

**Long-Term Care Home Capital Development Funding Policy, 2020
Frequently Asked Questions
Market Segments**

Context

This Frequently Asked Questions (FAQ) Document will provide additional details and clarification on the new market segment classifications introduced in the Long-term Care Home Capital Development Funding Policy, 2020 (“Funding Policy, 2020”).

In conjunction with the Funding Policy, 2020, this FAQ will support operators in understanding their market segment classification as specified by the ministry under the applicable Development Agreement (DA).

FAQs

Q1. What is the Funding Policy, 2020 and what does it entail?

In September 2020, the Ministry of Long-term Care (the “ministry”) released the modernized Funding Policy, 2020 to support eligible operators developing new LTC homes or beds, or redeveloping existing LTC homes or beds to current design standards.

The Funding Policy, 2020 provides enhanced funding through an increased Construction Funding Subsidy (CFS) and a new Development Grant, flowed upon substantial performance of a project. The Funding Policy, 2020, divides the Province into four market segments: large urban, urban, mid-size and rural, with the CFS and Development Grant amount varying depending on where a project is constructed.

Q2. How does the Funding Policy, 2020 differ from the previous policy? What changes have been made?

The Funding Policy, 2020 moves away from a one-size-fits-all approach that was characteristic of the previous funding policy, and instead, provides tailored incentives to address the needs of operators across the Province.

See the table below for a comparison of the differences between the two policies:

Components of the Funding Policy	Capital Development Funding Policy, 2020	Construction Funding Subsidy Policy, 2019
Construction Funding Subsidy	Base ranging from \$20.53 to \$23.78 depending on the market segment and home size	Base ranging from \$18.03 to \$23.03 per diem depending on home size
Development Grant	Providing a grant ranging from 10-17 percent of total project costs, based on the market segment	Not Applicable

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Planning Grant (NFPs)	Provides \$250,000 planning grant to eligible not-for-profits upon signing of a development agreement. This amount is netted from the development grant payable at substantial completion.	Provides \$250,000 planning grant to eligible not-for-profits upon signing of a development agreement.
Market Segments	Creation of four distinct market segments with varying CFS Per Diem and Development Grant amounts for each	Not Applicable
Basic Accommodation	Fixed \$2.40 per diem based upon a basic accommodation ratio $\geq 50\%$, moved to operating funding envelope, which means that payment will continue for the duration of the licence term.	Pro-rated amount for between 40%-60% basic accommodation, to a maximum of \$3.50 per diem and included in the capital subsidy. This payment ends when the capital subsidy ends.
Home Size	\$1.50 per diem for small (≤ 96 beds), \$0.75 per diem for medium (97-160 beds), \$0 for large (≥ 161 beds)	\$1.50 per diem for small (≤ 96 beds), \$0.75 per diem for medium (97-160 beds), \$0 for large (≥ 161 beds)
Basic Transition Support	Basic Transition Support To support costs of relocating residents while redeveloping LTC beds. Eligible operators may receive \$300 in one-time Basic Transition Support funding for each LTC bed	To support costs of relocating residents while redeveloping LTC beds. Eligible operators may receive \$300 in one-time Basic Transition Support funding for each LTC bed
Occupancy Reduction Protection	Eligible Operators can apply for Occupancy Reduction Protection in respect of beds that are temporarily or permanently closed to facilitate construction	Eligible Operators can apply for Occupancy Reduction Protection in respect of beds that are temporarily or permanently closed to facilitate construction

Q3. What are market segments and how are they determined?

Market segments are four distinct geographic categories, created to identify the distinction between highly populated, dense cities, and less connected areas of the province. The market segments were determined by the Ministry and take into account an area's population, density, and connection to urban centres.

Concepts from the Census, including commuting patterns and population centres, help to distinguish between areas of the province that are urban centres, less populated areas with strong ties to urban centres and more rural areas.

