

Anti-crime units

Investor *Todd Millar* puts crime properties away for good



Sadly, we live in dangerous times. We not only have to be careful of shoddy plumbing jobs, leaky roofs and shifting foundations, but we must also check for dangerous and illegal uses of our potential homes. Don't be fooled into thinking that only houses in rougher, low-income areas harbour drug operations: Many marijuana grow-ops are located in middle- to upper-class suburbs.

HOW TO AVOID BUYING CRIMINALIZED PROPERTY

In British Columbia, for example, it has become common to hear about police uncovering rental properties producing large amounts of drugs—unbeknownst to the property owners. Meth labs have also been found in homes, apartments and even hotel rooms. The repercussions to the owners can be both financially and emotionally devastating. Grow-ops cause an immense amount of mould and permanent structural damage, not to mention contamination. Meth labs use dangerous chemicals that cause explosions, fires and toxic vapours that permeate the building walls and flooring. Social ramifications

include dangers to children playing in nearby areas where meth lab chemicals and paraphernalia are dumped. Grow-ops also increase risk of violent crime as rival gangs and criminals break into drug houses and forcefully steal crops. Crimes like prostitution invite an undesirable element into neighbourhoods and often lower the resale value.

As a landlord and member of the community, here are some steps that you can follow to avoid buying a crime house. An additional note: Some investors specialize in the niche market of reclaiming drug and crime houses. By working with environmental reclamation specialists and repairing the homes they can (in some cases) bring them back up to livable standards – and make a tidy profit.

YOUR BEST OFFENCE IS DUE DILIGENCE PRE-PURCHASE

The simplest way to avoid buying a house used for crime is to know your neighbourhood. Avoid areas in your city or town where criminal activity is known to take place. If you are buying in an area you don't know so

well, there are a few ways to get a feel for the neighbourhood.

1 Visit the property at different times of day – go at several different times over weekends and weekdays. You might be surprised how a neighbourhood can change once the weekend comes. If you feel like you wouldn't want to live there yourself then you aren't going to get tenants who you like. Pawn shops, empty lots and bars open early hours tend to propagate crime. Some crimes can be detected by increased traffic, however the unsettling part about drug homes is that they increasingly are being found in upscale neighbourhoods. This “respectable” cover is perfect and because of the illicit funds generated paying the rent is often not a problem.

2 Use your team – if you're working with a Realtor, pull history on the property to see if it has changed hands frequently and if it was used as a rental. By law it is required that identified drug houses be listed as such, but it may not be a known fact. If you suspect something fishy, ask neighbours, check with the police and use a home inspector who specializes in drug houses.

3 The Internet is your ally— Statistics Canada puts out reports of the detail crime figure by neighbourhood. It's easily downloadable and very informative. Look for low violent crime and you can watch trends by getting the reports for a few years in a row. Contact the Community Liaison Officer. He or she can give you a good idea of the crime profile in the area and is an excellent contact when you feel something may be off in your property.

INSPECTIONS ARE CRUCIAL

Your home inspection is your biggest defence against buying a bad property. You may find something more insidious than black mould. Some inspectors specialize in detecting the signs of a drug house. This type of criminal activity leaves near undetectable and

lasting damage in a home, it takes a trained eye to detect the signs. Some of the more obvious signs are:

Grow-ops - include mould and moisture staining, unsafe wiring and unusual piles of garbage containing fertilizer containers, pots and soil left behind. Also look closely if the water tank or chimney has been re-routed or if windows have been replaced with vents. Sometimes the problems have been hidden: Fresh touchup paint around baseboards and in the basement may cover holes drilled to prop up plants, and newly added drywall may cover mould and makeshift grow rooms.

Meth labs - you may see an unusual amount of chemicals and solvent containers such as: acetone, brake cleaner, toluene, rubbing alcohol, drain opener, camp fuel, paint thinner and gasoline additives. Another telltale sign is an excess of cold remedies -

empty wrappers and boxes containing ephedrine or pseudo ephedrine are common ingredients. Look for suspicious dumpsites along roadsides, in yards and around buildings. The odours of a meth lab are quite distinct. A strong ammonia odour similar to cat urine or rotten eggs is a sign of previous drug production activity.

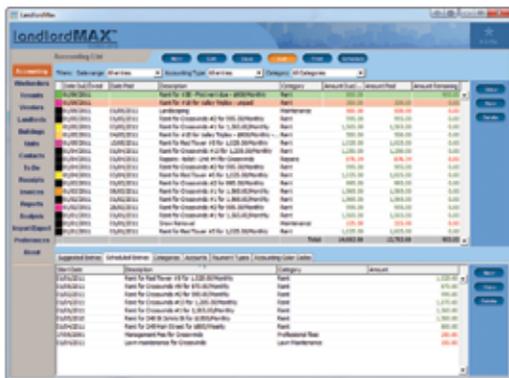
AFTER YOU BUY

Ensure that you screen your tenants well. Take two copies of photo ID and run a credit and reference check. Have a rental agreement that outlines who is living in or using the premises. Confirming employment is a very simple way to determine your tenant's source of income. If the income doesn't support the rent then there may be something suspect going on.

Check your property regularly. Speak to the neighbours and take note of any suspicious activity. For grow-ops, look

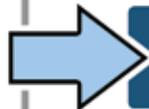
out for: exposed wiring, high-intensity lamps, rewiring and bypass to electric supply, excessive moisture, windows that have been covered with heavy curtains and moist with condensation. You may also notice frost build-up on the eaves and vents during winter, a 'skunky' smell and unusual traffic at the home at odd hours.

If you suspect illegal activity, go to the police and have them investigate. Simply evicting your tenants can put an end to some types of criminal activity, however, other types may damage the very structure of your property. Until recently, a meth lab in your rental made it uninhabitable and bound for demolition. Recent technology has given landlords the option to reclaim a house. As with all investments there is risk. Your due diligence pre-purchase and consistent management is the key to keeping your rental safe from the clutches of crime. 🏠



Available for:
landlordMAX™ Windows & Mac

Special Offer!
No GST until Aug 31, 2011
This discount is exclusive to Canadian Real Estate Magazine readers only!



Get the MOST out of your RENTALS with the Least Amount of Effort

"My business partner - who keeps the books - is very impressed with LandlordMax, in terms of its simplicity to use, its tremendous power of data capture and ease of report generation. LandlordMax is worth much more than we paid for it."

- Don

Affordable at ONLY \$165

- ✓ Anybody can use LandlordMax (no expertise required)
- ✓ Unlimited number of units for one low price
- ✓ Find out in seconds which rents are late
- ✓ Free high quality technical support
- ✓ Simplify your taxes
- ✓ Generate over 150 reports
- ✓ Maintain detailed financial records

LandlordMax.com/CREM

30-day Free Trial Demo 30 Day MONEY BACK GUARANTEE

Contact us at sales@landlordmax.com or support@landlordmax.com for any questions