

Real Estate Investor Heather Wren rapidly scales portfolio with PadSplit

Make more money. Do more good.

PadSplit is a housing marketplace that connects property owners with residents seeking an affordable place to live. PadSplit helps real estate investors leverage underutilized space in their existing properties to make it more profitable for them, and more affordable for the community members.



The PadSplit Difference

- Diversifying portfolio and broadening market perspective
- Operating seven PadSplit homes in less than two years
- Progressing rehabbing skills from beginner to advanced
- Cultivating relationships with a strong network of investors

A family pact is the driving force for growth

When Heather Wren left her job as a life insurance underwriter, she had 10 Atlanta houses in her real estate investment portfolio. She sat on the Atlanta Housing Authority's Landlord Advisory Committee. And most of her properties were in the Section 8 Program. This was in June of 2017.

Heather and her husband, Alan, began purchasing and managing properties in 2014. They agreed that Heather could leave her corporate job once their profits replaced her income.



"It was under the agreement that I worked hard to build the rental business so that he could retire early and we could travel more."

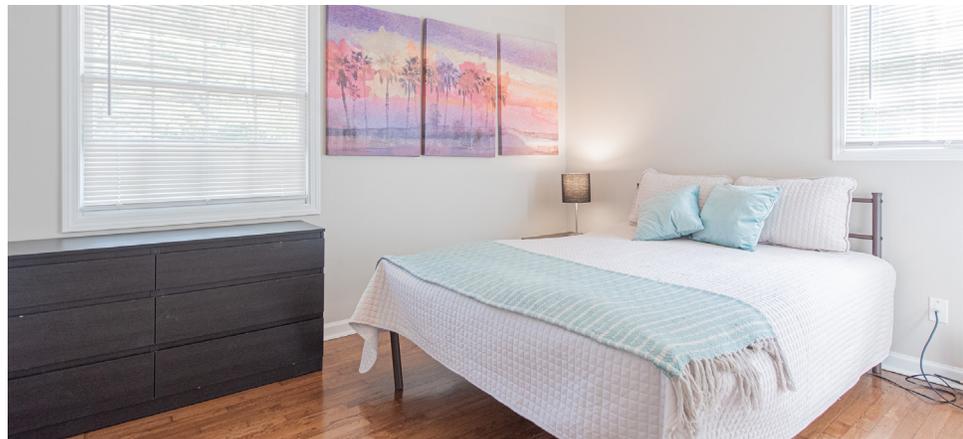
Once she stepped into managing properties full time, Heather knew she needed to develop a solid strategy to scale their portfolio. Her objectives were to refine her approach, streamline her operational processes, and obtain a clearer picture of her income and expenses. Ultimately, she was keen on making more money with less money.

A timely opportunity becomes a unique solution

Heather was renting homes to single families when another investor introduced her to PadSplit in late 2017. She learned about PadSplit and its efforts to solve the nation's affordable housing crisis while taking a tour of one of its Atlanta houses. Around this time, she had a vacant property.



"I, coincidentally, had a house four blocks away that the Section 8 tenant decided to leave to move back in with her mom after only three months. I went into the house and there was about \$5,000 worth of make-ready work to rent the house again."



Under the PadSplit model, property owners serve as hosts and renters are referred to as members. Hosts are given a unique opportunity to turn their house into a home for more people by renting private, furnished rooms.

Learning the power of one house

Heather, who was already committed to helping others achieve affordable housing through the Section 8 Program, was encouraged by the idea of helping more people through PadSplit.

Why you should partner with PadSplit



Prospecting and Screening

PadSplit advertises your listings and finds residents. We run background checks and verify income and employment.



Managing Residents

We staff a dedicated call center for resolving resident disputes--because we understand that's the last call you want to field as a landlord.



Collections

We handle all bookings on our easy-to-use site. We remind members of rent due, charge late fees, and collect all payments for you.

Her initial concern was that there might be interpersonal conflict between members. But with PadSplit taking ownership over managing residents, she began to see the benefits of the partnership.

Heather realized that her workload would be lightened because of the processes PadSplit handles:

- Screening applicants and filling empty rooms with members
- Overseeing members and all membership communication
- Managing bill collection

With a fully vacant house in the portfolio she had set out to grow, Heather decided to give PadSplit a shot.



"I thought, it was just one house. I'll try anything once."

In February 2018, Heather completed her first rehab by converting a four-bedroom house to fit the PadSplit model.

Prior to PadSplit, Heather's renovation projects typically involved paint and carpet. The process of converting a shared space to an extra bedroom was new. And PadSplit was there to guide her through every step. Once the now six-bedroom property was move-in ready, PadSplit listed it [on Craig's List].



"Everything just magically happened. It was filled. And I was immediately making more money than I had ever made on it previously."

Heather spent \$12,000 to rehab and furnish the property. She turned a house that grossed between \$804 to \$1,172 monthly into a PadSplit grossing \$2,945 monthly. With this house, she increased her profit by as much as 135%.

Scaling quickly — and wisely — with PadSplit

From there, any time Heather had a four-bedroom house become vacant, she converted it to a PadSplit. In the following 12-month period, Heather added 23 rooms across three additional properties. This included two houses Heather purchased in late 2018 to turn into PadSplit homes.

At the time, Heather was grossing \$12,654 per month for four PadSplit properties.



"It's nice that we can make this extra money, but still help meet the goal of helping people find affordable housing."

Heather onboarded a total of four properties in 2019. And she added her seventh house in January 2020. With the increased profits, lower turnover costs, and PadSplit keeping the rooms filled, Heather has been able to focus more on building her portfolio and managing her expenses.

