought rental properties. He went on to share more information: Residents can {un}lock doors with their smart phones and we can use one-time door codes for service folks (i.e. the plumber). We also have motion/vibration sensors, moisture/temperature sensors, light sensors, etc.

Bill Per Use

Trackable "Tile" could be used to tell if a resident checked out a vacuum from the common area laundry room and took it to their apartment. The proximity sensor in their apartment would sense the tagged item's presence and record the time. The sensor in the laundry room would know when the tagged appliance was returned and a computer would do the math and billing.

This setup can place a landlord in the tool rental business in no time.

The Downside

Misuse and privacy violations

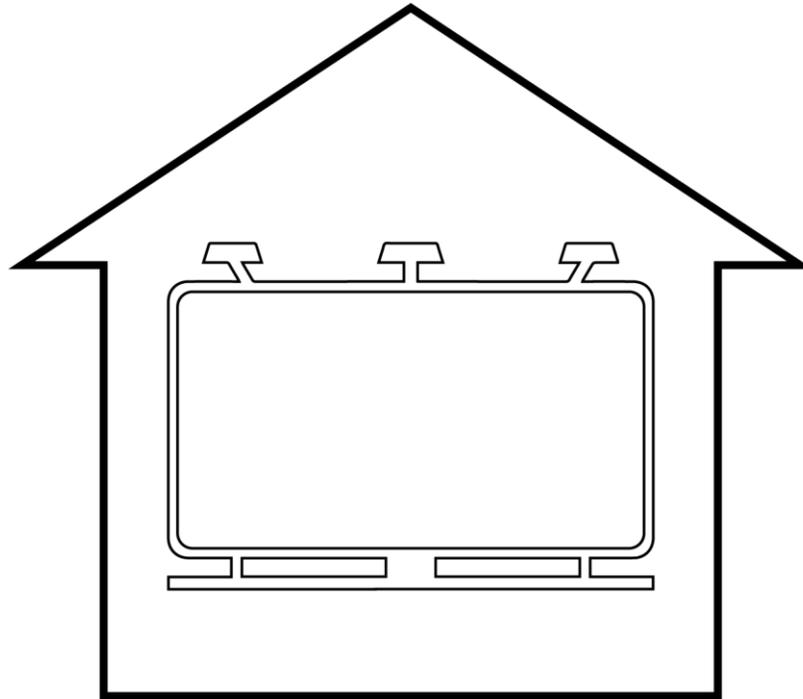
Cost / Projected Revenue

Sensors cost <\$25

Whole house system \$1,000 for a basic system

What	Internet of Things	
Difficulty: ●●●○○	Time Commitment: ●○○○○	
Why	Some residents will pay extra to remotely monitor their homes, seamlessly rent items, use coinless vending and have various programs run based on the proximity of their smartphones.	
Increase Net Income By	Using IoT network allows residents to seamlessly “run a tab” on shared appliances and in-suit customizations.	
Basic Components	<ul style="list-style-type: none"> • Wi-Fi enabled cameras • Smart locks • Starter Kit • Proximity sensors and smart tags 	
The Extreme Version	<p>Apartment owners charge each resident monthly for access to camera systems that monitor common areas and entry points. That way they can monitor laundry facilities, whose at the front gate and weather conditions without going outside.</p> <p>Residents can borrow tagged vacuums, use car wash and vacuum, check out bicycles and tools by using their smart phones.</p>	
Possible New Income Streams	<ul style="list-style-type: none"> • Profit from giving resident access to IoT controls • Charging residents for ability to access the new devices owner brings online <p>For example, apartment owner may place a sensor that will indicate if mail person has delivered - residents who want that functionality can pay for that new system upgrade</p>	
Nontangible Benefits	System may attract a more tech savvy resident who wants access to conveniences more than ownership.	
Steps to Implement/Test	<ul style="list-style-type: none"> • Buy a started kit • Replace coin operated machines with keypads and online billing • Continue to roll out conveniences that utilize smart billing 	

Section 10 ***Ad Agency***



Both single family and multifamily landlords have an opportunity to advertise to their residents and the general public – if done tastefully.

