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Canada's Other Housing Crisis: Long-term care homes have a building problem

A Two-Pronged Issue is Putting Older Canadians at Risk

The housing crisis in Canada is a much-discussed issue acknowledged by all levels of government. However, there is another housing-related issue that is not on the government's radar, though it should be. The lack of long-term care homes affects a large segment of Canada's population, and that population is growing. Housing is not simply a privilege; it is a human right. Long-term care homes, fundamentally, are just that - homes. Ensuring Canadians experience a comfortable, caring home that supports their needs as they age must be a priority. But the escalating crisis for our aging population is complicated by the fact that this dragon has two heads: one is the homes we have and the other is the home we don't have. And both are a threat.

The homes we don't have

The long-term care housing shortage is an issue that continues to grow as Canada's population ages. Without deliberate consideration and action, much of an entire generation of older Canadians will be without the housing and care they need. Over the next 50 years, one in four people will be over the age of 65, requiring 200,000 additional long-term care beds according to the Conference Board of Canada.ⁱ This past fall, the Office of the Federal Housing Advocate released a report detailing a missing 4.4 million homes for low to moderate income people, including long-term care beds and social housing.ⁱⁱ

The homes we have

Another piece to the housing issue is the need to invest in the physical homes themselves to ensure they are up to date, comfortable, of high-quality and able to meet modern safety standards. Many homes were built decades ago when the federal government provided access to capital financing through the Canada Mortgage and Housing Corporation (CMHC). With the reprioritization of funds away from housing in the 1990's, many new housing development projects slowed, including long-term care homes. A large number have since become outdated and no longer meet modern standards for infection prevention and control measures, or the impacts of a changing climate.

The access to capital we need

There are few options for long-term care homes to access the money they need to build new homes and renovate existing ones. The changes at CMHC in the 90s removed the direct access that long-term care homes had to financial programs that supported access to capital financing and development. This meant that going forward, capital development would primarily be the responsibility of the long-term care homes themselves. Provincial governments can support development depending on the financial model in that jurisdiction, but often this is not enough.

Long-term care homes are therefore left to seek capital financing through a range of lending agencies and business options, but the criteria can be so challenging for many homes without the ability to offset the borrowing risk that projects are unable to move forward.

In addition to this, the Canada Health Transfer, which is provided by the federal government to the provinces and territories to support health care in Canada, does not directly designate how

the money is to be used and therefore is not a financial lever for long-term care homes. Provinces and territories currently allocate operating funds for long-term care homes, not infrastructure, and 23% is covered by residents themselves.ⁱⁱⁱ

The change we'd like to see

So where are long-term care homes supposed to go to access funding for the aging population that is about to double in size? The sector finds itself with no home from a policy standpoint with limited access to capital financing, which is necessary to address capital infrastructure in long-term care in Canada.

With a deep understanding of the challenges faced by both residents and operators of long-term care homes, the Canadian Association for Long Term Care is committed to addressing critical issues concerning access to capital financing, upgrades, and highlighting how changes to federal policy can once again support the development of long-term care homes in Canada.

Where did the capital financing for new homes go?

For many, accessing capital financing used to be easier. Decades ago, long-term care homes would access capital financing through the CMHC through agreements in collaboration with provinces. Through a mortgage program or as a reinsurer to lenders of capital financing, CMHC support allowed for the development of a large portion of the long-term care homes that we currently have in Canada and many of these same homes are now in need of replacement or redevelopment.^{iv} Unfortunately, the agreements between CMHC and provinces dissolved as the federal government began to withdraw funding for housing broadly, including capital financing for long-term care homes.^v

Today, CMHC programs are not accessible to long-term care homes. There are examples of provincial capital development programs for long-term care homes in a few provinces, but it is the individual long-term care home that is ultimately responsible for accessing capital financing. This has resulted in fewer homes being retrofitted or new homes being built as access to capital financing is limited due to the homes need to be able to off-set borrowing risks with assets which many do not have.

