Midtown Villa Assisted Living, 102-Bed RCFE & Real Estate Portfolio | Hemet, California

2789 Rafferty Rd, Hemet CA 92545 Offering Memorandum

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Executive Summary

KW Commercial is pleased to present a unique opportunity to acquire a 102-Bed RCFE & Real Estate Portfolio in Hemet, California.

Midtown Villa in Hemet, California, is a 102-bed residential care facility offering assisted living with memory care capabilities. Located near Hemet Global Medical Center, the property offers a high-barrier-to-entry investment opportunity with a focus on private-pay revenue and an aging-in-place resident model.

The property has a total area of 2.51 acres. It provides a peaceful and comfortable environment for its residents. The facility aims to offer specialized care and support for the elderly, ensuring their well-being and safety.

The facility features a 102-bed capacity split equally between a 51-bed (25-unit) Residential Care for the Elderly (RCFE) building (17, 044 SF) , a 51-bed (25-unit) specialized Alzheimer's and Dementia Care building (17,044 SF), and an Administrative Building in the center (4,644 SF).

Building Layout & Amenities

RCFE Building: 51 beds across 25 units, featuring private bathrooms in every resident room.

Memory Care Building: 51 beds across 25 units, is **planned** to be dedicated entirely to secure Alzheimer's and dementia care.

Building Amenities: central elevator, large lobby, public restrooms, large med-tech room.
Each floor across the two-story layout includes a common living room with a color TV, an activity room, a dining room, a community kitchen, and a dedicated care station.

Resident rooms span from 275 to 428 square feet and feature individual climate control and an individual resident emergency alert system mapped directly to the care stations.

Administrative & Kitchen Infrastructure

Office & Guest Hub: The administrative building houses nine offices, a conference room, a grand lobby entrance, a barbershop, and three large restrooms (one equipped with a shower).

Scalable Commercial Kitchen: Fully stocked with industrial appliances and walk-in refrigeration/freezer units, engineered with surplus capacity to support two additional buildings and double the current resident load.

Outdoor Space: Features a large, covered back patio for comfortable open-air recreation.

Investment Highlights

- **Value-Add Turnaround Play**: Midtown Villa is currently operating at **20-25% physical occupancy**, presenting an exceptional opportunity for a sophisticated operator to acquire an under-managed asset at a low cost-per-bed basis and drive massive equity growth through stabilization.
- **Turn-Key Real Estate & RCFE Infrastructure**: Bypasses the 2-to-3-year development, construction, and initial CDSS licensing phase required for a **102-bed facility**. The real estate and core operational footprint are fully intact, drastically reducing time-to-market.
- **100% Private Pay Foundation**: Free from complex government reimbursement restrictions, providing a clean operational slate to reset market rates, roll out tiered care programs, or selectively introduce premium waivers to supercharge occupancy.
- **Strategic Dual-Occupancy Layout**: Configured as private and **2 beds per room**, allowing an operator to market affordable, semi-private companion suites—a highly resilient, high-demand product tier in the cost-conscious Hemet retirement market.
- **Below Replacement Cost**: Constructing a 102-bed, dual-wing facility in California—factoring in land acquisition, strict seismic zoning, commercial kitchen buildout, and delayed-egress safety corridors—costs vastly more than $127k per bed today
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Property & Asset Overview

Midtown Villa (Facility Number 331881004) is a large-scale **Residential Care Facility for the Elderly (RCFE)** that integrates real estate ownership with a dual-wing operational model.

The physical layout allows for total operational segregation between traditional assisted living and high-security memory care.

Assisted Living Component: optimized for seniors requiring light-to-moderate assistance with activities of daily living (ADLs).

Dementia & Memory Care Wing: has its own secured perimeter structures, delayed-egress safety systems, and private outdoor environments tailored for cognitive care **(currently not operational)**

Medical Proximity Anchor: Located minutes from **Hemet Global Medical Center** (a major 327-bed acute care hospital), providing a strong institutional referral funnel for post-acute discharges.

Property Summary

Property Address	**2789 Rafferty Rd, Hemet, CA 92545 (APN: 448-310-024, 448-310-022)**
Building Size	38,732 SF
Year Built / Renovated	1998 / 2007 / 2025
Lot Size	1.48 AC + 1.03 AC = **2.51 AC**
Ownership	Fee Simple (land + building ownership) + RCFE Portfolio
Parking Ratio	1.25 / 1,000 (covered - available, surface - 50)
Zoning / Uses	C1 / RCFE (Residential Care Facility for the Elderly)

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Market & Demographic

The Gray Wave: Riverside County Projections to 2030

The San Jacinto Valley, anchored by Hemet, sits at the epicenter of the fastest-growing demographic shift in California. As coastal regions like Los Angeles, San Diego, and Orange County become cost-prohibitive for fixed-income retirees, Riverside County has emerged as the premier migration funnel for seniors. [1]

