Ontario Long Term Care Association

OLTCA

Beyond Care

The Socioeconomic Value and Challenges of Long-Term Care in Toronto

December 2024

For more than 60 years, the Ontario Long Term Care Association (OLTCA) has been committed to advancing the quality of long-term care services in Ontario. With advocacy and leadership as a key focus, the Association has been able to influence legislative, policy and regulatory change, support sector expansion and redevelopment, and provide educational opportunities to ensure the increasing needs of residents are being met with safe, high-quality care.

Today, the OLTCA has the privilege of representing 70% of the long-term care homes in Ontario. Like the system itself, the OLTCA includes a range of ownership models: private operators, non-profit and charitable organizations, and municipally operated homes. Our members provide care and accommodation services to more than 70,000 residents annually.

The OLTCA represents the shared interests of all homes across the province, and believes in our collective responsibility to build a strong and sustainable long-term care home sector that delivers the best quality care to Ontario's seniors.

The StrategyCorp Institute of Public Policy and Economy provides thought leadership on important public policy issues facing Canadians and their governments across the country by combining economic and policy expertise with key political insights.

The Ontario Long Term Care Association commissioned the StrategyCorp Institute of Public Policy and Economy to produce an independent research report on the socioeconomic value of long-term care in the city of Toronto.

For questions specifically regarding this document, please contact the Ontario Long Term Care Association. For questions about StrategyCorp's services please consult strategycorp.com.

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Table of Contents

Executive Summary

Toronto's aging population is growing quickly, with those over 80 more than doubling in the next two decades. The city will need to expand services along the seniors' care continuum in order to ensure care is there for those who need it. While many will be able to age in their own homes with community and home care supports, about 20 per cent of those over 80 will have such complex care needs that they will need access to the 24/7 skilled care provided in long-term care (LTC).

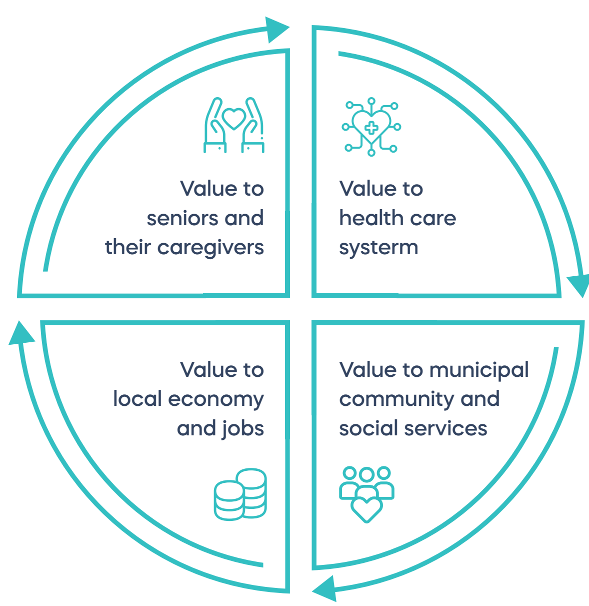
The demand for long-term care and community services well outstrips current capacity across Ontario. In the city of Toronto, more than 15,000 seniors live in long-term care across 84 municipal, non-profit and private LTC homes. An additional 7,923 individuals were waiting to get an LTC space in Toronto as of March 2023. Due to the long waitlist, the median number of months individuals wait in the community exceeds eight months (Health Quality Ontario, 2024).

Looking to the future, demand for LTC could grow by over 25 per cent between 2023 and 2033. To prepare for a growing aging population and help Ontarians age well, the province has invested extensively to expand home, community and long-term care. In Toronto, the provincial government committed to adding 6,313 new spaces and modernizing 5,515 of the oldest LTC spaces. However, very few LTC projects have moved forward so far.

Long-term care has significant socioeconomic benefits to the city of Toronto, from improving care for seniors, relieving caregiver burnout, improving health system flow to creating local jobs and contributing to gross domestic product (GDP).

Despite the socioeconomic value and provincial investments, long-term care expansion in Toronto is at risk and the city may even see a reduction in the number of available LTC spaces.

This report explores four components of the socioeconomic value offered by long-term care. It also highlights the opportunities and risks associated with maintaining and expanding LTC capacity by delivering on the provincial commitments.



The report outlines the impacts of three scenarios for long-term care capacity in Toronto - an optimistic scenario where the number of LTC spaces grows to meet the needs of Toronto seniors, a middle scenario that sees some loss of LTC capacity and a pessimistic scenario that records a 42.4 per cent reduction.

In the optimistic scenario, seniors would have the right care where they need when they need it. As a result, their caregivers would not face undue burden and distress filling the gaps in an unprepared system. The broader health, community and social care system would be able to maintain capacity levels to serve those who need their services, without needing to support seniors who would require higher levels of care in LTC. By building new LTC spaces and redeveloping older ones, the optimistic scenario would generate $6.8 billion in GDP in Ontario.

Unfortunately, three key barriers are blocking Toronto's path toward LTC expansion, namely planning policy, access to land and growing costs. To tackle these issues, all levels of government and the long-term care sector will need to work together to ensure our seniors have the care they deserve.

Key Facts:

- Today, Torontonians living at home wait 24.4 per cent longer for long-term care than the rest of Ontarians. This will only grow without expanded capacity.
- Of the 15,387 licensed LTC spaces in Toronto, 17.2 per cent are municipal, 38 per cent are non-profit and 44.8 per cent are private.
- Nearly half of Toronto's LTC spaces (7,454) are older and need to be modernized.
- The Government of Ontario has committed to growing LTC capacity by 41 per cent in Toronto and 39.5 per cent provincially.
- Only five LTC projects have moved forward in Toronto, with many slowed by planning, land, and costs limitations.
- With appropriate interventions, all committed projects for new and redeveloped LTC spaces could move forward, adding $6.8 billion to Ontario's GDP. Increased LTC capacity would have significant positive impacts on the community by relieving pressures on health care, housing and social services.

Introduction:
Meeting the Needs of Toronto's Seniors

Toronto – and the rest of the province – is facing significant growth in older adults. The number of seniors 80 and over increased by 3.4 per cent year-over-year in 2023 in Ontario. The rest of the population (0 to 79) grew at a slower rate over the same period (3 per cent) (Statistics Canada, 2024). In the city of Toronto specifically, projections show that the number of individuals over 80 will more than double in less than twenty-five years (from 142,133 in 2022 to 302,172 in 2046) (Ontario Ministry of Finance, 2023).

In order to ensure those older adults are able to age well and have care when they need it, services across the seniors care continuum will need to expand. Many individuals over 80 will be able to age at home with expanded community and home care supports, especially if they have an unpaid caregiver.

However, one in five seniors over 80 will have complex care needs that would require long-term care (LTC) (Ontario Long Term Care Association, 2024). These individuals will require access to 24/7 skilled, interdisciplinary care provided in LTC homes that cannot be replicated through community supports.

Who Needs Long-Term Care in Ontario?

82 years old average resident age

75% of residents have three or more different medical conditions

75% of residents need eight or more medications

88% of residents need extensive support with activities of daily living like getting dress and eating meals

76% have significant cognitive supports needs

Source: Ontario Long Term Care Association, 2024 (all data are provincial averages).