In this section we'll explore some of the many ways a rental owner could use the exterior, interior and structural features associated with their properties to create a viable advertisement platform.

Tip 34: Naming Rights

It is common for apartment buildings to have names but it's less common for a landlord to sell their naming rights. If you have a nice looking or well positioned building, consider licensing your naming rights for a set period of time.

After all, Donald Trump doesn't own every building he puts his name on, just the naming rights.

Details

One innovative nonprofit that provides supportive housing to formerly homeless people raised money by selling the naming rights to each apartment. The Minvilla Manor Apartment in Knoxville, TN, held a viewing party and encouraged supporters to pay \$500 per unit for the right to place their name or an honoree's name on an apartment door.

My Naming Right's Marketing Campaign

My 2015 goal is to sell the naming rights on my 8 unit apartment complex. I'm going to start with the billboard rubric (traffic count, visibility, competition, etc.) and work from there. The absolute minimum sponsorship that I'll work upward from is equivalent to two exterior paint jobs ... assuming I'd paint the building in the sponsor's colors. There are no other competing buildings near my eightplex, but if there were, I would pay each \$100 for their rights before placing my exterior signage. I might begin my pricing at \$25,000 plus city permit fees for seven years term.

I'm also considering licensing the naming right on each dorm room in apartments where I house rotating medical students. I'm thinking a pharmaceutical company might be interested in that audience.

The Downside

If you're successful, expect others to follow suit. And if other neighboring buildings have the same exposure as you do, then the value of your offering will lessen. It's important that once you secure a licensing deal, you should try to purchase the naming rights of your potential competition before erecting your sign.

You're always going to offend someone when you name a building. That's just the way people are. Your city may have restrictive signage laws that prohibit what you can put up in lights. You need to design your offering with your city's signage permit law in mind.

Cost / Projected Revenue

Park bench ads rent for \$100 per month and according to Entrenur.com one billboard can generate upwards of \$10,000 or more each year.

The minimum sponsorship should cover the cost to paint the exterior of your building two times within the typical useful life of your exterior paint. For example, paint on stucco has a 10 year useful life, so your sponsorship should cover two paint jobs within a 10 year period.

If you think the public relations stunt will garner significant television and radio coverage, you should place a value on this exposure as well.

What	Sell naming rights
Difficulty: ●●●●○	Time Commitment: ●●●○○
Why	Businesses are looking for ways to increase their exposure and may buy the right to name your property if it meets their marketing objectives.
Increase Net Income By	Collecting a fee to have your building named after an entity and displaying their signage.
Basic Components	<ul style="list-style-type: none"> • A high profile location • An outstanding marketing plan • A well-reviewed contract
The Extreme Version	Paint building in a color that matches your sponsor's brand.
Possible New Income Streams	Monthly revenue for naming privileges
Nontangible Benefits	Establish a resident independent revenue stream
Steps to Implement/Test	<ul style="list-style-type: none"> • Know your billboard stats (traffic count, exposures, neighboring competition, etc.) • Learn the limitations of your city's signage standards (illumination, size of lettering, etc.) • Think how attaching a name would affect your current residents • Prepare a proposal and start marketing potential advertisers

Tip 35: Resident-centric Ad Placement & Referrals

The offline marketing industry is alive and well. And now that there is software to track follow up, small businesses can target their potential customers better and more cost effectively than ever. Multifamily landlords have a captured audience that many businesses would love to invite to their stores. This means the stage is set for a win-win situation.

Mailings

Wade in Lincoln, Nebraska, is considering selling ad space in the flyers he distributes to residents. He says they produce a monthly utility statement that gets delivered to each resident and he thinks there is an opportunity to place ads for the local grocery store or the gym in the statement as well.

Other areas for advertisements include: laundry rooms, hallways and yard signage.

The Downside

In terms of yard signs, some people consider them a form of spam so be tasteful if you use this option.

You might be able to mitigate bad impressions by installing the signs Friday night and removing them on Sunday night. But like all marketing, you have to test and measure to see what's effective. Also, you need to stay consistent with the vibe at your community. Don't make your residents feel they are being taken advantage of.

