

RCFEresource

May 2021

Most Accurate RCFE Home & Business Valuations

WHAT'S THE VALUE OF YOUR RCFE?

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Corporate DRE #01934115



RCFE MARKET REPORT: WAITING WILL BE COSTLY



Even though buyers are exceedingly frustrated with the RCFE housing market after writing too many offers to no avail, waiting until the market gets easier is not the answer.

Ask any buyer what it is like attempting to purchase an RCFE home in today's housing market and the responses will be the same. It is frustrating, overwhelming, exhausting, and disheartening. Buyers consistently get their hopes up and run around to see the few new RCFEs that are now available. They ultimately write another offer. A few days later they write a counter offer, often for more than the asking price. They agonizingly wait only to find out that they are not the winning bidder. It is back to the drawing board, again.

It feels like a dog chasing its own tail, a pointless exercise that ends in exhaustion. Many RCFE buyers become discouraged and question whether they should continue to pursue their dream in purchasing an RCFE. Maybe they should wait until the market is not so hot, or until they have a larger down payment, or when there are more RCFE homes available.

With a record low supply of available RCFE homes to purchase paired with unstoppable demand powered by historically low mortgage rates, RCFE home values are anticipated to continue to increase at a pace of about 1% per month through the end of the year. That equates to a home appreciation of 8% from now through December. At the same time, the United States economy is revving its massive engine now that it is emerging from the depths of the pandemic. Excellent job reports, increased travel, a massive personal

savings surplus, and a return to some semblance of normal life again will ignite the economy and translate to a rise in mortgage interest rates.

That means that the \$875,000 home will appreciate to \$945,000 in December. The 20% down payment for \$945,000 is an extra \$14,000 down. Property taxes go up too. With the average tax rate of 1.1%, that amounts to an additional \$770 annually. Add to that the additional \$700-\$1,300 extra principal and interest each month due to higher interest rates. The total cost of waiting is enormous.

RCFE homes will become more unaffordable as real estate continues to rapidly appreciate and mortgage rates rise.

There are some who believe that when rates rise that the housing market will reverse course and become a buyer's market. There are plenty of YouTube videos that promote this, explaining that a 1% rise in rates translates to a 10% drop in prices. Yet, that did not occur in 2013 when rates rose from 3.34% in January to 4.5% in July. It did not occur in 2018 when rates rose from 3.95% in January to 4.94% in November. Home prices did not fall.

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BEFORE THE FALL

From McKnight's Senior Living



It's well known that fall risks increase with age. What's generally not as well-known is how pervasive the challenge can be — especially in senior living settings.

Sadly, fall-related consequences can be prohibitively expensive. In fact, such injuries among older adults account for almost \$50 billion in medical costs, according to the Centers for Disease Control and Prevention. And that's not factoring in resulting pain and suffering. Or the resulting number of falls-related lawsuits against operators.

A new study published in the journal *Pharmacoepidemiology and Drug Safety* finds that 94% of older adults are taking fall-prevention medications. Two decades ago, it was less than 60%. More troubling still is that falls now kill far more people than ever.

As a senior living operator, you should find the trending here nothing short of alarming. Fortunately, you can take proactive steps to reduce fall risks and their consequences.

Let's start with the obvious: lighten things up. Make sure there is adequate lighting in bedrooms, bathrooms and hallways.

- Place a lamp within reach of the bed for residents' middle-of-the-night needs.
- Ensure paths to light switches are clear and are not near room entrances.
- Consider trading traditional switches for glow-in-the-dark or illuminated switches.

Also, be sure to remove hazards that can result in injuries, or worse. Take a look around your units. It's possible many are full of hazards. To make things safer:

- Move coffee tables, magazine racks and plant stands away from high-traffic areas.
- Secure loose rugs with double-faced tape, tacks or a slip-resistant backing — or better yet, eliminate loose rugs completely.
- Immediately clean spilled liquids, grease or food.
- Repair loose, wooden floorboards and carpeting right away.
- Use nonslip mats in bathtubs or showers.

You also can nudge residents to do two things to help them avoid falls. The first is to simply keep them moving. Physical activity can go a long way toward falls prevention. Second, remind your residents to wear sensible shoes. High heels, floppy slippers and footwear with slick soles can make a fashion statement, but each also heightens fall risks. The same goes for walking around in stocking feet.

Given the realities of aging, fall risks are not going away. But as an operator, it's important that you do everything you can to control the controllables. Your residents who avoid injury may or may not thank you. But your insurer sure will. So will your attorney. And your bottom line.

RCFE Association Records & Post CCLD Webinars To YouTube

You can now watch all the CCLD webinars at your convenience.



