

RCFE Resource

FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS

Call us **TODAY** for a **FREE** valuation of your care home and business.

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Member



RCFE MARKET REPORT:

The Affordability Crisis

Despite the current housing market boom, many potential buyers are being left out due to high mortgage rates.

LOW DEMAND DUE TO LACK OF AFFORDABILITY

The housing market, including regular residential real estate, RCFEs, and ARFs, is thriving this year despite high mortgage rates. Bidding wars and homes selling above their asking prices have returned. However, the actual number of buyers is lower than many realize.

Imagine if Disneyland limited attendance to 50% of its average summer ticket sales. Visitors would expect shorter lines for rides. However, if only half the attractions were open, the lines would be just as long as on a typical summer day. This is what is happening in the housing market today. With high mortgage rates and low affordability, buyers would expect to take their time as homes sit on the market. However, due to a severe shortage of available homes, buyers are competing to purchase.

The current housing market is characterized by low affordability, low demand, few assisted living facility owners selling their care homes, and an extremely low inventory. To understand why buyer demand is weak, it is important to consider the history of interest rates, incomes, and care home prices and their impact on affordability.

In 1980, the average mortgage rate was 13.75%, the median income was \$22,000, and the median detached sales price was \$108,000. The monthly housing payment was 55% of the median household income. Rates dropped and incomes rose over time. In 2000, mortgage rates were at 8%, the median income had more than doubled to \$56,000, and the median

**AFFORDABILITY
CRISIS**

detached sale price had climbed to \$317,000. The monthly payment was only 40% of the median income. In 2022, mortgage rates soared to an average of 5.34% for the year and reached 7% in October and November. As a result, the monthly payment for a \$1,235,000 home was 62% of the median household income. According to Freddie Mac's Primary Mortgage Market Survey®, rates rose to 6.81% last week. The California Association of REALTORS® reported that May's median detached home represented an astounding 72% of the median household income devoted to paying the monthly payment.

Only buyers with incomes far above the median or with cash in the bank can afford to purchase today. Home affordability is at record lows. This trend is also seen in assisted living facilities in terms of the monthly payment required to finance an RCFE or ARF.

Demand is measured by the number of new pending sales over a given period. Demand, a snapshot of the number of new pending sales over the prior month, is at the lowest for a start to July since tracking began in 2004. If more care homes were available, the demand readings would rise because now there are more buyers than care homes available. Yet, it would not climb to pre-pandemic levels because of today's dire affordability predicament. Today's market feels incredibly hot because low demand is pitted against even lower inventory. Demand may be lower than the average before COVID, but the inventory is even lower. There are not enough care homes available to adequately satiate today's weaker demand.



Ask The Broker

THE SECRET TO GROWING YOUR RCFE'S CAPACITY

Q: I own a 6-bed RCFE. Is there a way to make it into an 8-bed facility?

A: If you are an operator of a Residential Care Facility for the Elderly (RCFE), you might be interested in expanding your capacity to serve more residents. The first, and perhaps most obvious, thing you need to do is to obtain approval from Licensing. That usually isn't a major hurdle if you can demonstrate capacity and a need in your community.

Then, you must determine how you plan to physically increase capacity. By converting spacious private rooms into semi-private? Naturally, that's the easiest solution.

Room addition? It's no simple matter to add on to a home. It's not the painstaking permit and building approval process. No, it's the fact that most homeowners are in love with their 3% mortgages, so instead of buying their hoped-for Dream House, instead, they are converting their current homes into their forever homes. Interest rates may not drop down to 3% for another twenty or thirty years - or MORE. Why am I telling you this? Because if you may need to make changes to the RCFE, it's very difficult to find licensed contractors.

Here's where the more complicated part comes in. If you want to increase your capacity beyond 6 beds, this may require obtaining a Conditional Use Permit (CUP) from your local planning and zoning authority, which can be a complicated and time-consuming process. In this reply to the question posed, we will explain what a CUP is, why you may need one, and how we can help you obtain one using the basis of reasonable accommodation as stated in the fair housing laws.

What is a CUP and why do you need one?

A CUP is a type of land use approval that allows a property owner to use their land for a purpose that is not normally permitted by the zoning code. For example, if your property is zoned for residential use, you may need a CUP to operate a commercial or institutional facility on it. A CUP usually involves a staff review of your application, a public notice, a public hearing, and a review by or appeal to a higher body.

According to Section 1569.85 of the California Health and Safety Code, an RCFE serving 6 or fewer residents shall be considered "...a residential use of the property and the residents and operators shall be considered a family for the purpose of any law or zoning ordinance that relates to the residential use of property." This means that you can operate a 6-bed or under RCFE without needing a CUP, as long as you comply with other regulations and standards. This is called zoning "by right."

However, if you want to operate an RCFE serving more than 6 residents, your property would be considered a special or conditional use of the property, and you would need to obtain a CUP. This is because larger facilities may have more impact on the surrounding neighborhood, such as traffic, noise, parking, or aesthetics. Obtaining a CUP can be challenging, as you may face opposition from neighbors, local officials, or other stakeholders who may not even want an RCFE in their area.