Over the past several decades - particularly within the last several years- fewer long-term care home projects have moved forward or progressed due to high-costs and inflationary pressures. In British

Columbia alone the cost of new construction to build one bed in a long-term care home is currently \$1 million with other provinces not far behind with comparable costs.^{vi} With the aging population growing rapidly and the need for more long-term care homes, the lack of financial programs from CMHC that homes can participate in means infrastructure development challenges will worsen and Canadian seniors will continue to experience several months or years on provincial waitlist for admission to these homes.

How can we modernize our existing homes?

In addition to the challenges being faced to access funding for new homes, there are also many obstacles when it comes to updating outdated infrastructure. We must invest in upgrading long-term care homes to ensure homes are up to date and of high quality, meeting modern safety standards and are a “home” to residents.

With the current high cost of development and the increased standards for modern homes there are new demands, but without changes to resources or support, the barriers to new development are growing. Infrastructure upgrades require not only capital financing but sustainable funding for operational requirements. In Ontario alone, the province has committed \$10 billion to rebuild and expand long-term care homes¹. This represents the province’s direct contribution only. The total cost to build in Ontario will be higher and will require significant upfront investment and long-term financing on the part of long-term care home operators. But these investments are critical to meet growing needs.

Today, with 43,000 people on a wait list for a long-term care home in Ontario, nearly half of those individuals living in their communities will wait six months or more for long-term care, and some will wait up to 2.5 years.²

Although responsibilities fall to provincial and territorial governments and the long-term care homes themselves, there are many ways that the federal government can support the sector by ensuring that federal infrastructure related programs are available to long-term care homes. One example is for the federal government to offer a specific funding program as part of a National Housing Plan that is available for long term care home development. This could also include support and scale up for existing Provincial and Territorial programs, such as the Modernizing Funding Model, Accelerated Build Pilot Program, Continuing Care Capital Program and a Long Term Care Capital Infrastructure Pilot Program.

Other examples of how the Federal government can support long term care homes Infrastructure funds includes climate related infrastructure upgrade programs could be made available, and programs at CMHC, like the MLI Select could be open for long-term care home to access. These measures would facilitate the

¹ <https://www.timminspress.com/news/minister-of-long-term-care-stan-cho-attends-ground-breaking-in-timmins>

² <https://www.oltca.com/about-long-term-care/the-data/>

development and renovation of long-term care homes enabling more projects and improvements to get off the ground.

Towards a solution

Outdated long-term care home infrastructure, barriers to accessing capital financing for long-term care home development, along with inflationary pressures on construction costs, are critical challenges as we consider the needs of an aging Canadian population. There are thousands of people on waitlists for accommodations in a long-term care home where their needs can be met. There is a housing crisis for a vulnerable population that must be considered as part of the core housing need in Canada. Specifically, it should be considered in policies to support housing development in Canada.

The federal government and provincial and territorial governments can work together with the long-term care homes to prevent another housing crisis from worsening. As waitlists grow across Canada and our population is projected to age, this must be a priority. Our seniors' safety is at risk without the means to update and build the long-term homes we need. The federal government has committed to making both seniors' care and housing a priority. Here are three ways they can start to address this problem:

- 1. CMHC should allow long-term care homes to apply to the MLI Select program for capital financing for new builds and updating existing, outdated infrastructure.**
- 2. To offer a specific funding program as part of a National Housing Plan that is available for long term care home development.**
- 3. The federal government should include LTC homes in future infrastructure funding programs where applicable so that more resources are accessible to build and renovate homes.**

The long-term care housing crisis in Canada must be a priority for all levels of government. By working collaboratively, the federal government, provinces, and territories can make meaningful progress in addressing the long-term care housing crisis and ensuring that all seniors have access to the care, comfort and dignity they deserve as they age.

About CALTC

The Canadian Association for Long Term Care (CALTC) is the leading voice for quality long term care in Canada. Our association is made up of provincial association members and corporate provider members representing the entire spectrum of long-term care in Canada. Our members are committed to delivering resident-centred care services to seniors across the country when they can no longer live at home.

Since its inception in 2002, CALTC and its members have been working alongside long term care staff, volunteers, residents and their families to share information, best practices, and evidence to improve the quality of care provided to those in long term care, no matter where they live. Our vision is a health system in which quality, safe and comfortable long-term care is available to all Canadians.



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