

# Keeping and Building Wealth in Ontario Communities: A Targeted Approach to Overcome Systemic Barriers

## January 2022

### Executive Summary

Community wealth building means doing community economic development in a way that is sustainable and permanently keeps resources within the community through enterprises that are local, democratic, and inclusive. Building community wealth requires increasing both:

- the demand for locally sourced goods and services from community wealth building enterprises, and
- the supply of goods and services provided by community wealth building enterprises.

Community wealth building enterprises are social enterprises that exhibit key features, such as broad-based local control/ownership and internal democratic governance, that make it more likely that the wealth they build will remain local and circulate widely in the community.

This report is an attempt at making sense of the current fragmented ecosystem of community wealth building efforts. We take stock of six structurally important areas where nonprofits can make a direct contribution to building the ecosystem for community wealth, and we canvass some of the work already being done in these areas. We also note the many gaps that are preventing community wealth building from getting to the next stage.

We hope this snapshot will lead to a more coordinated and systemic ecosystem approach and improve the Ontario nonprofit sector's capacity to better support communities. In particular, we hope this snapshot will help:

- nonprofits identify intermediaries they can work with to build community wealth in their communities,

- intermediaries align and funders identify what's already in play so they do not duplicate emerging infrastructure, and
- governments identify the gaps and partners to create a more enabling environment.

Nonprofits have varied and crucial roles to play in overcoming the structural barriers to these two goals. Below are some key actions different nonprofits can play.

### **Increase the demand for locally sourced goods and services from community wealth building enterprises**

1. Anchor institutions, like universities and hospitals can commit to social procurement and hiring policies that prioritize community wealth building enterprises and local residents.
2. Nonprofits can form or join coalitions to advocate collectively to municipal, provincial, and federal governments to purchase more locally from community wealth building enterprises. Funders can support this work by creating a centre of expertise to help communities negotiate and oversee these agreements.
3. Nonprofits can form or join coalitions to advocate for community benefit agreements on major infrastructure projects.

### **Increase the supply of goods and services from community wealth building enterprises**

4. Nonprofits can participate in networks, incubators, and training programs to create community wealth building enterprises.
5. Funders can use restorative economics in their investing by increasing their investment in community wealth building enterprises.
6. Nonprofits can advocate for an enabling environment for the creation of community wealth building enterprises.
  - a. Making it easier for local residents to invest savings into local community wealth building enterprises through community investment organizations and other vehicles.
  - b. Work with government and employment agencies to ensure that support for skills training meets the needs of social purchasers.
  - c. Supporting employees and nonprofits to purchase small businesses from retiring owners through supportive loans, rights of first refusal and other legislated solutions
  - d. Creating an enabling environment for community land trusts.

## Introduction

Community wealth building faces a chicken-or-the-egg dilemma. On the one hand, it aims to seed a new system. On the other hand, it depends on an enabling environment already in place to succeed. Unfortunately, centralized efforts to create that environment have stalled. The Government of Canada's Social Finance Fund is three years delayed and the Government of Ontario has gone four years without a social enterprise strategy. Furthermore, many of the policy recommendations made by the national and cross-sectoral Social Innovation and Social Finance Fund Working Group have not been implemented. In the absence of these centralized efforts, it is more important than ever that the many decentralized efforts to build the enabling environment be coordinated and focused on the most important structural barriers.

Below we will explain what community wealth building is based on our [annotated bibliography](#). The rest of this snapshot is organized according to six areas of structurally important action and what progress and gaps exist within each.

## What is community wealth building?

Community wealth building means doing community economic development in a way that is sustainable and keeps resources within the community permanently through enterprises that are local, democratic, and inclusive.

