Episode 55

Welcome to the Landlord Logic Show, hosted by John Tiner. John is the owner and CEO of Tiner Property Management, a three-generation family business since 1976. Tiner Property Management expertly manages over 1,000 properties in the greater Sacramento area to place quality tenants quickly while minimizing your risk. John stays up to date on all the new laws and regulations and shares his knowledge with do-it-yourself landlords each week. The Landlord Logic Show with the Tiner Property Management Pros. Joining us now, John Tiner, along with his wife and business partner, Jenny Tiner. Welcome to the Landlord Logic Show. So glad to be here again today with my wife, Jenny. Welcome to the studio. Thank you. Thanks for listening, everybody. So for those who might not know, Tiner Property Management has been in business for 50 years this year. It's our anniversary year, golden anniversary. We made a little logo, had a logo contest with our employees, and they came up with something that looked very retro. Groovy. Yeah, groovy. 1976 style. Gold and lettering kind of looked like that. John's parents started it 50 years ago, and we showed them the logo and told them about the contest with our employees, and it was really neat to see everybody's feedback on that. But anyways, the parents that were back in the 70s loved our groovy logo. Yep.

It's on our website, by the way. tiner.com if you want to check it out yes I was young when my parents started doing this, and we had had an RV lot. That's what my dad did for a living. He sold RVs. And then for those who remember history, there was a gas crunch. You couldn't buy gas. There would be long lines at gas stations, and it was expensive. So nobody wanted to rent an RV and tow it anywhere because it was very expensive to tow it. So the RV business kind of closed down just naturally. And then Dad went and got his real estate license. He'd always loved real estate and loved rental properties. He kind of stumbled into the business in 1976. And by 1986, he had about 40 rental properties that he was managing. He was an excellent salesperson, sold a lot of real estate. And he said, John, I can't keep up with the property management and all the sales. So I would love it if you'd come to work with me and mom. And so if you could do that, we'll build up this property management. I just want to do it right. And he said, I think partnering with you, we can do it and I can continue to do the sales. So we did that. We worked together for decades. And then, oh, I don't know, 10, 15 years ago almost now, mom and dad kind of retired. I say kind of because until real recently, my mom still came in and helped do the corporate books. But they started in 1976. So I was in junior high.

And Jenny, you were. Almost born. Yes, I was. So it's been a long road. And we've had great experiences and tough experiences. We bought out other companies. And we've grown. And we've been through a lot of law changes and ups and downs. Had to borrow money to make payroll. And we've had some good years. It's just the life of an entrepreneur. It's a struggle. But as we've struggled over the years, we've gotten better and better at it. And we're really, really proud to see you. with almost 1,400 properties under management, we're still doing about one eviction a year. So less than one per thousand of the tenants we place get evicted each year. That's not an accident. That's because we're really careful and good about tenant selection. And we've dialed that down so that we get good tenants. The other thing is we've been in business long enough now that we don't take properties that won't attract good tenants. We're in a spot where we don't take the accounts we don't want. So we have some unrealistic owners that just want their price or they won't do repairs. Or their maintenance is so bad on them that good applicants wouldn't want their property. We don't want that property either. There's other management companies that kind of specialize in them. And I think it does take a special niche and understanding. But we don't want to make the compromises necessary on the tenant side in order to place tenants in those properties. We still want to have our same high standards that keep our eviction rate low. So we're just not best matched. them.

Yeah, so we've been doing this a long time. We do this show because we love sharing our information. We've been doing this 50 years. So we would love to hear from you. We'd be glad to put our best practices into work for your property and help you get your income stream flowing, get that $100 a day that you've been missing. You can reach out and call us a couple of ways. With your cell phone, dial pound 250, say the word Tiner, or you can call direct at 916-974-6003.

And if you just want to check us out and not talk to anybody yet, go look at our website. It's tiner.com, and that's T-I-N-E-R dot com. And in saying that, mom and dad listen. And so hi, mom and dad, and thank you for starting this business 50 years ago. Thank God for them every day. It's really kind of set us up to be in a good spot now. And we are very glad for this company and being able to help people build generational wealth, do well with their rentals. And today we want to talk about an aspect. There's kind of a way that owners can just lose money. It walks out the door and they don't even know what's happening. And that is having a vacancy they didn't need to have. The rental market's soft. One of our previous shows, we talked quite a bit about how the market's soft and values are down about 5% from last year. And days on the market are a little slower. And so all the indicators are this is a soft rental market. It's good for tenants, not so good for landlords. So with that in mind, one of the best ways to minimize your cost for vacancy is not to have one. And what's the best way to do that? And so it really comes down to renewing the lease on great tenants as early as you can and locking them in for another year. And there's some strategy behind that. We want to kind of dive into that today. If you're a landlord listening in, this would be very helpful for you.

