Careadon Village goes into receivership

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A nearly-vacant and almost-constructed St. Albert seniors home has gone into receivership, owing at least $82 million to creditors.

Careadon Village is a 164-suite retirement building owned by Careadon Corp. and sits on the north bank of the Sturgeon River, behind the food bank and near Canadian Tire. Construction on the building was slated to be complete this year. However, only 54 units have received occupancy permits and just eight units have been leased, according to court documents.

"The lack of leased units has significantly impacted Careadon's cash flow and ability to pay for essential operating expenses," court documents read.

Careadon Corp. owes millions to different creditors and court documents show the building may be hard to fill with residents, as it has a relatively low level of care, which can be deflationary to unit values. The documents also show a high vacancy level for seniors housing across Alberta, and an abundance of seniors homes in St. Albert.

A negative characteristic of the building, according to the documents, is the "life lease" system sometimes used in seniors homes, which is becoming increasingly unpopular in Alberta. A life lease requires residents to put down a lump sum to live in a facility, the majority of which is returned to the resident or next of kin upon the resident's death or the property being vacated.

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>
> STATED IN COURT DOCUMENTS

Careadon Corp. has gone into receivership with Ernst and Young as the receiver, with $68,827,941 owed to UMC Financial, as of June 23, according to court documents. It also owes HMT Holdings Inc. approximately $13,138,719 as of June 22, along with amounts to be determined to KV Capital Inc., Canada Revenue Agency and the City of St. Albert.

The group also has an outstanding bill to Direct Energy for $19,351 and TK Elevator Canada Limited of $35,747.

In total Careadon Corp. has $82 million owing to different creditors, with multiple other organizations listed as owed unknown amounts

Terry Hodgson is listed as a defendant in the case as the sole trustee of the Alder Trust, owner of the Careadon building, and the director of Careadon.

Careadon Corp. and Ernst and Young both declined to comment.

The seven-storey reinforced concrete building is slated for completion in 2023 and is a mix of 49 one-bedroom units and 115 two-bedroom units, for a total of 164 units.

The above-grade building area is approximately 181,456 square feet and includes a range of private and common areas.

Seniors homes hard to fill

Demand for seniors housing outpaced supply during the first half of the last decade but the trend reversed in 2017, reads an appraisal written by Perry Gereluck, vice-president of Colliers International Realty Advisors Inc., and included in the court documents

Supply spiked significantly during the COVID-19 pandemic and vacancy rates were dramatically affected. As the pandemic progressed there was more government support for seniors homes.

In 2015 the vacancy rate for seniors homes in Edmonton sat at 6.3 per cent and by 2019 that number had climbed to 9.7 per cent in 2019. The pandemic shot those vacancy rates up, and by 2021 some 27.6 per cent of all seniors homes were vacant in the province.

Despite the challenges with filling seniors homes, the report in the court documents said the location of the picturesque location along the Sturgeon River, which is close to mass transit and businesses like the mall and Canadian Tire, Inglewood is well-suited for a seniors residence like Careadon Village.

Slow to construct

In 2010 the plan for the project, which was originally slated to be a high-end adult facility, was altered to become a moderately-priced retirement development for those more than 55 years old. At the time the Lions Village of Greater Edmonton Society had bought the site at 2 Inglewood Dr. which was then just a parking lot. Residents were expected to move in the spring of 2011. That date was later moved to 2012, and then to 2014, when potential residents were told the site was not being built.

In 2015 Careadon Corp. bought the site from the Lions and continued with the project. A Careadon Village spokesperson said in 2018 that they hoped the building would be finished that year and said they had been meeting with potential residents to see what amenities they wanted to see in the building. ■

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