



THE LANDGEEK

The Land Geek Podcast With Mark Podolsky, AKA The Land Geek

Today's Guest: [Al Williamson](#)

Transcript

Mark: Hey it's Mark Podolsky the Land Geek with your favorite nichey real estate land website TheLandGeek.com and I'm really excited for today's guest he's got a unique spin on an old sort of strategy - so very excited. But, before we talk to our guest, I'd be remiss if I didn't properly introduce my cohost you know him, you love him Scott Todd, from ScottTodd.net, LandModo.com and most importantly if you're not automating your Craigslist and your Facebook postings PostingsDomination.com/TheLandGeek. And I'm going to throw another one in there just for fun for some learning like Zapier at InvestorNinjas.com. Scott Todd, how are you?

Scott: Mark, I'm great. How are you?

Mark: I'm great. Today's podcast is sponsored by Flight School. To learn more about Flight School just go to TheLandGeek.com/Training in 16 weeks we'll get you up and running with the Land Geek Sherpa himself Scott Todd. So, today's guest is Al Williamson, from LeadingLandlord.com and if you don't know about Al, he's a former civil engineer and the author of the *Building Wealth with Inner City Rentals*. It took him about seven years but he has figured out how to create enough side income and over and beyond his market rate rents to cover the monthly mortgage of his apartment building and he's packaged all his ideas and put those into a book called, 40

Ways To Increase The Net Income of Your Rental Property. He's got a lot going on and I'm really excited to talk to Al Williamson. Al, welcome.

Al: Hey, Mark and Scott, how are you guys doing?

Scott: Good.

Al: It's pleasure to be there.

Mark: We're great. So Al, let's just rewind the tape and tell us how you got from becoming a civil engineer, to quitting your job and becoming landlord guy if you will.

Al: The landlord scientist. Well, it was after I started '96 with a three unit building that I squeezed my new bride into and we were house hacking. So, we did that and the thing quadrupled on us and which led us to an apartment building, an eight-unit building. But during that time even though I was a civil engineer and I was doing good with my numbers I was tracking, I was noticing that my maintenance cost was wiping me out. It was taking a years' worth of profits to put on new roof, the paint there goes my profits and so, I started figuring out that hey, there's got to be another way.

Why can't we find some other ways to make money and there started my quest, because I figured that I wasn't alone. When I got other landlords by themselves and I said hey, is this happening to you they would say, yeah. It was good on paper but when I look at my net after all my maintenance and everything before we know, of course before depreciation and all that, it wasn't looking so good.

Mark: All right, wow. So, how did you solve the problem?

Al: Well, I decided I was going to start collecting ideas on side income. You know I wanted to diversify my income just like any business. It sounds revolutionary for rental business but you don't want just one source of income you know. So, let's see if we can pack this thing and I set the challenge. I wanted to pay for the mortgage entirely with income that wasn't rent; that was my quest. So, I started just collecting ideas and testing them and kind of like a library in which just trying to file them in way different categories and seeing if I could do it. And in 2015, I was able to do it. With my apartment complex paying the mortgage with income that didn't include rents.

Mark: Nice. Scott Todd?

Scott: So, what did it include? Like how did you do it? Like what if...

Al: Some collaborative of some different things, different ideas. Some I tested, some I always got the squeezed from different people such as you know there's that pay-day rent, collecting rent every two weeks you end up with an extra. You know if you collected every two weeks then you add up with an extra months' worth of income at the end of the year. If you do the math you'll see that you end up with that because there's an extra week per every two months, right. You guys are following me?

Scott: No, I'm with you. So, I'm tracking what you're saying. So like, essentially if you offer somebody the ability to pay their rent every two weeks when they got paid as opposed to once a month that gave a 13th month rent.

Al: That's right.

Scott: Okay.

Al: That is one of the ideas.

Scott: But like, to get that on a big scale like you had to have a lot of different things, right?

Al: See I did a composite of things. So, that's one thing I did and the other thing I did was I provided Wi-Fi for my eight-unit building, provided WIFI for all the units. They were paying their own. Everyone was paying their own internet so, I covered everyone's internet and gave them a 50% discount and I took savings and created an income for myself that way. That's the second thing I was doing.