50% Generational Surge: According to projections from the **California Department of Finance**, the population aged 65 to 74 in Riverside County is expanding by 50% between 2020 and 2030. [12]

The "Acuity" Tailwind (Age 85+): The fastest-growing cohort nationwide and statewide consists of those over 80. This represents the prime target market for specialized **dementia and memory care services**. [2]

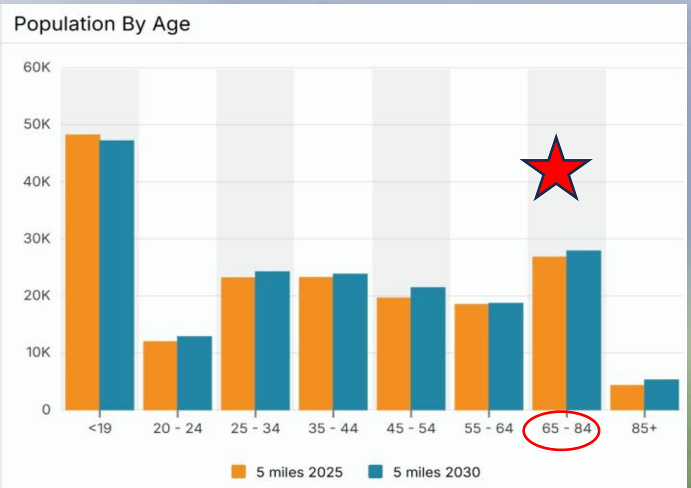
Imminent Localized Demand: By 2030, Riverside County will house **578,560 residents over the age of 65**. Midtown Villa's 102 beds are perfectly positioned to capture a disproportionate share of this inbound wave, guaranteeing a deep, continuous resident pipeline for decades.

Market & Demographic

The Hemet Senior Density Advantage
Hemet, California serves as a primary "affordability haven" for retirees within Southern California.

The Demographic Funnel: Over **27% of Hemet's population** is aged 60 or older, offering a localized target demographic nearly double the California state average.

The Pricing Sweet Spot: Coastal senior living options in nearby San Diego or Orange County frequently exceed $7,500/month. Midtown Villa offers families a premier, accessible alternative where their retirement dollars scale further.



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The Supply Scarcity Thesis

1. The Micro-Facility Saturation (6-Bed Board & Care)

The Reality: Out of the ~262 licensed RCFEs in Riverside County, **over 75% are small, residential "board and care" homes** capped at exactly 6 beds each. [1]

The Investor Impact: These small assets cannot achieve institutional scale, absorb corporate overhead, or support dedicated, 24/7 nursing and commercial memory care wings. They do not compete for the lucrative hospital referral networks or corporate private-equity capital.

2. Large-Scale Communities (Similar to Midtown Villa)

The Scarcity: There are **fewer than 45 facilities** in the entire county that possess an institutional scale of **100+ beds**.

The Competitive Moat: Within Midtown Villa's immediate sub-market (the Hemet/San Jacinto Valley), the list of direct competitors with similar sizing shrinks to just a handful of properties (such as *Brookdale Hemet*, which operates 110 units). [1, 3]

Market Positioning

Asset Feature	Typical Riverside RCFE (75% of Market)	Midtown Villa	Institutional Advantage
Licensed Capacity	6 Beds	**102 Beds**	Mass-market economies of scale
Dementia Security	Non-secured / Residential	**Can setup one building for Secured Wing**	Captures high-margin acuity rates
Referral Pipeline	Word of mouth / Hyperlocal	**Hospital Discharge Fit**	Positioned for institutional hospital referrals
Staffing Efficiency	Shared owner / operator labor	**Segmented Staffing Matrix**	Lower per-bed operational overhead

Financials & Pro-Forma Turnaround Strategy

Offering Price: $13,000,000
Price Per Bed: $127,450
Asset Condition: Turnkey (No Deferred Maintenance)
Current Occupancy: 20% (Value-Add Operational Play)

To move the property from its current **20% baseline** to a **90% stabilized pro-forma**.

1. The Companion Suite Pricing Advantage

Because the rooms are configured mostly with **2 beds per room**, a new operator can market highly competitive companion-suite price points. This allows the facility to absorb massive market share rapidly by undercutting local private-room competitors while maintaining high revenue-per-square-foot.

2. The Medi-Cal / ALW Program Option (Alternative Revenue)

While the facility is currently **100% private pay**, a new operator can instantly solve the 25% occupancy problem by applying for the **California Assisted Living Waiver (ALW) program**. This unlocks an immediate backlog of state-backed, Medi-Cal funded seniors waiting for open RCFE beds in Riverside County, instantly driving the building to stabilization.