Cost / Projected Revenue

Hyper local advertisement should start at \$25 per month and you can increase rates based on tracking your coupon usage or social media responses.

What	Sell ads for your residents' viewing	
Difficulty: ●●●○○	Time Commitment: ●●○○○	
Why	Local businesses want your residents' patronage and are willing to pay to have access to them.	
Increase Net Income By	Selling ad space that can be placed in your common areas and in regular communications.	
Basic Components	<ul style="list-style-type: none"> • A method to place ads in front of your residents • A compelling reason to attract local advertisers to you • A way to measure your effectiveness 	
The Extreme Version	<p>Place mini billboards in laundry areas and use yard signs to give your pedestrian traffic a unique weekly marketing message.</p> <p>Hold a new promotion each month. Mix in Twitter campaigns and hashtags to max out local marketing tactics.</p>	
Possible New Income Streams	Advertisement revenue	
Nontangible Benefits	Residents get VIP treatment when they use your customer code so they see advertisement as a benefit to them – an invitation instead of a nuisance	
Steps to Implement/Test	<ul style="list-style-type: none"> • Chose a marketing medium (flyers, mini billboards, yard signs, etc.) • Give potential customers a free sample so they can determine effectiveness • If effective, repeat with a paid offering and share your success story to attract additional customers 	

Tip 36: Billboards

Tom Gunter, a billboard broker, recommends landlords research the desirability of their site by checking the following features:

- Visibility (don't forget to consider your roof top)
- Traffic count
- Property zoning
- Law and regulations
- Spacing to nearest billboard

Billboards mixed with residential housing are common along highway frontage roads in rural areas. So if your property has good exposure and it's not too close to a competing billboard, you should submit it for consideration.

My local city codes prevent me from placing a commercial billboard on my property. In fact, there is a city wide moratorium on new billboards. So I'm out of luck, but the idea might be perfect for you.

Also, my building is a poor candidate due to its low traffic volume but if you're located on a busy street or highway, this idea might work.

The Downside

- You may not have control over what's advertised on the billboard.
- Your neighbors might complain.
- The desirability of your rental to a resident and overall property value might decrease.

Cost / Projected Revenue

NuWire Investor says as a rule of thumb, ground leases should be less than 20% of the monthly gross. They also advise, on the low-end, billboards can gross \$200 – \$300 per month; implying landlords should easily net \$40 – \$60 each month. (<http://www.nuwireinvestor.com/howtos/how-to-make-a-fortune-in-small-town-billboards-53236.aspx>)

What	Lease a portion of your property to a billboard advertisement agency	
Difficulty: ●●●○○	Time Commitment: ●○○○○	
Why	You can receive ongoing revenue with no effort on your part.	
Increase Net Income By	Offering your rental property as a site for an ad agency to lease billboard space (ground lease) and collecting passive income from the ground lease.	
Basic Components	<ul style="list-style-type: none"> • Visibility (don't forget to consider your roof top) • An attractive traffic count • Property zoning (typically a commercial zoning for large commercial billboards) • Law and regulations • Spacing to nearest billboard 	
The Extreme Version	Place a large billboard in a small yard and create a separate outdoor area for your residents to use.	
Possible New Income Streams	Revenue from ground lease.	
Nontangible Benefits	A large billboard may shade rental in summer and provide a wind block in winter.	
Steps to Implement/Test	Check in with your local commercial real estate broker to find out who in your area has expertise with billboards	

Tip 37: Banners for Nonprofit & Political Organizations

If you're a landlord whose ever hung a for rent sign out, then you've already dabbled in the \$6.9 billion of the home advertising industry. But why stop at "for rent" and "under new management" banners?

There are opportunities to make supplementary income advertising for other businesses. Your rental has location, location, location that may be ideal for some form of advertisement.