And by the way, if you're listening in and you would like to just… because you need some help with your rental. That's always great. You can reach us by dialing 974-6003. That's 916-974-6003. And we'll give that information out a couple more times before the show's over. But we just want you to know that the best way to keep a tenant is to renew that lease. keep them locked in on a lease agreement. It's good for them too, right? They're not going to have multiple rent increases. They're not going to have somebody give them notice to vacate because they want to sell the property. They're going to be safe in that property for another year. And that's what tenants usually want. I think our average tenant stays right at three years now. So we want to keep all the good ones as long as they want to stay, right? Across the board with our numbers, rents are, you know, we've been in markets where the rents go up. But right now they're averaging about a 5% decrease, which is another good reason if you can get your tenants to renew their lease. See if they'll stay with the same market. But if you have a renter that comes and says, eh, can I maybe reduce my rent a little? Don't just blow them off. You know, just really pay attention to that. Do the research. Because, yeah, do the research.

And then we'll go through some numbers here. We've talked about this, you know, repeatedly, but on average. The time that if you do have a vacancy, it's $100 a day. And with that, usually the tenant will vacate, and then there's going to be turnover costs. So you're going to have to rehab that property, and that could be anywhere from kind of minimum $1,000, $1,500 to thousands more than that. So if you just do, you know. cleaning carpet cleaning and paint you know that's that's one of the cheaper ones you can get off and sometimes it's even partial paint that's great you know you might get away with fifteen hundred dollars but if you're painting the complete interior and a lot of times while it's vacant you want to go ahead and catch up that That stove that was really ugly, maybe we want to replace that. And that's not even counting the big stuff like roofs and HVAC. But just the cosmetic things that will help it rent again. Flooring is very expensive. We see $12,000, $15,000 flooring bills all the time now. So that's a cost that I never replace flooring when a tenant's in the property. It only happens when they're vacant. So that's a big cost. So as long as you can keep those tenants in the property and keep it rented, that's ideal.

So, John, I'll ask you, how do you know when a tenant is worth retaining versus when it actually is better to let them go and find someone new? Because maybe somebody listening doesn't want to keep their tenant. How do you know that? Which justifies that cost? So, of course, you have to. Pay attention to the laws, right? You've got to know if it may be just cause if they are under rent control. But most of our homes are single-family homes, so they're exempt. They're not under rent control. So if I'm looking at how do I know if a tenant is one that we want to keep, a lot of times tenants rent the property. They qualify with us, which is not easy to do. So we know they started off with a pretty good baseline. But in order to know whether you want them the next year, I don't think there's any other way than to get eyes on the property and see. Make sure they haven't snuck in pets or people that they didn't have authorized before and see if they're taking good care of the property. And most of ours are. But for us, what it means is we are always scheduling inspections. And we start working on this about 90 to 120 days before the end of the lease term. So we do a one-year lease. And somewhere around nine months later, we are scheduling an inspection. And in that inspection, we're looking for loose toilets and smoke detectors that are chirping and not working right and those kinds of things, trees on the roof and maintenance issues. But we're also checking the tenants. Are they taking good care of the property? clean and neat does it smell good in the house are they kind of minimalist and neat freaks and everything looks great or they have they're kind of hard on it and the kids are riding on the walls and the walls look dirty and they were only painted a year ago if they're hard on it now they're just going to get More hard. So coming up on that one-year anniversary, it's really important. A couple things switch after one year. So I like to get these inspections done. It helps us make a choice about if we want to renew the lease, if we want to raise the rent, and maybe by how much. Tenants are really hard on it. If you're not going to ask them to leave, at least get good rent for it. So we're looking at those items. And the reason why a year is important, because under a year, 30-day notice. Over a year, 60-day notice. to vacate is one of the reasons. That's a good reason. That's for single family homes that are exempt from rent control. For those that are under rent control, you have one chance at one year. Up to one year, you can ask a tenant to vacate

without having what they call just cause. Otherwise, you're married to them. Yeah, once they go over the one-year anniversary, you are kind of stuck with them as long as they pay the rent. So it's very important to make that decision early. Jenny had one in her own rental property, and they called us every month about some silly maintenance issue.