It is based on eight principles:<sup>1</sup>

1. **Labour matters more than capital.** Social outcomes are not just pursued alongside financial return, but are prioritized over financial return. In particular, the wellbeing of workers is prioritized.
2. **Local broad-based ownership matters.** Sometimes referred to as place-based impact investing, community wealth building prioritizes local sources of capital and more diffuse rather than concentrated accumulation of wealth.
3. **Active democratic ownership and participation matters.** While social enterprises may take many legal forms, this snapshot is focused on the ecosystem for nonprofits and cooperatives governed according to democratic principles and actively engaged in government decision-making.
4. **Multipliers matter.** Community wealth building considers the way local enterprises are more likely to spend locally so that resources continue to circulate in the community.
5. **Localizing investment matters.** Community wealth building involves activating and repurposing existing pools of funds, such as purchasing by anchor institutions, deposit accounts, retirement funds, and pensions, to put them to work in the local economy.

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<sup>1</sup> Democracy Collaborative, (2018). Community Wealth Building: Eight Basic Principles. CCEDNET. Available at: <https://ccednet-rcdec.ca/en/toolbox/community-wealth-building-eight-basic-principles>

6. **Collaboration matters intrinsically.** Community wealth building is not just about more money locally but stronger relationships locally. The process of engaging in economic activities together strengthens the fabric of communities.
7. **Place really matters.** For the above reasons, community wealth building is place-based.
8. **Community wealth is where the next system begins.** The aim of community wealth building is not about developing one or two successful projects for unrelated communities. It is about laying the foundation for a new economic system that builds community wealth by default.

For the purposes of this report we will use the term “community wealth building enterprises” to mean social enterprises that embody the above principles by:

- being local and place-based
- prioritizing social outcomes and particularly the well-being of employees over financial return
- owned (or controlled in the case of nonprofits) locally by a broad-base of residents who benefit from the accumulated wealth
- internally governed by democratic principles, and encourage participation in democratic governmental decision making
- more like to spend their revenues locally
- backed by locally sourced investments
- born from and actively foster community collaborations and stronger relationships in the community
- actively networking within and beyond the community to seed a new economic system.

While this may seem like a very demanding list of criteria, it is probably more appropriate to view it as a spectrum. Social enterprises that exhibit more of these features are more likely to effectively build community wealth. As we will see, since these types of enterprises are the lynchpin of community wealth building, programs and policies that fail to target them are more likely to exhibit leakages of community wealth in various ways. For example, a social enterprise which is not widely held or is backed by non-local sources is likely at greater risk of being bought off or having profits exit the community. Similarly, a closely held company may not be as effective at strengthening community relationships more broadly.

## What needs to happen for nonprofits to build community wealth?

In order for community wealth to be built, Ontario needs to:

1. increase the demand for locally sourced goods and services from community wealth building enterprises, and
2. increase the supply of goods and services provided by community wealth building enterprises.

Nonprofits have an important and distinct role to play in accomplishing both these goals. Below we highlight six areas of interlocking and overlapping actions to create an enabling environment for increasing demand and supply for community wealth to be built.<sup>2</sup> Some of these actions nonprofits can undertake themselves, others require advocating for policy changes.

## **Increasing demand for locally sourced goods and services from community wealth building enterprises**

### **1. Nonprofit anchor institutions practicing social procurement**

Community wealth building starts from the premise that there is already a lot of wealth in communities, but due to the globalized structure of our economy, much of this wealth leaves the community to benefit large multinational corporations. If large institutions that are anchored in communities made a conscious decision in their purchasing practices to benefit the community, then wealth would circulate locally more. When these “anchor institutions” not only buy local, but buy from enterprises that tend to exhibit the eight features that characterize community wealth building enterprises, the likelihood that spending will remain in the community, strengthen local relationships, and have a greater multiplier effect will increase.

In Ontario, currently, there are a number of organizations and networks working on promoting social procurement generally. Among anchor institutions specifically, many of these efforts favour social enterprise more generally and are geared towards private sector purchasers.<sup>3</sup> For example, [BuySocial Canada](#)'s social enterprise certification process includes some but not all of the features of community wealth building enterprises.

Examples of nonprofit anchor institutions engaged in social procurement include, among post-secondary institutions, Georgian College, York, Ryerson, and Queen's University.

