

Turn a Negative Cash Flowing Property Around

How do you turn a negative cash flowing property into a positive one? Here are a few suggestions.

1. Look at increasing the monthly rent above the regulated guidelines. If you have a good relationship with your tenant, ask for a sit down. Explain the situation, show them documentation to support the increase in the heating cost, taxes, etc and ask if they are willing to increase the rental amount. Have a back up plan – which is to be prepared to file for a rent increase with the Landlord and Tenant Tribunal.

Here are a few resources to help you:

Form No1 (rental increase)

<http://www.sjto.gov.on.ca/documents/lrb/Notices%20of%20Rent%20Increase%20&%20Instructions/N1.pdf>

Landlord and Tenant Board website: <http://www.sjto.gov.on.ca/lrb/>

2. Look at your expenses. Some small changes or payment reductions can make a cumulative big difference.
3. Look at a rent-to-own option with your tenant. This only makes sense if your tenant has enough for a down payment and you are willing to sell the property in a few years. In this case, you have a tenant-first scenario.
4. Eliminate or reduce a 'freebie' (Wifi, cable, etc) that you include in the rent.
5. The GTA has a lack of good rental spaces. Consider moving you and your family into the property and rent out your current place.
6. Change the rental strategy. For example, rather than renting out rooms, look at renting to a single family. Or vice versa.
7. If you are using a property management company, work with them for a solution.
8. Do some low cost repairs to make the place look better. Some paint, some plants, more lights. The main words here are LOW COST.
9. Contact a mortgage specialist (click on this link: <http://www.huongluu.com/>).

As long as the equity in the property is growing year over year, then selling is not a good suggestion (this is where talking to a mortgage specialist helps (click on this link: <http://www.huongluu.com/>)). The above suggestions are all assuming there is a huge gap in the rental income and the market value of the unit and the expenses you incur each month are putting you in the red each month. If the rental income covers all the expenses, then the last suggestion is to re-evaluate your position.

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