To meet this need, the Government of Ontario committed to investing $2 billion over three years to support the expansion of home and community care in Budget 2024 (Government of Ontario, 2024, p. 83). On the long-term care front, the government is investing $6.4 billion to add 30,000 new spaces by 2028 and redevelop 28,000 existing ones across Ontario (Government of Ontario, 2022). Redevelopment is made necessary in the province as older LTC spaces will need to be modernized to meet new provincial requirements and standards (related to the size of residents' rooms for instance) to renew their licenses.

The province also committed $4.9 billion over four years to retain and hire LTC staff and help increase the average hours of direct care residents receive to four hours per day (Government of Ontario, 2023).

In Toronto specifically, the provincial government intends to create 6,313 new spaces and redevelop 5,515 existing older LTC spaces, based on an inventory of publicly available announcements as of January 2024. Expanding LTC capacity is critically needed as Toronto could see a 27.7 per cent increase in demand for long-term care between 2023 (base year) and 2033 based on the number of existing LTC spaces, the size of the waitlist and population projections from the Ontario Ministry of Finance. In addition to meeting growing LTC demand, the construction and operations of these new and redeveloped LTC spaces would also significantly support economic activity in Toronto.

Despite its significant socioeconomic value, long-term care expansion in Toronto is at risk. The city may even see a reduction in the number of available LTC spaces.

As of February 2024, only five projects announced by the Government of Ontario had approvals to begin construction (930 new spaces in total). This comes at a time when approximately 5,500 older LTC spaces have licenses expiring in 2025 unless they get renewed under the new license renewal program launched by the province. Ultimately, these older spaces need a viable path to rebuild. Otherwise, these LTC homes could close.

As demand continues to rise for LTC, losing these spaces will be detrimental to the health and quality of life of many seniors and their caregivers as their complex care needs would go underserved or unmet. Moreover, the loss of LTC spaces would have major negative socioeconomic consequences for Toronto, including job losses at a time when Ontario needs to grow its health care capacity and workforce.

This paper aims to quantify the socioeconomic value of long-term care homes and examines three possible scenarios for long-term care in Toronto and their impacts on the city.

- An optimistic scenario where LTC capacity grows to meet the needs of Toronto seniors.
- A middle scenario which sees some loss of LTC capacity in the city.
- A pessimistic scenario in which Toronto experiences a large reduction in LTC spaces.

Growing long-term care capacity in Toronto requires a partnership among homes and the municipal and provincial governments. The time is now for all parties to come together to ensure Toronto seniors have access to the right care when they need it. To that effect, this report also identifies key recommendations for all partners to help Toronto work towards an optimal outcome.

PAPER OUTLINE

The paper is divided into three sections. The first section outlines the current state of LTC capacity in Toronto and the major barriers to expanding capacity and modernizing the oldest LTC homes in the city. The report looks at the significant social impacts when LTC is not there for those who need it. We then perform an analysis of the economic outcomes based on the three possible scenarios for LTC capacity. Finally, the paper concludes with potential actions the City and the Government of Ontario can take together to ensure Toronto is ready to meet the needs of its older residents.

Section 1:
Long-Term Care Today

Long-term care (LTC) homes play an essential role in the continuum of care for seniors who are no longer able to live at home or in other seniors living settings like retirement homes. While several options on the care continuum allow healthy seniors to age in place, the role LTC plays in supporting seniors with complex care needs is unique and irreplaceable.

The demand for LTC in Toronto already outstrips the available capacity at a time when the number of seniors 80 and over will increase as the baby boom generation gets older. In Toronto, more than 15,000 seniors live in long-term care across 84 municipal, non-profit and private homes.

An additional 7,923 individuals were waiting to get an LTC space in the city as of March 2023. Due to the long waitlist, the median number of days people in the community in Toronto waited to move into LTC was 250 days or over eight months in 2022/2023 (Health Quality Ontario, 2024). Torontonians wait 24.4 per cent longer than the provincial level. Those waiting are forced to navigate services that do not quite meet all their needs while often depending on distressed unpaid caregivers like family members and friends. For many, the wait in their homes is unsustainable and they will end up in hospital due to a medical emergency before moving into long-term care.

Private and Non-Profit Homes Play a Critical Role in Maintaining LTC Capacity in Toronto

The City of Toronto is the largest municipal operator of long-term care in Ontario with 10 homes and 2,641 spaces (17 per cent of all LTC spaces). Despite the significant role played by the City, 83 per cent of LTC spaces in Toronto are operated by non-profit and private homes. Private LTC homes account for the 45 per cent of licensed spaces (6,893 spaces across 38 homes) while the non-profit sector represents another 38 per cent of the spaces in Toronto (5,853 spaces across 36 homes).

Table 1. Number of LTC Homes and Spaces in Toronto by Sector

Sector	Number of homes	Licensed spaces	Proportion of all spaces
Municipal	**10**	2,641	17.2%
Non-Profit	**36**	5,853	38.0%
Private	**38**	6,893	44.8%
Total	**84**	15,387	100%

Of the 15,387 existing licensed LTC spaces in Toronto (as of February 2024), nearly half (7,454) are in older homes. These spaces need to be rebuilt in order to meet the latest provincial standards. Approximately 70 per cent of these older spaces have licenses that are currently set to expire in 2025. The other half of LTC spaces in Toronto (7,933) are new or updated to the most recent standards.

1.1. Key Factors Impacting LTC Modernization and Expansion

Based on an inventory of publicly available announcements as of January 2024, the provincial government intends to create 6,313 new spaces in Toronto. It also plans to redevelop 74 per cent (5,515) of the existing 7,454 older LTC spaces.

There are currently no announced plans to redevelop the remaining 26 per cent of spaces (1,939) in older homes. These spaces face a real risk of closure as homes' licenses come up for renewal and they are required to meet newer building standards.

Despite investments from the Government of Ontario, many LTC building projects in Toronto are struggling to move forward. As of February 2024, only five projects announced by the province had approvals to begin construction (930 new spaces in total).

In 2023, two new LTC homes opened in Toronto as part of the province's hospital accelerated build pilot. This initiative included significant additional government support, enabling these projects to be completed within three years of provincial approval. These unique builds demonstrate the potential for expanding LTC capacity when given the right support. However, no other projects in Toronto currently qualify for this accelerated assistance.

Significant headwinds currently hinder the construction of new LTC spaces and the redevelopment of existing ones in Toronto. Projects face challenges associated with the scarcity of land and the rules in place related to planning and design standards. The cost of project and financing is also a key factor impacting LTC projects.

1.1.1. Land and Rules

With the growing density of Toronto and the focus on residential buildings, accessing land for new and rebuilt LTC homes is increasingly difficult. One common challenge faced by homes needing to redevelop in Toronto or other urban centres is not having the option to expand horizontally (in other words, they are landlocked), which requires them to add additional stories to their buildings.

Under the provincial design standards for long-term care, a home needs to double its footprint to redevelop the same number of spaces to meet requirements such as larger resident rooms and shared spaces and corridors. Adding new stories to redevelop is difficult for homes that are nested within the residential communities they serve as they face density restrictions. This limits opportunities for vertical construction and the addition of new stories.

Because of limitations on height, the redevelopment of an LTC home would require another plot of land. This leads to another difficulty which is the lack of affordable land for LTC development. This is exacerbated by the inability of LTC homes to qualify for parcels designated as “employment lands” despite often being themselves large employers. Additionally, private LTC organizations, which represent two-thirds of older spaces that need to redevelop, are not eligible to purchase or use public lands. Meeting the needs of seniors will require all parts of the long-term care sector to redevelop and build new spaces.