In order for social procurement policies and practices to spread more widely and be more effective, a number of things are needed:<sup>4</sup>

- Clear definition of success: Metrics built in from the beginning are important to ensure accountability and success. The Common Approach to Impact Measurement Project at Carleton University is developing a set of indicators towards this end.
- Lower transaction costs in the development and monitoring of agreements.

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<sup>2</sup> It may fairly be charged that this list is both over simplistic and incomplete. However, because the problem Ontario faces is a highly fractured and decentralized approach, ONN believes there is more to be gained in this report by offering a few clear and central rallying points for those interested in being part of this work rather than attempting to capture the nuances of a complex and ever evolving system.

<sup>3</sup> Sean Campbell, Jeff Henry, and Garth Yule. (2021). Ontario Social Procurement system Map. Ontario Social Procurement Partnership, p.14. Available at: <https://nonprofitresources.ca/wp-content/uploads/2021/06/Ontario-Social-Procurement-System-Map-Final-1.pdf>

<sup>4</sup> Ibid.

- More widely accessible supplier lists: The business model for existing supplier lists restricts them to members, who are most often purchasers rather than suppliers. This gets in the way of effective sub-contracting and building relationships between suppliers.
- Start-up funds and guidance by existing resource hubs and advocates: In the formative years of social procurement practice, it appears that funding (e.g. the Investment Readiness Program) is necessary to get programs to a place where they can be self-sustaining financially. Indeed, some groups may require long-term or permanent subsidy.

## **2. Nonprofits advocating for government social procurement**

The Government of Canada has various social procurement initiatives as do certain Ontario municipalities (such as the City of Toronto).<sup>5</sup> Furthermore, there are networks of public institutions spreading best practices and encouraging further adoption. For example, AnchorTO is a network of public institutions coordinated by the Poverty Reduction Strategy Office of the City of Toronto that collectively hold \$20 billion in assets. The network encourages social purchasing. It manages a vendor portal to make it easier for social enterprises to sell to these institutions. They describe their approach to social procurement as favouring community-based and diverse enterprises and explicitly situates this within a community wealth building lens.

However, social procurement remains a small part of overall government spending and it continues to be relevant to push for increased social procurement across all levels of government. In order to be able to answer questions from decision-makers, it is important to learn the success stories, and understand the barriers that governmental organizations have faced and how these can be overcome.<sup>6</sup>

## **3. Nonprofits advocating for community benefit agreements**

Community Benefit Agreements “are negotiated agreements between a private or public development agent and a coalition of community-based groups”.<sup>7</sup> Examples of benefits include prioritizing a certain percentage of local hiring and training opportunities for individuals from equity seeking groups who face barriers to employment, purchasing goods and services from local suppliers, and funding for local amenities such as childcare or parks.

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<sup>5</sup> BuySocial. (N/A). Initiatives and Programs. BuySocial. Available at: <https://buyandsell.gc.ca/initiatives-and-programs> ; City of Toronto, (N/A). Social Procurement Program. City of Toronto. Available at:

<https://www.toronto.ca/business-economy/doing-business-with-the-city/social-procurement-program/>

<sup>6</sup> Office of the Procurement Ombudsman. (September, 2020). Social procurement: A study on supplier diversity and workforce development benefits. Government of Canada. Available at:

<https://opo-boa.gc.ca/diversite-diversity-eng.html> ; David LePage (2014). Exploring Social Procurement.

Accelerating Social Impact CCC Ltd. Available at:

<https://www.buysocialcanada.com/wp-content/uploads/exploring-social-procurement.pdf>

<sup>7</sup> Andrew Galley. (2015). Community Benefit Agreements. Mowat Centre/Atkinson Foundation. Available at: <http://communitybenefitsagreements.ca/>

Ontario has benefitted from an estimated 27 projects valued at \$43 billion,<sup>8</sup> including:

- Infrastructure for Jobs and Prosperity Act,<sup>9</sup> states as one of the basic principles for infrastructure development in Ontario that it promotes community benefits and requires bidders to include information about how they shall deliver public benefits.
- Community Benefits Framework of the City of Toronto adopted in 2019 takes a multi-pronged approach to incorporating community benefits in the City's infrastructure spending.<sup>10</sup>
- Regent Park redevelopment included a local employment plan and funding to develop a social enterprise (Paintbox Bistro) and community space (Daniels Spectrum Centre)
- Rexdale Casino Woodbine Community Benefits Agreement which includes targets of 20% local hires and 20% from historically marginalized communities, as well as investment in a daycare.<sup>11</sup>
- Eglinton Crosstown LRT Metrolinx's first experience with CBAs, has resulted in over 200 local hires and \$6.4 million in purchasing from local businesses<sup>12</sup>
- Gordie Howe International Bridge includes a \$10 million allotment to mitigate detrimental effects of the construction in the Windsor-Essex area.<sup>13</sup>
- the West Park Healthcare Centre includes an aspirational target of 10% of construction hours for individuals from historically marginalized backgrounds and an ongoing commitment to equitable hiring, access to green space, and other amenities, and
- the Halton Region Consolidated Courthouse.

Because the point is to address the specific needs of the community, there is no one size fits all CBA. Nevertheless, infrastructure and process can be provided to ensure that the outcome of negotiations as effectively reflects the needs of the community as possible.

Supports must enable the following:

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<sup>8</sup> It should be noted that Indigenous communities in the North have a longer history of negotiating impact and benefit agreements with mining companies specifically. See e.g. a database of examples <https://www.sfu.ca/rem/planning/research/IBA/Database.html> ; N/A. (September 2019). Community Benefits: Growing Trend in Ontario Public Sector Projects. Ontario Construction Secretariat. Available at: <https://iciconstruction.com/wp-content/uploads/2019/11/OCS-Community-Benefits-Report.pdf>

<sup>9</sup> 2015, S.O. 2015, c. 15 at s.3(13) and s.9(4)(a)(2)

<sup>10</sup>

<https://www.toronto.ca/city-government/accountability-operations-customer-service/long-term-vision-plans-and-strategies/community-benefits-framework/>

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<https://www.toronto.ca/city-government/accountability-operations-customer-service/long-term-vision-plans-and-strategies/community-benefits-framework/community-benefits-agreements/>

<sup>12</sup> H.G. Watson. (July 23, 2019). What are community-benefits agreements – and why are activists fighting for them?. TVO. Available at:

<https://www.tvo.org/article/what-are-community-benefits-agreements-and-why-are-activists-fighting-for-them>

<sup>13</sup> Windsor/Essex Community Benefits Coalition. Gordie Howe International Bridge. Available at:

<https://windsorsexcb.ca/projects/gordie-howe-international-bridge/>



- Communities need to be interally organized so they can present a coherent picture of priority needs early in the development process;<sup>14</sup>
- Communities must have the expertise and resources to negotiate effectively, and
- Communities must have the frameworks, expertise, and resources to monitor and ensure accountability once the agreements are in place.

To date, communities have generally only developed all this *after* an opportunity to negotiate a major CBA has already come up. Once the CBA is negotiated, the community then has greater organization, expertise, and resources to do it again. Existing networks then play a supportive role for other communities interested in this area. What Ontario needs is a framework to ensure communities can develop this capacity proactively so they can take full advantage of major infrastructure projects from the start rather than reactively in a way that delays and underuses infrastructure projects. Furthermore, Ontario needs to figure out a way to do this in a way that is stable and not *ad hoc* so that gains made during one project do not disappear after it is completed..

Below we will review some of the tools that exist and could be replicated or have been recommended to be created in Ontario.

*a. Organizing the community: Community Benefit Networks*

Community Benefit Networks have formed in a number of cities ([Peel](#), [Toronto](#), [Hamilton](#), [Windsor/Essex](#), and [Ottawa](#)) to negotiate these agreements when opportunities arise. The networks are vital because they can organize and house expertise to negotiate agreements for communities that face barriers in negotiations.<sup>15</sup> They help present a united front and, where they already exist, allow communities to engage the development process as soon as possible.

Nonprofits in these communities can join these networks as appropriate. Nonprofits in communities without existing networks can join local labour and other community organizations to build these networks so when the opportunity comes along (whether large or small), the coalition is not starting from scratch.