Example

If you have a corner lot near a church, school or any nonprofit, then you should consider the potential. Consider your foot and vehicle traffic that sees any part of your rental during rush hour. Potential advertising places include:

- Fences
- Siding
- Roof
- Tree line
- A bench that you install

Brainstorm who would want to advertise to this specific group of viewers? Whether you're a single family home rental or a commercial complex, carefully consider your outdoor advertisement potential.

What I Would Do

In Sacramento, California, our Code Section 15.152.040 says permits aren't required for temporary political campaign or nonprofit, philanthropic, educational or religious signs promoting events. However, there are restrictions on the size of signs, how soon the sign can be erected and how long it can remain after the event.

So, if I had a suitable space on my fence, which I don't, I would approach some nonprofits and pitch the idea of marketing for their annual events. I would also walk into the campaign office of the next election and pitch my space as well.

The Downside

- Could get complaints if banner blows loose or looks tacky.
- Might be limited on how long you can hang banner. Make the time count.
- Neighbors might copy your idea. Keep your success to yourself.

Cost / Projected Revenue

Bench ads typically generate \$100 per month.

Internet research shows some people are renting banner space for \$35 per week with a 4 week maximum exposure time.

Don't forget to barter advertisement space for discount on repair work.

If you sold a commercial building that allows two signs that could add an additional \$33,600 to the price.

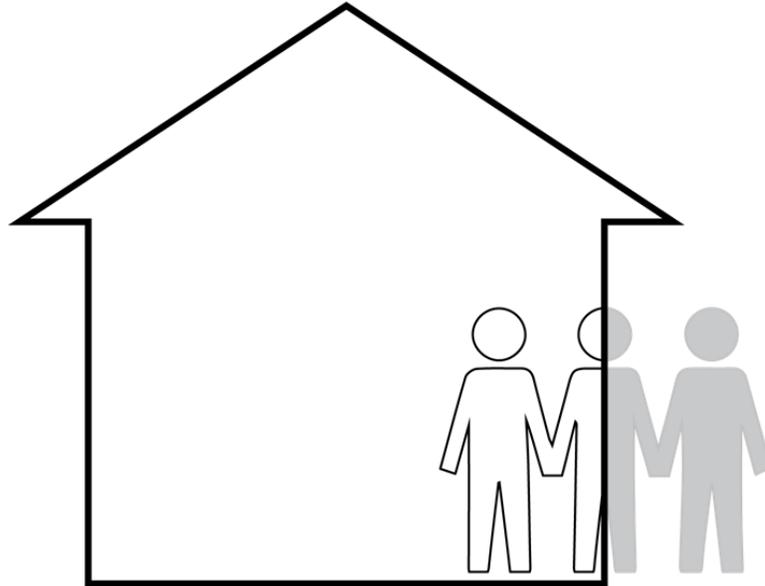
To learn about new technologies and gather inspiration, connect with:

- The Out-of-home advertising (OOH) industry
- The Outdoor Advertising Association of America (OAAA)

What	Use a section of your fences and/or building as a billboard
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Hanging a piece of outdoor advertisement (banner, balloon, wallscape) on your rental property may allow you to create a resident-independent profit center.
Increase Net Income By	Creating reoccurring advertisement revenue.
What You Need	<ul style="list-style-type: none"> • High traffic count (walking or vehicle) for target audience visibility • A fence, face of building, or roof top • A basic marketing plan
The Extreme Version	<p>A single family home rental sits on corner lot that backs up to busy intersection. The landlord hangs banners above the fence line every other month promoting a nonprofit's annual events/fundraiser.</p> <p>Based on text message responses, the landlord is able to measure response rate and demonstrate effectiveness. This helps her increase her placement rates and grow her customer base.</p> <p>The resident doesn't mind at all; they receive a small royalty.</p>
Possible New Income Streams	<ul style="list-style-type: none"> • Commission from banner printing companies • Reservation fees for annual bookings • Big time political ad revenue • Night projections onto your building • Bench advertisement in sitting areas
Nontangible Benefits	<ul style="list-style-type: none"> • Another way to get people to notice your rental & reduce your own vacancies • List of clientele could be sold along with real estate
Steps to Implement/Test	<ul style="list-style-type: none"> • Check with your city's zoning codes • Hang an "Advertise Here" banner • See who calls • Give free advertisement to a nonprofit and get their testimony

Section 11

Place Making



Landlords all too often limit themselves to focusing on the physical parts of their investments and neglect the social side. The social aspects are not linearly scalable and they obviously can't be managed in a mechanical way. In fact, this lack of focus serves to cap a landlord's ability to increase rents and /or create an atmosphere for other income streams to flourish.

