

# RCFE Resource

## BUY, SELL & LEASE WITH CONFIDENCE

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### RCFE RESOURCE MARKET REPORT

## Scraping the Bottom

*The active inventory, buyer demand, and the number of residential assisted living homeowners willing to sell have been bouncing around at the bottom all year, so it is only up from here.*

**LOW READINGS FOR A YEAR NOW**  
Housing is finally at a point where year-over-year statistics will isolate the slightest signs of improvement in the housing market.

For many, peanut butter is a delectable treat that is wonderful on crackers, toast, bananas, celery and an incredible additional ingredient in chocolate and cookies. The jar often gets to a point where it necessitates scraping the bottom for every last morsel. When it is this low, it is just a matter of time before everything changes; a new jar is opened, and there is plenty of peanut butter to dip into.

Housing is just like that peanut bar jar. The supply of available homes, the number of homeowners willing to sell, and buyer demand are all very low, scraping the bottom compared to normal levels before COVID and sky-high mortgage rates. The current trend lines for these metrics cannot get much lower than where they are today. They have been at these low levels all year. It is just a matter of time before they start to rise from this established bottom.

In October and November of last year, mortgage rates eclipsed 7% for the first time since 2001. They had risen from 3.25% in January 2022 to 7.37% at the end of October, drastically higher in a very short period. The quick erosion in affordability slammed on the brakes of a nuclear-hot housing market. Demand hit a March peak 30% below the average peak for 2020 and 2021, yet it was 42% below the 3-year average inventory peak before COVID.

Demand in 2023 has been subdued a bit due to the high mortgage rate



environment, but there are always residential assisted living facility buyers in every market regardless of where rates climb. It's a source of amazement to us that there are still so many qualified buyers for care homes that are ready to jump into the foray.

This year's inventory has also remained relatively flat, dropping from January through April, when it usually rises. From there, it slowly climbed and did not peak until the beginning of this month. Year over year, there are a lot fewer homes on the market, bare-bones, inherent levels. Like demand, there are always sellers in every market regardless of underlying fundamentals.

Annual comparisons will finally tell a story from this point forward. Housing is scraping the bottom in the number of homes available, buyer demand, and the number of homeowners willing to sell. Any rise in any of these metrics will provide quick insight into the housing market's direction. The economy is anticipated to cool a bit in 2024 from its hotter pace this year. For investors, a cooler economy typically means a flight to safe, long-term investments, 10-year bonds, and mortgage-backed securities. This flight to safety results in mortgage rates falling. As rates fall, demand will rise. If rates fall enough, more homeowners will be willing to sell. It is just a matter of time before something finally changes, and there will be more activity in housing. It will not bounce along the bottom forever. A new jar of peanut butter will be opened.

**NOTE: Residential assisted living real estate follows the same trends as the general housing market in California. When housing inventory is low, the same tends to hold true for RAL properties, and vice versa.**



# Ask The Broker

## CHOOSE THE RIGHT ENTITY FOR YOUR RESIDENTIAL ASSISTED LIVING FACILITY

**Q:** I'm in the process of buying my first RCFE and have been advised that I shouldn't hold the property and business in my own name. Why is this so important?

**A:** Choosing the right entity structure for a Residential Care Facility for the Elderly (RCFE) or Adult Residential Facility (ARF) real estate and business acquisition is a crucial decision. This choice can significantly impact the business's financial health, liability, and overall success. The decision is particularly important for asset protection and limitation of liability.

### Asset Protection

Asset protection is a key consideration when choosing an entity structure for an RCFE or ARF. The right entity structure can help safeguard the business's assets from potential lawsuits, creditors, or other financial risks. For instance, Limited Liability Companies (LLCs), S Corporations, C Corporations, and Trusts can provide a shield for personal assets against business debts or liabilities. This means that in the event of a lawsuit or bankruptcy, the business owner's personal assets, such as their home or personal savings, are generally protected.