Current standards also add significant barriers to any LTC organization that may want to partake in mixed-use development projects. For example, there are significant policy and financing limitations currently hindering the potential construction of an LTC home on the same building podium as a condominium.

The municipal planning approval process can sometimes be lengthy and uncertain in Toronto. Further compounding this issue, facilitation support from the Ontario Ministry of Long-Term Care and the provincial government is not available to address planning approval challenges in Toronto. Introducing a municipal fast pass program that sets out criteria to allow for accelerated planning approvals for LTC could make a difference in helping projects progress.

Lastly, at the provincial level, there is currently no program or mandate in place to encourage broader public sector entities (e.g., post-secondary institutions, municipalities, hospitals, transit-oriented communities projects) to make real estate available for the construction or redevelopment of LTC homes. This limits the availability of land for innovative mixed-use developments.

1.1.2. Cost and Financing

Building an LTC home is done in partnership with the Government of Ontario. Organizations or municipalities operating LTC spaces must apply with the province to build or rebuild homes. Only projects approved by the government can start construction.

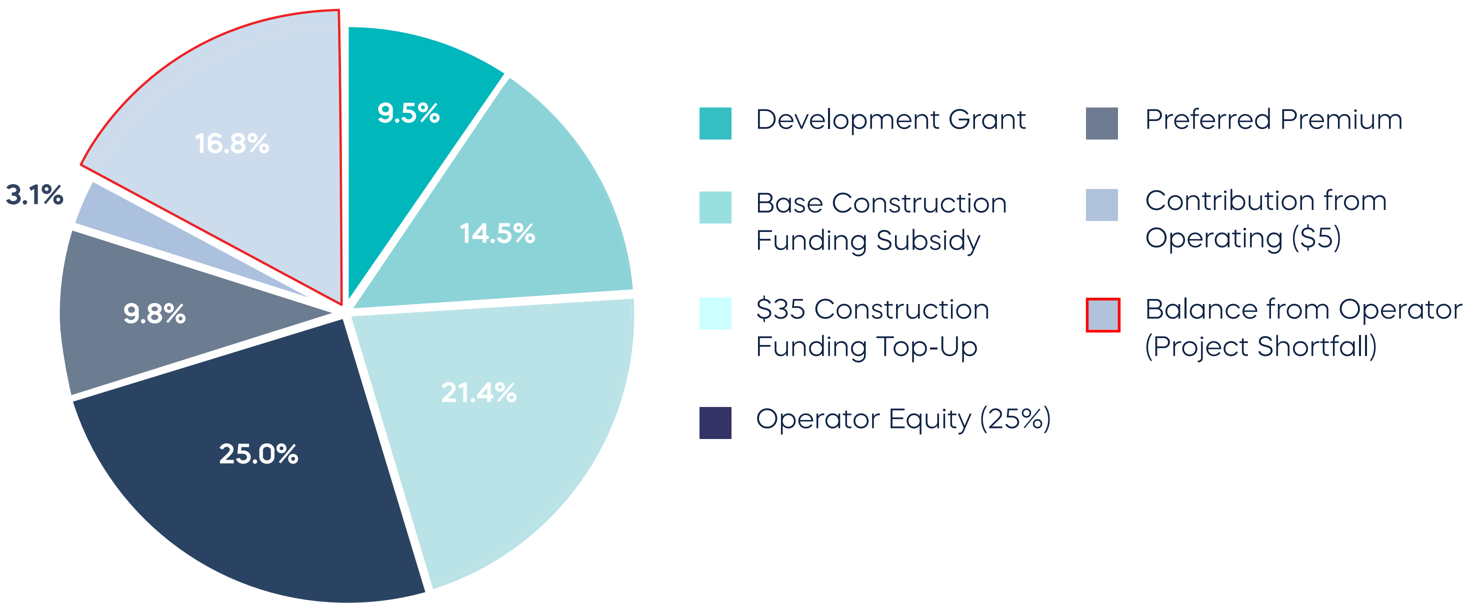
Based on internal calculations, tender cost data and specialized industry research, StrategyCorp and the Ontario Long Term Care Association (OLTCA) estimate that the average total hard and soft costs amount to $483,750 per LTC space before tax. Due to scarcity, land costs are also substantial in Toronto. We estimate these costs at approximately $33,563 per LTC space or a little over six per cent of total costs based on our calculations (although they can be higher in some cases). Taking hard, soft and land costs together, building an LTC space in Toronto can cost $542,016 after accounting for applicable taxes and credits available[1].

The Government of Ontario supports LTC projects through specific funding for the construction phase and the operations of the home. The government provides an upfront Development Grant once the LTC home has been built to support the equity needed to finance the construction. This grant accounts for 9.5 per cent of total construction costs.

[1] Our financing modelling assumes the federal tax portion is completely rebated and therefore does not need to be financed. The model also assumes a portion of the provincial tax is rebated.

Once resident admissions begin, the LTC home will receive a capital funding subsidy from the government for 25 years, covering up to approximately 35.9% of construction costs. This percentage varies based on the project's size, location, and costs. It combines the Base Construction Funding Subsidy and the $35 Construction Funding Top-Up shown in Figure 1. Part of this subsidy comes from a time-limited top-up of up to $35 per day per space for 25 years the provincial government created for LTC homes that can secure approval to construct by November 30, 2024. Without this top-up, the capital funding subsidy is lower and only covers 14.5 per cent of construction costs.

Figure 1. Who Pays for What: How Long-Term Care Homes Are Funded in Ontario[2]



LTC homes must also provide significant investments to projects, including one-quarter of the costs in equity to secure a loan for the construction. They are responsible for all mortgage and interest payments.

The current financial model requires LTC homes to support their costs through operational funding from government and residents' co-payments for upgraded or preferred accommodations such as private rooms ("preferred premium"). Additionally, the Ontario Ministry of Long-Term Care requires that LTC organizations contribute $5 per day per space from their operating revenues to cover costs (referred to as "Contribution from Operating ($5)" in Figure 1).

While provincial funding may vary from year to year, LTC homes must meet their mortgage obligations and generate positive cashflows to meet debt service ratios required by lenders. In total, LTC organizations must fund 54.6 per cent of total costs under the current financial model (the sections in green in Figure 1). Of this share, organizations have to find ways to deal with a 16.8 per cent shortfall associated with higher costs (e.g., construction and interest rates).

[2] The percentages included in this graph are based on the present value of each funding stream over 25 years. Due to rounding, the values shown in this graph do not sum up to 100 per cent.

As an example, assuming a total construction cost of $542,016 per space (including estimated land costs), building a new 256-space LTC home[3] in Toronto would require an organization to contribute approximately $58 million in equity in addition to securing around $91 million in financing.

For all planned LTC projects in Toronto - 6,313 new spaces and 5,515 rebuilt spaces – the total investment in equity from the municipal government, non-profit organizations, and private sector will be $2.67 billion in addition to provincial funding.

These estimates assume that government funding will be sufficient to enable LTC homes to secure financing and contribute equity to new projects. However, due to construction inflation and higher interest rates, LTC organizations must cover higher project costs upfront beyond their equity contributions to secure financing. These additional costs have put many projects at risk and make it harder to find lenders.

There is a need to rebalance the LTC financial model and the provincial capital development funding. In Toronto, LTC organizations must also contend with costs associated with planning delays and increasing development charges,

Every new space that does not get built and every existing space that closes as a result of the challenges identified in this section has real consequences. Without adequate LTC capacity, seniors and their families will struggle with an overburdened health care and community services system while LTC waitlists continue to grow. The burden of unpaid caregivers will also increase.