Placemaking is about designing a public space to promote people's health and wellbeing. These thoughts aren't usually associated with landlording. But they are relevant because the foundation of safety in a rental community is based on social issues, and the landlord can influence safety more than anyone else.

The following discussion on Placemaking and tenant retention illustrates the exponential benefit of strengthening the social fabric within and beyond your property lines.

Tip 38: Resident Retention

Delighting your residents can result in fewer vacancies and more money at the end of each year. For this reason, resident retention and other savvy management practices can be placed in the income category. It is especially obvious that resident retention is an income generator if your actual vacancy rate is significantly lower than local market norm.

A Meaningful Thank You

Increasing resident retention will increase Net Operating Income (NOI), so a good resident retention program is critical to success. One tip is to mail out a \$1 scratch off lottery tickets to every resident who has a \$0 balance and paid on time. The perceived value a \$1 scratch off ticket is much greater than just a dollar. It will be well received by residents and may help keep them longer. (Suggestion from Joe Fairless, Best Real Estate Ever Show.)

Hedging Against Rent Increase

I typically only increased my apartment rents during turnover. But I was losing pace with market rents and I wasn't being a good steward of my asset. I didn't want to trigger a vacancy over someone being upset about the increase. So a month before I handed out notices, I hand out \$10 gift cards to the new pizza parlor in town.

My already happy residents were appreciative and no one complained about rent increases.

The Downside

You may not be able to quantify the benefits of your action until a year or more later.

Cost / Projected Revenue

- As little a Valentine's Day card
- Additional months of rent

What	Implement management tactics aimed at retaining your preferred customers/residents
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	With little effort you can add a feedback loop that reminds residents they are appreciated and discourages them from moving.
Increase Net Income By	Prevent your monthly income from dipping – actively entice residents to stay longer.
Basic Components	<ul style="list-style-type: none"> • A deliverable (small gift) • Well-established guidelines for deserving gift • Present gift during a not-gift giving season
The Extreme Version	Implement a program that keeps preferred resident in place and helps them absorb rent increases for 7 years.
Possible New Income Streams	Word of mouth testimonials from delighted residents (benefit stream)
Nontangible Benefits	Less damaged to rental unit
Steps to Implement/Test	<ul style="list-style-type: none"> • Decide on gift • Figure out when to reward residents

Tip 39: Neighborhood Improvement

If the demand to live on your block increases, then rents increase as well. That's a well-established principle.

What's less obvious is that landlords and managers can increase demand by working with neighboring owners to improve the community. By advocating for the neighborhood that surrounds your rental, you can increase the safety on their block.

It doesn't take much. Simple acts of leadership will lift the lid on a landlord's ability to raise rents.

My Story

It took some time, more than I would have like, but we were able to increase our rents as the neighborhood improved. Once the neighborhood sustained a good safety history, we were able to attract residents that would never have considered us before.

When new applicants come for a showing, they tell me they've heard good things about the area. Some of which was naturally occurring and sometime the good press was a result of a savvy neighbor's marketing efforts.

Applicants always ask about safety. I'm able to send them to my SlideShare presentations (<http://www.slideshare.net/alewilliamson/national-night-out-highlights-201213-1st-av-oak-park-ca>) and tell them about our block parties and my advocacy. These things close the deal.

I wrote extensively about the steps that I and others took to make our neighborhood better in *Building Wealth with Inner City Rentals: Success the Catalytic Landlord Way*.

The Downside

Working with neighbors does take time and requires a thick skin. You must be willing to be misunderstood until people see the benefits of your efforts.

