



Should You Buy An Existing Facility Or Start A New One?

Once you decide that you want to own a Community Care Facility (CCF), you should consider all options available to you. Did you know that you can buy an existing facility? There are a number of things to consider when purchasing an existing facility, including:

- A facility license is not transferable. You will need to apply for your own license. Unless Community Care Licensing Division (CCLD) is interested in speeding up the transition to new ownership, it will take just as long as with a new facility. The fact that a facility is or was licensed will do nothing to speed up the process.
- Per Health and Safety Code [1520.5\(e\)](#), overconcentration shall not apply if you are purchasing an existing facility, as long as the location doesn't change. This means that you will not need to complete a 300 foot search nearby the facility.
- Per Title 17, Section [54330](#), when purchasing a Regional Center facility, you are required to notify the vendoring Regional Center within 30 days of the change of ownership.
- While you may get caught up in the negotiation of the facility purchase, do not neglect the preparation of your license and/or Regional Center applications. Many facility purchase deals specify that an application must be submitted by a certain date, such as the close of escrow. Most consultants that prepare license applications need 1 – 2 weeks notice and there are often unforeseen circumstances that delay the process. Once you've made the deal, begin work on your application.
- You must negotiate a fair price that makes sense. There are many ways to determine the value of an existing business. Please see the [How To Determine The Price Of A Small Business](#).
- The existing facility will remain under the existing license until a new one is issued. It is highly recommended that a management agreement be established between the seller and buyer. The agreement should specify the rights and responsibilities of each party.

There are advantages and disadvantages to both buying an existing facility and starting a new one.

Buying an existing facility

- Instant revenue from existing clients.
- Experienced administrator and staff that may be kept on after you take over.
- An established working relationship with CCLD and the Regional Center.

Starting a new facility

- The challenges and rewards of putting a program together from scratch.
- Establishing your own reputation and relationships with CCLD and the Regional Center, as opposed to inheriting a previous owner's "reputation."
- Freedom to design and decorate the facility the way you want to.

If you're interested in purchasing an existing facility, there are several ways to find them.

- Search online for realty companies that specialize in selling existing facilities. Links to two such companies are listed below.
- Set up a "Google Alert" or other automated notification system to alert you when new listings are posted.

[CalALF Assisted Living Real Estate](#)

[JCH Consulting Group Inc.](#)

The above information is based on knowledge gained during more than 40 years experience with CCF's, daily interaction with new CCF applicants and existing CCF's, and expertise in California Code of Regulations, Titles 17 and 22.

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