I had bike sharing program earlier on in 2015. It is really common now here in Sacramento, California now lots of bike sharing but I was doing it there. I was charging them \$40 month for that and I started housing international students and doing furnished rentals and making it in flexible terms on my leases. So, I was able to increase my income as well with furnished housing.

So, all of those things together and I think I'm missing some others but I itemized a few times on BiggerPockets when it happened, when I passed the finish line, but all of that and writing that book *40 Ways To Increase The Net Income of Your Rental Property* led me to conclude that it was furnished rentals was really set the stage for all these other income streams. So, that's why I started focusing solely on furnished rentals. This gives you a lot of safety nets and opens up a lot more opportunities for ancillary income.

Mark: So, can you expand on that? So, how does it work with a furnished rental as opposed to an unfurnished rental?

AI: Oh absolutely. So, I see what it's like for one of this [00:07:31] [indiscernible] apartment building or any dwelling you can operate it or you can leave it vacant that's one way. You can do traditional landlording everyone knows that, you can do furnished rentals long-term. Long-term furnished rentals and earn about 30% above market without having furnishings.

Then you can do, I call it flexible term rentals which kind of like Air B&B falls into that or you flex your terms and you flex how many pets you have and things like that and then you can do a dormitory type of model like, hall kind of renting rooms and then the highest use of your place is corporate housing. So, with the same dwelling you can do all those different types of operations inside of it and generate up to 10 times more on a net income basis with the exact same property by varying how you operate.

As soon as you go furnished rentals let's talk about the downside okay. So, if you can't corporate housing if that fails on you then you can drop back down to Air B&B okay and everyone knows I do that. If that doesn't work for you - you can drop back down to doing long-term furnished rentals. Everyone knows that there's lots of transitional housing things like that you can do and if that doesn't work then you can always fall back to traditional landlording which I think is the riskiest place to be because if you fail there you don't have anywhere to fall back to. You fall back to being vacant. So, I think the safest thing you can do is furnish your rentals and enjoy making three times more net income than a traditional landlord.

Mark: Very interesting. So, is this location dependent for corporate housing? I mean what are some of the sweet spots when you're going to look for a rental like that? I mean are you going to look for like you have an eight-plex, are you going to look for a four-plex, are you going to look for a single family home. What type of dwelling and what type of location is ideal?

AI: That's a great question. Now I think every dwelling, I can say dwelling because that opens up boats and everything. Anything that you can sleep in has its highest and best use, okay. So, there are things you can do with whatever rental you have right now and then you can always acquire something that's right in the sweet spot or in a happening place of near downtown.

So, if you want one of the rules I say this, if there's an extended stay hotel I'm talking about Extended Stay, America Residents Inn, and those types of things that have a kitchenette in them then that means without a question the research has already been done because it costs about \$22 million to create one of these things. The research has already been done by people that know way more than you and I could ever learn.

So, then that means that you can do corporate housing and that if there is one, if you see it in your town that means it stays on 18 days on average is viable, no question about it. Which means that it stays over 30 days is part of that mix. So, that means you can start competing for those people who are coming for 30 days or longer because a... Scott, you've ever stayed at a hotel for a long period of time for like two weeks or longer?

Scott: Well, not in one trip but I have relocated for work and I would stay at the same hotel for like six weeks, but it was like Monday through Thursday or Sunday through Thursday.

AI: Did you get a little bit of a stir crazy in there?

Scott: Oh yeah, that's fair to say.

AI: So that's what we find, that's why a furnished rental just can't compete against a corporate extended-stay, no question about it, because you can get a lot more. People enjoy a lot more: a full-size refrigerator, a full of oven and they can do it for a lot less. So, there's just no competition at all.

Mark: Scott?

Scott: So, one of the question I have is like, I was looking over the book that you referenced the *40 Ways to Increase the Net Income* and one of the things you talk about in there is like power plans or utilities if you will, right?

AI: Right.

Scott: In there you know like, you talk about like solar or whatever. Like can I, because I have been told you can't like, I've been told that and obviously every State is going to be a little bit different. But essentially what I've been told is that you cannot profit from utilities at all. So, the example that you gave on the internet for example.

