



# The Ultimate Guide to Future-Proofing Your SFR Homes

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# FUTURE-PROOFING YOUR SFR HOMES

## How to help maximize your income throughout the four phases of a property's lifecycle

It's important that your single-family rental (SFR) investments earn you the maximum income now—and generate a solid return when you sell as well. Maintaining your properties appropriately and making smart business decisions creates the potential to increase your income, reduce tenant-turn times and get the highest possible return at the appropriate time to sell.

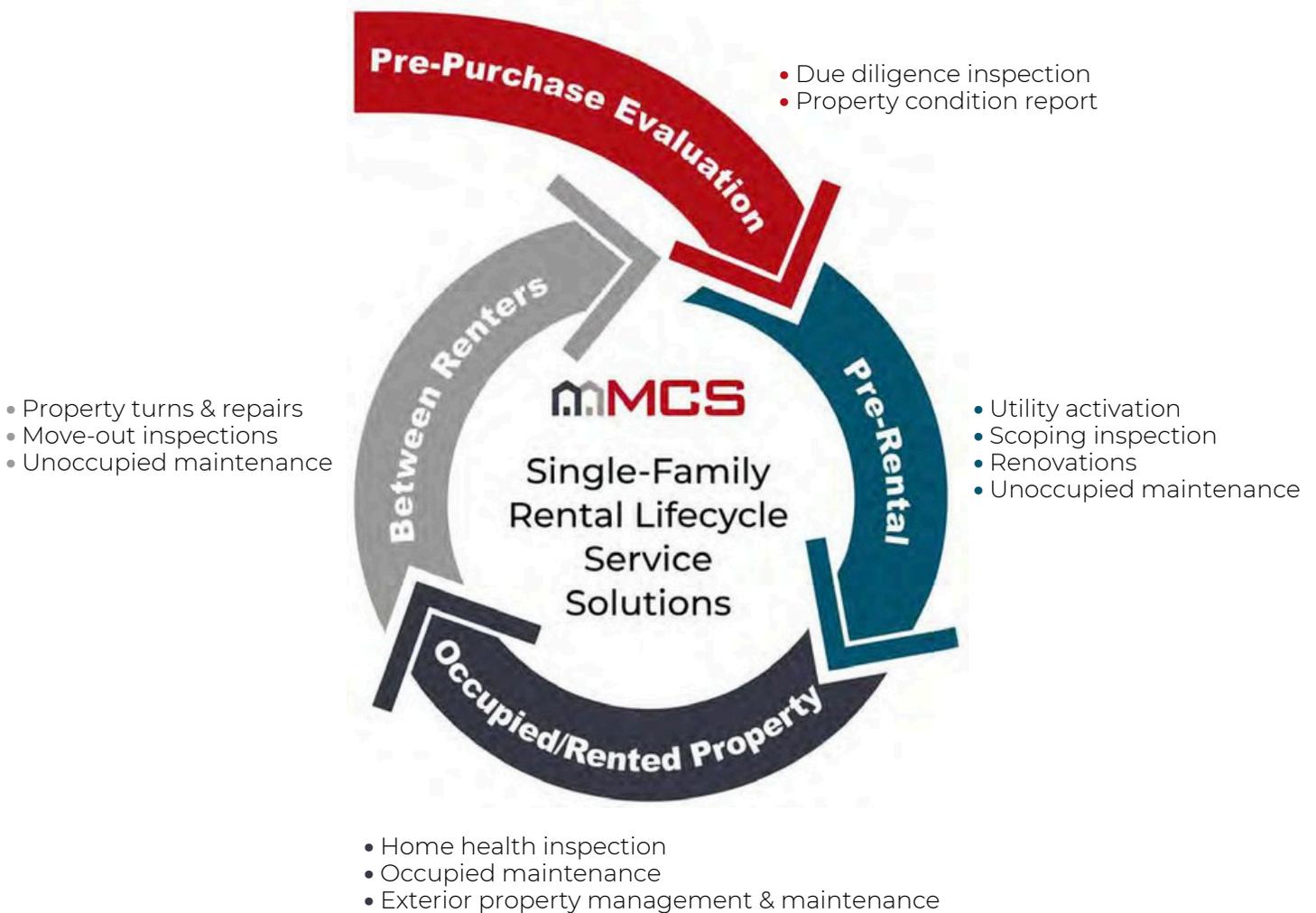
Throughout the four phases of a property's lifecycle, you and your property services partner can take certain steps to future-proof your SFR investment and help maximize your income during each phase.