The next two sections of this report assess the socioeconomic value long-term care offers to residents, caregivers, the broader community and the overall health care system. Using a scenario analysis approach, we evaluate potential future trajectories for Toronto's LTC capacity to illustrate the impacts if LTC development and redevelopment cannot move forward.

[3] This number of LTC spaces (256) for a home was selected because it is reflective of larger projects being considered and/or built today. In general, larger LTC homes tend to benefit from better efficiencies and costs.

Section 2:
Socioeconomic Value of Long-Term Care

LTC homes are instrumental in meeting the needs of older Torontonians with significant physical and cognitive limitations. LTC residents benefit from 24/7 care and assistance as well as on-site services and activities in a safe environment. Each senior will have an individualized care plan co-designed with a skilled, interdisciplinary health care and support teams. This is crucial for meeting residents' needs and maintaining their health, wellness and safety.

Beyond the care provided within their walls, LTC homes play an important socioeconomic role. A long-term care system with enough capacity offers several benefits, including:

1. Relieving the burden on unpaid caregivers – often family or friends who support the care needs of seniors.
2. Allowing community and acute care services to maintain capacity.
3. Opening up social housing capacity and avoiding situations where housing services have to try to manage care needs beyond their scope.
4. Increasing employment opportunities, especially for health care workers
5. Adding economic value both through construction and the ongoing operations of LTC homes

Figure 2. Socioeconomic Value of LTC

Seniors and their Caregivers

- Reducing caregiver burden
- Opening up community supports for seniors with less care needs, thus helping support aging at home

Health Care System

- Reduction in emergency department visits
- Freeing up hospital capacity and reducing the demand for alternate level of care (ALC)

Workforce and Economy

- Job creation, especially in the health care sector
- Increased gross domestic product (GDP) through LTC construction and operations

Municipal Community and Social Care

- Opening up capacity for social and care services for individuals with less complex care needs
- Reducing waiting times and increased access for social and public seniors housing

2.1. Value to Residents and Their Caregivers

LTC homes make a difference that cannot be overstated for the family members of residents. Without access to long-term care, seniors with complex needs who are waiting for LTC must rely extensively on a combination of unpaid and paid caregivers to supplement health and social care services that were not built to support higher care needs. Unpaid caregivers (also known as "informal caregivers") are usually spouses, family members and friends.

The average number of hours unpaid caregivers spend taking care of older relatives varies significantly across studies and surveys. The Canadian Institute for Health Information (CIHI) estimated that unpaid caregivers of seniors without dementia provide an average of 17 hours of care per week (Canadian Institute for Health Information, 2024c). A recent Statistics Canada study found that, "in an average week in the past 12 months, caregivers for care-dependent adults reported providing 21 hours of care on average" (Wray, 2024).

The total number of unpaid caregiving hours can be even higher. CIHI found that people who experienced distress caring for family members or friends provided on average 39 hours of care per week in 2022-2023 (Canadian Institute for Health Information, 2024a). This makes it difficult for unpaid caregivers to have a full-time paid job at the same time. The hours required for caregiving often result in reduced economic participation and lost employment income for working caregivers (in some cases, caregivers may be retired children, spouses or friends).

In addition to distress and a potential exit from the workforce, unpaid caregivers face a heightened risk of injury while helping a senior perform certain tasks related to mobility and personal hygiene. Injury risks are even greater if the unpaid caregiver is an elderly spouse and/or if accessibility devices are not installed in the house. A study from the Canadian Centre for Caregiving Excellence highlighted that "the more hours of care they provided, the more likely caregivers were to report fair or poor physical and mental health and being fatigued, overwhelmed, or depressed as a result of caregiving" (Canadian Centre for Caregiving Excellence, 2024, p. 27). This can have negative social and economic consequences for unpaid caregivers as poor physical and mental health as well as injuries can hinder their ability to work.

Without appropriate LTC capacity in Toronto, unpaid caregivers are often the main support for seniors who would need access to the 24/7 care services. They coordinate care services, provide personal care, help with care planning and provide social supports – all while living their own lives and, in many cases, working themselves.

2.2. Value to the Health Care System

Ensuring the right LTC capacity in Toronto means that seniors with complex needs can get the right care in the right place when they need it. If LTC cannot continue to expand in the city, older adults will need to use services that are not adequate for their needs. In some instances, seniors may need to seek acute care when community supports are not enough.

2.2.1. Enabling the Discharging of Patients and Preserving Capacity

LTC homes play an important role in preserving the capacity of health care institutions in Toronto. They enable reduced admissions into acute care and support the transition of patients from hospitals to more appropriate care settings.

The availability of LTC spaces is crucial to enable hospitals to discharge patients to LTC homes. In 2022-2023, a total of 6,297 acute patients were discharged to LTC homes in Toronto according to data from Acute Inpatient Discharge Abstract. Nearly a third of these patients (32.4 per cent) had spent days in alternate level of care spaces (Canadian Institute for Health Information, 2024d). It should be noted that not all discharged patients were net new LTC admissions as some might have already been in long-term care before being hospitalized.

ALC patients occupy acute care spaces without needing an acute level of care. This often happens when senior patients cannot be discharged home because their care needs are too complex and there are no spaces available in LTC homes to accommodate them. Preserving and increasing LTC spaces is essential to enable patients to move out of ALC, thus maintaining hospital spaces for those who need acute care.

2.2.2. Reducing Hospital and Emergency Department Visits

Living in an LTC home where care and assistance is provided 24/7 can help reduce the risk of seniors having medical crises that lead to an emergency department (ED) visit and possible hospital admissions. This is because LTC residents have access to on-site health care services and professionals (e.g., nurses, personal support workers) who have the necessary training to attend to more minor issues that would otherwise require a visit to the clinic or the hospital.

An older adult living at home with significant care needs will be at high risk of injuries stemming, for instance, from falls. Between 20 and 30 per cent of seniors in Canada experience one or more falls every year (Public Health Agency of Canada, 2021). Fall-related injuries usually lead to ED visits. Falls are responsible for 85 per cent of seniors' injury-related hospitalizations (Public Health Agency of Canada, 2021). In some cases, injured seniors who cannot be discharged home might occupy ALC beds during their hospital stay.

Neurological diseases and mental health crises can be another reason leading seniors to visit the emergency department. Estimates show that 63.4 per cent of people in residential care in Ontario (includes LTC homes and some inpatient care settings) were living with dementia in 2022-2023. A little over 42 per cent of residents also had psychiatric/mood diseases such as anxiety disorder, depression, bipolar disorder and schizophrenia in 2022-2023 (Canadian Institute for Health Information, 2023b).

LTC staff are equipped and trained to manage patients' crises. However, seniors with psychiatric/mood and neurological diseases in the community may visit an ED when experiencing crises. A 2024 CIHI report found seniors living with dementia who do not live in long-term care were more likely to be hospitalized. CIHI noted that "60% of people living with dementia who moved to long-term care were hospitalized in the 3 months before their move. However, only 12% were hospitalized in the 3 months after they moved to long-term care" (Canadian Institute for Health Information, 2024e, p. 6).

ED visits and hospital admissions have a significant impact on system capacity and health care costs. The average direct cost per ED visit in Ontario was $196.8 in 2021-2022 (Canadian Institute for Health Information, 2023a). This figure excludes costs associated with paramedic transport to the hospital.

