

Long-Term Care Home Capital Development Funding Policy, 2020
(Funding Policy, 2020)
Frequently Asked Questions

1. How is the Ministry of Long-Term Care changing funding for long-term care home operators?

The ministry is providing incentives to develop and redevelop long-term care beds across the province in both urban and rural areas to help reduce barriers to long-term care home development.

The ministry has modernized the LTC development funding model by moving away from a one-size-fits-all approach. The new model, as outlined in the *Long-Term Care Home Capital Development Funding Model, 2020*, reflects an enhanced construction funding subsidy and the introduction of a development grant. The amount of the construction funding subsidy and the development grant will depend on the geographic location of the project. The province has been divided into four types of market segments: large urban, urban, mid-size and rural.

The base construction funding subsidy per bed per day available to long-term care home operators will be increased from \$18.03 per bed per day to a base ranging from \$20.53 to \$23.78 per bed per day, depending on the market segment.

Other components of the funding model including a development grant, which ranges from 10% to 17% of total eligible project costs, based on the market segment of where the project is constructed, up to the applicable maximum grant amount.

2. For which long-term care beds will the *Long-Term Care Home Capital Development Funding Policy, 2020* apply?

Long-term care construction undertaken under a development agreement, where the first resident occupancy date was June 30, 2018, or later, may be eligible for funding under the *Long-Term Care Home Capital Development Funding Model, 2020*.

3. How can I determine my market segment?

Market segments were modeled using Statistics Canada, 2016 census data – the most recent census data available.

The market segment for a project will be determined by the ministry and outlined in the development agreement, based on the postal code of the home.

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The ministry will be providing an interactive map to assist operators with determining their market segment in advance.

4. Will the ministry continue to provide non-profit long-term care homes with a \$250,000 planning grant?

Yes, the planning grant available to non-profit long-term care homes will be maintained within the new funding policy. The amount of the planning grant and development grant cannot be greater than the maximum/ceiling of the development grant funding. The planning grant will be paid to non-profit long-term care home operators following the execution of the development agreement, as it has been paid previously.

5. Will the ministry continue to provide incentives for basic accommodation?

Yes, although the basic accommodation premium is being removed from the new funding policy, the ministry will continue to provide an incentive for the operation of basic accommodation. This incentive will take the form of a \$2.40 per bed per day payment in homes where 50% or more of the beds will be operated/offered as basic accommodation. Further details on the basic accommodation incentive will be provided at a future date.

6. Will the ministry continue to provide incentives for home size?

Yes. The premium for small- and medium-sized homes remains unchanged in the updated policy.

For homes with 160 long-term care beds or less, including all regular licensed or approved beds in the home (excluding beds under a temporary licence or temporary emergency licence, and beds in abeyance), the construction funding subsidy per bed per day is adjusted by up to \$1.50 in recognition of the cost differentials typical for small- and medium-sized homes.

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7. Beyond the increase to the construction funding subsidy, are there any other fundamental changes to long-term care development funding under the new funding policy?

The introduction of a development grant is another fundamental change under the new policy. The development grant will range from 10–17% of total eligible project costs, up to a maximum cap, depending on the market segment, and will be paid out following the time of substantial performance of the construction.

Eligible project costs are comprised of any combination of eligible construction costs, eligible land costs, eligible development charges, and eligible signage costs as set out below (net of any rebate, tax credit, input tax credit or refund):

- (a) Eligible construction costs include the actual direct costs of construction paid by the operator, except for exclusions listed below, to construct the beds in accordance with the development agreement. Eligible construction costs do not include costs that are an indirect cost of construction, including:
 - I. furniture and equipment
 - II. building permit
 - III. municipal development charges
 - IV. architect fees and other professional fees
 - V. any costs relating to the acquisition of the land or building, demolition of the building, financing, letters of credit, rezoning, audit fees, site survey, insurance, travel and meals, plans and prints, commissioning or bonding, general administrative costs, marketing expenses
- (b) Eligible land costs are costs that relate to the land actually being used for the LTC home project only, based on the reasonable and bona fide cost to the operator of acquiring the land, or the current fair market value of the land owned by the operator, as substantiated to the satisfaction of the ministry, for example by way of three independent appraisals of that land by certified appraisers (The fair market value of land donated to the operator for the long-term care home may be considered an eligible land cost for this purpose. Any cost related to the leasing of land for the long-term care home will not be considered an eligible land cost for this purpose).
- (c) Eligible development charges are development charges under the *Development Charges Act, 1997* that are paid by the operator.
- (d) Eligible signage costs are costs of signage required to be erected by the operator under the development agreement.

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8. Is any combination of the above acceptable to meet the cap?

Yes. The ministry is aware of the need for flexibility given the varied constructs of projects. As an example, a project that does not have to pay development charges can meet the cap based on a combination of eligible construction and land costs.

9. How were the ineligible project costs determined?

For the construction cost category, some costs may not be eligible under construction, but may be eligible under another category. For example, municipal development charges would be ineligible under construction but may be eligible under development charges

Any direct cost that was not reasonably expected to be incurred before substantial performance was attained was deemed to be ineligible.

10. Why is land lease not eligible?

The development grant has been structured to be a one-time payment payable at substantial performance. Lease payments that are incurred on an annual basis are misaligned with this payment approach.

**11. Has the ministry consulted with stakeholders from the long-term care sector?
What was the feedback received?**

The ministry worked collaboratively with the sector and Infrastructure Ontario on the new funding model. Consultations were held with the long-term care sector at different stages in the development process, and these played an important role in shaping the program design and components of the funding model.

12. How were long-term care infrastructure projects funded previously?

Prior to the modernized funding model, the *Long-Term Care Home Construction Funding Subsidy Policy, 2019* was the main ministry policy that promoted new development and the redevelopment of long-term care homes through a construction funding subsidy ranging from \$18.03 to \$23.03.

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The construction funding subsidy provided eligible long-term care homes per bed per day funding once the home was operational and had admitted its first resident.

In 2019, the ministry combined \$1.38 Leadership in Energy and Environmental Design Silver and Enhanced Transition Support premium adjustment into the base amount. This increased the minimum construction funding subsidy per bed per day from \$16.65 to \$18.03 for long-term care infrastructure projects.