

RCFE Resource

BUY, SELL & LEASE WITH CONFIDENCE

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Call us **TODAY** for a **FREE** valuation of your care home and business.
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RCFE RESOURCE MARKET REPORT

"Starter" Care Home Squeeze

First-time care home buyers are not only getting squeezed by higher mortgage rates, there are also fewer care homes coming on the market in the entry-level price ranges.

THE TALE OF TWO MARKETS

There is a definitive difference between "starter" care homes and the rest of the larger metropolitan areas of the California housing market.

For several years, there has been a wave of millennials turning 32, the prime first-time home AND care home buyer age. They have been getting married and having babies and now want to own a care home. Unfortunately, with higher mortgage rates and higher home prices in most of the larger metro areas of California, many have been unable or unwilling to purchase. For nearly two years, since rates spiked, they have been sitting on the sidelines, waiting for either care home values to plunge or mortgage rates to drop. Yet, neither has occurred. Instead, there has been a standoff between buyers and sellers, and with a limited inventory of available care homes, sellers have had the edge.

In taking a careful look under the hood, the upper ranges, anything above \$1 million, has had a lot more activity than last year. There are more care homes coming on the market and more closed sales. This is in the larger metropolitan areas of California. Yet, for "starter" care homes, anything below \$1 million, it is an entirely different story. There are not as many care homes coming on the market, and there are far fewer closings. There is a noticeable squeeze on the "starter" care home market.

The entry-level market is already suffering from a chronically low supply. There is plenty of buyer competition due to the scarcity of available care homes.

Care home owners are "hunkering down" in their homes and are unwilling to sell due to



their current underlying, locked-in, low fixed-rate mortgage. Mortgage rates have been bobbing around 7% for most of the year. With the recent sticky Consumer Price Index (CPI) inflation report and other hotter-than-expected economic reports, rates spiked to 7.44% as of April 15th. Last year, in mid-April, mortgage rates were around 6.5%, nearly a whole percentage point lower. Even with today's higher mortgage rate environment, there have been more closed sales this year compared to 2023.

The entry level will improve once mortgage rates eventually ease to the mid-6s. Many economic experts believe the U.S. economy will cool sometime this year. Rates drop with a cooling economy. If the economy downshifts enough, rates could fall to the low 6s or even into the upper 5s. The lower mortgage rates fall, the more inclined care home owners will be to sell. It will also result in a spike in demand. With more care homes available and more demand, the care home housing market would begin to thaw.

Yet, the U.S. has proven to be extremely resilient thanks to the strong consumer. The economy has exceeded expectations despite the high-interest rate environment since the start of last year. With recent economic reports, the anticipated cooldown does not look like it will appear during the first half of 2024. Only time will tell. The Federal Reserve has been very data-dependent. Future economic reports will pave the path for the entire housing market, especially in the lower price ranges.

With more care homes above \$1 million, there are more choices, pending sales, and activity compared to the lower price points. There is a squeeze on starter care homes and lower mortgage rates are the only eventual cure.





Ask The Broker

CONVERTING A TYPICAL SINGLE-FAMILY HOME TO RCFE

Q: How do I convert a typical single-family home into a 6-bed RCFE?

A: This is a brief summary of the steps needed. 6-bed RCFEs are permitted in any residentially-zoned area in California, even in an HOA.

For purposes of HOA law, operating a 6-bed RCFE is not considered running a business, but rather, is viewed as a single-family home with one family residing in it. Refer to "find HOA Law - residential care facilities."

1. Call local fire department and ask for a pre-inspection of your property to find out what modifications need to be made to turn it into a licensed RCFE.
2. Become an administrator (or appoint one) in order to get home licensed.
3. Look up "Initial RCFE Administrator Certification Classes" to find a program that has the class schedule that fits your needs. The class is 60 hours of zoom classes and 20 hours of self-study videos. It discusses Title 22 of the California Health and Safety code. The code deals with all the regulations covering RCFEs. The class will be about \$650. Be sure to print out Title 22 for your review.
4. Sit for the state exam. It is open book and online. It will cover Title 22, which you will have studied.
5. Pass test and become an administrator. A helpful website to refer to is the California Department of Social Services (www.cdss.ca.gov). This site will become your bible. Thoroughly familiarize yourself with this website.
6. Get home licensed. You must submit an application to the Community Care Licensing Division of the California Department of Social Services. We can refer you to excellent application consultants to prepare your application package. You will need a floorplan sketch of the home (inside) and outside.
7. Obtain a Fire Department final inspection.
8. Schedule a Licensing inspection (Community Care Licensing Division is called "Licensing.")
9. Correct any errors and answer any questions you receive on your application. Your application consultant will handle this.
10. Depending on how busy Licensing is, and the number of applications they receive, it will take 5-9 months to approve your license. We have been advised, that in some cases, Licensing must give you an answer within 60 days of receiving a complete application. In that case, they will grant you a provisional license, and you're good to go.
11. Get your facility licensed.
12. Create a dynamic website and hire a wonderful marketing consultant to help you obtain residents and spread the word about how great your RCFE is. We can refer you to excellent marketing consultants.
13. Fill the home and run the business. If you decide to sell the property, or lease the premises and sell the business, this is when you'd get the highest price.

