

# RCFE Resource

**MOST ACCURATE RCFE HOME AND BUSINESS VALUATIONS**

## WHAT'S THE VALUE OF YOUR RCFE?

For a **FREE** No Obligation Consultation CALL us at **(949) 397-4506**



**Michelle J. London** MBA, CPA, MICP  
 Broker Associate • Investment Specialist  
 DRE# 01971087  
 Phone: **(949) 397-4506**  
 michelle@commlre.com

**Melvyn D. Richardson**  
 Advisor • Investment Specialist  
 DRE# 01318955  
 Phone: **(949) 500-3630**  
 melvyn@commlre.com

[www.rcferesource.com](http://www.rcferesource.com)

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## RCFE MARKET REPORT: Housing Cracks

Even though RCFE housing is hot, trends have emerged that confirm that the RCFE housing market is starting to cool.

Incredible, relaxing, memory-filled vacations come to an end. Ski seasons come to an end. The last pages of a good book come to an end. Binge watching a favorite television show comes to an end. Weekends come to an end. Seemingly nothing lasts forever. For the RCFE housing market, the incredible, Hot Seller's Market will eventually evolve into something completely different, and that is beginning to take place right now.

Now that the first quarter of 2022 is in the rearview mirror, noticeable cracks have appeared that illustrate a cooling market. It is not as if RCFE housing has suddenly tilted in favor of buyers. No, multiple offers are still the norm. Buyers are still frustrated by the lack of available RCFE homes to purchase in all price ranges. Sellers remain in the driver's seat able to call the shots. Nonetheless, trends have surfaced that highlight a cooling marketplace that will eventually pave way to a completely different housing scene thanks to a dramatic rise in mortgage rates from 3.25% at the start of the year to 5.45% today (Mortgage News Daily). NOTE: Current mortgage rates for RCFEs are considerably higher, but move in tandem with increased residential mortgage rates, and are dependent upon the type of financing chosen.

**CRACK - The current active inventory has increased by since mid-January.** The inventory has



struggled to grow since 2020, the start of the pandemic. It is the largest gain since 2019. Today's level is still extremely anemic and far below normal levels, yet is a trend that demonstrates that not all RCFE homes are selling instantly. It will not be long before there are more homes on the market this year compared to 2021. Last year everything that was placed on the market was slammed into escrow. That is not the case today even with a greater number of RCFE homes coming on the market.

**CRACK - Other than COVID-19 lockdowns of 2020, demand is already trending lower.** Demand, a snapshot of the number of new escrows over the prior month, has been muted since the start of the year and has stalled within the past several weeks. Demand readings have been muted by a lack of available RCFE homes. With more RCFEs coming on the market, coupled with slightly lower demand due to interest rate hikes, demand is falling slightly while the inventory is climbing.

**CRACK - An estimated 25-30% of all available RCFE homes to purchase today reduced their asking price.** The Multiple Listing Service (MLS) has a helpful red arrow pointing downward adjacent to the asking price if the asking price was

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## WHY HIGH INFLATION MAY GIVE SENIOR LIVING AN UNEXPECTED BENEFIT

MCKNIGHT'S SENIOR LIVING - APRIL 21, 2022  
JOHN O'CONNOR

Most people don't put on their dancing shoes when high inflation rolls around.

This usually unwelcome visitor eats away at savings, reduces buying power, drives up labor costs – and generally makes life more difficult. Not that high inflation has been much of an issue for most of the past decade or so. The national inflation rate never exceeded 2.44% between 2012 and 2020. But last year, it suddenly spiked to 4.7%. For that, we can thank things like supply chain bottlenecks and a lot of pandemic relief money in circulation.

As much of a jolt as that was, things might just be getting started. By some estimates, we're now in 8% or more territory. As they say in the counterfeit cheese business, that's not Gouda. But it's a pretty bad cloud that doesn't have some kind of silver lining. And it appears senior living operators might just catch a break. It goes by the name of unretirement. You see, the mix of available jobs and rising inflation is luring many recent retirees back into the workplace. In fact, more than 3% of the employees who had been retired for a year were back at work in March, an analysis by Indeed Hiring revealed.

It's no secret that a lot of people retired or otherwise walked away from their jobs during the pandemic. This was especially true for caregivers and others working in aging services-connected firms, such as senior living settings. But as the cost of living keeps ramping up, many are re-examining the wisdom of leaving, and they're wondering whether it might make sense to put the work clothes back on.

So don't be terribly surprised if some of your former employees decide to get back in the game. Chances are good they could use a little financial peace of mind. Chances are even better you could use their help.

## Ask The Broker TRANSFERRING A LICENSE

**Q:** I'm planning to sell my RCFE business. What are the challenges with transferring my facility license?



**A:** Per **Title 22 Sec. 87109** and Health and Safety Code Sec. 1569.191 on Transferability of Licenses, the simple answer is that you cannot transfer a facility license. Each new RCFE owner must apply for and be granted their own new license. The license stays with operator who applied for it.