Pro-Forma Financial Stabilization Model

The table below illustrates the revenue expansion available to transition the asset from current distressed operations to stabilized market performance.

Phase	Active Beds	Est. Blended Rate / Bed	Gross Monthly Revenue	Gross Annualized Revenue	Est. Operating Expenses (65%-50% ratio)*	Projected NOI	Cap rate @ $12.24M Cost Basis
Current Baseline	20 Beds	$4,800	$96,000	$1,152,000	$921,600 (80%)	$230,280	1.8%
Phase 1 Target`	51 Beds	$5,000	$255,000	$3,060,000	$2,028780 (65%)	$1,092,420	8.9%
Phase 2 Target	76 Beds	$5,200	$395,200	$4,742,400	$2,658,480 (55%)	$2,175,120	17.8%
Stabilized Pro-Forma	92 Beds	$5,400	$496,800	$5,961,600	$3,036,000 (50%)	$3,036,000	23.4%

Note:

1. *Blended rate accounts for a mix of entry-level assisted living beds and premium memory care companion beds as occupancy scales.*
2. *Expense ratios scale downward as occupancy increases due to massive operating leverage. Fixed administrative, dietary, and real estate costs get diluted across a larger resident base.*

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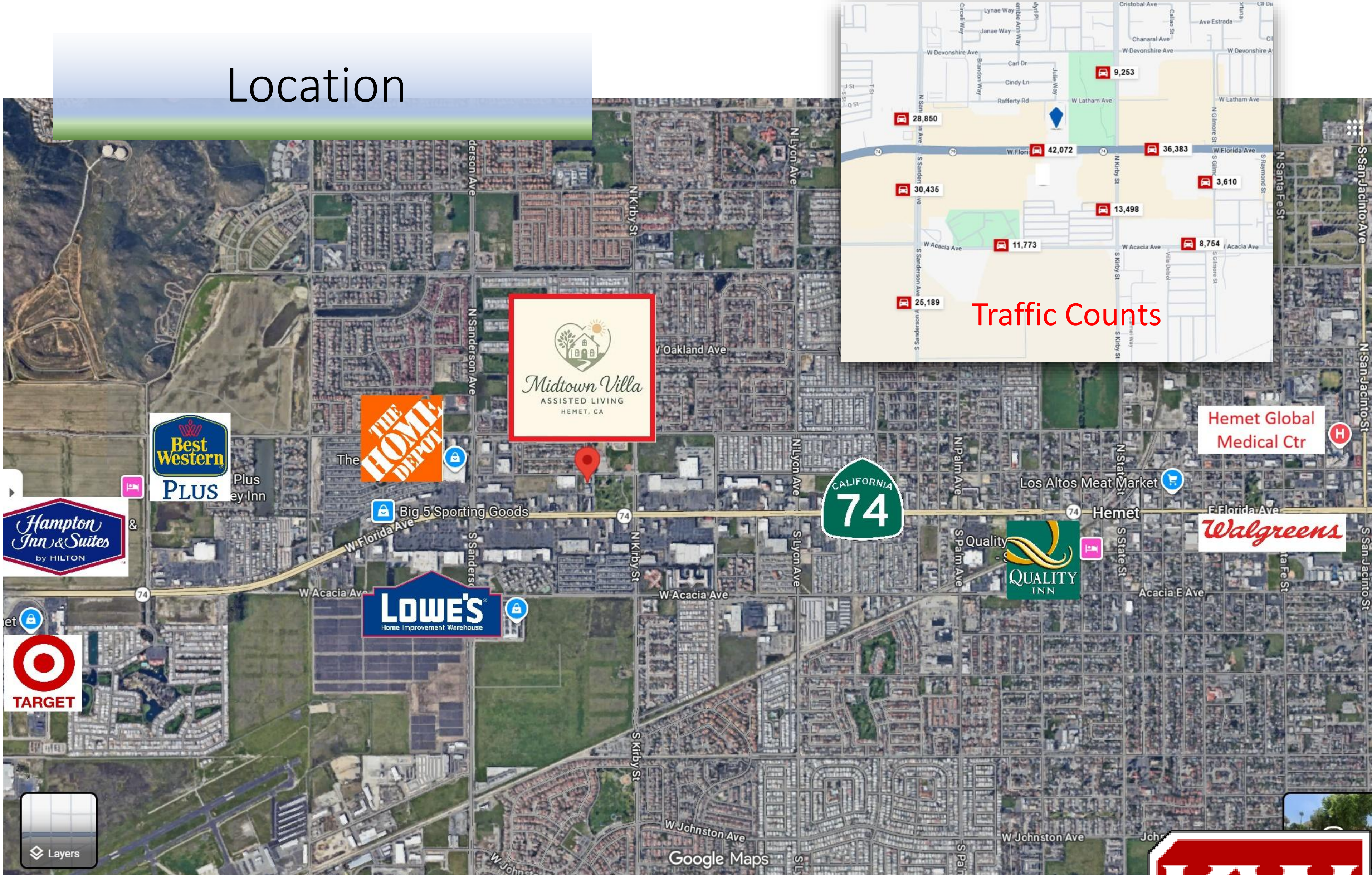
Location