This is not a quick fix, get rich strategy. It's a strategy for a buy and hold landlord. It takes time to build authentic relationships and trust. And that's what's needed to build demand for a neighborhood.

Cost / Projected Revenue

At a minimum, I recommend:

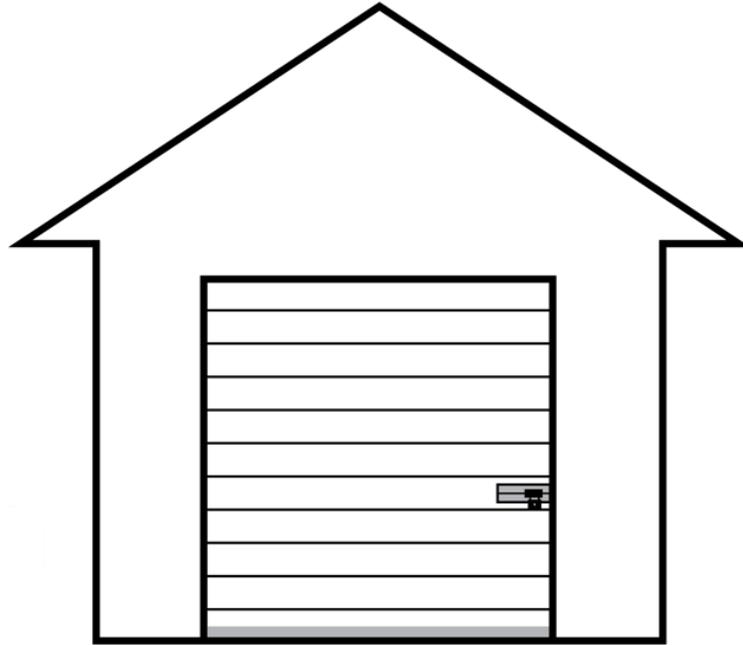
Spending \$5 per month at your local neighborhood watch or neighborhood association.

Then, contribute \$200 per year to support an annual block party potluck.

What	Advocate for Neighborhood	
Difficulty: ●●○○○	Time Commitment: ●●○○○	
Why	Neighborhood leaders can quickly influence the orderliness of the neighborhood and increase its demand.	
Increase Net Income By	Increasing demand for your rental housing allows you to increase rents.	
Basic Components	<ul style="list-style-type: none"> • An organized neighborhood group • A public outreach police officer that can gets things done • A local figure that's considered to be the unofficial mayor of the block 	
The Extreme Version	Buy into a crime-ridden area, work with group to implement best practices that improve neighborhood, maintain improvement trajectory until outsiders take notice, raise rents after neighborhood is recognized for its turnaround.	
Possible New Income Streams	Increased rents	
Nontangible Benefits	<ul style="list-style-type: none"> • Rental attracts easier to manage residents as neighborhood improves • Advocacy typically cost no money and can quickly result in improved visual cues that affect first impressions • Increased equity as property appraises with less discount 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Find a local neighbor association • Support them with small monthly donations and some of your time • Work to make local events successful • Help spread the word of successful events • If it looks like simple things aren't getting resolved, then step in and fix them 	

Section 12

Storage Facility



The storage industry has been growing steadily for years. It seems like there is an unsaturated demand for it with no end in sight.

Your residents have a need to store and organize their belongings. We all do. Landlords also have the ability to rent storage to people who don't reside on their property. With a few modest improvements, you can create a mini storage that will rival the larger centralized complexes.

In this section, we'll explore the possibilities you might discover if you viewed your rental as a storage facility.

Tip 40: Resident Storage

Residents want storage. Who doesn't – right?

Buy or build new storage space to enhance housing offering.

Adding shelves increases the utility of any home. And placing small sheds for their use will delight any tenant. I can't imagine who wouldn't want one of these items or any of the many types of storage methods in between.

Scott Meyer, a thought leader in the storage industry, says 1 in 10 people rent a storage unit at some point in their lives.

Here are three suggestions to help you brainstorm storage ideas for your building and your residents.