*b. Expertise and resources to effectively negotiate: A Central Agency*

Armine Yalnizyan, writing for the Institute of Fiscal Studies and Democracy, recommends that one way to overcome the limited resources and expertise within communities is to create a central agency to support communities. This is particularly important because those communities who have most to gain from these agreements are also most likely to lack the resources to engage in the process.

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<sup>14</sup> Additionally, if communities are left to only organize reactively, they will likely only organize when large development projects come around, which is less frequent. But research suggests that community benefit agreements can offer benefits for much infrastructure projects that happen on a regular basis.

<sup>15</sup> Armine Yalnizyan, (2017). Community Benefits Agreements: Empowering Communities To Maximize Returns on Public Infrastructure Investments. Institute of Fiscal Studies and Democracy: Ottawa, Available at: <http://www.ifsd.ca/web/default/files/Presentations/Reports/17011%20-%20Community%20Benefits%20Agreements%20-%202017%20July%202017.pdf>



c. *Support and framework for monitoring*

CBAAs are similar to social procurement in needing a robust set of baselines and metrics to measure and evaluate the ongoing implementation of policies. Furthermore, regular reporting, consequences for failure to meet targets, and dispute resolution mechanisms are necessary to deliver on the promise of CBAAs as binding legal agreements. Evaluation methods have been developed across the world but have not yet been systematized in Ontario.<sup>16</sup> This also requires ongoing support after agreements have been concluded.

## **Increasing the Supply of Goods and Services From Community Wealth Building Enterprises**

Purchasers repeatedly identify a lack of suppliers as a crucial barrier to expanding social procurement policies.<sup>17</sup> Simply put, if community wealth is to be redirected into the community, communities need to be organized in ways that can effectively absorb and distribute that wealth.

An enabling environment for social enterprises, if focused on the specific characteristics of community wealth building enterprises, should increase the supply of goods and services from community wealth building enterprises. To have an enabling environment for the growth of social enterprise, six basic conditions are required:<sup>18</sup>

1. Access to market opportunities: Individuals and institutional purchasers systematically choosing to prioritize social outcomes in their purchasing decisions.
2. Enabling regulatory framework: the corporate, securities, tax, as well as other laws needed to recognize and appropriately incentivize social enterprises.
3. Enhanced enterprise skills: the mix of business and community development skills necessary to make a social enterprise work.
4. Networks and community engagement: the web of relationships between those involved in social enterprise to collaborate and share best practices and opportunities.
5. Access to capital and investments: Whether in the form of equity or credit, the start-up and growth funds necessary to pursue and scale social enterprise.
6. Promoted and demonstrated the value of social enterprise: Broad awareness of the added value of social enterprises.

### **4. Nonprofits creating and expanding community wealth building enterprises through networks and skill building**

There are two components to building the skills needed to take advantage of the economic opportunity presented by anchor institutions and community benefit agreements. The first

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<sup>16</sup> Some are surveyed by Tessa Hebb and Heather Hachigian, Carleton Centre for Community Innovation: A Global Review and Assessment of Social Value Procurement Evaluation Toolkits and Frameworks, April 13, 2017.

<sup>17</sup> Campbell et al. *supra* note 3 at p.13.

<sup>18</sup> <https://secouncil.ca/index.php/the-six-pillars/>

component is the cross-sectoral social enterprise development skills. The second component is the sector-specific ability to produce the goods or deliver the services needed by the purchaser (e.g. construction, agriculture, etc.).

Below we will give an overview of some of the schools, networks, and intermediaries helping social enterprises start and scale up through a focus on the first component. However, a major barrier to community wealth building remains the inability of traditional workforce development to equip workers with in-demand skills in this area.<sup>19</sup> How nonprofits and government involved in workforce development could better sensitize their work to the needs of social procurement and community benefit agreements is outside the scope of this paper, but is a crucial priority.