Feel free to reach out with further questions! RCFE Resource is here to help you every step of the way. We can help you find suitable properties and can refer you to the necessary consultants and agencies who will facilitate your dream of owning an RCFE.

Current Listings



To view our current listings
visit our website at

www.rcferesource.com

CURRENT LISTINGS

BAKERSFIELD - KERN COUNTY EXCELLENT 6-BED RCFE FOR SALE

- Home and Business
- 5 BDR/3 BA, 2,475 s.f.
- Home \$600K; Business \$100K

SAN DIEGO - SAN DIEGO COUNTY 4-BED ARF LEVEL 2 - STAFF

- 3 BDR/2 BA, 1,700 s.f.
- Wonderful caregivers!
- Home \$750K; business \$165K

N. SAN DIEGO COUNTY TWO 6-BED RCFS FOR LEASE

- Each 5 BDR/3 BA
- Great Income! Gorgeous homes
- \$9,000/mo. lease each
- \$340K and \$350K for businesses

RANCHO MIRAGE - RIVERSIDE COUNTY 6-BED RCFE FOR LEASE

- 3 BDR/3 BA, 2,300 s.f.
- Cool desert charm
- Beautiful home
- Lease \$7,500/mo.; Business \$360K

CATHEDRAL CITY - RIVERSIDE COUNTY 2 RCFE PORTFOLIO

- One 12-bed RCFE for Sale
- One 6-bed RCFE for Lease
- Call for Details

SAN GABRIEL VALLEY - LOS ANGELES COUNTY PORTFOLIO - 2 6-BED RCFS FOR SALE

- Must be purchased together
- Real Estate and Business
- Homes \$1M each; businesses \$200K each

COMING SOON

(please call for details)

ANAHEIM HILLS - Orange County 6-BED RCFE FOR SALE

- Home and Business
- Call for Details

COACHELLA VALLEY 30-BED RCFE FOR SALE

- Real Estate and Business
- Call for Details

SUGAR FREE LEMON CHEESECAKE MOUSSE



This Sugar Free Lemon Cheesecake Mousse is keto, low carb, and an elegant dessert for a weeknight treat or to serve for a celebration, such as Mother's Day. A sure-fire treat your residents can enjoy. Easy to double recipe for more servings to accommodate residents AND caregivers.

This dessert is the one that doesn't leave you stuffed after indulging. The one that doesn't make you feel the least bit of guilt for eating. The creamiest of bites each time your spoon enters your mouth. Easy to prepare, too.

Ingredients:

- 8 ounces mascarpone cheese or cream cheese softened
- 1/4 cup lemon juice or 2 lemons
- 1 cup heavy cream
- 1/2-1 teaspoon lemon liquid stevia (or add 1/2-3/4 tsp. liquid clear Stevia and 1/8-1/4 tsp lemon extract)
- 1/8 teaspoon salt

Instructions:

1. Add cream cheese and lemon juice to a stand mixer and blend until smooth. Set aside.
2. With an electric hand mixer, whip the heavy cream until stiff peaks then add the sweetener and salt. Add this whipped cream back to the stand mixer to combine with cream cheese mixture. Blend on high until well incorporated.
3. Taste and adjust sweetener if needed.
4. Pipe into serving glasses and sprinkle on lemon zest if desired.
5. Refrigerate one hour or until ready to serve.

DISCLAIMER: Menu planning in assisted living facilities should be cost-effective, nutritious, and appealing. It's crucial to consult with residents' medical staff for food sensitivities or allergies. Strategies like shopping sales, using a set menu, and incorporating seasonal menus can help manage costs and provide variety.



STRAIGHT FROM THE GUT: AI HELPS RESEARCHERS CONFIRM ALZHEIMER'S LINK

John O'Connor - Mcknight's Tech News - April 24, 2024 - Photo credit: Cleveland Clinic

Cleveland Clinic researchers are using artificial intelligence to confirm the link between the gut microbiome and Alzheimer's disease.

Using a variant of AI called machine learning, the team scrutinized nearly 1.1 million potential metabolite-receptor pairs to forecast the probability of each interaction influencing Alzheimer's disease. The data provides one of the most comprehensive roadmaps to studying metabolite-associated diseases to date, the authors claim. "Our findings provide further weight to re-purposing this existing FDA-approved drug as a novel treatment for Alzheimer's, which is in great need of new therapies," said Feixong Cheng, PhD, who led the research. "Gut metabolites are the key to many physiological processes in our bodies, and for every key there is a lock for human health and disease," Cheng said. "The problem is that we have tens of thousands of receptors and thousands of metabolites in our system, so manually figuring out which key goes into which lock has been slow and costly. That's why we decided to use AI."