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Midtown Villa

Midtown Villa is a licensed Residential Care Facility for the Elderly (RCFE) dedicated to providing compassionate, high-quality care to senior residents

https://www.hemetmidtownvilla.com/

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Services:

Personalized Care Plans:
offer customized care plans to meet individual needs. From assistance with daily living to specialized care for memory loss, provide the right support for every stage of life.

24/7 Care:

Assistance with Activities of Daily Living (ADLs):
assist with bathing, dressing, grooming, and eating to ensure comfort and dignity

Social and Recreational Activities:
Engage in a variety of fun and meaningful activities including arts and crafts, music therapy, exercise classes, and more

Amenities:

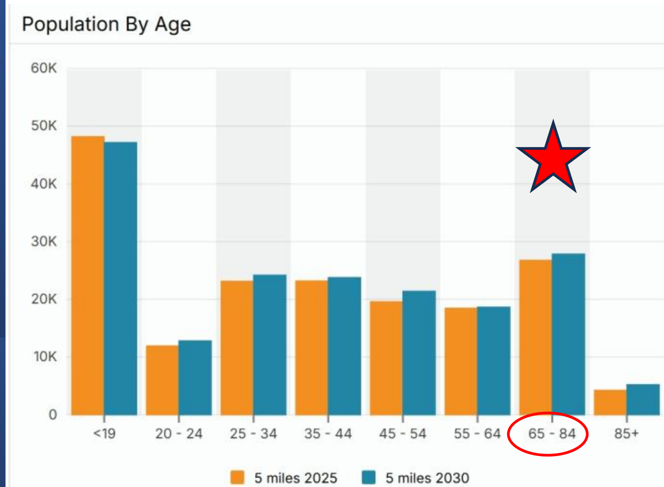
Spacious Rooms:
Private and shared rooms equipped with all the comforts of home.

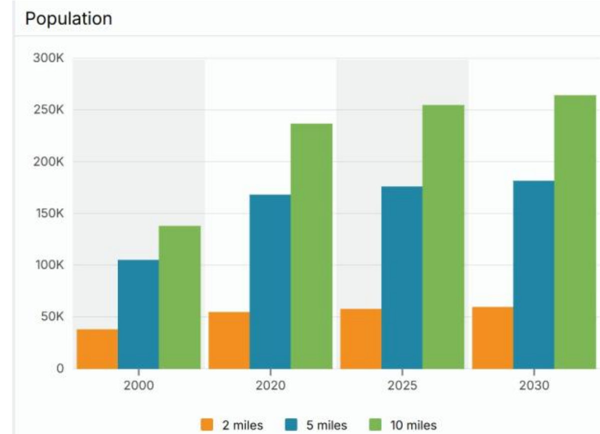
Dining Services:
Delicious and nutritious meals prepared by in-house chefs, tailored to meet individual dietary needs.

Beautiful Outdoor Spaces:
Landscaped gardens and park, designed for relaxation and socializing

Wi-Fi and Entertainment:
Stay connected with family and friends through free Wi-Fi and enjoy a variety of entertainment options including TV, movies, and games

Demographics





Income

	2 miles	5 miles	10 miles
Avg Household Income	$71,842	$84,053	$91,060
Median Household Income	$51,535	$64,572	$70,166
< $25,000	4,722	10,346	13,267
$25,000 - 50,000	5,744	12,428	16,048
$50,000 - 75,000	3,997	9,541	13,422
$75,000 - 100,000	2,567	7,831	10,811
$100,000 - 125,000	1,474	5,097	7,703
$125,000 - 150,000	1,013	3,957	5,906
$150,000 - 200,000	1,060	4,387	7,407
$200,000+	1,024	3,249	5,699

Households

	2 miles	5 miles	10 miles
2020 Households	20,915	55,349	76,348
2025 Households	21,601	56,836	80,264
2030 Household Projection	22,230	58,416	82,892
Annual Growth 2020-2025	1.3%	1.3%	1.9%
Annual Growth 2025-2030	0.6%	0.6%	0.7%
Owner Occupied Households	13,235	36,690	55,842
Renter Occupied Households	8,995	21,726	27,049
Avg Household Size	2.5	3	3
Avg Household Vehicles	2	2	2
Total Specified Consumer Spen...	$586M	$1.8B	$2.7B

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Additional Photos

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