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| To: | Warden Matrosovs and Members of Grey County Council |
| Committee Date: | September 25, 2025 |
| Subject / Report No: | LTCR-CW-19-25 |
| Title: | Capital Funding Program and Ministry Survey |
| Prepared by: | Jennifer Cornell, Director of Long-Term Care & Senior Services |
| Reviewed by: | Niall Lobley, Deputy Chief Administrative Officer |
| Lower Tier(s) Affected: | |

Recommendation

1. That report **LTCR-CW-19-25 Capital Funding Program and Ministry Survey** be received; and
2. That staff be directed to complete the **Ministry of Long-Term Care survey** by **September 29, 2025**, indicating Grey County's readiness to potentially develop the approved 62 long term care beds at Grey Gables and that action be taken prior to County Council approval, as per Section 26.6 (b) of the Procedural By-law; and
3. That staff be directed to undertake updated cost forecasts and any other applicable studies for the potential development of a 128-bed new home at Grey Gables to be funded from the One Time Funding Reserve; and,
4. That staff be directed to bring forward a report before **March 2026** outlining the updated budget impacts, and a draft **Development Agreement** for Council's consideration.

Executive Summary

The Ministry of Long-Term Care (MLTC) released a new Capital Funding Program (CFP) on July 31, 2025, to increase funding for long-term care projects and remove key barriers to advancement. In response to the MLTC's memorandum dated August 27, 2025, Grey County is required to submit a written commitment and survey response by September 29, 2025, confirming its readiness to (re)develop the approved bed allocations.

Grey County currently has 62 beds approved for development at the Grey Gables site. This report recommends that staff be directed to submit a survey response indicating the County's intent to execute a development agreement with the province by March 2026 and to potentially begin construction of a new 128-bed Grey Gables Long-Term Care home no later than March 2028.

Background and Discussion

Previous Applications and Approvals

In 2019, Grey County submitted applications to the MLTC for two major long-term care projects:

- Rockwood Terrace: Redevelopment and expansion to a new 128-bed facility.
- Grey Gables: Redevelopment from a 66-bed Class A facility to a new 128-bed home on the same property, with the existing building repurposed as an assisted living retirement home.

Both applications were approved, and the province allocated 62 new beds to Grey Gables (128 total beds minus the existing 66). Staff have confirmed that the new beds are intended to be part of a new standalone facility, not an extension of the current building.

Due to the scale of both projects, Council prioritized Rockwood Terrace, which is now under construction and represents Grey County's largest capital project to date at \$96 million.

On [February 23, 2023, Council deferred a motion](#) regarding Grey Gables pending completion of the Rockwood Terrace tender process. With construction now 25% complete, there is an opportunity to reassess the financial feasibility of the Grey Gables redevelopment.

Capital Funding Program and Ministry Survey

The new CFP offers up to 85% funding for new beds on maximum per bed cost of \$436,000. Rockwood Terrace is not eligible for reconsideration under this program. The province has committed to adding 30,000 new long-term care beds, and the CFP is designed to support this mandate.

In late August 2025, the Ministry released a survey to assess which operators with previously approved but unbuilt beds can proceed in a timely manner. The survey outlines the following development timeline:

- **Survey response deadline:** September 29, 2025
- **Executed development agreement:** March 2026
- **Construction start deadline:** no later than March 2028

Grey Gables' existing 66 Class A beds meet current design standards and are not eligible for redevelopment funding under the CFP. The 62 new beds are eligible for CFP funding. Funding for the existing beds will need to be sourced through alternate mechanisms.

The Ministry survey presents three options:

Option 1: Proceed with Development Planning

- Maintain the 62-bed allocation.
- Direct staff to explore redevelopment options (updated cost estimates, concept designs, site analysis).

- Initial funding may be sourced from LTC reserves or surplus.
- Positions Grey County to meet Ministry timelines and secure CFP funding.

Option 2: Withdraw from Redevelopment

- Release the 62-bed allocation back to the province.
- Forfeits future funding and development opportunities at Grey Gables.

Option 3: Defer Decision Until Rockwood Completion

- Request the Ministry to maintain the 62-bed allocation and provide further information in 2027.
- **Risk:** The Ministry may rescind the allocation due to lack of commitment.

Staff recommend **Option 1:** to proceed with development planning and submit a survey response confirming Grey County's intent to execute a development agreement with the province by March 2026. This agreement would support the potential construction of a new 128-bed Grey Gables Long-Term Care home, with construction to begin no later than March 2028.

To support this approach:

- Staff will engage external consultants to:
 - Review existing project plans and perform any applicable studies and site analysis
 - Update cost estimates
- A revised cost estimate and draft development agreement will be brought to Council for review and approval prior to submission to the Ministry.
- Upon confirmation of provincial funding, staff will initiate detailed planning and design phases throughout 2026, followed by a procurement process in 2027, and groundbreaking in 2028.

Financial and Resource Implications

Significant additional work will be required should Council support the staff recommendation to bring forward updated cost estimates and to complete any applicable studies and site analysis for a new Grey Gables Long-Term Care Home. It is recommended that any costs to complete this work be funded from the One Time Funding Reserve.

In 2019, the estimated cost for the project was approximately \$36 million, based on a per-bed cost of \$280,000 from a recent comparable build. Rockwood Terrace, a new 128-bed facility and a direct comparator, was procured in 2023/24 at a total project value of \$96 million, equating to a per-bed cost based on overall project costs of approximately \$750,000; an almost 170% increase in price from the 2019 comparable.

Under the new Capital Funding Program, the province may contribute up to \$370,600 per bed (85% of the grant cap of \$436,000 per bed). In addition, the County qualifies for up to \$500,000 of additional funding to support design costs. Based on Rockwood, it is anticipated that the

costs will exceed the provincial cap and so the County might anticipate a full provincial grant of approximately \$23,477,200.00.

Based on the Rockwood costs of \$96,000,000.00, this would leave a balance of approximately \$72,522,800.00. In percentage terms, based on these assumptions, the total provincial grant would be approximately 24% of the total cost.

It is noted that these costs are high level estimates based on Rockwood Terrace and do not account for inflationary pressures between the time of report authoring and tender. One of the key next steps, if Council support the staff recommendation, is to refine these cost estimates.

Assuming a similar approach to Rockwood was taken and that the balance of funds was funded through debenture, this would add to the County's long-term debt. The amount of debt a municipality can carry is subject to maximum limits established by the province and the annual payments to service debts must not exceed 25% of the municipalities own source revenue. This is known as the Annual Repayment Limit or ARL. Grey County has established a policy to limit the ARL to 10% or less. Based on the above figures and other commitments, staff anticipate that there is capacity to assume this magnitude of debt within the 25% provincial limit, but that this would incur a period where the ARL to meet debt payments exceeds the County target of 10% or less.

Relevant Consultation

- Internal
 - Mary Lou Spicer, Director of Finance

Appendices and Attachments

[Ontario Launching New Funding Program to Build Long-Term Care Homes | Ontario Newsroom](#)
[2025 Long-Term Care Home Capital Funding Policy | ontario.ca](#)

Grey Gables Redevelopment Concept Plan – attached