2.3. Value to Community and Social Services

In addition to relying more on the health care system, seniors who do not have access to long-term care will also utilize social services and support available in the community. These resources are provided by both community organizations and municipalities. While they can help, these services are not a replacement for the level of support seniors with complex care needs would receive in an LTC home. This leaves many older adults with unmet care needs.

In the context of Toronto, older adults may rely on City programs such as:

- Paramedic Community Healthcare Outreach & Referral activities include community paramedic-led clinics and at-home medical care to support seniors. The clinics enable seniors living in specific Toronto Community Housing Corporation buildings to receive physical and mental health monitoring. When necessary, the clinics facilitate connections with local health care teams and agencies (City of Toronto, 2024a).
- Homemakers & Nurses Services program (HMNS) provides homemaking services through community agency contracts to individuals living with disabilities and functional deficits. Through this program, low-income seniors can receive assistance with household activities like housekeeping, shopping and meal preparation (City of Toronto, 2024b). More than 3,000 individuals use HMNS annually (City of Toronto, 2024c)
- Adult Day programs (ADP) provide social activities and services to seniors "living in the community who are physically frail, have a cognitive impairment or are socially isolated" (City of Toronto, 2024d). The programs are offered in three LTC homes the City operates. Approximately 175 seniors participate in ADP (City of Toronto, 2024c)

These programs are designed to serve Torontonians with less complex care needs to help them live and age in the community. They can reduce the burden on unpaid caregivers and delay or prevent the need for more complex care. The programs are critical pieces of the City's Seniors Strategy.

While provincial subsidies offset the cost of some of these community-facing initiatives, the City contributes funding for some of these services through its own operating budget. In addition, Toronto faces uncertainty every year around the funding levels it will receive. The costs and revenues associated with these programs based on the City's 2024 approved operating budget are indicated in Table 2. The portion not funded by the Ontario government and other revenues is, for the most part, the responsibility of the City of Toronto.

With the LTC waitlist growing in Toronto, demand for these services will increase, thus creating bottlenecks and, in some cases, increasing wait times in community services such as HMNS. Most importantly, supporting seniors who should have access to long-term care reduces the capacity of the City to help seniors who could live and age in the community.

Table 2. Costs of Selected City of Toronto's Programs

Program	Total cost	Proportion of the cost directly mitigated by provincial funding and other sources of revenues
Paramedic Community Healthcare Outreach & Referral	$11.35 million	100%
Homemakers & Nurses Services	$5.78 million	70.6%
Adult Day program	$1.62 million	100%

2.3.1. Housing

LTC homes in Toronto provide a safe place to live for 15,387 seniors. Without access to long-term care, some individuals might reside in houses that are not fully accessible and adapted to their care needs, thus forcing them to rely on unpaid caregivers and increasing the risk of injuries.

Low- and moderate-income seniors outside of the LTC system might turn to City programs such as the Toronto Seniors Housing Corporation (TSHC). The Corporation provides subsidized rental housing to approximately 15,000 individuals in 83 buildings. Unlike in an LTC home, senior tenants do not receive extensive direct care from TSHC. However, TSHC uses an integrated service model to help connect seniors with relevant services and support (Toronto Seniors Housing Corporation, 2024a).

While TSHC offers some affordable rental units, nearly all its tenants (95 per cent) pay rent-geared-to-income (RGI). This enables tenants to pay a rent that is approximately 30 per cent of the household's monthly net adjusted income (Toronto Seniors Housing Corporation, 2024b).

Toronto seniors currently face a waitlist to benefit from the rent-geared-to-income program. The average time on Toronto's Centralized Waiting List for a senior to potentially access RGI was eight years for a studio in 2022 (latest data available). The overall wait time for a one-bedroom unit was even longer at 14 years (City of Toronto, 2024g).

The City of Toronto also operates the Supportive Housing Program (SHP) available to seniors living in one of the nine designated supportive housing buildings in Toronto. SHP helps individuals in various ways, including assistance with personal care, light housekeeping, medication reminders, safety checks, referral to community resources and assistance navigating the health care system (City of Toronto, 2024f). The services are provided by personal support workers (PSWs). More than 500 seniors benefit from SHP (City of Toronto, 2024c). The City of Toronto planned to spend approximately $5.26 million on SHP in 2024 according to its approved operating budget (City of Toronto, 2024e).

The lack of affordable housing and the wait time to access subsidized housing present significant challenges for low-income seniors. As these services continue to struggle with bottlenecks and very high demand, seniors who do not have significant care needs are struggling to pay for housing.

The city of Toronto is seeing an increase in the number of homeless seniors. The Street Needs Assessment led by the City surveys individuals experiencing homelessness. The 2021 Assessment found that seniors (60 years and older) represented 15 per cent of people experiencing homelessness, up from 10 per cent in 2018 (City of Toronto, 2021, 2018). The share of respondents who were 75 years and older doubled from one per cent in 2018 to two per cent in 2021. Some of the respondents were as old as 90 years, up from 85 years old in 2018 (City of Toronto, 2021, 2018).

This dynamic is alarming as shelters are not equipped to adequately care for seniors with complex care needs. These older adults should have access to quality care in LTC homes.

Both TSHC and SHP are important programs for supporting those living in community. However, they are intended for low-income seniors who have lower care needs and need access to housing. Expanding LTC capacity will ensure that these housing programs can serve the individuals they are meant to help. For seniors with more extensive care needs, LTC homes are equipped to provide safe housing.

2.3.2. Communities in the Greater Toronto Area

As it becomes increasingly harder to get an LTC space in Toronto, some seniors and their families look for LTC homes in the GTA, and in some cases, the broader province. This puts pressure on communities outside of Toronto that are already struggling to find LTC spaces for their own residents. The waitlist for LTC homes in the GTA was estimated at 9,303 individuals as of March 2023. Similar to Toronto, there are also LTC homes in the GTA either set to close or considering closure, which could lead to reduced capacity.

This regional demand not only strains existing resources but also influences local decisions on new investments in LTC capacity. Communities within the GTA are increasingly cautious about expanding LTC facilities due to concerns that new spaces may predominantly serve residents from outside their immediate area rather than local constituents.

Section 3:
Scenario Impact Analysis

There is significant uncertainty around the future of thousands of LTC spaces in Toronto. Although the provincial government announced the creation of 6,313 new spaces and the redevelopment of 5,515 existing ones, progress has been slow with only a fraction of these projects currently underway.

This section examines the potential socioeconomic impacts of different LTC capacity levels in Toronto using three defined scenarios. Each scenario assumes a different number of LTC spaces will be redeveloped and built in the city. To simplify the model and make it easier to understand, we do not quantify factors related to the size and trajectory of the waitlist in this particular model. All three scenarios share the following assumptions:

Assumption 1 (A1): All existing LTC spaces that do not need redevelopment will be maintained

Assumption 2 (A2): All existing older LTC spaces with no redevelopment plans will be lost.

Assumption 3 (A3): All 930 LTC spaces with approvalsto begin construction will be completed.

