

**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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**www.RCFEresource.com****RCFE MARKET REPORT:****Challenges of Supply Situation**

*The inventory was falling from year to year before the pandemic, but levels have grown more acute post-COVID with a lack of forced selling and far fewer homeowners placing their homes on the market.*

**THE SUPPLY CRISIS**

**Before the pandemic, there were nearly three times as many homes on the market as today, and that will not change anytime soon, according to current trends. While this trend is true for traditional single-family homes, it also applies equally true for RCFEs and ARFs.**

The real estate landscape has been undergoing a significant transformation, particularly in the aftermath of the global pandemic. The availability of homes on the market has seen a drastic reduction, almost to a third of what it was prior to the pandemic. This trend is not just limited to traditional single-family homes but extends to Residential Care Facilities for the Elderly (RCFEs) and Adult Residential Facilities (ARFs) as well.

Parallel to this, the retail sector has also been witnessing a shift. The convenience and ease of online shopping have led to a decrease in physical stores for toys, bicycles, and sporting goods. Major national chains like Toys R Us, Performance Bicycles, and Sports Authority have closed their doors over the years. This shift has made holiday shopping more challenging, turning what used to be a short drive down the street into an internet search for a retailer that has the desired item "in stock."

The dwindling supply of RCFEs and ARFs mirrors this trend. What was once an abundant supply of care homes available for purchase has now significantly diminished. Buyers are left with limited choices and often have to play a waiting game.

The roots of this supply dilemma can be traced back to the Dodd-Frank Act of

2010. Enacted in response to the Great Financial Crisis, this law aimed at curbing excessive risk-taking on Wall Street and providing common-sense protections for consumers in obtaining loans. As a result, predatory lending practices vanished, and adjustable loans dropped from nearly 35% of all mortgages before the Great Recession to less than 5% today.

The introduction of tight lending standards and fixed rates has resulted in a healthier homeowner stock. Homeowners are less likely to face financial difficulties that force them to sell their homes. The total U.S. housing inventory peaked at just over 4 million homes during the Great Recession but has been shrinking year after year since 2012.

With stronger homeownership, there is less forced selling. While there will always be homeowners who must sell due to various life reasons such as illness, death, divorce, or job loss, today's homeowners are less likely to get into financial trouble due to strong lending standards and high FICO scores.

This strength among homeowners has led to a noticeable decrease in distressed sales. In 2008, over six million homeowners lost their homes to foreclosure compared to just 22,700 in the first six months of 2023. For instance, in Orange County, California, there were 5,950 foreclosures and short sales available in August 2008 compared to only five available today.

The strength of homeowners across the U.S., coupled with these market trends, will continue to challenge the supply situation for years to come. The inventory crisis is here to stay for the foreseeable future.



# Ask The Broker

## LANDLORD WISHES TO SELL

**Q:** I'm three years into my second five-year lease for my Adult Residential Facility (ARF), and my landlord has informed me that he plans to sell the property soon. What options do I have?

**A:** Typically, as a tenant, you should be given the first right of refusal to purchase the property. If your credit standing is solid and your business is profitable, buying the real estate could be a viable option.

However, if purchasing isn't feasible, it's important to remember that the landlord must sell the property "subject to" the existing tenants. This means that any new buyer would acquire the property with your ARF business already in place.

Given that you have two years remaining on your lease, you might be able to negotiate a new lease with the new owner to commence at the end of your current lease term. Alternatively, you could negotiate a fresh five-year lease when the new owner assumes ownership.

If neither of these options is possible because the new owner intends to occupy the property after your lease expires, you still have two years left on your current lease. Depending on your investment timeline, you might consider relocating your business to a new location and negotiating a new lease with a different landlord.

Alternatively, if you're contemplating retirement, we recommend executing a change of location, negotiating an assumable lease with the new landlord, and then selling your business. Depending on the number of residents in your home, you might need to lease a vacant ARF or an appropriate vacant home.

In either case, it's advisable to start this process 6 months to 1 year before your lease ends as finding a suitable replacement property might take some time.

These considerations apply equally to Residential Care Facilities for the Elderly (RCFEs) and Adult Residential Facilities (ARFs), with the exception that RCFEs are typically single-level dwellings with many ADA modifications, while many ARFs are multi-level as residents are all ambulatory and require fewer ADA modifications.

Given the scarcity of ARFs and suitable homes for lease, finding another location could take considerable time if you decide to continue in the business.

If you decide on a change of location and plan to sell your business in the future, ensure that your lease is assumable with the landlord's permission.

