



Increased costs, due to COVID, are causing delays in the Valley Manor redevelopment.

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By
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Barry's Bay – The long-awaited and much needed redevelopment of the Valley Manor Long Term Care (VMLTC) Home in Barry's Bay has been delayed due to the COVID pandemic. In a press release last week, Trisha Deslaurier, the manor's Chief Executive Officer, announced soaring construction costs are forcing the administrative team at the Barry's Bay facility to undertake a new financial review of the proposed project that will see a new 96-bed facility built prior to 2025 when the current licence is up for renewal.

"As a not-for-profit long-term care home in a rural setting, Valley Manor faces extreme pressures and unreasonable redevelopment targets in the wake of Covid-19," she said. COVID-19 has had an extreme material impact on the cost of construction at Valley Manor, across Ontario, and nationally. Disruptions in supply chains, shortages of resources, such as qualified trades people and new safety measures that have been imposed, have all contributed to an increase in costs.

“Consequently, we are seeing a significant increase in the cost for construction projects, across all types of development throughout the province,” Ms. Deslaurier explained. “Currently, due to COVID-19, Valley Manor must complete another financial review of the estimated cost for the new development plans and based on benchmarks of similar long-term care projects. “In collaboration with Valley Manor’s project leaders, we have had to cross check several sources to provide the most current update for the scope of the project,” she added.

The estimated development cost to construct a new 96-bed long-term care home in Barry’s Bay will be approximately \$509,291 per bed. This represents an increase of about \$146,898 per bed over the previous cost estimate of about \$362,393 per bed in early 2021 which was in the middle of the pandemic. This is based on the rural Construction Funding Subsidy matrix. “The estimate of the development cost includes hard costs, soft costs and furniture/fixtures/equipment (FF&E),” Ms. Deslaurier noted. “Do the math and be sitting down when you do.”

She said prices started rising during the pandemic for hard construction costs. The soft construction costs weren’t impacted as drastically; however, they were still impacted. “As a result, many LTC homes are not going to be able to afford to build or rebuild without more money from the government,” she stated.

She stressed Valley Manor desperately needs to be redeveloped, and is required to, adding all LTC homes in the province must meet newer design standards by 2025 to retain their licences. “The province pays most of the cost of construction, however, homes are required to raise a significant amount locally,” she explained. “So far, the original local component raised by the St. Francis Valley Healthcare Foundation is in the low millions for Valley Manor and the local share is expected to climb by at least 10 to 15 per cent as construction costs continue to rise with inflation.

“There is no possible way we can ask our small, rural community to raise upwards of \$4.5 million, particularly when there are other fundraising initiatives taking place in the local healthcare community.”

Ms. Deslaurier explained a fundraising task of this magnitude for a not-for-profit home in the Madawaska Valley with a population of less than 5,000, is bewildering.

“The St. Francis Valley Healthcare Foundation has done a tremendous job of raising more than \$1 million toward the project,” she said. “Although members of the community have been extremely generous and stand behind this project, local fundraising does have a limit.” She said there is a very limited donor base with minimal corporate donations to draw on due to the rural and remote location, noting it is very challenging and it is questionable whether it is achievable.

Valley Manor is not the only long-term care home struggling with unachievable redevelopment costs as there are several other homes in the same development crisis. They are also appealing to the province for increased support and a solution.

“It is not up to the CEO’s and the boards of these homes to continue to rally the government and plead to the province while they are trying to navigate the turbulent waters of a long-term care facility in the middle of an unexpected 2.5-year pandemic,” Ms. Deslaurier remarked. According to statistics put out by Advantage Ontario, which represents not-for-profit long-term care homes in the province, 33 per cent of homes surveyed said they could not afford to proceed with required upgrades without more government funding. Advantage Ontario is advocating with the provincial government about this issue, particularly for not-for-profit homes.

“At a time when the province is promising tens of thousands of new and redeveloped long-term care beds and vowing to expedite the transfer of patients from hospital beds into long-term care homes, the construction funding gap is futile,” she said. “Additionally, revisiting the original design plans to ensure the new long-term care home incorporates increased IPAC best practice standards into the design to ensure improved navigation and protection of staff and residents for future outbreaks.”

The province recently introduced a lending program to make it easier for not-for-profit homes to secure financing, but according to statistics, more private homes have received funding for additional beds as part of this expansion. These homes are also located in more urban centers than rural.

“Additional barriers to LTC development continue, particularly in rural and northern communities and we also face extremely unique capital and human resource barriers to increasing capacity,” she stated.

“Many construction projects at not-for-profit homes, especially in rural areas where demand is high but fundraising potential is limited, are being put on hold.”

She noted the challenge of fundraising and to be able to upgrade design standards and increase space is disproportionate and frankly becoming unachievable if more is not going to be done by the government. Ms. Deslaurier added raising the community portion in their small rural setting is a challenge they really shouldn’t have.

“Valley Manor continues to appeal to the government and is asking the province for support to assist with completion of the project,” she said. “The province must develop more effective, tailored policy approaches to reduce barriers to long-term care bed development in rural areas, while ensuring seniors continue to receive the health care that they need close to home.”