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REALTY

# Homeowners Rental Playbook

If you're a homeowner in the Phoenix area contemplating moving into a larger home, you might consider renting out your current residence. Leveraging your existing low-interest mortgage can be a strategic way to generate passive income. This guide will help you analyze the feasibility of converting your home into a rental property, exploring short-term, mid-term, and long-term rental options.



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# Rental Strategy Comparison

## What kind of rental should I do?

Each rental strategy serves a different purpose and requires different levels of involvement. Understanding which works best for your lifestyle, budget, and goals is key.

Rental Type	What It Is	Estimated Monthly Income	Startup Costs	Pros	Cons
Short-Term	1-29 day stays via Airbnb or VRBO	~\$2,500-\$4,000	\$6,000-\$8,000	High income potential, flexible use	High turnover, time-intensive, more regulations
Mid-Term	1-6 month leases (travel nurses, corporate stays)	~\$2,000-\$3,000	\$3,000-\$5,000	Lower vacancy risk, good for furnished homes	Requires furniture/utilities, less consistent demand
Long-Term	12+ month traditional rental	~\$1,500-\$2,500	\$1,000-\$2,000	Stable, low effort, predictable income	Less flexibility, slower returns



## Estimating Rent and Income

### How much can I expect to make?

You need to know what others are charging so you can realistically predict what you'll earn. Rent varies by location, condition, and features of your home.

How to Estimate Rent:

- Short-Term: Use [PriceLabs](#) to view nightly rates and occupancy.
- Mid-Term: Search [FurnishedFinder](#) to see what similar homes rent for.
- Long-Term: Use Zillow Rent Estimator or [Rentometer](#).

Example:

- A 3-bedroom home in Phoenix could earn:
  - \$3,200/month on Airbnb
  - \$2,400/month on Furnished Finder
  - \$2,000/month on Zillow estimate



# Calculating Monthly Income

## Is it even worth it to rent my home?

This equation gives you a clear look at the financials:

Monthly Income = Estimated Rent – (Mortgage + Insurance + Taxes + Utilities + Repairs + Vacancy Reserve + Other Costs)

If the number is positive, congrats—your house could be a cash-flowing investment!



# Calculating Expenses

## How much will it cost?

Here are common expenses to include for each type. There could be more depending on your home or area.

### Long-Term Rental:

- Mortgage
- Property taxes
- Insurance (landlord policy recommended)
- Vacancy reserve (~5–10%)
- Capital expenditures (roof, HVAC, etc.)
- Maintenance and basic repairs
- Management (usually 8-12% of rent)

### Mid-Term Rental (includes all left +):

- Utilities (water, power, gas)
- Internet/Wi-Fi
- Full furnishings

### Short-Term Rental (includes all left +):

- Cleaner or your time (\$100+/stay)
- Supplies: toilet paper, paper towels, soap, etc.
- Platform fees (Airbnb, VRBO)
- Replacing worn items: sheets, towels, kitchen gear
- City registration and taxes (Phoenix Cities Have strict rules)



# Understanding Vacancy Rates

## What is that?

Vacancy is the average amount of time rentals are empty. This typically happens between tenants, and there are different averages for different cities.

How to Find It: You can Google: "vacancy rate [your city/town] rental housing" for up-to-date info. For Phoenix, current rates are around 8–10% depending on location and property type.

Why It Matters: Vacancy helps you plan for missed income. If your rent is \$2,000 and you plan on a 10% vacancy rate, you should budget as if you're earning \$1,800/month instead.



## Startup Cost Estimates (Phoenix Metro)

### You Only Pay This Once

Category	Short-Term	Mid-Term	Long-Term
Furnishings	\$3,000–5,000	\$2,000–5,000	Optional
Supplies	\$500–1,000	\$300–500	\$0–300
Licensing	\$100–500	\$25–200	\$25–200
Cleaning Equip	\$150–600	\$200–400	\$0–200
Marketing	\$200–500	\$200–500	\$200–500
Total	\$4,000–8,000	\$3,000–5,000	\$300–1000



# Tenant Screening

## Why It Matters

If you're renting to mid-term or long-term tenants, proper tenant screening is one of the most important steps to protect your investment.

