



**City of Kingston
Information Report to Council
Report Number 26-039**

To: Mayor and Members of Council
From: Paige Agnew, Commissioner, Growth & Development Services
Resource Staff: Brandon Forrest, Director, Business Real Estate and Environment
Date of Meeting: June 2, 2026
Subject: Future Long-Term Care Facilities

Council Strategic Plan Alignment:

Theme: Council requests

Goal: See above

Executive Summary:

In the last term of Council, a motion was endorsed directing staff to provide a report outlining relevant information on estimated cost of construction, potential provincial subsidies and cost of operating long-term care homes. This report was also to include details on possible municipal, provincial, or federal properties that could be available for 30-year provincial contracts for future long-term care facilities owned and operated by public and/or not-for-profit partners.

This report provides high-level information related to currently available details on operating costs, probable construction costs of a long-term care facility, and potential land availability.

Recommendation:

This report is for information only.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

**Paige Agnew, Commissioner,
Growth & Development Services**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

**Lanie Hurdle, Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jennifer Campbell, Commissioner, Community Services

Neil Carbone, Commissioner, Corporate & Emergency Services

p.p.

David Fell, President & CEO, Utilities Kingston

Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer

Jenna Morley, City Solicitor

Ian Semple, Commissioner, Transportation & Infrastructure Services

Not required

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Options/Discussion:**Background**

The motion from the previous Council, from May 18, 2021, is as follows:

Whereas a significant proportion of private long-term care homes in Ontario are older designs which include 3 or 4-bed shared rooms; and

Whereas private providers of long-term care have not improved the standards of facilities, despite access to provincial funds and private dividend payments; and

Whereas the Ontario Health Coalition has presented significant research showing that for-profit homes have fewer staff on average than non-profit and municipal homes and that they pay their staff less than non-profit publicly-owned homes; and

Whereas such factors are known to negatively impact health and quality of life for residents, illustrated by the fact that 80% of COVID-19 fatalities in nursing homes in Ontario occurred in privately owned and operated facilities; and

Whereas municipal-run facilities have higher staff-patient ratios and public oversight of operations and are the preferred option for most prospective long-term care patients and their families;

Therefore Be It Resolved That City Council direct staff to provide a report by the end of Q4 2021 outlining possible municipal, provincial, or federal properties that could be available for 30 year provincial contracts for future long-term care facilities owned and operated by public and/or not-for-profit partners; and

That the report include relevant information on estimated cost of construction, potential provincial subsidies and cost of operating long term care homes.

Analysis

As directed by this motion, staff have collected information related to an estimated cost of construction, provincial subsidies and cost of operating a long-term care home and have provided this analysis below. High-level details of potential government land availability is included as well.

This report is provided for information only. Given the current market conditions, current municipal fiscal limitations, the cost of construction and the difficulty in obtaining a licence for additional long-term care beds, it is not recommended to pursue development of a new publicly operated long-term care facility at this time, and as such, limited research regarding the availability of lands outside of the City's control has been examined. The City's multi-year operating and capital budgets do not include funding for an additional long-term care facility.

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The City currently complies with its obligations under the *Fixing Long-Term Care Act, 2021*. Under the *Act*, the City must establish and maintain at least one long-term care home in the municipality. The City established and maintains Rideaucrest Long-Term Care Home. In addition to maintaining Rideaucrest, the City also contributes to Frontenac County 68 per cent of the costs of maintaining Fairmount Long Term Care Home in Glenburnie.

Under the *Act*, the City may establish and maintain additional long-term care homes. However, in order to do so, the City requires the approval of the Minister of Long-Term Care.

Through the 2025 Ontario Budget, the Province launched the Long-term Care Capital Funding Program (CFP) to support the continued development and redevelopment of long-term care homes across Ontario. The program is intended to provide additional flexibility and financial support to long-term care operators and builders in order to sustain Ontario's historic pace of long-term care construction. The 2025 Long-Term Care Home Capital Funding Policy is linked [here](#).

The CFP forms part of the government's broader plan to build for the future while ensuring seniors receive safe, modern accommodation and quality care, including meeting the provincial requirement of four hours of direct care per resident per day. The program provides capital funding to eligible long-term care home operators for the construction of new beds and the redevelopment of existing beds so that facilities meet current long-term care design standards.

The policy outlines the requirements and conditions under which funding is provided, including eligibility criteria, cost eligibility rules, and funding calculations. The CFP introduces a flexible, percentage-based funding model, replacing previous fixed per-bed approaches, to better address regional differences in construction and land costs across the province and to respond to feedback from the long-term care sector.

