The Christian Senior Citizens Homes Society of Northern Alberta

Propose Operating Budget – West End Facility

Overview

The last hurdle (subdivision) has been overcome in purchasing the land for this project, and we expect that we will soon be able to plan for access to the site for our contractor, Keller Construction Ltd.

The construction window is expected to be approximately 30 months (2.5 years) with an opening date of September 1, 2024. The attached operating projections have been built on this assumption, with occupancy achieving about 40 of 101 suites by the end of 2024, and then building to near-full occupancy by the end of 2025. Ongoing vacancy after that time is set at 3% as this new site will need to prove itself in terms of turnover once full. Our experience at Emmanuel Home (the mother site) gives us a historical vacancy of around 1%.

The budget assumes no extra income from donations through the Society, and does not anticipate much Home Care activity (AHS-funded Health Care) initially. Should Health Care services be needed, this would be added as a break-even department, through private care charges covering anything not funded by AHS.

There is also no anticipation of funding that might come in through our Private Loan Program, which is a community investment program that could reduce interest costs and reliance on bank financing to some degree. There is also no provision for any government assistance should we be successful in our applications for Affordable Housing status.

The population of this building is expected to be somewhat younger than Emmanuel Home, with many residents drawn from the supporting community as these members enter retirement and choose to move into congregate living for the advantages that this provides. Needs should therefore be less, however this facility will offer most of the same services as Emmanuel Home, with Meals, Housekeeping, Parking, Handyman, Recreation, etc. being on-site and accessible at all times.

The year 2024 and 2025 will suffer in terms of operating results due to the need for staffing to be in place before the resident population comes in. 2026 is expected to be near break-even, and after that the operating results should be a ‘normal’ of reasonable surpluses.

The completed project financing is being capped at $44 million including interest, which we are forecasting as being converted to a 30-year mortgage. This includes a six-month gap between occupancy and the setup of the mortgage, similar to as was done for our recent Emmanuel Home North Wing build.

Although our mortgage at Emmanuel Home is currently at 3.29%, we have built in 3.7% as the rate since some upward pressure seems to be possible over the next few years.

We consider these projections to be conservative, with realistic, achievable objectives.

Prepared by Henry Baker, Director of Finance

hbaker@emmanuelhome.ca

January 2022