Trusts, in particular, can offer robust asset protection. Assets held in a trust are generally protected from creditors and can be structured to provide for future generations or charitable causes.

### Limitation of Liability

The limitation of liability is another crucial factor to consider. Certain entity structures, such as LLCs, S Corporations, and C Corporations, offer limited liability protection. This means that the business owners are not personally responsible for business debts and liabilities. In contrast, in a Sole Proprietorship or a General Partnership, the owners are personally liable for business debts, which can put their personal assets at risk.

In the context of an RCFE or ARF, where the business involves caring for vulnerable individuals, the risk of lawsuits or claims is relatively high. Therefore, having an entity structure that limits personal liability can provide a significant layer of protection.

### Tax Considerations

The choice of entity structure also has tax implications. Different entities are taxed differently, and choosing the right structure can result in significant tax savings. For example, an LLC and an S Corporation have pass-through taxation, meaning the business's profits are only taxed once, at the individual level. On the other hand, a C Corporation's profits are taxed twice, once at the corporate level and again when dividends are distributed to shareholders.

In conclusion, the choice of entity structure for an RCFE or ARF real estate and business acquisition is a critical decision that can significantly impact asset protection, limitation of liability, and tax obligations. Therefore, it's essential to consult with a legal and financial advisor to choose the most suitable entity structure for your specific circumstances.

**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

### CHERRY VALLEY - RIVERSIDE COUNTY

#### 30-BED VACANT RCFE FOR SALE

- 11 BDR/11 BATHS
- CUP in place
- Outstanding value-add possibilities
- Price \$3.18M

### HESPERIA - SAN BERNARDINO COUNTY

#### 10 BED RCFE FOR SALE

- Facility and Business
- Grosses \$26K/mo.
- Price \$979K

## COMING SOON

(please call for details)

### PALM SPRINGS - RIVERSIDE COUNTY

#### 20 BED RCFE FOR SALE FACILITY AND BUSINESS

### CHULA VISTA - SAN DIEGO COUNTY

#### RCFE FOR SALE

- Home and Business
- 6 BDR/3 BA, 2,465 s.f.
- Details to follow

### RANCHO MIRAGE - RIVERSIDE COUNTY

#### RCFE FOR LEASE

- 6 BDR/4 BA, 2400 sf.
- Licensed for 6

### CATHEDRAL CITY - RIVERSIDE COUNTY

#### 2 RCFE PORTFOLIO

- One 12-bed RCFE for Sale
- One 6-bed RCFE for lease
- Details TBA

### BAKERSFIELD - KERN COUNTY

#### 2 RCFES FOR SALE

- Nice homes, quiet neighborhood



## HEALTHIER PUMPKIN SPICE CHEESECAKE

### Ingredients:

- 1 1/2 cups graham cracker crumbs
- 1/4 cup melted unsalted butter
- 2 cups canned pumpkin puree
- 3 (8 oz) packages of low-fat cream cheese
- 1 1/2 cups granulated sugar equivalent Truvia for baking
- 1/2 Cup packed Truvia brown sugar substitute.
- 5 large eggs
- 1 cup fat-free evaporated milk
- 2 tablespoons cornstarch
- 1 1/2 teaspoon ground cinnamon
- 1/2 teaspoon ground nutmeg
- 1/2 teaspoon salt
- 1 tablespoon vanilla extract

### Instructions:

1. Preheat your oven to 350°F (175°C). In a medium bowl, combine graham cracker crumbs and melted butter. Press into the bottom of a 9-inch springform pan to form the crust.
2. In a large bowl, combine pumpkin puree, cream cheese, granulated sugar, and brown sugar. Beat until smooth and creamy.
3. Beat in the eggs one at a time, mixing well after each. Stir in the evaporated milk, cornstarch, cinnamon, nutmeg, salt, and vanilla. Pour the mixture over the crust in the pan.
4. Bake for 60-70 minutes, or until the center is set and the top is lightly browned. Let it cool in the pan on a wire rack for 2 hours, then refrigerate overnight before serving.

