

Frequently Asked Questions about Elliot Lake Retirement Living's (ELRL) Spine Road Project

1. Why is ELRL building a new apartment building?

In 2017 and 2018, ELRL's occupancy increased significantly, with the highest two years of occupancy gains since 1994. The increasing trend was identified late in 2017, at which time it became apparent that we would shortly run out of units. The interest in relocating to the community has increased exponentially. We have seen this in both the rental market and the real estate market.

From a marketing perspective, this is a problem, but it is also an opportunity. For the first time in our history as a retirement community we have an opportunity to add to the economic base and develop a property that has the features that our clients need and demand.

2. Will this new development impact the money that ELRL has to spend on its existing properties?

If we proceed with this project, we will continue to re-invest our operational surpluses into our properties as we have been over the past several years. All the revenues that we generate from the rent that our tenants pay is spent on maintenance, improvements, taxes, utilities, insurance, marketing and administration, wages and our mortgages. We do not foresee this changing.

This project will predominately be funded by a long-term mortgage on the building, though we will have to invest some equity upfront. We will not proceed with the project if the project cannot generate enough rental revenue to cover the costs of operating the property and the annual cost of the mortgage. Through this approach we are ensuring that we do not impede our ability to continue to invest in our current portfolio of properties.

3. How will the rents compare to ELRL's existing properties?

Elliot Lake has some of the most affordable average rents in the Province of Ontario. CMHC's 2019 Annual Rental Housing Report for Ontario shows the average occupied rent in Elliot Lake for a two-bedroom apartment is \$651, the average occupied rent in Ontario for a two-bedroom apartment is \$1,339. It is because of this level of affordability that the community has, for the past 30 years, survived and been successful in attracting retirees. We know that we cannot lose sight of the need to provide affordable housing.

Our rental structure for this project will reflect the different features and services included, with a significant number of units that will meet the federal government's strategy for affordability.

4. What features will this apartment building have?

This building will have approximately 90 units. It is being designed for our retiree market, with open concept living spaces, laundry services in-suite for some units, one and two bathroom units, and a large number of fully accessible units. We are also hoping to be able to provide limited underground parking spaces, outdoor spaces, and a party room.

5. Has ELRL considered purchasing other existing buildings in town?

Yes, we have. We looked for properties that would help us fill our need for accessible units. There are not any suitable properties available.

6. Has ELRL looked at developing other pockets of land, such as All Nations Terrace?

Yes, we looked at a number of small pockets of land available throughout the community. No other property offered the opportunities for further expansion and engagement of our outdoors as our Spine Road property does.

ELRL purchased Spine Road in 2008 because of the development opportunities that existed. Proximity to the water, beach, trails and nature are all features that are attractive to our clients.

7. Why did the City give ELRL prime waterfront land?

The City did not give ELRL the land. ELRL purchased the land from the City for approximately \$500,000 in 2008.

8. How will this development affect access to the cross-country ski trail and snow mobile trails that are located on the land?

Access to all recreational activities is important to not only residents of this development but to all residents of Elliot Lake. Land will be dedicated back to the City for these purposes. During construction, access to sections of these trails may be limited or diverted to ensure the safety of all users and workers.

9. How will this project affect taxpayers?

The City is the financial benefactor of this development. They will be investing in the municipal infrastructure upfront for which they will recover their costs through annual taxation and fees for services for so long as the building exists. If other projects proceed on the site, the City could recover the costs in a much shorter timeframe.

10. When will construction start?

The construction will not start until we have met all our criteria for proceeding. It is imperative that the project be self-sustaining and financially feasible and that financing obligations can be met without affecting investment in our existing properties.

We expect to complete the detailed design of the property late this summer (2020), after which we will engage a consultant to complete a detail costing. After receipt of costing we will complete our feasibility study. If the project remains feasible, we will apply for financing. Experience has taught us that financing can take approximately 6 months to secure. Only after financing is secured will we proceed with construction.