How can we help you obtain a CUP using reasonable accommodation?

One way to increase your chances of obtaining a CUP is to use the basis of reasonable accommodation as stated in the fair housing laws. We can refer you to expert attorneys who specialize in this precise area of law who will facilitate this process. The federal Fair Housing Act and the California Fair Employment and Housing Act prohibit discrimination in housing based on disability, among other protected classes. Discrimination includes any denial or withholding of housing accommodations, provision of inferior terms, conditions, privileges, facilities or services in connection with those housing accommodations, or a refusal to make reasonable accommodations in rules, policies, practices or services when these accommodations may be necessary to afford a disabled person equal opportunity to use and enjoy a dwelling.

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Current Listings



To view our current listings
visit our website at

www.rcferesource.com

CURRENT LISTINGS

FRESNO: RCFE FOR SALE

- Home and Business
- 5 BDR/3 BA, 2,400 s.f.
- Licensed for 6 - ALW Waiver
- Tranquil home; excellent care
- Activities galore! Happy seniors!
- \$560K Home; \$230K Business

NAPA COUNTY RCFE: RCFE FOR SALE

- Home and Business
- 5 BDR/3 BA, 1,800 s.f.
- Licensed for 6
- Quaint and caring home
- Home \$915K; Business \$235K

SAN BERNARDINO COUNTY: ARF FOR SALE

- Home and Business
- 3 BDR/2 BA, 1,500 s.f.
- Licensed for 4 - Level 4H
- Fabulous program plan
- Recreation and Behavioral Therapists
- Home \$675K; Business \$400K

LAGUNA HILLS - RCFE FOR LEASE

- Beautifully remodeled
- 4 BDR/2 BA, 1,750 s.f.
- \$6,000/mo. Lease + \$80K business
- Immaculate home

SAN DIEGO COUNTY: RCFE FOR SALE

- Licensed for 16
- 10 BDR/6 BA, 8,500 s.f.
- Spectacular Ocean View!
- \$6.6M - Seller financing available
- Resident monthly rents \$8,500-\$11,000+

VENTURA COUNTY - RCFE FOR SALE

- Assisted Living/Memory Care Facility
- Real Estate and Business
- Large, Beautiful Facility!
- New construction
- \$17M
- Call for Details

COMING SOON (please call for details)

SIMI VALLEY - VENTURA COUNTY

- RCFE for Sale
- Home and Business
- Licensed for 6
- 5 BDR/3 BA, 1,800 s.f.

RANCHO MIRAGE - RIVERSIDE COUNTY

- RCFE for Sale
- Home and Business
- Licensed for 6

LOS ANGELES - RCFE for Lease

- Stately home
- 5 BDR/3.5 BA, 2,400 s.f.
- \$9000/mo. Lease; Business \$200K
- Available September

CATHEDRAL CITY - 2 RCFE PORTFOLIO

- One RCFE for Sale; one for lease
- Details TBA

SACRAMENTO - RCFE FOR LEASE

- Licensed for 6
- 5 BDR/3 BA
- Many upgrades
- Details TBA



BERRYLICIOUS YOGURT PARFAIT

It's no secret that residents at care homes (RCFEs & ARFs) have a sweet tooth. The craving for something delicious and indulgent is universal, regardless of age. However, it's important to strike a balance between satisfying their dessert desires and promoting their overall health. In this article, we'll explore how to create nutritious, delicious, and healthy desserts that will leave your residents smiling and satisfied.

The Sweet Tooth Dilemma:

Residents often have specific dietary needs and restrictions, making it essential to find desserts that are both tasty and suitable for their health. By incorporating nutrient-rich ingredients and mindful preparation techniques, we can create desserts that not only satisfy their sweet tooth but also contribute to their overall well-being.

Ingredients:

- 1 cup of low-fat Greek yogurt
- 1 cup of mixed berries (strawberries, blueberries, raspberries)
- 2 tablespoons of honey or maple syrup
- 1/4 cup of granola (optional)
- Fresh mint leaves for garnish

Instructions:

1. In a bowl, mix the Greek yogurt and honey/maple syrup until well combined.
2. In a serving glass or bowl, layer the yogurt mixture, followed by a layer of mixed berries.
3. Repeat the layers until the glass/bowl is filled, ending with a layer of berries on top.
4. Sprinkle granola on the final layer for added crunch and texture (optional).
5. Garnish with fresh mint leaves for a pop of color and freshness.
6. Serve immediately or refrigerate for a refreshing chilled dessert.

Recipe adapted from EatingWell - Berry Yogurt Parfait:

<https://www.eatingwell.com/recipe/252888/berry-yogurt-parfait/>

Ask The Broker

THE SECRET TO GROWING YOUR RCFE'S CAPACITY



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Discrimination also includes (1) discrimination through public or private land use practices, decisions, and authorizations because of disability and (2) discrimination includes, but is not limited to, restrictive covenants, zoning laws, denials of use permits, and other actions authorized under planning and zoning law that make housing opportunities unavailable.

