

Maintenance and Design

Every quarter we discuss how to **Save Money while Increasing Rental Income**. Here is one investor's tips that we know are tried and true:

When renovating and cleaning a rental property, it is often difficult to cut costs while maximizing your return on investment (ROI). Here are some relatively inexpensive tips that will help you improve the rental property, while maximizing its income potential.



1. Treat it as a House, not a Home.

Firstly, it is important not to work along the same stringent standards you may apply to your own home.

As sad as this may sound, there is no point in **over-renovating a property**, or striving for “picture perfect” standards because your tenants are not going to treat it with the same quality of care as they would their own property. To them, it's only a temporary home and they will treat it that way.

The most important goal is to **make sure the property looks inviting and livable**.

2. Give Tenants a Vision.



A staged room can help tenants mentally place furniture

When a potential tenant tours the property, they are asking themselves a very important question: “Can I see myself living here?”

You need to confront this head-on by presenting the property in the best possible light (*pun intended*).

For example, if the property looks dingy and dusty, then clean it.

If it looks dark, open all the blinds, turn on all the lights, or paint the walls a light color. Perhaps, you should buy additional floor lamps for extra lighting.

If the property seems small, consider knocking down a wall to create a more open feeling.

If the property seems desolate and vacant, consider staging the unit with furniture. Furniture rental stores will price their pieces by the day, week, or month; whatever you need. I have had a lot of success with [CORT](#).

3. Repair before Replacing



A professional carpet cleaning worth it!

The problem a lot of landlords face in this regard, is that they will rush in, clear out the contents of the house, paint the entire interior, lay down some new carpets and then usher in some tenants as quickly as possible.

While this sounds quite sensible, bear in mind that this is expensive and rarely does the entire house needed to be overhauled.

Carpets

Landlords often have a strict schedule in which they replace the carpets every 7 years or so. Though I believe in following a general life-expectancy chart, try to clean the carpets before opting for new ones. A professional can often make even the dingiest of carpets look clean, and will only charge a fraction of the cost of a new carpet

Ceilings

Ceilings rarely need to be painted. Unless the tenants/previous occupants were heavy smokers or extremely messy cooks, the ceiling will probably look clean.

Walls

Consider using a [Magic Eraser](#) to clean the walls of scuffs and fingerprints before painting over them.

4. Focus on the Kitchen and Bathrooms.



A beautiful kitchen will attract a high-quality tenant

Kitchens and bathrooms usually provide the greatest “wow” factor. Tenants, like everyone else, do not want to be washing themselves in a dirty or moldy bathroom.

They also don’t want to cook in an outdated kitchen from 1970. If you are going to upgrade any specific rooms in the property, I would start with these two.

Further, if you plan to sell your property in the next 5-10 years, a nicely updated kitchen or bathroom will usually give you about an **80% return on investment** – which is higher than most renovations.

My Recent Experience

Quite recently, I completed a property renovation (in the UK) and had it on the market for a modest \$630/month (£420) for a one bedroom mid-terrace house. However, an appraiser told me that by installing a new kitchen and bathroom, the monthly rent could quite feasibly increase to \$700/month (£460). Granted, this \$60 (£40) increase might not seem worth the thousands that I would need to invest, but the appraiser assured me the value of the property would increase in unison.

I went ahead, and paid (roughly) a bargain \$6,000 (£4,000) to upgrade the bathroom and kitchen, and as promised, along with the increase in monthly rent, the house went up in value by \$7,500 (£5,000). Because the house value and rental income increased, I was up \$1,500 (£1,000), albeit that the equity was not liquid at the time.

With this renovation, I also alleviated most of the mysterious mechanical problems that I was having with the kitchen as many of my appliances and fixtures were old and constantly failing. For the foreseeable future, I ensured my tenants happiness in renting, lowered my maintenance requests, and increased my rental income. In the US, these improvements can be **depreciated** against my taxable income.

5. Clean Often and Replace Fixtures.



Use water so HOT that you can barely touch it.

You don't have to overhaul entire rooms to revamp a property.

Often times, some minor fixture replacements will help your property look its best.

I.

I. **Clean, Clean, Clean.**

Perform a thorough cleaning at every turnover. If you don't know how to clean, pay for a professional maid service. **Yes, it's that important.**

II. **Paint the walls** at least every 5 years.

A fresh coat of light-colored paint will make your property look brand-new. The generic industry standard is a light tan, which works well in kitchens, but I always prefer light blues or even white in the bathroom. In a previous article, Lucas Hall wrote about a few [amazing paint colors for your rental property](#) which always seem to attract tenants.

III. **Buy and replace fixtures.**

Examples of fixtures that need replacing are:

- door handles that stick
- toilets that constantly run

- lighting older than 1990
- cabinet hardware that has lost its finish
- mini-blinds with missing slats
- and faucets or tubs that drip

These inexpensive fixes will help update the property, appeal to potential tenants, and reduce after-the-fact maintenance.

6. Minor Landscaping can have Major Benefits.



Flowers will make any house more inviting!

Though arguably less important, the exterior will be the first thing that a potential sees. The exterior needs to look clean and cared for.

If your property has a front yard, make sure that it looks cared for and maintained.

- Mow and edge the grass before a potential showing.
- If you have bushes and flowerbeds, spread some fresh mulch down to give it a healthy glow.
- If there is a garden, ensure any overgrown bushes or trees are cut back so as the full size of the garden can be seen.
- If there is a pretty view, such as a mountain or lake, be sure that nothing is obstructing it.

Finally, make sure it is safe and secure by checking all gate hinges, sturdy loose walking stones, and remove any broken concrete.

The exterior of your property does not have to be perfect, just clean and safe. If you can deliver this, your applicants' imaginations will do the rest.

Summary

Be methodical when surveying the entire property. Try to view the property turnover as lots of little jobs, not one big job. If the little jobs are not entirely necessary, then leave them for next time.

You should strive to deliver a quality property when the tenant moves-in, but very few residents will ever notice all the extra care you took in your preparation.

Upon move-in, I provide my tenants with an Inventory and Condition Checklist, which gives them the opportunity to note any repair or defect within the property. If possible, I repair or remedy everything they mention and then note the repair date on the document.

If you follow these simple tips and don't go overboard (which is easy to do), you should be able to renovate a small property for less than \$15,000 (£10,000), including the kitchens and bathrooms.

Despite what HGTV will tell you, tenants don't really want to live in a super-plush, sleek overly styled property, but rather a functional living space where they will feel comfortable and will enjoy spending their time.