

Ministry of Long-Term Care

Long-Term Care Home Development Program

Cost Eligibility Guide for the Development Grant

Capital Planning Branch

March 2021

Version Control Tracking

Version #	Date Approved	Description of Change	Approved by
1.0	March 17, 2021	N/A	ADM, Long-Term Care Capital Development Division

Long-term care home operators are expected to reference the version of the Cost Eligibility Guide for the Development Grant, as identified in their executed Development Agreement.

Ministry of Long-Term Care
Copies of this report can be obtained
from: ltc.info@ontario.ca

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1.0 Introduction

The Ministry of Long-Term Care (the “ministry”) provides oversight for the construction, operation, and funding of Long-Term Care (LTC) Homes in Ontario.

In September 2020, the ministry released the Long-Term Care Home Capital Development Funding Policy, 2020 (“Funding Policy”), which was revised in March 2021. Where applicable, the Funding Policy provides for funding to support the development of a new LTC home or beds or the redevelopment of an existing LTC home or beds.

There are three funding components as outlined in the Funding Policy:

1. a construction funding subsidy per diem (CFS, or CFS per diem);
2. a development grant; and
3. a planning grant, available to non-profit homes.

The Long-Term Care Home Development Program Cost Eligibility Guide for the Development Grant (the “Eligibility Guide”) is designed to support the planning and delivery of the development grant by outlining the scope of construction, land, Development Charges and signage costs eligible to receive ministry funding under the Funding Policy, subject to applicable conditions.

As set out in the Funding Policy, s. 2.0, the ministry may, from time to time, provide clarification, interpretation bulletins or forms, to be used in connection with the Funding Policy. This Eligibility Guide is provided by the ministry to serve that function.

1.1 Purpose of this Guide

The purpose of the Eligibility Guide is to outline the ministry’s specific details, clarifications and interpretations regarding eligible project costs described in general terms in s. 3.2 of the Funding Policy to assist eligible LTC home operators developing or redeveloping a LTC home or beds in Ontario in the planning and implementation of their capital development projects.

This Eligibility Guide is intended to provide eligible operators with a full understanding of the project elements that are eligible for funding under the Development Grant and those elements that are not eligible for funding.

The tables in this document list cost elements commonly associated with a LTC capital development project and define whether each element is eligible for funding and any conditions associated with the funding eligibility. Where applicable, the Eligibility Guide is designed to be used with the Development Agreement between the operator and the ministry that is applicable to the LTC project. Development Agreements to which the Eligibility Guide is applicable refer to the Eligibility Guide in the definition of “Eligible

Project Costs” in the Development Agreement.

1.2 How to Use the Guide

This Eligibility Guide has been developed to assist in completing the Initial Estimate of Cost (IEC), Final Estimate of Cost (FEC) and Final Statement of Disbursement (FSD) forms. When preparing to procure construction services, please contact your project manager to review the Eligibility Guide.

The IEC/FEC/FSD will be submitted with the required documentation, following the procurement of construction services. Eligible costs will need to be broken down as follows:

- A. Project Costs Eligible for Planning Grant (applicable to Non-Profit Homes)
*(see s. 4.4 (1) of Development Agreement)
- B. Project Costs Eligible for Development Grant (applicable to All Homes)
- C. Costs not eligible for government funding
- D. Total Project Costs (All Homes)

See section 4.0.2 of the Funding Policy regarding the terms and conditions for the provision of the development grant.

There are four primary sections in the Guide:

- Construction Costs – encompasses direct (build and non-building) construction costs
- Land Costs – eligible cost elements associated with land
- Development Charges
- Signage – eligible costs associated with Ontario Builds Signage

1.3. Inquiries

Recipients should direct questions about this Guide or the Long-Term Care Home Development Program to their ministry project manager. Where a program manager has not been assigned to a project, questions can be directed to ltcdevelopment@ontario.ca.