While the funding rate may be up to 85%, the maximum dollar amount of funding a project can receive is capped based on the market segment in which the project is located. Ontario uses the following four market segments to establish funding maximums:

- Greater Toronto and Hamilton Area (GTHA)
- North-Urban (e.g., Thunder Bay, Sudbury, Sault Ste. Marie, North Bay)
- North-Remote
- Southern Ontario (excluding GTHA)

Each market segment reflects differing land, labour, and construction cost conditions, and determines the upper funding limit applicable to a project within that region.

While the 2025 CFP significantly increases provincial participation in long-term care capital projects, several financial limitations and risks must be considered by Council.

Although provincial funding may be provided at up to 85% of eligible project costs, this represents a maximum, not a **guaranteed** contribution. The final funding amount is subject to Ministry approval, eligibility determinations, and applicable funding maximums based on

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regional market segments. The City would remain responsible for any costs exceeding the approved funding amount.

Provincial funding applies only to eligible project costs as defined in the Cost Eligibility Guide. Certain expenditures such as land acquisition, scope changes beyond approved standards, or other ineligible items would not be funded and would need to be financed entirely by the municipality. As a result, the City’s actual financial contribution would likely exceed the nominal 15% share.

Capital funding approval is contingent on compliance with provincial policy, design standards, and development agreements. Changes to provincial priorities, program guidelines, or project eligibility criteria could affect the timing or availability of funding. Participation in the CFP therefore carries a degree of policy and approval risk that must be monitored throughout project planning and delivery.

Cost to Construct

Recent municipal and not-for-profit LTC redevelopment projects in Ontario commonly fall within the range of \$450,000 to \$700,000 per bed, all-in costs: construction, soft costs, consultants, and contingencies. Escalation cost would be additional based on the start date of construction. Below are illustrative scenarios for the cost of re-building Rideaucrest Home, 170-bed facility:

Scenario	Cost per Bed	Approximate Total Cost
Low range	\$450,000	~\$76.5 million
Mid range	\$575,000	~\$97.8 million
High range	\$700,000	~\$119.0 million

At a mid-range build cost (\$97.8M), the municipal share could still be in the range of \$15–18M, plus financing, risk, and any ineligible costs.

Operating Costs

Rideaucrest Home’s operating costs are primarily driven by the delivery of 24-hour resident care and the requirements of provincial long-term care legislation. As a municipal long-term care home, operating expenses are largely funded through a combination of Ministry of Long-Term Care (MLTC) operating envelopes, resident co-payments, and a municipal contribution to address funding gaps and local service expectations. Provincial operating funding does not fully cover actual costs, particularly related to wages, benefits, WSIB, and operational inflation. Municipal funding is required to offset structural deficits, maintain service levels, support capital

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repairs not fully funded by the province, and respond to exceptional pressures (e.g. outbreaks, workforce shortages). Cost pressures are increasing due to labour shortages, wage competitiveness, supply chain inflation, and enhanced regulatory requirements.

The budgeted figures to operate Rideaucrest Home in 2026 are:

Funding Source	2026 (budgeted)	Cost per Bed (170 beds)
Provincial Revenue	\$19,678,198.00	\$115,754.11
Municipal Contribution	\$6,775,420.00	\$39,855.41

Potential Available Publicly-Owned Real Estate:

There are few publicly owned parcels of land which would be suitable for the proposed use. These parcels have not been evaluated in great detail due to the preliminary nature of this review, and the Province and/or Federal Government have not been approached to discuss the feasibility of any proposal for these lands.

1. 175 Patrick Street (Municipally owned)
 - Lands adjacent to Housing and Social Services (362 Montreal Street)
 - Remediation would be required, and further due diligence would need to be determined if this use is feasible

2. Kingston Provincial Campus (Provincially owned)
 - Lands which contain the Beechgrove Complex, former Rockwood Asylum, etc.; there is a significant amount of land available for development within the Campus;
 - The lands are known to be targeted for disposal, with intention for development (as included in the Official Plan – Site Specific Policies, Provincial Campus)
 - The proposed use aligns with the adjacent Providence Care Hospital

3. Collins Bay Penitentiary Lands (Federally owned)
 - There are lands which are not utilized for the Penitentiary operations, which could be suitable for development
 - It is not anticipated that these lands would be available for development in the near-term

Financial Considerations

None

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Contacts:

Brandon Forrest, Director, Business, Real Estate & Environment, 613-546-4291, extension 2205

Speros Kanellos, Director, Facilities Management & Construction, 613-546-4291, extension 3133

Casie Keyes, Administrator, Rideaucrest Home, 613-530-2818, extension 4283

Other City of Kingston Staff Consulted:

Lana Foulds, Director, Financial Services

Andrew Reeson, Senior Legal Counsel, Legal Services

Exhibits Attached:

None