### Why It's Important

- **Reduces Risk:** Avoids non-payment, property damage, and eviction headaches.
- **Increases Stability:** A well-screened tenant is more likely to stay longer and treat your property with respect.
- **Legal Protection:** Ensures you're complying with Fair Housing Laws and tenant screening best practices.

### What to Look For

- **Credit Score:** Shows how responsible they are with payments.
- **Criminal Background Check:** Helps you identify red flags.
- **Eviction History:** Past evictions are strong indicators of potential issues.
- **Employment Verification:** Confirms they can afford the rent.
- **References:** Landlord and personal references give insight into their behavior and reliability.

### How to Do It Easily

You can use a service like [KeyCheck](#) to run a background check. With their "tenant-paid" option, the applicant covers the screening fee—so there's no cost to you. It's a fast and secure way to verify the most important information.

Proper screening now can save you from major stress later. Don't skip this step!





# Hiring a Property Management Company

Hiring a property management company can take a lot of work off your plate. These professionals handle the day-to-day operations, allowing you to benefit from rental income without the associated responsibilities.



## Benefits

- **Time Savings:** Managers handle tenant inquiries, maintenance requests, rent collection, and more.
- **Expertise:** They are well-versed in local laws, ensuring compliance with regulations.
- **Tenant Screening:** Professional screening processes can lead to higher-quality tenants.
- **Maintenance Coordination:** They have networks of trusted contractors for repairs and upkeep.
- **Marketing:** Effective advertising strategies to minimize vacancy periods.



## Drawbacks

- **Cost:** Management fees can reduce your monthly income.
- **Less Control:** You'll have less direct oversight of tenant selection and property decisions.
- **Variable Quality:** Not all management companies offer the same level of service; due diligence is essential.



## Typical Costs in Phoenix

Costs vary based on the rental type and services provided:

### Long-Term Rentals

- **Monthly Management Fee:** Typically 8%–12% of monthly rent. Some companies offer flat fees ranging from \$75–\$115 per month.
- **Leasing Fee:** Often 50%–100% of one month's rent for tenant placement.
- **Maintenance Fees:** Costs for repairs are usually passed directly to the owner, sometimes with a markup.

### Mid-Term Rentals

- **Monthly Management Fee:** Approximately 10%–20% of monthly rent,
- **Additional Services:** May include utility management, cleaning coordination, and periodic inspections.

### Short-Term Rentals (e.g., Airbnb)

- **Monthly Management Fee:** Ranges from 15%–40% of rental income, depending on the level of service.
- **Services Included:** Guest communication, booking management, cleaning coordination, restocking supplies, and dynamic pricing.
- **Additional Costs:** Some companies charge extra for premium services like professional photography or enhanced marketing.



## How to Save on Costs

Reducing upfront and ongoing expenses can make a huge difference in how quickly your rental becomes profitable. Here are smart ways to save without sacrificing quality:

- **Clean it yourself:** If you self-clean your Airbnb, you could save \$100+ per stay. That could add up to \$500–\$800/month depending on your occupancy.
- **Buy secondhand furniture:** Use Facebook Marketplace, OfferUp, and thrift stores to furnish your home for a fraction of retail costs. (works for art and household items also!)
- **Decorate on a budget:** Simple, clean, and coordinated decorations from secondhand sources or IKEA can still wow guests.
- **Start while you live there:** Consider listing a spare room or your full house while you're on vacation. Mention in the listing that you live there and your belongings are present. This lets you:
  - Get early positive reviews
  - Test the waters with minimal cost
  - Earn income while you're away
- **Use free or low-cost tools:** Canva for flyers, free Airbnb listing photos (if offered in your area), and smart pricing tools like PriceLabs (some with free trials).
- **DIY repairs and maintenance:** Learn to handle simple fixes like replacing filters, painting, or light landscaping to save hundreds. Most things are not that hard to fix. Use Youtube for instruction.



## Final Tips

- NEVER SKIMP ON PICTURES. Always pay for Professional Photos
- Update insurance to a landlord or short-term rental policy
- Set aside a 3-month reserve fund for emergencies
- Learn local laws (especially for short-term rentals)
- Keep detailed income/expense records for taxes
- Consider hiring a property manager if overwhelmed

By thinking carefully and planning with your real numbers, you can turn your current house into a valuable asset that supports your move to a bigger or better home.





*Contact me if you have  
any questions!*



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