

Hospital Funding & Long-term Care Homes and Hospice Developments in Peel Region

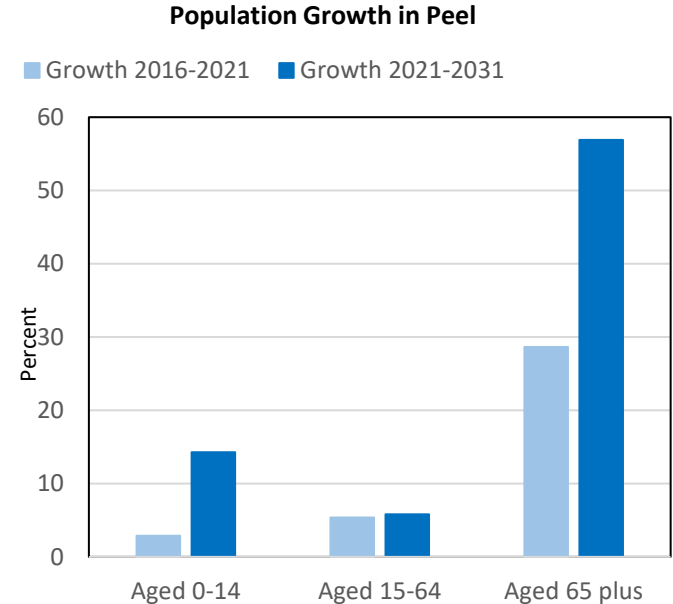
Regional Council Meeting

March 10, 2022

Gary Kent
CFO and Commissioner of Corporate Services

Background - Health Care Services in Peel

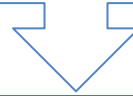
- ❑ **Hospitals** in Peel have been facing pressures associated with underfunding
- ❑ **Long-term care** wait list remains considerable in Peel Region
- ❑ The **service level gaps** are primarily driven by growing demand largely from population aged 65 plus
- ❑ **COVID-19** has heightened community service needs associated with health services, mental health, the housing & homelessness challenges and senior cares in Ontario including Peel Region
- ❑ The Province has made **new health services facility developments** announcements
- ❑ **Staff have received requests for financial support and expect more**



Provincial and Municipal Role

Overarching Principle

The health care system is a provincial responsibility funded through income taxes.



The Region's Role

The Region has been on the frontlines of the COVID-19 crisis	An LTC Service Provider	Public Health	Other Services and Programs to fill gaps when appropriate
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The Municipalities have been confronted with various requests for financial support for new developments such as hospitals, LTC, Hospice and etc. It has become highly suggestive that municipal contribution funded from property taxes should be a mandatory measure.

Funding Request - William Osler

Total Project Costs – Peel Memorial Redevelopment and Cancer Care Centre	\$1.1 billion
Estimated Local Share	\$250 million
Requested Municipal Contribution	\$125 million
Pledged Contribution from the City of Brampton	\$62.5 million
Requested Regional Contribution	\$62.5 million

Findings - Hospital Funding

Provincial guidelines associated with capital costs for hospitals indicate that hospitals are responsible for 10% of capital costs and other costs such as equipment

Municipal contribution is not a requirement through legislation, nor is mandatory

Many Ontario municipalities have made contributions of varying amounts; no clear methodology of determining the contribution share of an upper and/or lower tier

Funding Options – William Osler

DCs

- DCs are not available due to legislation changes in 1997.
- The Region exhausted DC funding for previous contribution to both the Civic Hospital and the Credit Valley

Reserve Funding

- The Region faces significant infrastructure deficit (\$2bn tax deficit over 20 years and DC debt burden is \$1.2bn)
- Debenture Issuance can be used as a financing tool
- Should tax funded capital reserve be used to fund hospital funding, infrastructure levy would need to be increased

Tax Levy

- Local General Tax Levy is an option
- Regional General levy would be distributed through the tax levy allocations to all three local municipalities in the same proportions as the general levy amount

Tax Impact Analysis Assumptions:

- ❖ Regional Contribution of \$62.5 million
- ❖ Based on estimated general levy apportionment: Mississauga- 58.2%, Brampton- 35.4%, and Caledon- 6.4%



Number of Years	Estimated Annual Tax Levy (\$million)	Region's Annual Levy Increase	Average Residential Tax Increase by Local Municipality (\$)		
			Mississauga	Brampton	Caledon
1	62.5	5.26%	113	104	130
3	20.8	1.75%	38	35	43
5	12.5	1.05%	22	21	26
10	6.3	0.53%	11	10	13

Levy Impact General Scenario

□ Future Implication

- ❖ Any decision made on funding for the requested contribution for the William Osler likely will set precedent for future potential requests to fund local hospitals.
- ❖ Each one per cent Regional levy increase would raise approximately \$12 million in new property tax revenues
- ❖ An announcement was made in December 2021 on a new hospital (2.8 million square feet with over 950 beds) for the City of Mississauga in partnership with Trillium Health Partners. The Region is not aware of the projected costs for this project.

