

House Rich. Cash Poor. Move?

By Larry Hayes



If you're lucky to have lived in your home in the San Francisco Bay Area for 10+ years or more, chances are your home is worth up to 4 times more today. It's possible to have more than \$1 million+ in "equity."

That's a lot of money for anyone, especially older homeowners who live on "fixed" incomes and short of cash.

Move or Stay?

If you decide to "cash out" and move, where to? Downsizing and moving into a smaller, less expensive home is one option, although it's hard to find a small home—any home—under \$1.5 million in the SF Bay Area.

It doesn't make much sense to sell your home for \$2 million and then spend \$1.5 million or more on another home. You might get a smaller home but you'll probably end up paying more in property taxes and insurance. Not a viable option for most.

You could also "move" out of the Bay Area to places like Sacramento or Phoenix where housing is much cheaper but this comes with a steep price tag: moving away from your family, friends and community.

Usually not a good idea when you are in your 70s and beyond, especially to a place where you have no family or friends.

Senior Housing

Another option is to sell your home and move into a senior living community such as adult 55+, CCRC, Independent or Assisted living. There are dozens to choose from, many listed in the *A050 Senior Housing Guide*.

"Granny Flats"

If you don't want to move but need extra income, you could build and rent out a "granny flat" or in-laws unit in your backyard, assuming your city allows. It's much easier to build today because most cities have cut red tape and reduced or eliminated minimum lot size requirements.

Some homeowners are exploring this option not necessarily for rental income but as a future small home for themselves, giving up the big house for their children or grandchildren to live in.

Reverse Mortgage

For some, a reverse mortgage may be a viable option allowing you to borrow money based on the equity in your home and not having to pay it back until you move on.

Aging in Place

You can also stay put and "age in place." Remodeling your home to make it safer to live in is a good idea.



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