### EFFICIENCY IS KEY

*The average time for the experienced team at MCS to complete a tenant turn is 3.5 days from start to finish.*

# SINGLE-FAMILY RENTAL LIFECYCLE



## PHASE I: PRE-PURCHASE EVALUATION

When you're making a purchase decision, it's imperative to understand the condition of an SFR property, the potential rehab time and costs, and the extent of any damages. An experienced, well-rounded property services partner can conduct an initial due-diligence inspection to help determine the viability of an investment as well as provide a property condition report covering everything from the structure and HVAC to deferred maintenance and required code repairs.

These reports provide transparency into the viability of an investment and can potentially help avoid costly mistakes. An experienced partner like MCS can customize a pre-purchase inspection based on your specific needs and the data you already have available on the property.

# 9 HOME INSPECTIONS THAT CAN HELP MAXIMIZE YOUR INVESTMENT

Home inspections help ensure you're making the most informed decisions regarding your SFR property. MCS offers nine standard SFR inspections to help you make the most of your investment throughout the lifecycle of your rental.



- 1. Pre-acquisition inspections** are conducted before you acquire a property. These inspections cover the interior and exterior to help ensure you have all the facts to make the best financial decision.
- 2. Rehab scoping inspections** are conducted post-acquisition to provide a detailed account of what needs to be repaired or renovated to get the property rented and can help standardize hard assets like appliances across your portfolio.
- 3. Occupancy checks** confirm whether the property is occupied to potentially help you avoid a lengthy eviction process and can ensure there are no squatters residing in a home or that it wasn't sublet.
- 4. Property condition reports (PCRs)** offer insights into the property's exterior—from siding and windows to roof and landscaping conditions—and confirm whether the property conforms with other neighborhood homes or HOA regulations.
- 5. Insurance loss draft inspections** can confirm that repair progress is being made on a property after damage from an event like a fire, flooding or a tree falling on the home.
- 6. Disaster inspections** performed after natural disasters can be particularly useful for vacant rentals or when owners or operators are out of the local area, enabling them to assess damage and determine repair needs immediately.
- 7. Pre- and post-move-out inspections** ensure you understand the condition of the property as the tenant vacates as well as what needs to be done with returning deposits to a renter.
- 8. Home health inspections** enable SFR owners or operators to check on the condition of their property—from major appliances to plumbing and HVAC—while it's occupied to proactively discover and address minor issues through **preventive maintenance** before they become major problems.
- 9. Build-to-rent inspections** conducted by an independent third party can help ensure your property is truly rent-ready after the builder's work is complete and can serve as draw inspections to release funds on the builds as they progress.

## FUTURE-PROOFING TIP:

*When reviewing a home's assets, you can do the basics needed to ensure functionality or you can work to future-proof the property and its assets.*

<b>Basic</b>	Test and confirm the functionality of the property's assets.
<b>Standard</b>	Catalog the assets, check for code issues or recalls, and determine what (if any) service is needed.
<b>Future-proofing</b>	Catalog the assets and replace any as needed to ensure uniformity across all assets.

## PHASE II: PRE-RENTAL

Once you've acquired a property, a host of potential activities must be completed before the first tenant moves in.

### Rehab and renovations

Because renovations can be costly and may not provide an immediate return on investment, SFR renovations may not always be a priority. But this time period, when the property is first purchased, is typically one of the best times for rental renovations. A newly acquired SFR property may need updating to attract quality tenants or to achieve target rents, so renovating it as necessary when you add it to your portfolio may make the most financial sense.



But how do you decide where to focus? A scoping inspection can help identify what needs to be done at a property—as well as the potential costs—to make the home appealing to renters while helping to drive the appropriate level of rental income. Based on that scope, renovations and rehab will need to be performed, ranging from basics like painting and flooring to complete overhauls—including demolition and construction.

While the focus of rental renovation is often on cosmetic elements, keep in mind that replacing larger mechanical items can help reduce the costs of maintaining your property. For example, if your air conditioning, refrigerator or water heater are within a few years of their life expectancy at acquisition, it can be a good time to proactively replace them.

This tends to be the case for sump pumps in newly acquired properties as well, because you often won't know how long one has been there or how it's been maintained. Replacing aluminum wiring in older homes with copper (to reduce fire hazards) is another common upgrade. There are also smaller fixes to consider, from replacing wax rings on toilets to smoke detectors and/or their batteries and switching to energy-efficient light bulbs throughout the property.