### Institutions Enhancing Social Enterprise Skills

Social enterprise requires a unique mix of business management and nonprofit community service skills, not to mention a deep knowledge of the community served. Currently in Ontario, a few, but not many, post-secondary institutions and social enterprise intermediaries offer courses, certificates, diplomas and degrees in various aspects of social enterprise. These institutions are present in both some urban and rural centres, and are available online.

However, not everything called “social enterprise” would likely qualify as a community wealth building enterprise. For example, social enterprises are not necessarily place based, democratically run, or widely owned/controlled, and do not necessarily encourage participation in local democratic processes. Consequently, the support infrastructure for social enterprise in general is not as conducive to community wealth building specifically as it could be.

While some of the above mentioned courses include skills that would be important to community wealth building in particular, such as community leadership and democratic governance, community wealth building does not appear to be a dominant lens in any of the institutions reviewed. This is important to consider because crucial aspects of community wealth building enterprises entail practical differences for business planning and management, such as locally sourcing and diffuse forms of finance. We simply cannot assume that encouraging social enterprise in general will translate to building community wealth in particular.

Below are some examples.

- Post-secondary institution Programs: Some institutions adopt social enterprise as the dominant lens of their work, such as Collège Boréal, Wilfred Laurier University Option in Social Enterprise. Other institutions identify social innovation as the dominant lens of their work, such as Georgian College.
- Incubators and labs: Similarly, some business incubators and labs are focused or explicitly include an element of social enterprise, such as DUCA Impact Lab, Mars Center for Impact Investing, Open.Space, Toronto Enterprise Fund, Algonquin College Social Innovation Lab, Durham College FastStartDC, Ryerson University Social Venture Zone
- Social enterprise intermediaries offering courses: The School for Social Entrepreneurs

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<sup>19</sup> Ontario Social Procurement system Map at p.15.

### Networks and community engagement

Networks are important for any social enterprise as a means to disseminate best practices and identify opportunities. Networks have special importance in the community wealth building context for two reasons. Firstly, place-based networks are particularly important because community relationship building is of intrinsic value and part of the wealth building. Secondly, because the goal of community wealth building is to seed a new economic system, encouraging linkages build autonomous commodity chains. This requires intentionally building community between enterprises who could provide goods and supplies to each other (rather than simply enterprises who are all in the same business). This principle is explicit in the co-op sector (“co-ops buy from co-ops”) and is an important part of the connector role that social enterprise networks could play. These networks can also be ideal hubs for databases that social purchasers rely on to identify suppliers.

Below are some examples of networks and coworking spaces:

- Networks: SETSI, Social Enterprise Ontario, Women of Ontario Social Enterprise Network, Social Enterprise Network of Central Ontario, SEE The Change, Municipality of Grey Highlands
- Coworking spaces<sup>20</sup>: Centre for Social Innovation, CountyCoworking, 10 Carden, Artscape, Seaway Coworking

## **5. Funders practicing restorative economics in investing Decisions**

Capital is necessary to start and grow community wealth building enterprises. A crucial part of community wealth building is that capital to the greatest extent possible should be local and allow for diffuse ownership or control. Because nonprofits, such as community foundations, may be local and anchored to a specific community, their capital funds and the intermediaries who manage those funds are particularly important. Additionally, nonprofits that providing loans with delayed or slower repayment periods (“patient capital”) on reasonable terms is far more conducive to the ongoing ownership or control by the community than is typical market lending.

Capital includes both repayable and non-repayable financing for a social enterprise. It is also known as social finance or impact investing, and in community wealth building, more particularly as place-based impact investing. In Ontario, there are many players with capital to “invest” including capital funds looking for a market rate return *and* a social return on capital, credit unions loaning in communities, foundations looking for social investments, and individual investors. Ontario has significant funds available at market rates but fewer community investors looking for a social return first and accepting of a below market return on investment and/or long term

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<sup>20</sup> Coworking spaces build network and weave relationships by holding space in common for multiple enterprises. This typically also comes with shared opportunities for professional development, networking, social, and communal gatherings.

flexible repayment terms.<sup>21</sup> Moreover there are too few sources of grants for start-ups (primarily government) and nonprofits and coops are still too often shut out of programs for for-profit companies.