Oh, yeah, my maintenance monster. Yeah. I'm like, no, I'm not going to renew to them. Get them out. So we got them out. I mean, they were taught light bulbs. The littlest things. And I'm like, you are not good. So got rid of them and found another great tenant. And they've kept it in really, really good condition and offered them a lease renewal. Didn't call for repairs at all. Yeah. So that's another thing. Condition, maintenance monsters, get rid of them. Yep. Lifestyle. Mm-hmm. Yeah. So we look at all that, but I think you have to do the inspection in order to make a good decision. And sometimes it's a matter of I want to raise this tenant to the max if I'm even going to keep them at all. Right. You may want to raise them for the PIA factor. That's a pain in the ass. Can we say that on the radio? Yes, we can. I think we just did. Good job, John. I've taught him very well on how to speak some words. And then he brings me to church on Sundays. It's a great balance.

So for some of those tenants. raise the rent, keep it higher. And then on the other side of that coin, if they're extraordinarily good tenants, just neat freaks taking wonderful care of the property. you really may not want to bump them very hard or at all. Sometimes the discussion with them is usually, hey, you are a wonderful tenant. You are the kind that we are always wanting to find. And if you would like to stay another year, we'll renew your lease and we won't raise it a dime. And the tenants will really love that. I mean, everybody's watching their dollars right now. And I know that. They'll leave a property over $50, $100, $150. To them, it's worth it. It's going to cost you more than it's going to cost the tenants. It's just going to save them money. Well, clean, neat tenants like to be affirmed in that you recognize that they take great care of the property. So one of the ways you can recognize that is maybe not raise the rent, especially when the rent values aren't going up. Well, it's interesting with us talking about this because we've been doing this now for a couple years. And we've had other times where we're like, raise your rent, raise your rent. This is the time where it's like, eh, maybe not so much. You either keep it, keep the tenant right now. I think it's important. Another thing to think about is if you're month to month, you're like, well, gosh, they've been out for like a year, like a year and a half. It's never too late to see if they're interested in getting into a lease. Let's get into a lease. And the benefits of getting into a lease, it locks them in. um to that amount and the time of the year right now is great it's better to start a lease Now and then in the wintertime. Yeah. So, for example, to your point here, if you had a tenant that moved in January 1st, they stayed for a year. Been month to month for six months. They were willing to maybe sign a lease in January. You talk to them again in the summertime and they're like, yeah, we like it here. We're going to definitely stay. Our kids are going to be in school another year. We're ready to go another year. Now, instead of renewing from January to January, you skip six months, month to month. Then you put them back on a lease term that comes back up in the perfect time of year again.

And then you just keep on renewing it so it comes up that way. That's what we do with properties that have pools. I never want a property with a pool to come vacant in November. We want them to come vacant like now, right? When it's getting close to 100 degrees, the pools are just getting warm enough to get in. And we want to have that time between now and September where that's when we're renting the properties with pools. But the same strategy, maybe not quite to that level, is true of all properties. There is a more ideal time of year. So we try to sometimes set our renewals to go to that point. And you can do it other ways, too. discussion was in January, you could talk to them about… Yeah, and start the conversation again. Well, or just do maybe a little year and three month lease. You can do that. So the structure doesn't always have to be a year. And sometimes it's nine months.

So if you need some help and you're going, wow, that's a smart way to think about rental properties. And I would love to hire Tiner and let them strategize on my own rental property and kind of keep it in the sweet spot all the time. We would love to hear from you. You can, from your cell phone, dial pound 250, say the word Tiner. That'll send you some valuable information and also ring through to us. Or you can call us at 916-974-6003. And you can also check us out on our website.

Our website has a lot of information available on it. I've written a lot of blogs. I've done video blogs. And then a lot of information about owners who are interested in property management and what our services are. It's all on there. And that's at tiner.com. And we're spelled T-I-N-E-R. That's [T-I-N-E-R.com](T-I-N-E-R.com).