1.4. Notes on Subsequent Sections

1. All calculations/costs in the subsequent sections of the guide are required to be apportioned to the percentage of LTC beds in the project that are eligible to receive ministry construction funding (CFS and Development Grant). Self-funded LTC beds (i.e. beds that are being constructed without CFS and Development Grant funding) and any costs associated with these beds will not be considered eligible to receive funding; and
2. Costs eligible for the development grant and outlined as part of this eligibility guide include applicable taxes paid. Any rebate, tax credit, input tax credit or refund will be recorded in the IEC/FEC/FSD forms on [Line 27](#), and is deducted from eligible costs.

2.0 Eligible Construction Costs

2.1 Direct Construction Costs

* If it is required for the operator to include non-LTC construction as part of their project tender documents, the operator will be required to identify the percentage of costs attributable to LTC purposes only.

Direct construction costs include the following elements for LTC building and non-building components, as per the table below:

Table 1: Direct construction cost elements for the building and non-building components

Element	Funding Eligibility	Notes
Abatement and Remediation	Yes	Related to construction of a LTC home (especially in the case of renovations)
	No	In cases where the abatement of the property is of no future use to the licenced LTC home (i.e. asbestos removal where the property is to be sold)
Claims- Delay	No	Any costs associated with delays are not considered eligible

Element	Funding Eligibility	Notes
Demolition	Yes	Where the demolition is required for the development of the LTC home
Decommissioning	No	Any costs associated with work involved in the scheduled shut-down/ceasing of operations of a building are not eligible.
Temporary Resident Relocation During Construction	No	
Construction of Eligible LTC beds (to be apportioned reasonably, where applicable)	Yes	<p>Construction of the Eligible LTC beds and associated spaces required to adhere with the Long-Term Care Home Design Manual, 2015 and O. Reg 79/10. This also includes the following:</p> <ul style="list-style-type: none"> • Programs & services, support areas and infrastructure • Religious and cultural space (Chapel / ceremonial space) • Staff/volunteer areas
	No	<p>Spaces for non-approved future growth, as well as spaces not required for purposes relating to the funded and approved LTC project, including:</p> <ul style="list-style-type: none"> • Additional space for Ontario government and/or non-LTC services • Additional revenue generating space (non-LTC) • Fundraising or foundation space • Non-LTC private offices for healthcare providers • Shelled space for future LTC-related programs/services • Self-funded LTC beds (i.e. beds that are being constructed without CFS and Development Grant funding)
Facility Maintenance Costs	No	Maintenance costs are not eligible.
Furnishings and Equipment (Built-in)	Yes	<p>Built-in Furnishings, equipment and fixtures such as communications and care, including:</p> <ul style="list-style-type: none"> • Conduit and cabling terminating at walls and

Element	Funding Eligibility	Notes
	No	conduit risers <ul style="list-style-type: none"> • Cabling and antennae for wireless communication, racks, mounting boards, etc. • When behind walls or in ceilings, etc. to termination points only • Tubs, ceiling lifts, etc. Furniture, equipment and furnishings that are movable and have no permanent connection to the structure of the building or the land are not eligible costs.
LTC Parking	Yes	Surface parking and/or parking structure- only the portion attributable to LTC (for staff, residents, visitors, service providers)
Security and Surveillance System	Yes	Site security and site surveillance system during construction including security guarding services
Site Development and Landscaping – Outdoor space	Yes	Elements required to adhere with the Long-Term Care Home Design Manual, 2015 and O. Reg 79/10.
	No	Excludes community gardens, water features, movable furnishings, public art and landscaping to support own funds or elements
Site Development	Yes	Includes: <ul style="list-style-type: none"> • Work/improvements completed on- site and to be retained by the operator post-construction and only for use by the LTC home: roads, water mains, storm and sanitary sewers, storm water • Off-site development/work/improvements, including bringing services to LTC home, such as roadwork, civil work, landscaping, sidewalk, as well as utilities • Environmental/remediation, such as removal of contaminated soil
	No	Excludes: <ul style="list-style-type: none"> • Work/improvements on land to be transferred post construction (e.g. road transferred to other party post construction)

Element	Funding Eligibility	Notes
Wayfinding/ Signage- During Construction and External	Yes	Includes interior, exterior, construction signage, as well as permanent interior wayfinding/signage as approved in design plans

2.2 Items Not Eligible as Direct Construction Costs (Indirect Construction Costs)

The following items outlined in [table 2](#) are not considered direct costs of construction and are not eligible construction costs for the purposes of the development grant (please see Section 4.0 for more information on Development Charges*).