William Young
President / Founder

On the 3rd Wednesday of each month the Community Care Licensing Division (CCLD) host a 2-hour webinar on Zoom. CCLD ask that all RCFE's and their staff watch these webinars. However, with the busy schedules and last-minute emergencies RCFE's must attend to at their facilities they often miss these informative webinars. The RCFE Association is now recording these webinars and posting them to their YouTube channel for you and your staff to watch at your convenience. On their YouTube channel you will also find audio recordings of the latest Provider Information Notice Summaries (PINS).

"For the past few months CCLD has been working on posting these webinars to their website, but it has yet to happen. It is important for all RCFE's to have timely viewing access to these webinars, so we took it into our own hands and started posting the webinars to the RCFE Association YouTube channel." President William Young said.

The RCFE Association will continue to empower its members with ready-to-use information, ideas, and tools that both challenge and inspire them. This enables their members to operate successful board and care, 6-bed, and residential assisted living facilities.

To join the RCFE Association today, visit www.RCFEassociation.org

Scan QR code to be directed to the RCFE Association YouTube channel.



Current Listings



To view our current listings
visit our website at
www.rcferesource.com

LISTINGS

RIVERSIDE - ADULT RESIDENTIAL FACILITY FOR SALE

- 5 BDR/3 BA, 2,564 s.f.
- 1.09 AC lot
- Room to build 2nd ARF
- Separate studio apartment
- \$675K home; \$200K business

NAPA - HEART OF WINE COUNTRY

- Home and business for sale
- 4 BDR/2 BA, 1,733 s.f.
- Great location
- \$760K home; \$210K business

ANAHEIM - RCFE HOME AND BUSINESS FOR SALE

- 6 BD/3 BA; 2,675 s.f.
- Quiet Residential Neighborhood
- \$865K home; \$175K business

SANTA ANA - RCFE HOME AND BUSINESS FOR SALE

- 6 BDR/4 BA, 2,850 s.f.
- Beautiful area
- Expansive lot
- \$1.1M home; \$185K business

COMING SOON

SOUTH ORANGE COUNTY - MASTERPIECE PORTFOLIO

- Portfolio of 5 RCFEs for sale
- RCFE homes + businesses
- Within minutes of each other
- Fully updated; great condition
- Price: call to inquire

RIVERSIDE (CITY) - RCFE FOR LEASE

- 6 BDR/3 BA, 3,400 s.f.
- Wonderful neighborhood!
- Huge lot - tons of storage space
- Call for prices

ORANGE - RCFE FOR SALE

- Charming 2-level home
- Upstairs Owner/Caregiver Suite
- 9 BDR/4 BA with 6 private resident rooms
- Call for prices

LOS ANGELES - "DOUBLE" RCFE FOR SALE

- 2 6-bed RCFEs • Duplex - 12 bed total
- Superb location!
- All private room+bath
- Call to inquire

RCFE HOMEOWNERSHIP IS FULL OF FINANCIAL BENEFITS

Here are the top financial benefits of owning



A Fannie Mae survey recently revealed some of the most highly-rated benefits of homeownership, which continue to be key drivers in today's power-packed housing market. Here are the top four financial benefits of owning an RCFE home according to consumer respondents:

- **88%** - a better chance of saving for retirement
- **87%** - the best investment plan
- **85%** - the chance to be better off financially
- **85%** - the chance to build up wealth

Additional financial advantages of RCFE homeownership included in the survey are having the best overall tax situation and being able to live within a budget.

Does RCFE homeownership actually give you a better chance to build wealth?

No one can question a person's unique feelings about the importance of RCFE homeownership. However, it's fair to ask if the numbers justify owning an RCFE home as a financial asset.

Last fall, the Federal Reserve released the Survey of Consumer Finances, a report done every three years, with the latest edition covering through 2019. Their findings confirmed that RCFE homeownership is a clear financial benefit. The survey found that RCFE homeowners have approximately a quarter of a million dollars (\$250K) greater net worth than those operators who leased. And the difference has continued to grow.

Bottom Line.

The idea of RCFE homeownership as a direct way to build your net worth has met the test of time. An RCFE operator will be paying a mortgage, weather their own or their landlord's. Why miss the opportunity to build equity and increase net worth?

RCFE MARKET REPORT: Continued on from Page 1

These theories are not rooted in fact. Instead, they are click bate for views, after all, that is how YouTubers are paid.

It is better to look at supply and demand. While demand will decrease when rates rise, it will not shut off demand completely. It will still be a Hot Seller's Market. It would be like decelerating on the freeway from 140 miles per hour to 80 miles per hour. While it may be slower, it is still speeding. Housing will move from a crazy, nutty market to a more sustainable pace.

For RCFE homebuyers, the answer is simple, do not wait to purchase. Waiting will be costly.



Corporate DRE #01934115

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OUR FEATURED LISTINGS

PRICE IMPROVEMENT!

Property: \$675,000
Business: \$200,000

Riverside ARF • 5 bedroom /3 bath 2,500 s.f.



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Napa: Highly profitable RCFE home and Business!
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