Here are examples of nonprofit capital funds who have committed to impact investing, though not all have specifically committed to community wealth building:

- Community foundations: Ottawa Social Enterprise Platform, London Social Impact Fund, Kingston Community Development Loan Program, Hamilton Impact Investing, Kitchener-Waterloo Impact Investing, Niagara invests in the Community Forward and Fair Finance Fund, Oakville Investment Readiness Program, Sudbury Social Investment Partnership, Toronto Impact Investing
- Private foundations: McConnell, Lawson, Metcalf, Atkinson
- Other funds: Verge Capital, SVX, Fair Finance Fund, New Market Funds, Ontario Catapult Microloan Program, PARO, Access Community Capital Fund, Youth Social Innovation
- Co-ops: Canadian Co-operative Investment Fund Limited Partnership, Community Forward Fund, Canadian Alternative Investment Cooperative

What would it look like for these and other nonprofits who make significant investments to commit specifically to community wealth building investment methodologies?

Restorative Economics is an approach increasingly used by funders in the US to describe an approach to investment that encourages community wealth building.<sup>22</sup> It “leverages community-owned and community-governed projects to bring residents together to create shared prosperity and self-determination and in turn build collective political power.” It involves, as a first crucial step in local investment, inviting residents in to “help shape a process about how to spark investment and growth in their community while addressing the real needs and challenges impacting those that call the neighborhood home.”

All nonprofits interested in applying their assets not involved in their operations to build community wealth should consider learning from and adopting restorative economics or similar approaches that put the focus on local, democratically owned or controlled projects that widely diffuse wealth in ways that are likely to keep circulating. One example of an initiative in Ontario already putting this type of thinking into practice is the Catalyst Community Capital Initiative.

## **6. Nonprofits advocating for an enabling policy environment for community wealth building enterprise**

Ontario lacks a regulatory framework to support the increase in the amount of goods and services delivered by community wealth building enterprises. The corporate, securities, and tax

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<sup>21</sup> See [https://svx.ca/initiatives/2021-investors-survey/?mc\\_cid=77d1fc36aa&mc\\_eid=9643b78c32](https://svx.ca/initiatives/2021-investors-survey/?mc_cid=77d1fc36aa&mc_eid=9643b78c32). This recent survey finds that 92% of self-identified impact investors were looking for market rate returns or risk adjusted market rate returns.

<sup>22</sup> What is Restorative Economics? Mwamaka Agbo. Available at: <https://www.nwamakaagbo.com/restorative-economics/>

laws in place in other jurisdictions to protect and incentivize social enterprise do not currently exist in Ontario.

ONN, Ontario Cooperatives Association, First Policy response, Conseil de la Coopération de l'Ontario, Imagine Canada, Community Economic Development Network, Canadian Network of Community Land Trusts, are all in their own ways advocating for policy and regulatory changes including fair access to existing programs for businesses. Coordination between these groups continues to improve. Additionally, Buy Social Canada has successfully advocated at the Federal level to ensure all infrastructure projects in Ontario come with community benefit agreements. Community Benefit Networks, for example, in Toronto, Hamilton, Ottawa, and Peel, advocate for community benefit agreements as part of major local projects.

Below are four policy priorities that address structural barriers and gaps in the community wealth building landscape.

#### Synchronizing labour market development and social procurement: Getting government to think systemically about its own needs

We discussed earlier how workforce development remains a major barrier to social procurement by both nonprofit and government anchor institutions. Mechanisms like community benefit agreements are one opportunity to meet public needs in a way that builds community skills. However, these agreements are often restricted to one-off large projects, whereas there are many day-to-day needs and skills that go unmet by them. The Government of Ontario, as a major source of funding for employment and training programs and supports, has a number of levers to systematically support its social procurement needs (e.g. agreements with employment agencies, internships, etc.). However, to do so, significant cross-government coordination is required.