**Please text your questions to: Michelle J. London at 949-397-4506.  
Your inquiry may be featured in an upcoming edition of this newsletter.**

## Current Listings



To view our current listings  
visit our website at

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

## CURRENT LISTINGS

### NAPA COUNTY: RCFE FOR SALE

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

### VALENCIA - LOS ANGELES COUNTY:

#### ARF FOR SALE

- HOME AND BUSINESS
- LEVEL 4I
- Vendored for 4
- 5 BDR/3 BA, 2,200 s.f.
- \$875K for home; \$375K business

## COMING SOON (please call for details)

### MISSION VIEJO - ORANGE COUNTY:

#### RCFE FOR SALE

- Home and Business
- 4 BDR/3 Ba, 1,600 s.f.
- Details to follow

### SAN DIEGO - SAN DIEGO COUNTY:

#### ARF FOR LEASE

- LEVEL 4i
- 5 BDR/3 BA, 2,000 s.f.
- Details to Follow

### CHULA VISTA - SAN DIEGO COUNTY:

#### ARF FOR SALE

- Level 4I
- Home and Business
- 7 BDR/3 BA, 2,400 s.f.
- Details to follow
- Gorgeous Home

### RANCHO MIRAGE - RIVERSIDE COUNTY:

#### RCFE FOR SALE

- Home and Business
- Licensed for 6

### 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



## A HEALTHY HALLOWEEN MENU YOUR RESIDENTS WILL ENJOY

1. **Roasted Pumpkin Soup:** A warm and comforting soup made with roasted pumpkin, vegetable broth, and aromatic spices like cinnamon and nutmeg. Serve with a dollop of Greek yogurt or a sprinkle of toasted pumpkin seeds for added texture.
2. **Spooky Salad:** Create a Halloween-themed salad by using dark leafy greens like kale or spinach as the base. Add orange-colored vegetables like roasted butternut squash or carrots, black olives for a spooky touch, and top with a light vinaigrette dressing.
3. **Mummy Wraps:** Make healthy wraps using whole wheat tortillas or lettuce leaves as the wrap. Fill them with lean protein options like grilled chicken or turkey, along with fresh vegetables like sliced bell peppers, cucumbers, and avocado. Use thin strips of cheese or Greek yogurt to create a mummy-like appearance on top.
4. **Jack-o'-Lantern Stuffed Bell Peppers:** Carve bell peppers to resemble jack-o'-lantern faces and stuff them with a mixture of quinoa, black beans, corn, and diced tomatoes. Bake until the peppers are tender and the filling is heated through.
5. **Witch's Cauldron Stir-Fry:** Prepare a colorful stir-fry using a variety of vegetables like broccoli, bell peppers, snap peas, and mushrooms. Add lean protein options like tofu or shrimp and toss them in a flavorful sauce made with low-sodium soy sauce, garlic, ginger, and a touch of honey.
6. **Spooky Fruit Skewers:** Thread a combination of Halloween-themed fruits like orange segments, blackberries, and kiwi onto skewers or straws; to create a fun and healthy dessert option. Serve with a side of Greek yogurt or a drizzle of dark chocolate for dipping.
7. **Ghostly Banana Pops:** Dip peeled bananas in Greek yogurt and freeze them until firm. Use dark chocolate chips or raisins to create ghostly faces on the frozen bananas. These make for a spooky and nutritious treat.
8. **Monster Mash Smoothie:** Blend together a combination of frozen fruits like bananas, berries, and spinach with a splash of almond milk or yogurt. Serve in a glass with a fun Halloween-themed straw or garnish with a slice of kiwi to resemble a monster eye.

**Remember to consider any dietary restrictions or allergies of the residents when planning the menu and offer alternatives if needed.**



## BEGINNING WITH PRE-APPROVAL

If you're looking to buy a care home this fall, (RCFE or ARF) there are a few things you need to know.

Affordability is tight with today's mortgage rates and rising home prices. At the same time, there's a limited number of care homes on the market right now and that's creating some competition among buyers. But, if you're strategic, there are ways to navigate these waters. The first thing you'll want to do is get pre-approved for a mortgage. That way you'll know your numbers and can set yourself up for success from the start of your care home search.