Because of her relationship with PadSplit, her perspective on the market has evolved.



"When you get this different view on a home and how it can make money, then you're not competing for the same properties as everyone else in the market."



With it becoming increasingly challenging to find profitable rental deals, Heather credits her newly refined approach.



"It's allowed me to buy properties that other investors might have passed on because I have this alternative way to make money with them. It's really opened up the kinds of houses that I can buy that, normally, I wouldn't have considered."

Heather identifies this widened perspective as the gap in her skill set when she was only managing traditional, single family home rentals. For example, now she considers potential renters without cars and looks for houses in close proximity to jobs and public transportation.

She's able to see multiple ways a home can be a great investment. Heather has learned:

- How to run her own rehabs with the help of her trusted handyman
- Executing all upgrades during the rehab saves money later
- Everyone wants a safe, clean place to live — in any situation
- Effective communication with neighbors can alleviate concerns

Making more money and doing more good — the PadSplit way

Heather measures her success with PadSplit by looking at the maximum potential income for each house and assessing the percentage of the target she's hitting. This helps her evaluate how well PadSplit is screening applicants and managing the collections.

The increase in profits allows Heather to refinance a larger amount of money. So, she's able to put more towards her next purchase. With an average all-in cost for new acquisitions of \$175,000 and an average rehab cost of houses purchased for PadSplit of \$44,000, it helps accelerate her portfolio's growth.



"The strong cash flows on my PadSplit properties have allowed me to purchase houses at a rate that I wouldn't have been able to if I were doing traditional rentals."

Heather has seen firsthand how PadSplit's model is making a difference in its member's lives. She enjoys the fulfillment that comes along with helping people in her local community have an affordable place to live that's close to where they work.



"When I login to my dashboard and I can see that I have 45 rooms. In my mind, that's me helping 45 people have a clean, safe, and affordable place to live. Before, when I was doing solely Section 8, I could say 10."

60 -
100%

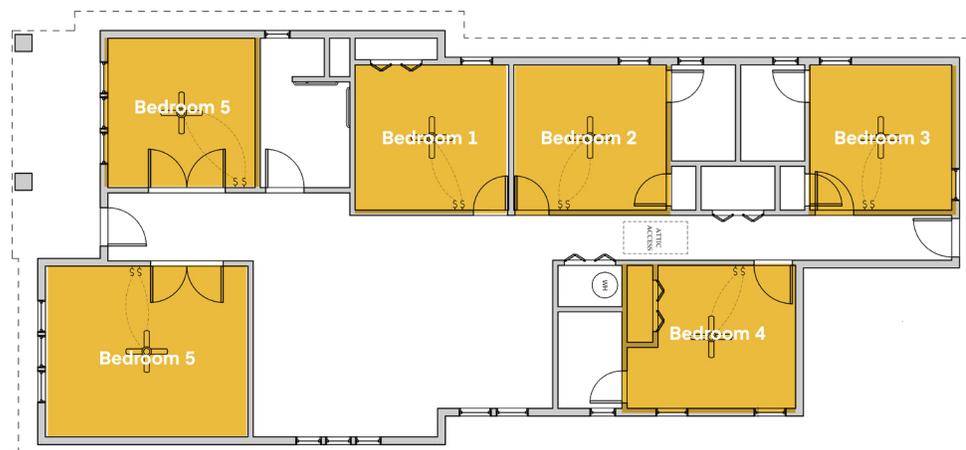
PadSplit helps deliver better returns than a traditional rental property.

The lessons she's learned have revealed the unexpected benefits of a PadSplit partnership:

- The demand for rooms is strong — you're able to positively affect more lives while lowering your vacancy rate
- Rehab costs of under \$7,000 per room can typically be recouped within two years
- Comradery with the community of hosts builds your network of investors and sharpens your skill set
- PadSplit offers resources to help you succeed and is always available to help



"This is an incredible, niche market with endless demand. It will change your investing and how you view things if you're not afraid to learn about it."



After witnessing the heavy demand for rooms, Heather doesn't believe the PadSplit market will become saturated. She sees that there's a need.

While finishing up the touch-list items for a rehab, she received a call from PadSplit and learned there was a member sleeping in his car. He was waiting for a room in her property to become available.



"It's shifted my perspective on things to realize how you can help someone who is in a bad situation. So, we let the member move in early."

Focusing on the future

Heather's PadSplit journey began with her commitment to her family's financial goals. She's managing 16 properties in a well-balanced portfolio of PadSplit, Section 8, and market-rate houses. And she's currently rehabbing two more for PadSplit.



"Our fantasy goal, that's becoming more and more realistic, is getting enough passive income from our houses, figuring out how to systematize the property maintenance, and taking long vacations to explore Spain while managing the properties."

Alan, a leader in IT, is equally committed to Heather's goal. They envision traveling extensively and vacationing in Spain annually with their two children, ages 8 and 5. With PadSplit, it's becoming possible.

Heather estimates that she'll be able to implement the property maintenance systems in early 2021. Because of the COVID-19 pandemic, she's held off on getting into the homes to test the systems they've designed.

Her advice to anyone considering becoming a host is that they can increase their profits with PadSplit if they put in the effort.



"We've done all this while having children. When I started out, I had never done any serious rehab and here I am going onsite with a baby in the Ergo looking at things. PadSplit really sets you up to succeed."

Schedule a call with our property experts today.

We'll get to know you, your property, and share more about the PadSplit process.

Visit us at padsplit.com