Table 2: Items not eligible as Direct Construction Costs:

Element	Funding Eligibility	Notes
Indirect Costs of Construction	No	Ineligible construction costs include: <ul style="list-style-type: none"> • Furniture, fixtures and equipment (not built-in) • Building permit • Architect fees and other professional fees • Any costs relating to the acquisition of the land or 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.

3.0 Land Costs

Table 3: Eligible cost elements associated with land

Element	Funding Eligibility	Notes
Cost or Value of Owned Land	Yes	<p>Includes the cost or value of:</p> <ul style="list-style-type: none"> • Land recently purchased and owned by the operator and used for the LTC project • Land otherwise acquired and owned by the operator (including by way of donation, but other than by way of recent purchase) and used for the LTC project • Land owned by a public hospital that is used for the operator’s LTC project, where the operator is a non-profit entity (as defined in Regulation 79/10, section 269). <p>For all land that was not purchased by the operator recently (i.e. within the previous 12 months prior to the effective date of the Development Agreement), the ministry requires an average appraised value based on three independent appraisals of that land by certified appraisers, completed within the 12 months prior to the date of substantial completion of the Project.¹</p> <p>*Please see Appendix 1 for information on how to calculate the portion of land attributable to the LTC project</p>
Cost of Leased Land for LTC Purposes	No	Not eligible for ministry funding

¹ The appraised value of the land must be assessed excluding the value of any improvements made as part of the LTC home project.

4.0 Development Charges

Table 4: Summary of eligible Development Charges

Element	Funding Eligibility	Notes
Development Charges	Yes	<p>Development charges under the <i>Development Charges Act, 1997</i>, paid by the operator</p> <p>If Development Charges apply to more than the LTC project, the operator must describe how the Development Charges were determined and outline a reasonable method for apportioning the Development Charges attributable to the LTC project only</p>

5.0 Signage

Table 5: Summary of eligible signage costs

Element	Funding Eligibility	Notes
Ontario Builds Signage	Yes	Costs of signage required to be erected by the operator, as specified in the Development Agreement

Appendix 1

Table 1: Calculation of land attributable to the LTC project

Please follow the steps set out in the table below to apportion land to the LTC project. Other reasonable methods of apportionment proposed by the operator may be considered, subject to ministry approval.

Steps to Apportion land to LTC project
<p>1. Identify parcel of land for LTC project</p> <p>a. Identify the total land acreage, X# of acres for LTC project, X# acres for other purposes outside of LTC (e.g. campus of care); <u>and</u></p> <p>b. Calculate the percentage of land used for LTC project (<i>X# of acres for LTC project divided by total land acreage</i>)</p> <p>* <i>Parcel of land used for LTC project must be identified as part of the ministry's design review process</i></p> <p>2. Determine the total value of land</p> <p>a. Purchase and sale agreement submitted to ministry as confirmation of value of land; <u>or</u></p> <p>b. Submission of the average appraised value (from three independent appraisals of that land by certified appraisers) of the land.</p> <p>3. Determine value of portion of land used for LTC project</p> <p>a. Percentage of land used for LTC project's purpose multiplied by the total value of the land determined in Step 2 (<i>1.b multiplied by 2.a or 2.b</i>)</p> <p><i>If only a portion of LTC beds at a LTC home are being developed as part of the LTC project, please continue with Steps 4 & 5:</i></p> <p>4. Determine the portion of beds to be developed on the land</p> <p>a. Identify the end state total number of beds in the LTC home</p> <p>b. Specify the number of beds to be developed as part of the LTC project</p> <p>c. Calculate the percentage of the beds to be developed as part of the project (<i>4.b divided by 4.a</i>)</p> <p>5. Determine the value associated with the portion of land and portion of beds</p> <p>a. Percentage of beds to be developed as part of the project multiplied by the value of the portion of land for LTC project (<i>4.c multiplied by 3.a</i>)</p>

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