Like, I know a guy that owns some multifamily the property were not sub metered or the units were not sub metered and so essentially he had one unit going in and then what he did was he determined like, how much that

they were using and actually what it was is from a well. I apologize, it's from a well and they weren't sub metered they would just go in there. So, what he was doing is he was looking at the cost of the well, added in some labor etc. charged the residents for like the well water, the maintenance, the stuff that you get in there. Next thing you know, you're slapped with a big old fine because he was profiting from utilities. Like, have you found that at all? Have you looked at that?

AI: Well, there are some ways around that absolutely. So, one thing is with this kind of goes back to your solar plant or your power plant, they do want you just to have enough to power whatever dwelling that's underneath there. Like, they don't want you to. It doesn't make sense in their minds to have a really big system if you have a small house but nowadays, as things are always morphing the industry is always evolving you can also offset your... like, you can put solar onto your rental and it can offset the power the bill on your personal residence.

So, they are moving things around now, they are allowing you to. You can also purchase into a plant in the desert and use that to offset your power. So, they are decentralizing it and moving it up, accounting for it on your bill and turning it into a credit and allowing you to use it however you choose. So, that's how that's helping us. There are things coming out all along as the solar drops in price is evolving and the next thing let's talk about Wi-Fi.

If you walk into your local Starbucks, they give you complementary Wi-Fi in exchange for you buying, participating in those service. I call that the coffee shop bottle, but they're not charging you directly for the Wi-Fi, they're charging you for the coffee. So, that's essentially it. I'm not charging people for "Wi-Fi" they get a complementary in exchange for other services such as a newsletter, same thing. Same thing you go into a Home Depot, they give a complimentary Wi-Fi and it's all spread out through their markup and their prices. So, it's the same thing, you're just offsetting how we bill it so that you fit into the right category just like everyone does all over the United States, every business does it.

Scott: Okay.

Mark: So AI, knowing what you know about landlording, what are some of the worst advice you see or hear given in your area of expertise?

AI: Now the worst advice would be to some of them... Oh boy, I never have even wrapped my mind around thinking about that. That's a good question. I definitely would the people that lean towards overpaying for a rental with the idea that they're going to do Air B&B to make it work, I think is the

absolute silliest thing ever. It takes away your safety nets that I was kind of talking about how you can drop down. You're not going to be able to do that, you're just going to be upside down so I don't like that.

I'm not in favor of how the adversarial approach to landlordism that you open you know, traditional landlordism or you've got to re-enforce your rules which you absolutely have to. But I think there's more joint venture opportunities to create, some profit centers that the tenant can enjoy as well and that puts you into, that kind of spins your flywheel in the moneymaking direction and once you start doing that like you just like.

For example, if you did a joint venture for parking, if your rental was located in an area that has high demand for parking and allowed the tenant to open up a parking spot, they make room and they share doing some of the benefits of sharing their parking space you just simply monetize that. So, that's kind of one opportunity. Same with car sharing, there's opportunity to park next to a car and generate revenue for them if the tenant's cooperative on. Same thing with outdoor advertising you can turn your rental into a billboard so to speak, and your tenants can enjoy some saving they're more apt to allow that to happen so on and so forth. As soon as you flip over to hey, this creates some joint ventures and they're going to let you share in some of the profits that are being created then you swing the store open to something that needs a lot more exploration than the whole beat them down and type of thing.

Mark: I think that's brilliant actually, because I can imagine that if you do that those rentals instead of renting for a year or six months or three months are more apt to stay longer.

AI: Absolutely. Why would they leave? They are better able to stay in and they can enjoy a little bit higher quality of lifestyle by participating.

Mark: Yeah. Seems like Air B&B now is like the hot thing. What are the advantages of Air B&B and where should we be worried about Air B&B?

AI: Well that's a great question and first, I'm going to tell you that Air B&B is just one planet in the solar system of short-term rentals okay but it has the biggest gravity pull. So, we're going to shrink this vast world down to just Air B&B and say that Air B&B has the premise of traditional of short stays where people are staying weekends at a time, four days at a time business travelers. That's kind of the way I personally use it and many people do.

Well, you can as a rental owner in about 10 days or 10 days of Air B&B is going to be equivalent to about one month's worth of income. So, you could

make up to three times with Air B&B if you are able to fill your rental for a full month. Now, I focus on extended-stay version of Air B&B just like there's hotels that like Holiday Inn, and then there's hotels like Extended Stay America, they have different emphasis, they grab a different crowd.