The three scenarios diverge on how many existing spaces planned for redevelopment will get completed (assumption 4 – A4). The scenarios also have different assumptions on the outcome for announced new LTC spaces that are not currently under construction (assumption 5 – A5). An overview of the assumptions for each scenario can be found below and in table 3:

1. **The optimistic scenario** assumes all planned redevelopments of existing spaces will proceed and be completed in 2025 (to simplify the impact model, we assume construction activity takes place over the course of one year). Additionally, all announced new LTC spaces that have not yet begun construction are also expected to be completed in 2025, reflecting a best-case scenario in terms of LTC capacity expansion in Toronto.
2. **The middle scenario** predicts that only half of the planned redevelopments will go forward in 2025. It also anticipates that 50 per cent of the announced new spaces will materialize in 2025.
3. **The pessimistic scenario** forecasts that none of the redevelopment plans for older LTC spaces go ahead. It also assumes that all announced new spaces that have not started construction do not proceed.

Table 3. Assumptions by Scenario

Code	Assumptions	Optimistic scenario	Middle scenario	Pessimistic scenario
A1	**Share of existing spaces that do not need redevelopment maintained**	100%	100%	100%
A2	**Share of existing spaces with no redevelopment plans that are lost**	100%	100%	100%
A3	**Share of new spaces with approval to begin construction that get completed**	100%	100%	100%
A4	**Share of existing spaces planned for redevelopment that get completed**	100%	50%	0%
A5	**Share of new spaces announced not under construction that get completed**	100%	50%	0%

These assumptions help assess the potential shifts in LTC capacity within Toronto under each scenario. In the optimistic scenario, total capacity increases by 28.4 per cent or 4,374 spaces once all announced new spaces are completed. The middle scenario results in a net capacity loss of 7 per cent or 1,075 spaces. LTC capacity in Toronto shrinks by 42.4 per cent or 6,524 in the pessimistic scenario. Table 4 provides a breakdown by category and scenario.

Table 4. Outcome of LTC Spaces by Scenario[4]

Code	Assumptions	Optimistic scenario	Middle scenario	Pessimistic scenario
Number of current LTC spaces		**15,387**	**15,387**	**15,387**
A1	**Existing spaces that do not need redevelopment maintained**	7,933	7,933	7,933
A2	**Existing spaces with no redevelopment plans that are lost**	1,939	1,939	1,939
A3	**New spaces with approval to begin construction that get completed**	930	930	930
A4	**Existing spaces planned for redevelopment that get completed**	5,515	2,758	0
A4	**Existing spaces planned for redevelopment that do not get completed and are lost**	0	2,758	5,515
A5	**New spaces announced not under construction that get completed**	5,383	2,692	0
Number of LTC spaces after all construction and redevelopment		**19,761**	**14,312**	**8,863**
Total net capacity gained/lost		**+4,374 (+28.4%)**	**-1,075 (-7%)**	**-6,524 (-42.4%)**

3.1. Economic Impacts of Building LTC Spaces

A new LTC space generates direct, indirect and induced economic impacts[5] at both the construction and operation stages.

This study evaluates that the hard and soft costs to build an LTC space in Toronto amount to $546,637.50 after HST (as of spring 2024)[6] [7]. While the cost of buying land for LTC projects in Toronto is high, this amount is excluded from economic impact calculations to align with common practices and definitions. We calculate the economic impacts of the construction activity using IMPLAN, a widely recognized economic impact analysis

[4] Due to rounding, the values shown in the table may not exactly sum up to the total. While the number of LTC spaces in operation in Toronto is lower (14,487) due to ward spaces, this report uses the total count of licensed spaces for the analysis.

[5] Direct impacts relate to the initial input required for one unit of output. Indirect impacts pertain to business-to-business transactions in the supply chain. Induced impacts capture the value generated by households spending their labour income that was generated from the direct and indirect economic activity (Statistics Canada, 2024b; Demski 2020).

[6] Cost calculations assume an average of 625 square feet per space.

[7] While a portion of the taxes was excluded to calculate financing in section 1.1.2., taxes on intermediate inputs are usually paid upfront before being rebated through credits. As our model assumes taxes are paid in 2025 but only rebated in 2026, they were included in the output value to run the IMPLAN model.

platform. We apply the 2019 Ontario economic multiplier model[8] (IMPLAN 2019 data) for the non-residential building construction sector to assess the impacts of new LTC spaces within the province. We assume all construction activity would take place in 2025 to simplify the modelling. The numbers presented in this section are for total impacts, which combine direct, indirect and induced effects.

Assuming a construction cost of $546,637.50, a new LTC space built in Ontario generates $377,432.86 in labour income based on the Ontario labour income multipliers used by the IMPLAN model (IMPLAN 2019 Data). Labour income includes wages, salaries and benefits of salaried employees as well as proprietor income. This new space contributes $574,615.23 to Ontario's gross domestic product at basic prices (what IMPLAN calls "value added") (IMPLAN 2019 Data).

3.1.1. Impacts by Scenario

In the **optimistic scenario**, the construction of 6,313 new LTC spaces in Ontario would generate $2.38 billion in labour income and contribute $3.63 billion to the Ontario GDP at basic prices once completed (IMPLAN 2019 Data).

The total estimated labour income and GDP impacts in the **middle scenario** drop to approximately $1.37 billion and $2.08 billion respectively as fewer new spaces (3,622) go forward with construction (IMPLAN 2019 Data).

The **pessimistic scenario** assumes only the 930 spaces with existing approval to begin construction will be completed. This results in a much lower economic impact with total labour income only reaching $351.01 million. The total GDP contribution amounts to $534.39 million (IMPLAN 2019 Data).

It is worth noting that the redevelopment of existing LTC spaces in older homes in Toronto will also generate economic activity. This stems from the fact that almost every redevelopment project will require the construction of new buildings. The aggregated direct, indirect and induced impacts of redevelopment across the three scenarios are presented in table 5. These numbers assume the cost of a redeveloped LTC space is also $546,637.50 and construction will take place in 2025.

Table 5. Total Economic Impacts of LTC Redevelopment by Scenario

Indicator	Optimistic scenario	Middle scenario	Pessimistic scenario
Number of LTC spaces redeveloped	5,515	2,758	0
Labour Income	$2.08 billion	$1.04 billion	0
Contribution to GDP at basic prices	$3.17 billion	$1.58 billion	0

Source: IMPLAN® model, 2019 Data, using inputs provided by the user and IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com

[8] Given the disruptive effects of COVID on business dynamics in 2020, IMPLAN and Statistics Canada advised us to use the 2019 multipliers. IMPLAN applies inflators and deflators to account for variations in inflation in the last five years.

The combined impact on Ontario's GDP at basic prices of building new LTC spaces and redeveloping older ones amount to $6.8 billion in the optimistic scenario (IMPLAN 2019 Data). The middle scenario would see an impact of $3.67[9] billion (IMPLAN 2019 Data). Since it assumes none of the LTC spaces planned for redevelopment go ahead, the impact on GDP in the pessimistic scenario only captures the construction of the 930 spaces that already have their approval to begin construction ($534.39 million) (IMPLAN 2019 Data).

3.2. Economic Impacts of Operating LTC Spaces

The operations of an LTC home generate significant economic activity across the City of Toronto. Based on the resident's co-payment and the different funding envelopes provided by the provincial government, StrategyCorp and OLTCA estimate that the daily operation cost of a private and non-profit LTC space is $316.97 in Ontario. This cost is reported to be higher at $396 per day in LTC homes operated by the City of Toronto (Wallace, 2024).

We use the two operational costs to assess the economic impacts of LTC operations within the province (based on the IMPLAN 2019 Ontario model for nursing and residential care facilities). IMPLAN applies different economic multipliers depending on the type of LTC homes (municipal versus private and non-profit). Similar to section 2.1, the numbers presented in this section are for total impacts unless indicated otherwise.