### What Pre-Approval Does for You

To understand why it's such an important step, you need to know what pre-approval is. As part of the homebuying process, a lender looks at your finances to determine what they'd be willing to loan you. From there, your lender will give you a pre-approval letter to help you know how much money you can borrow. Freddie Mac explains it like this:

*"A pre-approval is an indication from your lender that they are willing to lend you a certain amount of money to buy your future home. . . . Keep in mind that the loan amount in the pre-approval letter is the lender's maximum offer. Ultimately, you should only borrow an amount you are comfortable repaying."*

Basically, pre-approval gives you critical information about the homebuying process that'll help you understand how much you may be able to borrow. Why does this help you, especially today? With higher mortgage rates and care home prices impacting affordability for many buyers right now, a

solid understanding of your numbers is even more important so you can truly wrap your head around your options.

### Pre-Approval Helps Show Sellers You're a Serious Buyer

Let's face it, there are more buyers looking to buy than there are care homes available for sale and that imbalance is creating some competition among homebuyers. That means you could see yourself in a multiple-offer scenario when you make an offer on a care home. But getting pre-approved for a mortgage can help you stand out from other hopeful buyers.

As an article from Wall Street Journal (WSJ) says:

*"If you plan to use a mortgage for your home purchase, preapproval should be among the first steps in your search process. Not only can getting preapproved help you zero in on the right price range, but it can give you a leg up on other buyers, too."*

Pre-approval shows the seller you're a serious buyer that's already undergone a credit and financial check, making it more likely that the sale will move forward without unexpected delays or financial issues.

### Bottom Line

Getting pre-approved is an important first step when you're buying a home. The more prepared you are, the better chance you have of getting the care home you want. Connect with a trusted lender so you have the tools you need to purchase a home in today's market. We would be happy to provide referrals to lenders to assist you with your financing needs.

# EMBRACING THE GOLDEN YEARS WITH MEDITATION: A GUIDE FOR SENIORS



As our residents journey through the golden years of their lives, they often seek ways to maintain physical health, mental sharpness, and overall well-being. One practice that has been gaining popularity among seniors worldwide is meditation. This ancient practice, rooted in mindfulness and tranquility, offers a plethora of benefits that can significantly enhance quality of life. Perhaps it could benefit your residents?

Meditation is a practice where an individual uses a technique – such as mindfulness, or focusing the mind on a particular object, thought, or activity – to train attention and awareness, and achieve a mentally clear and emotionally calm and stable state. It's a simple and effective way to reduce stress, increase calmness and clarity, and promote happiness.

For seniors, meditation can be particularly beneficial. Here's why:

- 1. Improves Memory and Cognitive Function:** As we age, our cognitive abilities can naturally decline. Regular meditation can help slow this process and improve mental clarity. Studies have shown that meditation can increase grey matter in the brain, which is associated with memory and cognitive function.
- 2. Reduces Stress and Anxiety:** The golden years can sometimes bring about feelings of stress and anxiety. Meditation helps to reduce the production of stress hormones and promotes a sense of peace and relaxation.
- 3. Enhances Emotional Well-being:** Meditation can help seniors deal with feelings of loneliness or depression. It encourages a positive mindset and a greater appreciation for life.
- 4. Promotes Better Sleep:** Many seniors struggle with insomnia or disrupted sleep. Regular meditation can help improve sleep quality by promoting overall relaxation and reducing anxiety.
- 5. Boosts Immune System:** Regular meditation can also boost the immune system, making seniors less susceptible to illnesses.

Getting started with meditation can be as simple as dedicating a few minutes each day to focus on breath. Sit comfortably, eyes closed, taking slow, deep breaths. Try to clear your mind and focus solely on the sensation of breathing.

## Practice For Your Residents:

There are numerous guided meditation resources available online, many of which are free. These can be particularly helpful for beginners, as they provide step-by-step instructions and can help you stay focused.

Remember, the goal of meditation is not to empty your mind completely, but rather to become aware of your thoughts and feelings without judgment. It's about finding a moment of peace in the hustle and bustle of life.

In conclusion, meditation is a powerful tool that can help seniors maintain their physical health, mental sharpness, and overall well-being. It's never too late to start practicing meditation. So why not give it a try for your residents?

As with any program of exercise, or new activity; please check with your residents' healthcare practitioners to make sure meditation is a safe option for your residents.

Stay healthy, stay happy, and embrace the golden years with meditation!

# RCFE

# Resource

FOR ACCURATE RCFE HOME AND BUSINESS VALUATIONS

OUR FEATURED LISTING

## NAPA RCFE FOR SALE



Home and Business  
6 BDR, 3 BA, 1,759 s.f

Home: \$915K;  
Business \$235K (grosses \$42K/mo)

*Delightful RCFE situated in a serene neighborhood. Outstanding program for memory care.*

**For more information, please contact Michelle London at 949-397-4506**

## 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](http://www.RCFEresource.com)**