So, I think doing extended-stay version of Air B&B, you're going to be using Air B&B as the artificial intelligence that it is yes it's a virtual thing. Using this artificial intelligence it has a masterful marketing you're able to find out who is coming to your area that's looking for an extended stay and once you flush that out using Air B&B, you can create some relationships directly with those companies and just bypass them. So that, this is a great booster rocket into the world of corporate housing and extended-stay housing. I should say into the universe because there are many different planets out there in the universe and there's a world of opportunities within Air B&B, you can make a fortune and it's easier to make a fortune including it and with that out there in the universe as well.

Mark: Scott Todd?

Scott: I think it's a great concept. I mean like, I think that really has some things like not just saying okay I'm going to have this unit and this is what I'm going to do with it. It's more of, you have many different options and a lot of people don't realize all of the options that you have when you have this asset. It doesn't always have to be in that traditional sense that we always think about.

Al: Right.

Scott: I mean, I think that's really cool and kind of creative thinking and I think that what you're hitting on is right. You know like, there are many different opportunities for ancillary revenue with any type of real estate. You know like, whether it's car sharing or you know how... I mean, like literally bill boards. You mentioned billboards for example, you know like that's a great revenue for you the property owner but then if you're taking some of that money to help offset some of the rents for example, then that will become kind of a differentiator for you to keep your tenants which I know in multifamily the turnover is a big component of it.

Al: Oh yeah, that can completely drain you. That's one of the worst things. Like out of my eight units, my laboratory, I call it at three of them I have people have been with me for six years and longer. So, they are my long-term tenants and they think and again I focus on 3 to 6 months stays. So, my long-term tenants think that they are Air B&B hosts, they welcome the guests, they enjoy slightly below market rents themselves because I

incentivize them and they take care of everything. They help people out, they answer questions, they make people feel at home and it really works by incentivizing them too with lower rents and a better kept place, a well-groomed place because I can afford to keep it groomed it really, really works out.

Mark: It's really brilliant. I got one last question before we get to tip of the...

AI: Hello, don't stop the fun.

Mark: I know. What is rental arbitrage?

AI: Okay. Rental arbitrage, is when you pick a location and a place where you think there is going to be a great place for short-term rentals and you talk to the owner of that place. It could be a condo, it could be a house, it could be whatever. So, you talk to the owner of it and you tell them that you want to expand your corporate housing company there and you work out all the subleasing clauses right off the bat you've got to address that and then the goal is to bring in 2 to 3 times the income of what the expense will be.

Like, you have to pay let's say Scott's is the mean landlord and I have to pay him \$1000. Well my goal is to bring in \$2000 and the difference I get to keep but Scott has to take care of the maintenance of the place because I'm just a regular tenant. So, that's the sweet spot I can pick the location where I think I'll be really successful and acquire it or control it. It is then that idea of controlling but not owning to get the cash flow, the whole Rockefeller principal. So, that's rental arbitrage you just control it through a lease instead of a mortgage and enjoy the cash flow without the maintenance.

Mark: What are the risks?

AI: The risk is that you can't keep it booked of course if you fall through. So, it's all a marketing game. You've got to know how to market and that's really important and also if you can't get it rented then you can drop back to being a traditional landlord and breakeven right and rent out actually. So, you have a safety net that's what's great about a furnished rental. You know, as soon as you furnish, that's your safety you've got many options and if you can't do that then you're going to have to use the exit clause in your lease agreement and sometimes it's one month's rent or two months' rent whatever the clause is, according to fair housing in your town. But it's not like going bankrupt, it's not like losing the foreclosure not at all. Though the risk comparing to is minuscule.

Scott: Okay and then, like how much money are you spending on furnishings to like furnish a unit? Is it you know \$25,000? Like there's one guy that does Air B&B rentals told me he spends \$25,000 to \$30,000 per unit to get it up which seems kind of logical but also a lot of money too, right.

Al: Yeah. So, it's really important when you're talking about short-term rentals or especially rental arbitrage that you're talking about time to breakeven. So, it's not how much you're spending. You're saying, when will I breakeven? Would you agree?

Scott: Well, I think it's always the case.