For 2024, the operations of the 15,387 LTC spaces in Toronto is projected to generate in total $1.75 billion in labour income and contribute $2.46 billion in GDP at basic prices in Ontario (IMPLAN 2019 Data). Based on the direct impacts, LTC homes in Toronto are responsible for 25,025 jobs (full-time, part-time and seasonal) in the long-term care sector (IMPLAN 2019 Data). They also support 9,047 jobs based on the indirect and induced impacts combined (IMPLAN 2019 Data).

[9] This amount differs from the sum of the construction and redevelopment impacts in the middle scenario due to rounding up.

3.2.1. Impacts by Scenario

Beyond their one-time construction impacts, new LTC homes in Toronto would contribute to the economy on an annual basis through their operations. In the optimistic scenario, a net new gain of 4,374 LTC spaces would result in $462.6 million in additional labour income in total in the first year of operations (IMPLAN 2019 Data). It would grow employment by 8,677 in total based on IMPLAN's Ontario employment multipliers (IMPLAN 2019 Data). Nearly three quarters (72 per cent) of job gains would be directly in the LTC sector.

The operations of 4,374 net new LTC spaces would also contribute $661.56 million to Ontario's GDP (IMPLAN 2019 Data). These calculations assume that operations would begin in 2026 after construction in 2025. The model only applies the multiplier for non-municipal LTC homes as net capacity growth would come exclusively from the private and non-profit sectors on aggregate.

The middle and pessimistic scenarios both result in a net loss of LTC capacity. This concretely means the long-term care sector would see its economic and employment contribution shrink in both cases. A loss of 1,075 LTC spaces in the middle scenario would reduce GDP and labour income by $196.13 million and $143.74 million, respectively (IMPLAN 2019 Data). Employment would also contract by 2,101 jobs directly in the long-term care sector (IMPLAN 2019 Data).

In the pessimistic scenario, total labour income would decrease by $747.84 million and $1.05 billion of GDP contribution would be lost in Ontario as a result of 6,524 fewer LTC (IMPLAN 2019 Data). A total of 10,409 jobs are also lost directly in the LTC sector (IMPLAN 2019 Data). For both scenarios, assume home closures would occur in 2026 (i.e., the impact numbers presented are for 2026).

3.3. Impacts of LTC Spaces on the Caregiving Burden

Seniors with physical and/or cognitive limitations in LTC homes receive specialized care and services from qualified staff. Seniors in the community who cannot obtain an LTC space often rely on home care to get support. CIHI estimated that over 95 per cent of people receiving long-term home care had an unpaid caregiver in 2022-2023 (Canadian Institute for Health Information, 2024a). These caregivers are usually spouses, family members and, in some cases, friends.

The intense demands of caregiving are evidenced by the high rates of caregiver distress observed in the Toronto Central region where 42.7 per cent of caregivers reported feeling distressed. This was higher than the provincial (42.1 per cent) and Canadian (37.1 per cent) levels. Distressed caregivers provided on average 39 hours of care per week (Canadian Institute for Health Information, 2024a). We use the 42.7 per cent figure to determine the number of caregivers providing 39 hours of care a week in Toronto.

The other 57.3 per cent of caregivers are assumed to provide fewer hours of care. As previously noted, the estimated number of hours varies in the literature. Based on the two figures from CIHI (17) and Statistics Canada (21) that were mentioned in section 2.1, we assume an average of 19 hours per week in this scenario analysis.

Our impact calculations assume that every senior in the community in Toronto has one unpaid caregiver. For every 100 unpaid caregivers, 42.7 provide 39 hours of care a week. The other 57.3 provide on average 19 hours of care. To calculate the employment income opportunity cost associated with unpaid caregiving, we use the median hourly wage rate in Ontario in 2023 ($29) (Statistics Canada, 2024b).

3.3.1. Impacts by Scenario

The optimistic scenario assumes a net LTC capacity gain of 4,374 spaces in Toronto. This means an additional 4,374 seniors gain access to LTC and no longer rely on unpaid caregivers to the same extent. This results in 120,460 fewer hours of caregiving per week needed. Should every caregiving hour be replaced by an employment hour, this represents an additional income potential of up to $3.49 million per week across 4,374 unpaid caregivers (or approximately $800 per caregiver). However, the actual income potential would likely be lower as not every individual who no longer needs to provide unpaid care would replace these hours with work (some unpaid caregivers might already be retired for instance). Additionally, unpaid caregivers do still provide significant care for those living in long-term care.

Both the middle and pessimistic scenarios result in lost LTC capacity in Toronto. This means more seniors in the community needing the support of unpaid caregivers. In the middle scenario, an additional 29,605.5 hours of care is needed for the 1,075 seniors who no longer have access to an LTC home. If caregivers take this time off work to provide care, this number of unpaid caregiving hours represents $858,560 of total lost potential income per week.

The pessimistic scenario sees 179,671 hours of unpaid care being required. This amounts to unpaid caregivers collectively foregoing up to $5.21 million per week in potential income. It is important to mention that some unpaid caregivers will add caregiving duties on top of their regular jobs instead of cutting work hours. This can create significant stress and fatigue for these individuals. If caregivers take this time off work to provide care, this number of unpaid caregiving hours represents $858,560 of total lost potential income per week.

3.4. Impacts of LTC Spaces on the Financial Burden of Seniors and Families

Unpaid caregivers can incur important costs while caring for seniors. A survey from the Ontario Caregiver Organization found that 58 per cent of unpaid caregivers in the province had paid for expenses related to caregiving in 2023. This number was up from 45 per cent in 2019 (Ontario Caregiver Organization, 2024). At the national level, a study from the Canadian Centre for Caregiving Excellence noted that 22 per cent "of caregivers spend at least $1,000 per month on out-of-pocket caregiving expense [in 2023], including 10% whose out-of-pocket caregiving costs are least $3,000 per month" (Canadian Centre for Caregiving Excellence, 2024, p. 42).

In addition to unpaid caregiving, seniors without access to an LTC space may require home care from other providers such as personal support workers (PSW) and registered nurses. Some home care services are publicly funded and coordinated by Ontario Health atHome (formerly known as Home and Community Care Support Services or the Local Health Integration Networks). In Toronto, the City offers additional home care through its Homemakers & Nurses Services program. However, many seniors and their families turn to privately funded services due to waitlists or the need for more comprehensive care.

Non-publicly funded PSW services are available in Ontario through agencies. Their costs can range from $28 to $35 per hour (Closing the Gap Healthcare, 2019; ConsidraCare, 2024). For seniors turning to private options, replacing one-for-one the four hours of direct care per day they would receive in an LTC home with PSW services would cost on average $126 (before any applicable tax). On a monthly basis, this would add up to $3,832.50.

However, it is essential to keep in mind that home care services are not a direct substitute for long-term care for seniors with severe physical and/or cognitive limitations. The equipment, services and support available to seniors in LTC homes far exceed what unpaid caregivers and paid care providers can provide in a community setting. Additionally, long-term care provides access to specialist as well as psycho-social care.

3.5. Impacts of LTC on the Health Care System

Seniors living in the community are likely to access the health care system in case of injuries and crises. This can result in additional demand for emergency departments and hospitals.