## Exterior care

A property must be maintained prior to a tenant moving in, so landscaping, snow removal (for vacant properties), and basic property maintenance must be addressed. Depending on the number of properties owned, you may also want a property services partner to handle utility activation and any HOA logistics.



# THE BUSINESS CASE FOR CENTRALIZED SERVICES

Working with multiple vendors for different required services can be challenging for SFR property owners and operators as navigating a variety of vendors, contacts, services and schedules frequently becomes more complicated—and costly—than it needs to be. Many services can be centralized, from inspections and lawn care to preventative maintenance—and a primary reason why many SFR operators are making a strategic shift to adopt a centralized approach. What are the major benefits of making this shift?

**Saving time and hassle:** Centralizing core property services can offer a one-stop solution, allowing the provider to handle the service, back-office support and logistics, while enabling you to maximize efficiencies and shift talented staff to new, revenue-generating roles.

**Redundancy:** Working with individual service providers not only creates more complexity, but it also leaves you more vulnerable if something goes wrong. The key is choosing a single source with access to multiple providers, so you know you're always covered.

**Consistency:** Working with a larger, established provider yields both efficiencies and consistency in the work they deliver. You know you can count on them to be there when scheduled, like they promised, as well as the next time you need services performed.

**Protection:** Working with a single company with a large footprint can help protect you from increased exposure to third-party risks like uninsured or underinsured contractors via background checks, licensing, insurance, safety training and more.

**Technology:** Working with a larger company whose portal connects to your platform, you can add, track and confirm jobs (with before-and-after and check-in/out photos) without leaving your desk and gain a better line of sight and peace of mind.

**Financial savings:** Working with a larger company can yield price savings via their buying power, but it sometimes requires looking at the complete picture. For example, while you might be paying \$5 more per service, you may be able to reduce or shift headcount and improve efficiencies and save overall.



## FUTURE-PROOFING TIP:

*Make smart renovation investments to help generate higher rental income without overspending.*

## PHASE III: OCCUPIED/RENTED PROPERTY

Once a tenant is in place, your responsibility as the property owner doesn't end. Tenants expect timely and professional service, along with quality work when repairs are needed. And as the landlord, you want to make sure routine maintenance occurs to help protect your long-term investment while providing tenants full value of the homes they are renting.

From landscaping, plumbing and electrical to general handy work, ongoing maintenance becomes a core component of keeping renters satisfied and in place and essential for maintaining uninterrupted and recurring revenue. Investors may also consider home health inspections to ensure the tenant is maintaining the property per the terms of the lease.



### The importance of a preventive maintenance plan

Having an established preventive maintenance plan in place can help reduce or prevent potential repairs and extend the lifespan of everything from your property's HVAC units to its plumbing fixtures. Plus, you can use the information to make decisions regarding capital-investment replacement and preventive maintenance schedules. So, what items should be included in your plan? MCS's property management experts recommend at least biannual maintenance checks that include:

- HVAC systems (following ASHRAE standards)
- Roofing
- Water heaters
- Filter changes
- Plumbing
- Winterization of sprinkler systems and other landscaping maintenance

## Disaster preparedness and recovery

Natural disasters from hurricanes, tornadoes and floods to wildfires and massive snowstorms, are a constant threat for SFR investors and operators. But there are things you can do to help blunt their effects—both before and after.

### Ahead of a disaster, you'll want to:

**Know the status of your property.** Performing periodic **inspections and property checks** (exterior and interior) throughout the year—and not just ahead of a storm or other event—helps ensure you're up to date on the true status of your asset.

**Keep up with exterior maintenance.** Keeping up with regular exterior maintenance, including keeping trees trimmed and gutters cleaned, can help limit potential property damage in high-wind events as well as wildfires. **Property upgrades**, such as replacing tree varieties prone to storm can achieve even greater protection.

**Watch out for storms and be proactive.** Keep an eye on the weather in the areas where your properties are located and move quickly ahead of a storm to secure supplies like plywood and sandbags as needed. MCS can help by warehousing supplies in advance to prevent scrambling as a threat approaches.

**Winterize your property.** Typical winterization steps and services, such as having your property services provider check that pipes are well-insulated, and inspecting and servicing your water heater and furnace before the season even begins, will help safeguard against winter storm disasters.

**Create a disaster plan for renters.** Creating a plan or checklist for renters—especially for properties in high-risk areas—can help your renters prepare for a potential disaster event and help keep them safe while also securing your investment.