#### Unlocking local retail investors: An Enabling environment for community investment organizations

As discussed above, community wealth building enterprises require local diffuse ownership or control. This requires an enabling regulatory and tax environment to allow retail investors to leverage retirement funds and savings to back community wealth building enterprises. Le Conseil de la coopération de l'Ontario has written recently on the needed changes to enable community investment organizations, a crucial tool. Nova Scotia and BC are doing exactly that.<sup>23</sup>

#### Creating an enabling environment for conversions and nonprofit acquisition

Business succession has been repeatedly identified as both a major threat and opportunity to community wealth in Ontario.<sup>24</sup> This has only been intensified by COVID-19. Developing infrastructure that is supportive of succession planning that transfers businesses of retiring

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<sup>23</sup> Edouard Sylvestre, (November 19, 2021), Community Investment Organizations: Status and Prospects. Conseil de la coopération de l'Ontario/Cooperation Council of Ontario. Available at: [https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/documents/community\\_investment\\_in\\_ontario\\_status\\_and\\_prospects\\_novappendices\\_lrf2.pdf](https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/documents/community_investment_in_ontario_status_and_prospects_novappendices_lrf2.pdf)

<sup>24</sup> Business Ownership Succession. Rural Ontario Institute. Available at: <https://www.ruralontarioinstitute.ca/knowledge-centre/info-briefs/business-ownership-succession> ; Business Succession. Ontario Cooperatives Association. Available at: <https://ontario.coop/business-succession>

owners to communities, employees, or nonprofits could result in thousands of more community wealth building enterprises.<sup>25</sup> Recent research identified only two co-op conversions in Ontario compared to over 200 in Quebec.<sup>26</sup> This is a major area of potential that some are already working on.

Supportive infrastructure includes:

- Creating a favourable regulatory and tax environment for employee stock ownership plans (ESOPs), which has been a key tool in the US to facilitate worker-ownership.
- Amending the Income Tax Act to allow non-charitable nonprofits to hold investments without fearing being taxed as businesses.
- Advocating for existing policies such as the Social Innovation Fund to be implemented speedily.

#### Creating an enabling environment for community land trusts

Community land trusts are a special kind of community wealth building enterprise that holds, develops, and makes real estate available in ways that build community wealth, especially for individuals facing barriers and other community wealth building enterprises. Policies that make it easier to start and grow community land trusts, therefore, are crucial to building this structurally important piece of the community wealth building landscape.

An enabling environment for community land trust includes:

- Supporting the Canadian Network of Community Land Trusts, a network dedicated to the creation and support of land trusts, to continue to support communities in developing their own land trusts.<sup>27</sup>
- Supporting efforts to include a tax credit for donations of land to land trusts similar to the tax credits that currently exist to incentivize the donation of ecologically sensitive land to environmental land trusts.<sup>28</sup>
- Facilitate the long-term leasing of land by municipalities to community land trusts at nominal rates, following model cases in BC.<sup>29</sup>

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<sup>25</sup> Policies for Community Wealth Building: Leveraging State and Local Resources. Democracy Collaborative. Available at: <https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/policiesforcommunitywealthbuilding-september2014-final.pdf>

<sup>26</sup> Marcelo Vieta. Responding to Business Succession Issues and Crises by Converting to Cooperatives: Canadian Realities and Possibilities. *ANSERJ*, 12(1). Available at: <https://anserj.ca/index.php/cjnsr/article/view/550/344>

<sup>27</sup> <http://www.communityland.ca/>

<sup>28</sup> <https://bcchamber.org/policy/land-trust-initiative-2020/>

<sup>29</sup> Stephanie Allen. (March 4, 2021). News and Blogs: Community Land Trusts. Broadbent Institute. Available at: [https://www.broadbentinstitute.ca/community\\_land\\_trusts](https://www.broadbentinstitute.ca/community_land_trusts)

## **Conclusion**

Ontario communities have enormous wealth. Nonprofits have a crucial role to play in ensuring this wealth stays within communities for the benefit of all. Nonprofits can take immediate action as purchasers, investors, suppliers, stakeholders, and advocates to make this happen. Community wealth building will look different in every community. But by focusing on the structural barriers identified above, we can create an environment where communities can unlock the potential of community wealth building strategies to meet their distinct needs.