Ties to urban centres refers to Statistics Canada analysis of the Census in which they look specifically at areas outside of urban centres and determine the percentage of the employed labour

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force in that area that commutes to work in urban centres. More details on this concept can be found on the Statistics Canada page: [MIZ: Detailed definition](#)

For the purpose of the Funding Policy, 2020, market segments are determined using data from the 2016 Census of Canada.

More information on each of these concepts is available from Statistics Canada.

Q4. What are the four market segments?

Details for the market segments are categorized as follows:

- **Large Urban:** single tier, or upper-tier regional municipalities, with a population greater than 500,000:
 - single tier municipalities include Ottawa, Toronto and Hamilton
 - upper-tier regional municipalities include Durham, Halton, Peel, York and Waterloo
- **Urban:** population centres greater than 100,000 not already captured in the Large Urban market segment
- **Mid-size:** population centres of at least 10,000 people but less than 100,000 or urban and rural areas with strong ties with a large urban, urban or mid-size centre
- **Rural:** population centres less than 10,000 people or areas without strong ties to a large urban, urban or mid-size centre

Q5. What additional information can you provide about how the four market segments are classified?

Large Urban: The following single tier and upper-tier regional municipalities, with populations over 500,000 are considered Large Urban for the purposes of the 2020 Funding Policy:

- Regional municipality of Durham
- Regional municipality of Halton
- Regional municipality of Peel
- Regional municipality of York
- Regional municipality of Waterloo
- Toronto Central Services District
- Ottawa Central Services District
- Hamilton Central Services District

Urban: Includes population centres with a population greater than 100,000, that are not already captured in the Large Urban category.

Mid-size: Small and medium population centres that are within a metropolitan area or cluster with a population less than 100,000 but at least 10,000, as well as rural or small communities with strong ties with a large urban, urban or mid-size centre.

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Example: Hawkesbury is an example of a population centre classified as mid-size, with a 2016 census population of 11,715.

Example: Meaford is also an example of a mid-size population centre. While the 2016 census population is less than 10,000, it has strong ties with an urban area as a result of the commuting patterns of Meaford's labour force.

Rural: Includes areas outside of a metropolitan area or cluster with less than 10,000 people, or with moderate, weak or no ties with a large urban, urban or mid-size centre.

- **Example:** Kincardine is an example of a population centre that falls into the rural market segment that has commuting patterns classified as having weak ties with an urban area.

Q6. How does funding differ based on market segment?

The amount of CFS eligible operators can receive under the Funding Policy, 2020 differs across market segments. A project constructed in a large urban market segment will receive a base CFS of \$23.78 per diem over 25 years. However, a project constructed in a rural market segment will receive a base CFS of \$20.78 per diem over 25 years. See the table below

Components of CFS per diem	Large urban	Urban	Mid-size	Rural
Base CFS per diem	\$23.78	\$20.53	\$20.53	\$20.78
Small home (up to and including 96 beds)	+\$1.50	+\$1.50	+\$1.50	+\$1.50
Medium home (97 beds up to and including 160 beds)	+\$0.75	+\$0.75	+\$0.75	+\$0.75
Large home (161 beds and over)	+\$0.00	+\$0.00	+\$0.00	+\$0.00
Maximum CFS per diem	\$25.28	\$22.03	\$22.03	\$22.28

Similarly, a project constructed in a large urban market segment will receive a development grant of 17% of total project costs or a \$51,376 maximum per bed. However, a project constructed in a rural market segment will receive a Development Grant of 12% of total project costs or a \$29,246 maximum per bed. See the table below.

Components of development grant	Large urban	Urban	Mid-size	Rural
Development grant percentage	17%	17%	10%	12%
Maximum development grant per bed	\$51,376	\$47,926	\$24,923	\$29,246

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Q7. If an operator does not agree with the market segment determined by the Ministry, is there an opportunity to appeal or change market segments?

The ministry assigns the market segment based on where a project will be located. At this time, there is no appeal process to change the ministry assigned market segment. However, the ministry welcomes feedback on the funding policy and will continue to assess and implement opportunities for improvement in a timely manner.