### Following a disaster you should:

#### Move quickly with post-disaster inspections.

Your property services provider can help you quickly determine the status of your property and provide pictures by conducting a disaster inspection to assess the property and expedite your disaster recovery decision-making.

#### Proceed with recovery actions quickly.

You can prevent further deterioration of the asset (and thus minimize long-term issues) by taking steps to mitigate damage immediately after a disaster, perhaps even before an insurance adjuster arrives.

#### Conduct insurance loss draft inspections.

If damage does occur that requires an insurance claim, your property services provider can perform a loss draft inspection once the repair process is underway to confirm that repair progress is being made and secure the release of additional insurance claim funding.



# 5 MONEY-SAVING INVESTMENTS FOR YOUR SFR HOMES

Protecting your SFR investment is a top priority, but it's just as critical to stay on budget. Building a plan to save money on property services can help you achieve both—without sacrificing quality or tenant satisfaction. In addition to your overall **preventive maintenance plan**, here are five more money-saving ideas to consider.

**1. Schedule regular air filter changes.** Dirty, clogged filters can damage your HVAC system, leading to costly repairs or even replacement. Don't rely on tenants for this task; schedule regular air filter changes with a property services partner like MCS to ensure efficiency and avoid related issues or repairs.

**2. Build a database of your assets.** Having a detailed record of your assets—including make/model, service dates and related details—can help you perform proactive maintenance and avoid costly repairs through the use of predictive analytics.

**3. Don't neglect roofs and gutters.** Avoid standing water, leaf and debris clogging, and other problems that could lead to expensive repairs by scheduling regular gutter and roof maintenance with your property services provider.

**4. Perform consistent plumbing maintenance.** Having a property services partner conduct regular plumbing maintenance, like cleaning drains to prevent backups, can help avoid costly repairs and the fees associated with emergency calls.

**5. Watch your landscaping water usage.** Keep water use (and related expenses) down by performing regular inspections of your sprinklers/irrigation systems and consider monitoring water use via smart water systems.



## PHASE IV: BETWEEN RENTERS

As time passes, tenants inevitably move out. Your SFR investment must then be prepared for the next renter as quickly and as efficiently as possible. These turnover services range from move-out inspections and basic repairs to deep cleaning and transferring utilities, as well as painting, rekeying, landscaping and other basic unoccupied maintenance tasks, to ensure the property is ready to welcome its next occupants while maintaining community standards and minimizing time between rental income. Here's a closer look at a few essential best practices to ensure a swift and successful tenant turn.

- 1. Minimize turn time.** Keep an early eye on move-out dates and schedule your partners to come in as soon as possible so no time is wasted. And ensure your team understands the game plan and that all the necessary work is scheduled and completed on time and on budget.
- 2. Schedule an inspection.** Have your property services provider conduct inspections after the tenant has vacated to get a good scope on the first pass and avoid change orders.
- 3. Service your HVAC system.** HVAC maintenance checks are critical in prolonging the life of your system and avoiding extensive repair costs, and tenant turns are the perfect time to inspect and service your HVAC—or even replace it—as needed.
- 4. Perform a plumbing check.** Your property services provider can examine the overall health of the system, check for existing and potential leaks, recommend upgrades (like new fixtures or low-flow toilets) and conduct a hot-water heater inspection and flush.
- 5. Conduct an appliance audit.** Work with your property services provider to conduct an audit of the home's major appliances and systems. With a comprehensive audit, your provider can track that data for you and make replacement recommendations based on a unit's average lifespan and current condition.



**6. Do a deep clean.** Steam cleaning carpets, cleaning out vents, touching up interior paint and repairing or replacing blinds are usually at the top of most tenant-turn best practices lists.

**7. Winterize (or de-winterize) as needed.** If your SFR tenant turn occurs between early October and early March, you'll want to include winterization on your checklist to prevent freeze damage. De-winterizing is also important as the weather warms up to bring back those systems that have been dormant through the winter like outdoor faucets or sprinkler systems.

**8. Include an exterior cleanup.** A general exterior touch-up can greatly enhance curb appeal. Basic landscaping and cleaning gutters are essential tasks, and power washing can help your house shine in lieu of a paint job.

**9. Follow your preventive maintenance plan.** Adhering to your overall preventive maintenance plan ensures you've had enough maintenance contact over the life of the lease that you know approximately what will need to be done at move-out before the tenant even returns their keys, which can save you money in major repairs as well as lost time.