*Disclaimer: While this dessert is a healthier version of a traditional cheesecake, it still contains sugar substitute and should be consumed in moderation. It's important to balance indulgence with a healthy diet and regular exercise. Always consult with a healthcare provider or dietitian for personalized advice.*



## TAI CHI SHOWS BENEFITS FOR PARKINSON'S DISEASE PATIENTS

Article Courtesy of: McKnight's Healthday News

Tai chi training has a long-term beneficial effect on Parkinson's disease (PD) disability and symptoms, according to a study published online Oct. 24 in the Journal of Neurology, Neurosurgery & Psychiatry.

Gen Li, from the Shanghai Jiao Tong University School of Medicine, and colleagues examined whether long-term tai chi training can maintain improvement in patients with PD. The analysis included patients with PD with tai chi training (143 individuals) and patients with PD without exercise (187 individuals) who were followed from baseline in 2016 to June 2021.

The researchers found that tai chi training reduced the annual changes in the deterioration of the Unified Parkinson's Disease Rating Scale and delayed the need for increasing antiparkinsonian therapies. The tai chi group had a significantly lower annual increase in the levodopa equivalent daily dosage. Additional benefits seen with tai chi training included motor symptoms, nonmotor symptoms and complications.

"Tai chi could be applied in the long-term management of PD," the authors write. "The long-term beneficial effect on PD could prolong the time during which patients are nondisabled, resulting in a higher quality of life, a lower caregiver burden and less drug usage."

## WANT TO SLOW AGING? EATING 12 PERCENT FEWER CALORIES MAY HELP

Article Courtesy of: AARP Health | Rachel Nania

If you want to improve your odds of living a longer, healthier life, new research suggests cutting a few hundred calories a day – a specialty coffee in the morning or a bag of chips at lunch – could do the trick.

A study led by researchers at the National Institutes of Health found that adults who reduced their daily caloric intake by 12 percent over a two-year span – or 240 calories a day on a 2,000-calorie daily diet – activated biological pathways associated with healthy aging. The reduction had a positive effect on the genes responsible for energy generation and metabolism, and reduced the activity of inflammatory genes, leading to lower inflammation.

"Since inflammation and aging are strongly coupled, calorie restriction represents a powerful approach to preventing the pro-inflammatory state that is developed by many older people," study coauthor and National Institute on Aging Scientific Director Luigi Ferrucci, M.D., said in a news release. Indeed, chronic inflammation is linked to a number of age-related diseases, including Alzheimer's disease, heart disease, type 2 diabetes and cancer.

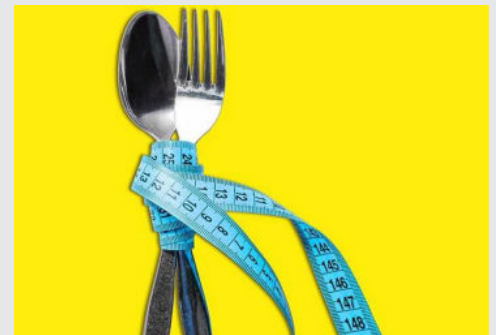
For the study, published in the journal *Aging Cell*, researchers analyzed participant data from the CALERIE (Comprehensive Assessment of Long-Term Effects of Reducing Intake of Energy) clinical trial to assess whether moderate calorie restriction would convey the same benefits to humans as it does animals. (Animal studies show restricting calories can slow the progression of age-related diseases and, in some cases, prolong life span.) Studying genetic changes in muscle biopsies from 90 participants, researchers found that a 12 percent reduction in calories was enough to improve muscle health and stimulate healthy aging genes.

"A 12 percent reduction in calorie intake is very modest," Ferrucci said. "This kind of small reduction in calorie intake is doable and may make a big difference in your health."