Yeah. So your best tenant could be walking out the door and you may not even know it yet. Our website has great resources, all these shows turn into podcasts. Our newest newsletter is on there, blogs, all kinds of good stuff. And it's all free information. Go on there and utilize that. We make it easy for you to own a rental property. That's the whole goal. We collect your rent. We keep up with the laws. We manage. your tenants and coordinate any repairs. We even do all the paperwork to help you get ready for your taxes. And we do it all for a pretty small service fee. For about the price of a gardener, you can have a Tiner Professional Property Manager. So reach out to us. We'll be glad to help you. On your mobile phone, dial pound 250 and say Tiner. Leave your name and number and we will provide you with a free e-book with 16 questions you should ask your next property manager. Again, dial pound 250 and say, Tiner, learn why a good property management company doesn't cost. It pays. So as we're talking about some of these mistakes that do-it-yourself landlords can make, not renewing a lease is one of them. But there is some other kind of go through some of the other really expensive mistakes that landlords can make. So there's quite a few of them. And this is something if you have a professional property management company, this is what we help take care of for you.

One of them is deposits. There's quite a few ways to go wrong with security deposits, right? So a lot of owners don't know that the caps have changed, the maximum amount you can charge a tenant. has changed, and it depends on how many properties you own. So if you own more than a couple rental properties, then you can only charge one times the rent for security deposit. And that's all inclusive. Security deposit, pet deposit, last month's rent, whatever you want to call it, that total altogether can't be more than one month's rent. And then if you're a small landlord, it can still be two times the rent, and no longer can any property be three times the rent, which was an old rule. So that rule changed a couple years ago.

You have to… least have a security deposit cap that is within the law. And then there's a few more things now. It's getting harder and harder to make deductions from a tenant's security deposit if you don't follow all the rules. There's a lot of rules. And they keep adding rules. So you have 21 days from the time the tenant vacates to get the deposit returned. If you miss that 21-day mark and the tenant sues you, it doesn't matter how much damage they've done to the property. You lose. You're going to lose. The judge is going to say give them back all their security deposit. are not lucky, they might say, pay triple damages. You held that deposit in bad faith. That's allowed in the law. So it's very important that you follow the timeline, make sure that's 21 days. And sometimes it gets tricky. If a tenant breaks their lease and they vacate early, landlords think, oh, well, they were on the lease through another two more months, so I don't have to refund the deposit until 21 days after the lease. No, when they're vacant, it's still 21 days, even though they're breaking the lease. So watch that timeline very carefully.

Another big one is Odo's. This is a big one, and it's a time sucker, and it's important. So this is all from last year's new law. It's required that you have three sets of photos during the life of a tenancy. One is before the tenant moves in that shows kind of a baseline of the condition that they received it in. Sometimes you can use some of the marketing photos for those, but you need to have photos that are taken immediately before the tenant moves in. Then when the tenant vacates, you have to take another set of photos before you do any work. So before work photos. And those photos have to be of any cleaning or damage that you plan to charge the tenant for. And then once you've had the work done and completed it all, you need to take a third set of photos with the work done. And so those three sets of photos must be given to the tenant when you do the deposit refund. And if you don't do that, again, you're going to lose if the tenant takes you to court. Yeah, these laws are all written around tenants. Tenants, tenants, tenants. And thank you to the lawmakers of making these rules so strict. So it can be very costly. Okay. Next one is fair housing.

Fair housing laws. That could even be more money than a deposit problem. Yes. You have to know fair housing law and follow it very carefully. I think there's seven or eight categories in the federal law that protect tenants. And then California has like 20 more categories. So you can't violate fair housing law and not get yourself in some pretty serious trouble. Applicants can file civil rights violations. They can file fair housing violations. It can cost a lot of money to defend that. And if you have done it wrong, you're going to end up paying that. So landlords who are doing it yourself, you need to go to the training classes on this, be very familiar with what you can say, what you can't discriminate against, and understand the difference in how it applies. Because sometimes people walk into these violations without even realizing they've done it because they just didn't know the law well enough. And that's one thing that a professional property, one of the many things a professional property management company does is we stay up in those laws. And there is a lot. Like a ton. Yeah. I've gone to fair housing training several times in the last year. And I know the law very well in this area. But I want to stay really sharp on it and then train the employees. And all my staff has been to classes with them, too. So it's very important. It is. And I often say that John wakes up on a Tuesday and the lawmaker made a new law. And it's not like they have instructions of how we're supposed to follow it. It's interesting when these things come down the pipeline. All the managers all talk to each other. And then sometimes they'll talk to the attorneys, and then the attorneys that's friends with John is like, oh, yeah, how do you interpret it? Oh, how do you interpret it? Okay, well, now let's go. And then you just have to figure it out. And nobody wants to be the case study of going to court and having a judge say, well, yeah, now we're going to make an example out of you. And they will. Better err on the side of getting it right. Yeah.