**10. Streamline your decision-making.** Work proactively with your property services company to create a plan for the standard services that will need to be performed between renters, such as painting, drywall repairs and re-hanging doors. Working with a single property services partner to support your SFR investments through the **entire rental lifecycle** can also help streamline your decision-making processes by building familiarity with specifications, timelines and expectations.

**11. Integrate technology.** An effective technology platform allows you to see what's coming due and schedule services with your provider with minimal effort—especially if you've already worked to minimize your touchpoints.

**12. Maintain an effective sales process.** Be sure to give just as much focus to the business and sales side of the tenant-turn process, from competitively pricing your property to considering offering move-in incentives to sign a lease sooner or offering paid utilities as an added perk.

Taking a proactive approach to operational repairs and upgrades in conjunction with the sales side of the tenant-turn process can help you find a sweet spot that reduces costs for the long term and ensures the home gets rented quickly.

## **FUTURE-PROOFING TIP:**

*Develop a preventive maintenance schedule and stick to it.*

## CHOOSING A PARTNER

Property services providers are integral to keeping your SFR properties in top condition as well as helping to ensure shorter vacancies, local code compliance and potential financial savings via regular maintenance. What should you look for in a partner to help protect your SFR investments and enhance your bottom line?

**On-time renovation work and strong communication:** A strong property services partner understands your business and respects your timelines, communicating clearly and often to ensure teams are aligned and expectations are met, as well as providing complete transparency throughout the project to avoid lost revenue.

**Full-service property maintenance offerings:** Whether it's occupied maintenance, tenant turns, inspections, seasonal maintenance or renovation work, look for a single partner that can manage it all with an experienced team of service technicians, project managers and management.

**Field presence and support:** Seek out a partner with a “boots-on-the-ground” presence in your market who can self-perform and maintain oversight of third parties, if required, to ensure quality and accountability.

**High standards and quality work:** Ask to see examples of a provider's work and seek to understand how they manage quality checks.

**A strong technology platform:** Be sure your property services partner has a reliable technology platform on the back end to efficiently manage a wide range of services in various markets.

When partnering with a property services provider to support your investments, it's important to consider a partner who can provide solutions through the entire rental lifecycle, from pre-purchase inspections through getting that property ready for the next tenant. Working with an experienced, trusted provider can expand your capabilities, regardless of the size or location of your SFR portfolio.



# Mastering the SFR Lifecycle

When future proofing your SFR investment, maintaining your focus and vigilance can help you generate a solid ROI upon the sale while allowing you to maximize your income during each phase of your property's lifecycle—and that vigilance begins before the purchase.

A due-diligence inspection should be part of your pre-purchase evaluation process to help ensure the property is a viable investment and that you fully understand what it will take (and how long) to rehab it and get it occupied. The rehab work typically occurs during the pre-rental phase, and a scoping inspection can be integral in helping you zero in on the critical renovation and rehab upgrades that both make the most financial sense and are attractive to potential tenants to help maximize your rental income.

Once your property is rented, your focus should shift to service and repairs to keep your tenants satisfied and properly maintain your investment for the long term. Having a preventive maintenance plan can help with both by avoiding expensive and unplanned repairs, extending the lifespan of your systems and fixtures, and aiding in decision-making. A solid disaster prep and recovery plan—for you and for your renters—is also essential during this phase to clearly address what should be done both before and after an event.

Because even the best renters don't stay forever, you also need a plan in place to complete the turnover inspections and repairs necessary to get your property rented again as quickly as possible and minimize lost rental income. A trusted property services partner can provide these services, as well as help to guide your maintenance and rehab decisions and efforts throughout every phase of your investment's lifecycle.

## ABOUT MCS

**MCS** is a national property services company. We offer comprehensive service packages and levels of field-service coverage, including inspection, rehabilitation, renovation and everyday maintenance for residential, commercial and government properties across the country. MCS employs a hybrid service model with self-performing service centers in key markets and a network of over 30,000 service partners. Founded in 1986, MCS is trusted by some of the nation's largest banks, municipalities, insurance companies, property managers and retail companies. Learn more at [www.MCS360.com](http://www.MCS360.com).

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**MCS** has the experience, field presence and technology to help you maximize your revenue and make your investment properties shine.

To learn more about MCS's SFR lifecycle service offerings, contact **Jason Myers** or **Houston Holloway** at MCS today.