- **Enclose Space to Make It Secure** - Look for opportunities you already have. Enclose nooks under the stairs or gap between buildings. Think of ways to make space securable. These are the types of amenities you can ask for more rent for.
- **Improve/Repurpose Storage Space to Make It Rentable** – Is the common area laundry room filled with your junk? If so you might be occupying space that could be better used for resident lockers. In fact, you might be able to wall off the extra space and add a locking door. Then, all of a sudden you've created a secure space that's in close proximity to your customer.
- **Create Hidden Storage Space to Add Wonder** – You can add value to any experience by adding wonder. I point to Disneyland's admission prices as proof. How about adding a reading nook or window bench. Trap doors leading to floor storage, false walls leading to nooks, folding ladders leading to attic space, all these tucked away spaces justify a custom experience and higher rent.

Some Examples

Roy, who lives in Canada, rents his 215 sf laundry room for \$125/month. He says this rate is on-par with local mini storage rates. Also, during the summer he rents his 340 sf garage at \$200/month but in the winter he grosses \$750/ month by dividing the garage into 10 motorcycle parking spaces and renting them for \$75/each. Wow!

Evaluate Your Potential

- Do your current residents rent storage somewhere? Ask them.
- Do you have underutilized space that could be enclosed?
- Think about garage space, enclosures or space above enclosures.
- Do you have a carport you could enclose so it becomes a garage?
- Do you have attic space that could be fortified and used?
- Do you have a 10 x 10 piece of open space at your rental property where you could place a storage shed?
- Check your local Craigslist for used carports and carport kits. They range from \$200 to \$1,000 and people pay \$50 and more for covered parking. It's a smart move.

The Downside

You'll need to figure out how to handle the following:

- Resident no longer wishes to pay extra for storage
- You get complaints on how the storage space looks when not maintained
- How to write leases that account for fire proofing considerations or storage insurance

Final Thoughts

Trust me, you have storage rental potential – you just need to uncover it. All structures and lots of land have potential.

Every piece of space is an answer to someone's problem. You just need to apply yourself to make the connection.

If you want extra help brainstorming, enroll in the Ancillary Income Course. See <http://leadinglandlord.com/40-ways> for more details.

What	Add secure storage to your property for residents to rent
Difficulty: ●○○○○	Time Commitment: ●○○○○
Why	Residents want storage and they are willing to pay for it.
Increase Net Income By	Renting under-utilized or newly created space to make a ridiculous rate of return on a relatively small investment.
Basic Components	<ul style="list-style-type: none"> ● Add storage outside resident's living area ● Find or obtain securable, waterproof, fire-resistant space ● Make space exclusive to resident ● A high quality locking mechanism
The Extreme Version	Landlord rents resident storage at market rate but allows resident to sublease space to generate additional income for themselves.
Nontangible Benefits	The additional profit center (resident storage) could attract residents to your rental and improve your profits by helping to keep your vacancy rates low
Steps to Implement/Test	<ul style="list-style-type: none"> ● Look for opportunities to enclose or improve an open area and make it a rentable space ● Ask your existing residents if they are already paying for storage elsewhere ● Create the type of storage that is in demand

Tip 41 (extra): Non-Resident Mini Storage

The mini storage business is so viable because you are able to lock out non-paying customers and sell their belongings to recover back rent. The lien laws for storage rentals are much different than landlord resident laws. That's one major reason you should rent storage units to people who are not your residents. It's better not to mix the two relationships.

Mini storage doesn't necessarily mean a large centralized complex. You can develop your own 1, 2 or 4 unit set up with a few prefabricated containers.

What about Zoning?

There are ways to work around zoning road blocks. One way is to place a storage container on gravel or build it on a "pallet" so your storage unit can be deemed a temporary structure. Another tactic is to add on space in chunks of 200 square feet. Most cities don't require building permits for structures 200 sf and less.

Don't let bureaucracy limit your income. Use your local zoning loopholes!