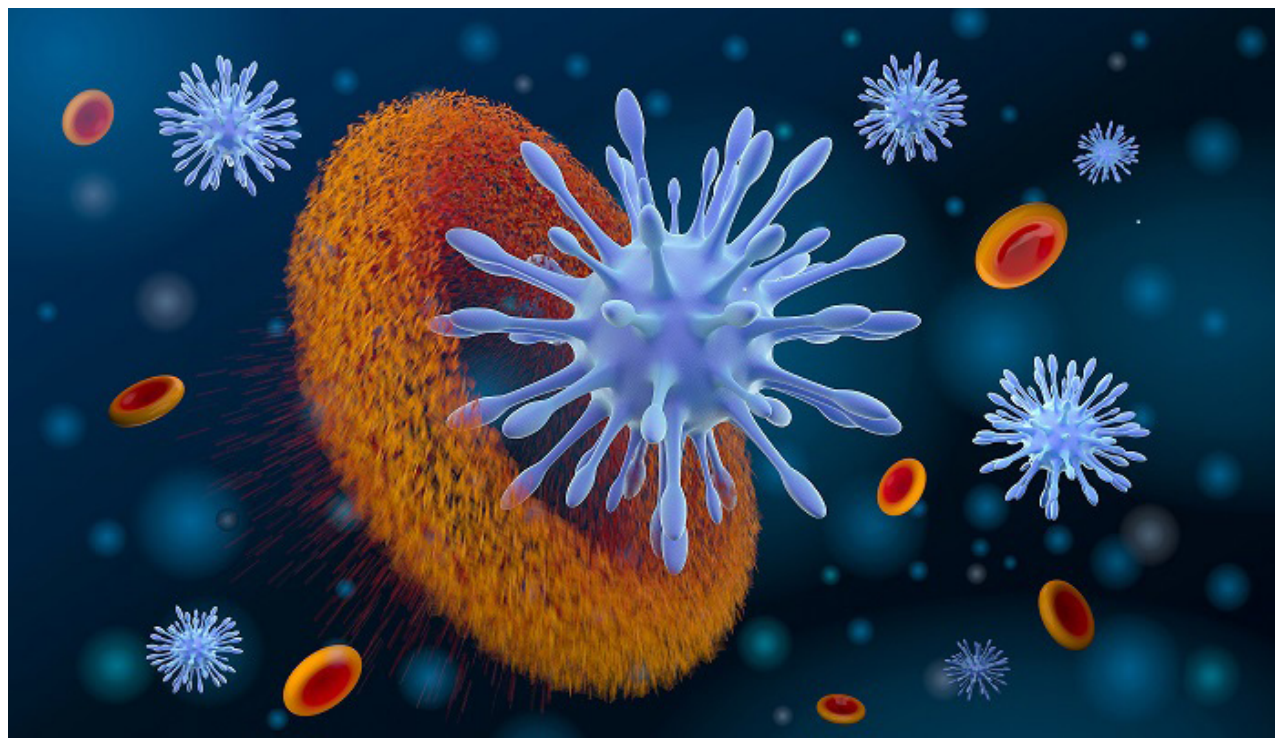
Previous research from the CALERIE trial has found that calorie restriction can slow the pace of aging in adults by 2 to 3 percent – enough to reduce the risk of death by 10 to 15 percent. Other research indicates that cutting calories can decrease DNA damage and improve heart health, sleep and sexual function.

Calorie restriction is not a starvation diet, health experts stress. It's reducing daily caloric consumption below what is typical (1,600 to 2,600 calories a day is considered the typical range for older adults) while still getting all the essential nutrients.

Researchers don't know why this way of eating helps animals – and potentially humans – delay diseases brought on by aging. Scientists at the National Institute on Aging say more research is needed to understand the long-term effects of calorie restriction and its impact on longevity, especially in older adults.