Cheng's team tested whether well-known gut metabolites in the human body with existing safety profiles may offer effective prevention or even intervention approaches for Alzheimer's disease or other complex diseases if broadly applied.

"We specifically focused on Alzheimer's disease, but metabolite-receptor interactions play a role in almost every disease that involves gut microbes," he said. "We hope that our methods can provide a framework to progress the entire field of metabolite-associated diseases and human health." Now, Cheng and his team are further developing and applying these AI technologies to study interactions between genetic and environmental factors (including food and gut metabolites) on human health and diseases, including Alzheimer's disease and other complex diseases.

Alzheimer's disease currently affects more than six million Americans, and the total is projected to triple by 2050, underscoring the need for rapid development of new prevention and treatment strategies.

THE FED BACKPEDALS THE RATE CUT HAPPY TALK

Recent economic developments have clashed with the idea of unstoppable success in taming inflation and, as a result, lower interest rates.

By Erik Sherman | April 17, 2024 | Adapted from GlobeSt - Spotlight ON

The recent Consumer Price Index (CPI) figures exceeded expectations, causing a stir on Wall Street regarding potential implications.

Initially, it seems almost certain that the Federal Reserve (Fed) will postpone its anticipated rate reductions due to this fresh indication that inflation rates are not subsiding as quickly as previously thought. However, there is growing speculation among some influential figures that the Fed might consider increasing rates instead. Should this occur, it could significantly disrupt the commercial real estate market. Reports from GlobeSt.com suggest that recent transaction upticks are partly due to the belief that the Fed had ceased rate hikes, thereby injecting a degree of predictability into market projections.

Lawrence Summers, a former Treasury Secretary, is among those raising concerns.

"The possibility that the Fed's next move might be to raise rates rather than lower them is something we must seriously consider," Summers remarked on Bloomberg Television, estimating the probability of such an event between 15% and 25%.

Despite this, the likelihood still leans towards a Fed rate reduction within the year, "though not to the extent currently reflected in market prices," he added. Federal Reserve Governor Michelle Bowman also hinted this month at the potential necessity for higher interest rates to curb inflation.

"In the event that inflationary progress halts or reverses, we may need to consider further increasing the policy rate at a future meeting," Bowman stated during a speech to the Shadow Open Market Committee in New York. "Prematurely or rapidly reducing our policy rate could lead to inflation resurgence, necessitating additional rate hikes to achieve a 2 percent inflation rate over the long term."

Bowman holds a permanent vote on the Federal Open Market Committee.

Jamie Dimon, CEO of JPMorgan Chase, has also

suggested the possibility of rising rates in his shareholder letter, with the bank preparing for "a very broad range of interest rates, from 2% to 8% or more." Nevertheless, these opinions remain in the minority. Currently, most analysts agree that rate cuts will likely be deferred this year.

Following the CPI release, Wall Street economists quickly revised their forecasts. Goldman Sachs and UBS now predict two rate cuts beginning in July and September, respectively, while Barclays analysts foresee a single reduction in September, as reported by the Wall Street Journal. Some are more skeptical about the timing.

"The persistent inflation may erode the Fed officials' confidence in a steady return to 2% inflation, potentially delaying rate cuts until September or later, possibly deferring them until the following year," stated Kathy Bostjancic, chief economist at Nationwide, in a note cited by The Associated Press.

The Fed currently expects inflation to continue its downward trend, albeit unevenly. If accurate, rate reductions remain probable for this year.

Yet, there is concern on Wall Street that inflation has plateaued near 3%. Should future data confirm this, the Fed might reconsider any planned cuts.

A particular concern is the 'supercore' inflation measure, which, in addition to omitting the volatile food and energy costs like the core CPI, also excludes shelter and rent expenses from its services calculation. According to CNBC, the supercore inflation rate accelerated to a 4.8% annual pace in March, marking an 11-month peak.

Tom Fitzpatrick, managing director of global market insights at R.J. O'Brien & Associates, indicated to the outlet that annualizing the last three months' readings suggests a supercore inflation rate exceeding 8%.

In conclusion, while the Fed has committed to rate reductions, the timing and certainty of these cuts remain in question.

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May 2024

Real Estate Broker & CPA
Michelle J London
of RCFE Resource
will be giving a very
special presentation that
you don't want to miss!

Join Michelle at
this year's
RAL Conference
to be held

July 12 -13, 2024
at the Marriott
Anaheim Hotel

*We look forward to
seeing you there!*

SAVE-THE-DATE



EMPOWERING
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