Al: That's the main thing. So, I aim to breakeven in 7 to 8 months with it and then it's cash flow from there on out. Some people who don't think that way they breakeven maybe two years and then they quit by the time they breakeven they're burnt out. So, that's why the breakeven is the only mature way of talking about how you're improving your rental.

If his cash flow supports that \$30,000 he can breakeven within a year then that sounds like a good business if he can squeeze that time down to six months. I have some people that I coach have gotten it down to four months over to breakeven but they are being resourceful you know. When they furnish the place they were using their friend's furnishings and they were using used items. They were getting things free off Facebook they were being very resourceful. So, that's the way to create the money that you can actually because it's only the net income after you breakeven is something that you can use for your lifestyle, right.

Scott: Right.

Al: If you're still underwater, you really can't spend that money you're just filling back your coffers.

Mark: Wow, this is fascinating and instead of being the LeadingLandlord.com you should be like the mostcreativelandlord.com.

Al: I'm blushing.

Mark: So Al, we're at the point now in the podcast where we want to ask you for your tip of the week a website, a resource, a book something actionable for the Art of Passive Income listeners, can go improve their businesses, improve their lives. What have you got?

AI: I'm really excited to offer an expense reduction for people who own property which is everyone has a drain and drains get clogged with hair and different things and sometimes you end up calling a plumber or doing the work yourself. But all that can be eliminated if you do practice preventative maintenance and I recommend a Green Gobbler. This is a product you can get it at Home Depot. This is the product Home Depot themselves use at all their stores. It is a biologically friendly drain-o product and what you do with it is instead of waiting for a clog you just throw it in every time you go visit the property you make it available for your tenants, oversupply your tenants on it because they're not going to burn their hands, they don't need gloves or worry about chemical spills.

So, Green Gobbler is good. It is based on products that we use in wastewater treatment at the wastewater treatment plants that breakup clogs. So, it's not magical foo-foo dust it's a proven product that's used in our wastewater treatment plants. Instead of waiting for the product the water to get all the way down to the waste treatment plants you can actually, before you inject you can inject it right up at the point of use and prevent those clogs from happening and prevent any plumbing bills. So, how's that?

Mark: I love it. I'm ordering it right now.

AI: Yeah good.

Mark: For my house.

AI: Get it for your house.

Mark: So it's pretty cheap. It's, 12 bucks.

AI: It's pretty cheap, just add it 1st of the month just throw in where you think you have problem or if you're doing short term rentals you throw it in between guests and you'll never have an issue. So, basically, you're going to have an umbrella and think it's not raining but don't lower your umbrella just stay up on it.

Mark: Wow. So just in the bathrooms, the showers, the sinks.

AI: Yeah, but especially, places that collect hair this causes the hair to get slippery then slips through the pipes so it doesn't clog up.

Mark: Wow. All right, done and done I just bought it.

AI: All right, that's' going to save you a lot of money.

Mark: I love it. I love it and I'm like the worst homeowner ever, so my wife is going to be really impressed. If anyone should not own a home it's me.

AI: Saving marriages one step at a time, one day at a time.

Mark: There it is, there it is. Scott Todd, what's your tip of the week?

Scott: I mean, how do you compare to the Green Gobbler man. I'm going on their website and noticed like they have like vinegar mixtures too which you know, vinegar that's good anything man. Like Mark, you need to visit and spend some time on their website.

Mark: I know.

Scott: And I hope you remember to do that, to help you to remember to go back to the website, my tip will help you remember things. Check [Elephant.Rocks](#), that's it, like not dot com but like [Elephant.Rocks](#) which I didn't even know was a real thing but it is. What's cool about [Elephant.Rocks](#) is that they can...

AI: Hold R-O-C-K-S?

Scott: R-O-C-K-S.

Mark: Okay.

Scott: Right. What's cool about it is that, you can text Elephant and use like real normal language like, "Hey, remind me to call mom tomorrow at 10:00 AM" and then it will schedule it and it will remind you at 10:00 AM to call your mom. So, like instead of having to go to your calendar or whatever you can speak normal language and it will know things. So, like you can share like hey, moms phone number is this or this is mom and then boom it begins to know and to support your life all with like natural language. It's pretty cool.

AI: That's cool. That's a smart elephant.

Mark: How is this any different than reminders on the iPhone?