The licensing process is lengthy. The rule is to begin the licensing application package 5 days from notification of your accepted offer. Application packages must be completed correctly, which may pose a daunting task for most new license applicants. Some completed applications are up to 400 pages in length.

Please contact RCFE Resource for a list of application consultants who can prepare your Licensing application package correctly the first time. There are essential steps that must be performed, and missing certain deadlines may result in rejection of your application and a one-year waiting period before you can apply again.

An RCFE buyer must possess their Administrator's Certification and obtain fingerprint clearance by close of escrow.

Sellers: Licensing must be notified within 30 days of an accepted offer that you are intending to sell your business.

During the period between close of escrow and the new buyer

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## Current Listings



To view our current listings  
visit our website at

[www.rcferesource.com](http://www.rcferesource.com)

## CURRENT LISTINGS

### Tustin - RCFE FOR SALE - HOME & BUSINESS

- 7 BDR/3 BA, 3,174 s.f.
- 2-story home
- 4 resident rooms downstairs
- Well-built, nice home
- Home 1.5M, Business 75K

### Sacramento Area - PORTFOLIO OF 3 RCFES

- SACRAMENTO COUNTY
- Located steps apart
- Dream opportunity
- Beautiful RCFEs
- Call for price

## COMING SOON

(please call for details)

### RIVERSIDE COUNTY - PORTFOLIO OF 4 RCFES

- 2 homes for sale; 2 for lease
- Located close together
- Great expansion option
- Immaculate homes
- Must be sold as package
- Possible option for 5th RCFE
- Call for price

### Citrus Heights - VACANT RCFE FOR SALE

- Sacramento County
- 3 BDR/2 BA, 1,784 s.f.
- Licensed for 5
- Caregiver area
- Big lot

### Mission Viejo - RCFE FOR LEASE

- Orange County
- 5 BDR/3 BA, 2,250 s.f.
- Lovely Neighborhood
- Call for details

## IMMEDIATE NEEDS

### LICENSED VACANT RCFE

- N. ORANGE COUNTY
- HOME FOR SALE

### LICENSED RCFE FOR LEASE

- N. ORANGE COUNTY
- WITH RESIDENTS

# RCFE MARKET REPORT: HOUSING CRACKS

*Continued from Page 1...*

reduced. There are a lot more red arrows pointing down, for those RCFEs listed in the MLS. This phenomenon is indicative of a market where buyers are quickly becoming less interested in overpriced RCFE homes. Many sellers are arbitrarily pricing and stretching the asking price in anticipation of selling for much higher than the most recent pending or comparable sell. While this strategy may have worked over the past couple of years, buyers will become less willing to stretch in price as the year progresses. Many sellers will have to reduce their asking price to find success, and, in many cases, more than once.

**CRACK - All counties in California are experiencing slightly diminished demand along with enormous drops in year-over-year readings.** It appears as if demand has dipped for all markets, peaking between mid-March to the end of March.

While there are definite cracks in California's recent RCFE housing run, the market is still a Hot Seller's market. Due to an unprecedented spike in mortgage rates, new trends are emerging fast. These trends should be seen as cautionary flags in approaching the local housing markets. Carefully pricing is rapidly

becoming an essential ingredient to successfully selling. As these trends continue, if higher rates persist with duration, the market will only cool further. The RCFE housing market will not change overnight; it will evolve over time. This year still promises to be an excellent year for sellers, only a bit more challenging, necessitating a more cautious, deliberate strategy and approach to the RCFE housing market.

There just is nothing available for buyers to purchase right now. Anything that does hit the market is greeted with a deluge of showings and multiple offers. There really is nothing spectacular about the number of buyers looking to purchase today. That is not the issue. The issue is that there are only a fraction of RCFEs available today in the beginning of May, when there are typically around triple the number of RCFEs for sale. Even with a similar number of buyers searching for an RCFE home today compared to past years, there are far fewer choices. This is precisely why the housing market is out of control.

As long as the inventory remains at catastrophically low levels, expect more of the same.

## ASK THE BROKER: CONTINUED

*Continued from Page 2...*

receiving their own facility license, the RCFE buyer can operate under the seller's facility license. This is called the "interim period." A management agreement outlines the responsibilities of the old administrator and the new one.

If the new buyer is not approved for a facility license, they cannot operate the business.

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## OUR FEATURED LISTINGS

### IN ESCROW

Rancho Mirage: RCFE For Sale - 5 BDR - 4 BA - 2,560 SF



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### JUST LISTED

TUSTIN: RCFE FOR SALE - 7 BDR, 3 BA, 3,174 S.F.  
HOME \$1.5M + BUSINESS \$75K (4 BDR, 2 BA DOWNSTAIRS)



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## THINKING OF BUYING OR SELLING?

*Let our RCFE Resource team of professionals bring proven expertise to help you get the highest sales price for your RCFE or ARF!*

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