# HOW TO KEEP VIRUSES AWAY FROM YOUR RESIDENTS WITH AIR PURIFIERS



Article Courtesy of: McKnight's Tech News

If you run a long term assisted living facility, you know how important it is to protect your residents from respiratory viruses, such as COVID-19, flu, and RSV. These viruses can spread easily through the air and cause serious illness and death among the elderly and the immunocompromised. You might be wondering what you can do to improve the indoor air quality and reduce the transmission of these viruses.

One possible solution is to use air purifiers that use bipolar air ionization technology. This technology can generate both negative and positive ions, which can attach to virus particles and make them less infectious. A new study has shown that this technology can reduce the infectivity of airborne viruses by up to 99.98% in a large indoor space. The study used COVID-19 strains, flu and RSV viruses as test cases, and found that the effect was faster and stronger for realistic virus concentrations.

This means that using air purifiers with bipolar air ionization technology can lower the risk of your residents catching and spreading respiratory viruses indoors. This can help you prevent outbreaks, save lives, and reduce costs. You can install these air purifiers in common areas, such as dining rooms, lounges, and hallways, as well as in individual rooms, depending on the size and layout of your facility.

However, you should also be aware of the limitations of

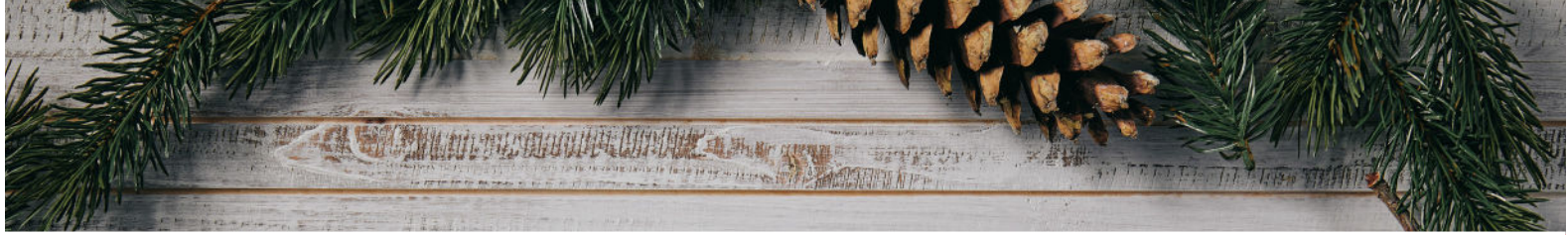
this technology. The study did not test the air purifiers in real-world settings, where other factors, such as ventilation, humidity, and human activity, might affect the results. The study also did not compare the air purifiers with other types of air purifiers, such as germicidal lights or HEPA filters, which might have different advantages and disadvantages.

Therefore, you should not rely on air purifiers alone, but also follow other preventive measures, such as wearing masks, washing hands, and vaccinating your residents and staff.

Disclaimer: This article is a shortened version of an original article published in PLoS ONE on Nov. 22, 2023. The purpose of this rewrite is to make the article more relevant and appealing for long term assisted living facility managers, not to change the meaning or the accuracy of the information. The rewrite is based on the author's interpretation and opinion, and does not necessarily reflect the views of the original authors, the journal, or the device manufacturer. The reader is advised to consult the original article for more details and references. The rewrite is not intended to provide medical advice, diagnosis, or treatment. The reader should always seek the advice of their physician or other qualified health provider with any questions they may have regarding a medical condition. Never disregard professional medical advice or delay in seeking it because of something you have read in this article.

# RCFE Resource

**BUY, SELL & LEASE WITH CONFIDENCE**



*Season's Greetings*

WE WISH YOU PEACE AND GOOD TIDINGS THIS HOLIDAY SEASON, AND OUR SINCEREST THANKS FOR WORKING WITH US THIS YEAR. WE APPRECIATE YOUR BUSINESS.



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