Scott: Oh man, because the thing is that, one, for me I don't do reminders on the phone because I prefer text. So, like I'm always sending myself texts

okay and so essentially, because it sits there in the pieces of a puzzle but I may go on the other app. How many times are you going to text in a day? So, that's the big thing. I don't know man, it's pretty cool. You should try it out and you can try it out for free.

Mark: I'm doing it right now.

Al: I'm going right there smart elephant.

Mark: Setup, wait. I'm going to go 919...

Scott: ...373

Mark: ...373

Scott: ...6463.

Mark:6463.

Scott: And then you have to use the word setup plus your name like, Mark.

Mark: Do I do a space or just...?

Scott: Plus Scottsdale.

Mark: Okay. Scottsdale. Let's see if this works. All right I've got nothing back.

Scott: Give it a minute.

Mark: Oh Elephant is ready to roll. Time is set to Australia, Hobart. What? [00:33:11] [indiscernible]

Scott: Did you type Scottsdale?

Mark: Yeah, I think it thinks I'm in Scottsdale, Australia. That's interesting all right Scott Todd, I'm going to try it again.

Al: I think he took off.

Mark: Did he leave?

Scott: No, I bolt. I didn't bolt I'm still here.

Mark: All right, I'll try to get in with Phoenix. All right, I think it's cool. I will try it. But you know what, no one is going to beat my tip of the week because my tip of the week is going to bring you wealth and that's, learn more about Al Williamson and his incredibly creative ways to increase the net income of any rental property. Just go to LeadingLandlord.com, LeadingLandlord.com. I'm just looking at his blog right now *The Story Behind The Most Profitable Rental Arbitrage On Record, Cool Keyless Lock for Wood Gates, The 7 Laws of Abundance, Using Leak Detectors To Cut Insurance Premiums* that's like my next buy. *Wi-Fi a Landlords Untapped Profit Center, Eliminate Plumbing Bills Forever* we just learned about that.

Al: Man, those are good ideas.

Mark: I know: Business Plan for Arbitrage, Six Steps To Get Started with Rental Arbitrage. This is incredible. Scott Todd, I think I have shiny object syndrome, help me.

Scott: Stay focused Mark, stay focused.

Mark: Okay, okay Al, you know what beats your model?

Al: What's that?

Mark: No tenants and passive income. Which leads me to Al Williamson; check out how we do that TheLandGeek.com. If you're getting value from this podcast please do us a favor just to do three little things you've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of that review to support@TheLandGeek.com we're going to send you for free our \$97 *Passive Income Launch Kit*, and you know what, share the podcast on the inner webs, put it on the social medias, the Instagram, the Twitters, the Facebook I don't know Snapchat whatever it is. You want to say one Scott, yeah?

Scott: No. I was just starting to think I heard like a brilliant marketing campaign today I'm just trying to figure out how we can incorporate into what we do here which was you know, the bland that makes the Popsicles. Like Popsicle company and if you remember when we were kids the popsicles were like, two popsicles in a pack. Like you had two and you had to go in and you had to break it, you had to share it with somebody or you had to eat them really fast before they melted.

Mark: That's right.

Scott: But then the Popsicle Company got smart and they decided to make them singles. So, they said on their Twitter the other day they're like, "Hey, if this tweet gets retweeted 100,000 times we'll bring back the double." It went like way more than the 100,000 times okay, so I think that the doubles are coming back. So, maybe we should do something like I don't know, share this 100,000 times, give us some love and I don't like. What can we give them?

Mark: I don't know.

Al: I want a super pack of your Launch Kit.

Scott: Yeah.

Mark: Done.

Scott: 100,000 times everybody gets one, everybody gets one.

Al: I like it.

Mark: Done. Exactly, you get a Launch Kit, just email us. You don't even need to leave a review. Just retweet it 100,000 times everyone gets a Launch Kit. I love it. All right, I want to thank everybody again. Thank you Al Williamson, from LeadingLandlord.com. Scott Todd, are we good?

Scott: We're good, Mark.

Mark: Al Williamson, are we good?

Al: We're good. Hey, thank you so much for having me and sharing me with your audience, I appreciate it.

Mark: Thank you and listeners you know what we're going to say. Let...

Scott: ...freedom...

Mark: ...ring. Thanks everybody.

[End of Transcript]