Evaluate Your Potential

- 1 Subscribe to Marcus and Millichap's reports at
<http://www.marcusmillichap.com/research/researchreports>
- 2 Download the Marcus and Millichap self-storage research for your area
- 3 Look closely at:
 - a) How your area compares to the national averages. Is your area saturated with storage?
 - b) Do you have a personal network of potential customers?
- 4 Answer the following questions:
 - a) What's the expected vacancy rate?
 - b) What's the going rent per square foot?
 - c) Is the demand for your area greater than the national average?

Windmills or Walls – Change is A'Comin'

Jeremiah Owyang, a collaborative economy thought leader, warns businesses that "people are empowered to get what they need from each other," leaving them to figure out how to make themselves relevant. The growing sharing economy is extending to the storage industry. Meaning the trend is moving in favor of people wanting to rent from small businesses over the larger guys.

This is a time of opportunity for small landlords. If we can drop our self-imposed limitations, we can get in front of this trend. After all, renting space is renting space!

My Upcoming Experiment

Here's my situation. I own a single family rental on a deep lot that backs up to an alley. I'm considering placing a prefabricated two-unit storage container (two 10 x 10s) along the property line so the two roll up doors face the alley. These prefabricated units are the exact ones larger corporations use.

Then I will market my storage space in our local coffee shops, on Craigslist, and within my network.

This should bring in an additional \$200 per month (\$2,047 annually after adjusting for my local 14.7% vacancy rate) for an asset that cost around \$4,500.

Most landlords are happy if they clear \$100 per month per unit. So, in landlord terms, this venture is equivalent to buying an extremely low maintenance duplex for only \$4,500.

The Downside

This idea does require some up front work. You will need to:

- 1 - Put some effort into marketing the storage space.
- 2 - Learn the lien laws for your state.
- 3 - Learn how to properly lock out non-payers and sell off their belongings.

Final Thoughts

Here's another idea to illustrate that landlords can do business with the entire neighborhood and not merely with just their residents. There is a world of opportunity out there for forward thinking property owners and managers.

What	Add secure storage to your property for non-resident use	
Difficulty: ●●○○○	Time Commitment: ●●○○○	
Why	The storage industry is extremely lucrative. You can get the same price per square foot as your rental property, but your expenses are 20%-30% less. No toilets, leaks, electricity or property taxes.	
Increase Net Income By	Renting a modified steel shipping container or other securable structure that is placed on your under-utilized areas.	
Basic Components	<ul style="list-style-type: none"> • Method for securing and weather proofing space • Ability to lock out non-paying clients • Accessibility to mini storage by non-residents • Billing system 	
The Extreme Version	Develop enough “temporary” units to cover the cost of residential mortgage	
Possible Clients for Your Hyper – Local Storage	<ul style="list-style-type: none"> • Property managers and nearby professional businesses that need record storage • eBay sellers that need a place to store inventory (and a Wi-Fi signal) • Local mini marts or markets that need extra inventory storage • Nearby residents who are renting storage that is further away than your offering 	
Nontangible Benefits	<ul style="list-style-type: none"> • If you place storage on your commercial property, the additional income that is backed by lease agreements may increase your appraised value 	
Steps to Implement/Test	<ul style="list-style-type: none"> • Evaluate your potential (see steps below) • Market your offering before spending money • Make the phone ring – market, market, market • Get a bid for a prefab storage unit at the size that your market wants 	

Bonus Section

Ideas That May Benefit You

These last ideas are ones you can toss around; see if you can modify them to better fit your local situation. In some cases they may only help you enhance the neighborhood, yet that has value also. So while these last tips may not rake in the extra money; they may help with resident retention or help to attract new residents to keep your vacancy rate low.

List of Bonus Ideas that Weren't Included	
1.	Recycling – the profit has been squeezed out of the market. Cities have removed financial incentives to encourage participation their mandatory programs.
2.	Wind Power – this technology has proven not to be as profitable as once hoped.
3.	Afterschool Programs – are much needed but not beneficial as a stand-alone profit center to NET income tactics. It would be great to have a retired school person run a tutorial/afterschool program, however if by chance the program makes a profit, the expenses would surly rise to deplete it.
4.	Macerating toilets and bathroom units. This is a promising technology at still has noise and reliability knots to work out.