Region of Peel Financial Impacts – Sample Contribution of \$50.0M

Number of Years	Estimated Annual Tax Levy (\$million)	Region's Annual Levy Increase	Average Residential Tax Increase by Local Municipality (\$)*		
			Mississauga	Brampton	Caledon
1	50	4.21%	90	83	104
5	10	0.84%	18	17	21
10	5	0.42%	9	8	10

**Based on the Regional general levy apportionment: Mississauga- 58.2%, Brampton- 35.4% and Caledon- 6.4%*

**Based on the Average Residential CVA of \$598,053 -Mississauga, \$538,992-Brampton and \$677,105-Caledon*

Note: Numbers may not add up due to rounding

Interim Grant-in-lieu of DC for LTC and Hospice

Program Objectives

- An Interim measure to support post-COVID services needs by offering support related to Regional Development Charge(DC)
- To help bolster LTC and Hospice developments in Peel Region
- To help maintain critical path on project construction for urgently needed health service developments
- Promote the Region's Term of Council priority of "Enhance Senior's Supports and Services" and align with Provincial goals of modernizing and transforming health care services with a focus on integrated care

Eligibility Criteria

- Application for grants will only be available to not-for-profit organizations
- A DC deferral agreement may be entered for projects
- Only the DC portion payable that is not funded by Federal or Provincial funding will be eligible
- Maximum grant after Federal and Provincial funding amounts up to 50% of the eligible DC payable
- Up to 100% for hospice developments
- Up to 100% for an eligible organizations under hospitals in Peel
- Up to 50% for other NFP LTC organizations



Financial Implication

New LTC Beds Announced by the Province

- 632 beds Trillium Health Partners - Mississauga
- 320 beds Mississauga Seniors Care Partnership - Mississauga
- 192 beds Indus Community Services - Brampton
- 160 beds Golden Age Village for the Elderly – Brampton
- 160 beds Guru Nanak - Brampton
- 43 beds Ivan Franko Homes Village – Mississauga

Key Funding Approach

- A DC Financial Incentive Reserve be established with an initial funding of \$4 million be transferred from the Tax Rate Stabilization Reserve and future annual contributions of a similar amount be reviewed and approved by Council through annual budget process
- Payment of the grant would not be administered until after at least the first occupancy of the building
- Grant payment may be made through six payments following the instalment payment schedule set out in the DC deferral agreement

- ❖ **The cost for the interim program is projected to be approximately \$25 million based on the prevailing DC rate assuming 1,500 eligible units according to the announcements.**
- ❖ **The averaged annual cost of the program is estimated at approximately \$4 million per six equal instalments**

Other Considerations

❑ **Financial Challenges**

- ❑ Infrastructure Funding Gap (\$2bn) and existing DC debt is \$1.2bn
- ❑ Budgetary Pressure to Address Growing Service Needs and Cost Escalation
- ❑ Financial Flexibility and Borrowing Capacity

❑ **Advocacy**

- ❑ Healthcare is a provincial area of responsibility, costs should not be born by the property tax base
- ❑ Advocate for statutory DC exemption for health care facility developments such as LTC and Hospice
- ❑ Continue to seek stimulus capital funding as well as post- COVID funding needs
- ❑ AMO has recommended that the Provincial funding model be re-evaluated.

Summary and Next Steps

❑ **Establishing financial policy for Health facilities**

- ❑ The Region has been on the frontlines of the COVID-19 crisis.
- ❑ Protecting the health of residents and promoting the economic well-being of the people and businesses is one of the key Council priorities.
- ❑ Developments of new facilities, redevelopment and expansion for Hospitals, LTC and Hospices are critical and welcome, but not the responsibility of municipalities
- ❑ No funding has been set aside from property tax therefore additional funding support or grants will require new funding sources
- ❑ Infrastructure projects are notoriously difficult to budget for and inflationary pressures today make it even more difficult
- ❑ Council direction is required re funding for hospitals, LTC and Hospices.

❑ **Next Steps**

- ❑ Any decision to contribute property taxes, whether at the local or regional level, will likely set a precedent for future asks
- ❑ Should Council direct that all or a portion of the costs for William Osler be funded through the Region, staff will bring back a report to Council with details such as funding and conditions

Questions