So if you need some help with your rental property, we'd love to hear from you. 916-974-6003. From your cell phone, dial pound 250 and say the word Tiner. Or you can check us out on our website, which is Tiner.com. And that's T-I-N-E-R.com.

Okay, so mistakes that do-it-yourself landlords can make. Delayed maintenance. That can be another one. Yes. That can, yeah. Yep. If you put off maintenance too long, it can cost you a lot of money. Dry rot. Sometimes just not painting the exterior of the property. If you don't paint that siding and it gets bad enough, you can't paint it. You'll have to replace it. That can cost a lot of money. So it's important that you have a maintenance program and that you keep up with things. We have our HVAC cleaned every year and serviced. It helps make those HVAC units last longer. This is a good time of year to do it just before it gets up beyond a degree. So those delayed maintenance can cost you a lot of money. So have a maintenance program and keep up with it. Clean the gutters in the right time of year. Do those things that you need to do. Right. And if you do, sometimes you just have a long-term tenant, which is fantastic. If you have a 10, 20-year tenant, you're obviously going to have things that you may not have been able to repair while they're in there. So just know that when they vacate. You know, get those repairs done, get it up to, you know, get it rent ready. We've talked about that before. So just put the time in and that may cost. I know I have a vacancy coming up with a 20 plus year tenant and I will probably spend about $30,000 on it. Which is, you know, she's paid off a couple hundred thousand of my mortgage. So I know it's due and it's fine. With the properties we manage, though, one of the things we do every year for owners is we do a full interior inspection. And part of that is to know whether we should renew the lease and how much to raise the rent. But part of it is to keep up with this maintenance. And that's an important aspect of it. Yep.

OK, so here's another one, because, again, this is something that we do really good. Poor documentation. Right. It's very important that you are taking notes, especially when you know that there's kind of a minefield of potential problems. So if you have a certain kind of caller who wants to run a property from you and you know that this is the kind that would be likely to cause a fair housing violation if you don't go exactly right, take notes, document your files very well. Don't waste. Don't ever miss doing the lease agreement and signing the moving condition report. And all these things are very important. Have your paperwork in order and do it right. Right. If you have a phone conversation. with someone follow it up with an email. We train our staff with this but if you're your own person of managing your own property, you're your own staff as well. So put it in writing.

And the last one, I mean, there's, you know, we're just talking the biggest ones. Improper notices. That can be a big one, too. So, yes, you've got to serve things in the right way and the right kind of notices. And one of the ones that stands out to me right now is wrongful eviction. So landlords who give a tenant a notice to vacate because they want to sell the property, but maybe they're under rent control and that doesn't meet the just cause requirement, that tenant could come back and sue you for wrongful eviction up to four years after they left. So it's very important to know the law, serve the notices correctly. Even if a tenant complies with it, it doesn't mean that you won. You've just set yourself up to have a liability potential for years. So very important to know the law and serve the right notices. Yeah, and even if you serve the right notices, sometimes if you do have a just cause and you're getting somebody out of the property, then you have to pay them. So you need to not only serve the notices, but you need to note the laws behind the notices.

So if you need some help with your rental property, we'd love to hear from you. 916-974-6003. From your cell phone, dial pound 250 and say the word Tiner. Or you can check us out on our website, which is tiner.com. And that's T-I-N-E-R.com.

Well, another half hour has flown by. We appreciate you joining us with the Landlord Logic Show today. Remember, until next week, professional property management doesn't cost. It pays.

Would you like to learn more about the services provided by the Tiner Property Management Pros? Their professional property management team will take care of your rented home from start to finish. Simply dial pound 250 and say Tiner to learn more about the ease of managing rental properties or check out their website, tiner.com. Join us again next week for the Landlord Logic Show with John Tiner.