This means that if you are operating an RCFE that serves disabled residents who need specialized care and supervision, you can request a reasonable accommodation from your local planning and zoning authority to allow you to operate your facility with more than 6 residents. You would need to demonstrate that your request is reasonable and necessary for your residents' needs, and that it would not impose an undue hardship or burden on the local government or the surrounding community.

For example, you could show that your facility provides essential services and support for your residents that they cannot find elsewhere; that your facility meets all health and safety standards and does not pose any risks or nuisances; that your facility blends in with the neighborhood character and does not alter its appearance or function; and that your facility does not generate excessive traffic, noise, parking demand, or other impacts.

By using reasonable accommodation as a basis for requesting a CUP, you are invoking your rights under the federal and state fair housing laws, which are senior to local laws and private agreements. This means that your local planning and zoning authority must consider your request seriously and grant it unless they can show that it is unreasonable or unnecessary. If they deny your request or impose unreasonable conditions on it, they may be violating the fair housing laws and exposing themselves to legal liability.

We will refer you to experts who have extensive experience in helping RCFE operators obtain CUPs using reasonable accommodation. We shall introduce you to all the experts who will assist you in obtaining your goal of a larger RCFE. Imagine the increase in net income when YOUR RCFE changes from a 6-bed to an 8-bed facility!

If you are interested in converting your 6-bed RCFE into a larger facility, or if you have any questions or concerns about the CUP process, please contact us today. We are here to help you achieve your goals and protect your rights. Don't hesitate, call us now!

To apply for grant programs, RCFE and ARF owners should contact their local government or non-profit organization to determine eligibility and application requirements. Additionally, the California Department of Housing and Community Development website provides information on various housing programs and funding opportunities: <https://www.hcd.ca.gov/grants-funding>



THIS ARTICLE IS A COMPOSITE OF GREAT ADVICE WE'VE HEARD FROM OWNERS OF MEMORY-CARE RCFEs THROUGHOUT THE STATE OF CALIFORNIA.

DEALING WITH DEMENTIA-RELATED BEHAVIORS: HOW OUR RCFE CARES FOR AGITATED AND AGGRESSIVE RESIDENTS

As the owner of a memory care RCFE, I know how challenging it can be to deal with agitation and aggression in our residents with dementia. These are common behavioral symptoms that can occur as the disease progresses and affects their ability to think, communicate, and cope with stress.

Agitation and aggression can be triggered by various factors, such as pain, confusion, fear, frustration, boredom, or environmental changes. They can also be signs of an underlying medical problem or medication side effect.

When our residents become agitated or aggressive, we try to use some of the following strategies that we learned from experts and other caregivers. These strategies have helped us calm them down and prevent further escalation.

- Stay calm and speak softly. We don't argue or raise our voice. We listen to their concerns and frustrations and try to reassure them that they are safe and everything is okay.
- Remove or reduce stressors. We try to create a calm and comfortable environment for them. We avoid noise, glare, clutter, or too many people in the room. We check for pain, hunger, thirst, constipation, full bladder, fatigue, infections, or skin irritation. We make sure the room temperature is not too hot or cold.
- Distract or redirect them. We try to engage them in a pleasant activity that they enjoy, such as listening

to music, reading a book, watching a movie, or doing a puzzle. We offer them a favorite snack, object, or activity. We also try to change the subject or move them to a different location if they are fixated on something upsetting.

- Simplify tasks and routines. We don't overwhelm them with too many choices or instructions. We break down tasks into simple steps and use clear and positive language. We try to keep a consistent schedule for daily activities such as bathing, dressing, eating, and sleeping.
- Provide exercise and sunlight. Physical activity helps reduce agitation and improve mood and sleep. We try to go for a walk, garden together, or do some gentle stretching. Exposure to natural light helps regulate the body's circadian rhythm and prevent sundowning.
- Consult a doctor. Sometimes agitation and aggression can be caused by a medical condition, medication interaction, or infection. It's important to have them checked by a doctor to rule out any underlying causes and get appropriate treatment. The doctor may also prescribe medication to help manage agitation and aggression if other strategies are not effective.

These are some of the ways that we cope with agitation and aggression in our residents with dementia. They may not work every time or for every person, but they have helped us reduce stress and improve their quality of life.

RCFE

Resource

FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS

OUR FEATURED LISTINGS

FRESNO

Fresno County
RCFE for Sale



Home and Business
5 BDR, 3 BA, 2,400 s.f

Home: \$560K;
Business \$230K

*Lovely RCFE providing
excellent care.*

RANCHO CUCAMONGA

San Bernardino County
ARF for Sale - Level 4H



Home and Business
3 BDR, 2 BA, 1,444 s.f.

Home \$675K; Business \$400K
Grosses over \$40K/month

*Fantastic program plan, with
Recreation and Behavioral
Therapists*

LAGUNA HILLS

Orange County
RCFE for Lease



4 BDR, 2 BA, 1,750 s.f.

Lease: \$6,000/mo.;
Business \$80K

*Immaculate and pristine!
Newly remodeled.*

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!

(949) 397-4506 • www.RCFEresource.com