Some seniors who get hospitalized cannot be discharged back to their homes in the community because of the complexity of their care needs and they require access to long-term care. In general, 70 per cent of seniors admitted to long-term care homes come from hospitals. The other 30 per cent is from the community. Of the 70 per cent, we calculate that 32.4 per cent spent time in alternate level of care spaces.

The estimated cost of an ALC patient in Ontario varies across sources. For the purpose of this report, we evaluate the daily cost per patient at $1,008.70 based on the 2022-2023 cost of a standard hospital stay for an acute inpatient in Ontario ($6,960) divided by the age-standardized average length of stay (6.9 days) (Canadian Institution for Health Information, 2024f, 2024d).

3.5.1. Impacts by Scenario

LTC capacity in Toronto would grow by 4,374 spaces in the **optimistic scenario.** Applying the 70/30 split for admissions, an estimated 3,062 hospital beds could potentially be freed up as seniors occupying them would gain access to LTC spaces. Of this number, 992 hospital beds used for alternate level of care would become available for other people who urgently need hospital care. This would help manage pressures on hospital capacity and improve system flow. The optimistic scenario could generate a potential ALC hospital cost avoidance of up to $1,000,630 per day.

In the **middle scenario,** 1,075 LTC spaces would be lost in the city. This would increase the risk of seniors remaining in Toronto hospitals. An additional 244 hospitalized seniors would likely require ALC because there would not be LTC spaces to discharge them to. This would further worsen existing ALC pressures and result in extra ALC hospital costs of $246,123 per day.

In the **pessimistic scenario,** the number of hospitalized seniors not discharged to LTC homes in Toronto due to reduced capacity would increase to 4,567. Of this number, an estimated 1,480 individuals would be in ALC spaces (32.4 per cent of the total number). In this scenario, additional ALC costs would reach $1,492,876 per day. On an annual basis, this would represent approximately $544.9 million in ALC hospital costs.

Summary of Results

This report looked at the socioeconomic value of long-term care in Toronto across an array of dimensions and analytical scenarios. It identified the many benefits associated with increased LTC capacity in Toronto. The table below provides an overview of key impact highlights by scenario.

Table 6. Key Impacts by Scenario

Category	Optimistic scenario	Middle scenario	Pessimistic scenario
Impacts on GDP (at basic prices) in Ontario			
Construction of new LTC spaces	+ $3.63 billion	+ $2.08 billion	+ $534.39 million
Redevelopment of existing LTC spaces	+ $3.17 billion	+ 1.58 billion	$0
Operations of net LTC spaces created/lost (per year)	+ $661.56 million	- $196.13 million	- $1.05 billion
Impacts on caregivers and seniors			
Increase/reduction in hours of unpaid care needed (per week)	- 120,460 hours	+ 29,605.5 hours	+ 179,671 hours
Financial burden	Fewer seniors in the community need non-publicly funded services (e.g., PSWs)	More seniors in the community access non-publicly funded services (e.g., PSWs)	
Impacts on health care system			
ALC hospital costs	Cost avoidance of up to $1,000,630 per day	$246,123 in additional costs per day	$1,492,876 in additional costs per day

Sources: Author's calculations and IMPLAN® model, 2019 Data, using inputs provided by the user and IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com

When considering the construction activity associated with new and redeveloped spaces in 2025 and the operations of net new spaces in 2026, the combined GDP impacts in Ontario would reach nearly $7 billion over two years (2025 and 2026) in the **optimistic scenario**. At the opposite end of the spectrum, the **pessimistic scenario** would reduce GDP in Ontario by more than half a billion dollars over the same two-year period.

Conclusion:
Unlocking Socioeconomic Value by Addressing Challenges Hindering LTC Projects

The socioeconomic impact of LTC spaces in Toronto extends far beyond traditional economic measures. LTC homes play an integral role in the city by providing notable value to residents, their families, the broader community and the health care system.

However, the expansion and redevelopment of LTC spaces is facing major headwinds. As a result, only five projects have approval to begin construction. Without support from both the City and the provincial government, many of the LTC spaces announced for Toronto are at risk of not moving forward.

The City of Toronto and the provincial government have taken steps in the right direction to support LTC construction and redevelopment. For instance, Toronto leases surplus City-owned land to an LTC organization at 640 Lansdowne Avenue to enable the construction of 256 new long-term care spaces. Toronto City Council also approved financial incentives and capital grants for the overall project, which also includes new affordable housing (City of Toronto, 2023). Such initiatives are crucial in overcoming land and financial barriers facing LTC projects.

The provincial government also facilitates access to land through Infrastructure Ontario (IO), which runs the Long-Term Care Development Program. Through this initiative, IO can sell surplus government lands for LTC projects (Infrastructure Ontario, 2024). The government also offers financial supports through different mechanisms such as the Long-Term Care Home Capital Development Funding Policy and a Loan Guarantee Program for non-profit LTC projects. The 2024 provincial budget acknowledged the high costs of LTC construction and introduced an additional construction funding subsidy for eligible projects (Government of Ontario, 2024).

While these initiatives and support are a good foundation to build on, more measures are needed to unlock LTC capacity and positive socioeconomic benefits in Toronto. The City and the Government of Ontario have the opportunity to partner with the long-term care sector to address intertwined challenges associated with land availability and the current rules in place as well as the overall cost of financing and projects. The visual below provides an overview of some key actions the municipal and provincial governments could take to help alleviate these challenges.

Challenges	City of Toronto	Government of Ontario
Land and Rules	• Create a municipal fast pass program that sets out criteria to allow for accelerated City planning approvals, including consideration of enabling "as of right" for LTC homes. • Host regular consultation sessions with stakeholders to gather input on LTC facility development and integration into neighbourhoods. • Facilitate priority access to City-owned vacant land. • Create incentives for development projects to integrate LTC spaces into their projects.	• Update the LTC design standards and associated approvals to allow for greater flexibility to enable higher vertical LTC buildings as well as innovative approaches like mixed-use developments and converting buildings to LTC. • Launch a taskforce to review regulations related to LTC home development and promoting innovation. • Create a "Development Delivery Secretariat" to support the development of land use partnerships between LTC organizations and broader public sector entities in Toronto. • Expand provincial policy for transit-oriented communities to include LTC homes as an encouraged formed of affordable housing to be included in such developments.
Cost and Financing	• Allow interest-free development charge deferrals and waivers when land is used for LTC purposes.	• Increase funding envelops such as development grant and construction funding subsidies. • Provide more flexibility for funding selection criteria (e.g., for instance by allowing development grants eligibility for LTC built on leased land).

Ultimately, strengthening the LTC infrastructure in Toronto is a broad socioeconomic imperative that demands urgent and sustained attention. With strategic investment and support, LTC homes can continue to serve as foundational elements of Toronto's social and health systems, providing essential care to seniors and relief to families and caregivers.

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Appendix A

Definition of Terms

Hard costs: Money paid for the physical construction of a building. Hard costs include labour, materials, tools and equipment.

Soft costs: Expenses related to services and approvals usually needed for a construction project. Soft costs relate for instance to financing, architectural and engineering services as well as legal fees and permits.

Employment lands: Designated portions of land that can only be used for commercial or industrial development.

Economic multipliers: Changes that occur in the overall economy as a result of a change in a given industry. Multipliers reflect the interconnection between industries in the economy.

GDP at basic prices: Gross domestic product at market prices minus taxes less subsidies on products.

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- Constant returns to scale
- No supply constraints
- Fixed input structure
- Industry technology assumption
- Constant byproducts coefficients
- The model is static
- Backward linked
- Time Delineated

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