ONTARIO NONPROFIT NETWORK

July 3, 2025

The Honourable Kinga Surma, Minister of Infrastructure
Office of the Minister of Infrastructure
College Park 5th Floor Room 5E200, 777 Bay Street
Toronto, ON M7A 2J3

By email: Minister.MOI@ontario.ca

RE: Submission to comment on Amending the *Ontario Infrastructure and Lands Corporation Act, 2011* to make District Social Services Administration Boards eligible to borrow from the Infrastructure Ontario Loan Program

Dear Minister Surma,

We are writing to express our support for expanding eligibility for the Infrastructure Ontario Loan Program (IOLP) to District Social Services Administration Boards (DSSABs). This amendment is an important step forward as DSSABs provide essential community infrastructure to communities across northern Ontario.

To continue meeting growing infrastructure needs of Ontarians, the expansion of IOLP cannot end here. We urge your ministry to continue expanding the eligibility criteria of IOLP to include nonprofit child care, nonprofit housing providers, Indigenous Friendship Centres, nonprofit social service agencies, and arts and culture nonprofits. Similar to DSSABs, these nonprofits build and operate community infrastructure such as childcare facilities, housing, multi-service community centres, youth recreational hubs, and much more. Upgrading and expanding community infrastructure is vital to support a growing population as well as to provide dependable services Ontarians rely on.

About ONN
ONN is the independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders, and other stakeholders.

Recommendation
Alongside DSSABs, prescribe nonprofit child care, nonprofit housing providers such as community land trusts and co-ops, Indigenous Friendship Centres, nonprofit social service agencies, and arts and culture nonprofits such as museums, theatres, and art galleries, as public organizations eligible to receive financing from Infrastructure Ontario as part of the IOLP.

Expanding the amendment to include these nonprofits can be implemented without increasing loan risk as the IOLP will still assess and utilize stringent credit and risk criteria for all applicants.

Similar to DSSABs, nonprofits provide essential community infrastructure to Ontarians
To meet the rising demand for infrastructure, Ontario needs all hands on deck, including municipalities, DSSABs, and nonprofits. The exclusion of most nonprofits from the IOLP is a missed opportunity, especially as an increasing number of nonprofits are looking to build, expand, and repair community infrastructure.

Examples include:

- **Child care**: Ontario has committed to creating 86,000 new spaces in the $10/day program by the end of 2026, of which 27,993 have already been approved. In order to comply with the *Early Years and Childcare Act*, Ontario will require up to 1.74 million square feet in new child care centres. As the average centre has about 87.44 licensed spaces, this could mean 663 new centres, of which 464 would be nonprofit under existing targets. These estimates do not include the considerable needs of centres to renovate existing spaces. With low-cost loans, nonprofit child care providers will be able to build new spaces and renovate their existing child care centres. This means more affordable child care options for families and shorter waitlists. In an open letter signed by over 150 child care providers, it was recommended that the Ontario government make the Infrastructure Ontario Loan Program available to nonprofit child care providers to complement CMHC's Child Care Expansion Loan Program.
- **Housing**: Ontario has set a goal of building at least 1.5 million homes by 2031. To achieve this, Ontario will need 100,000 new builds a year, but according to the latest FAO Ontario Economic Monitor report, 2025 Q1 saw the lowest level of housing starts since 2009 Q4. With the right support, nonprofits could make up this deficit by building non-market housing that is deeply affordable.
- **Mental health and addictions supportive housing:** Ontario's existing supportive housing stock is aging, and in need of substantial repairs and modernization. Supportive housing providers have noted an increase in clients declining housing options as aging buildings may not meet their accessibility needs and/or service needs, and due to the condition of the building and/or unit. Ontario's current shortage of mental health and addictions supportive housing units underscores the importance of maintaining the existing stock and ensuring its safe use for residents.
- **Friendship Centres:** There are 31 Friendship Centres across Ontario. Friendship Centres play a critical role in creating opportunities for urban Indigenous people to exercise their rights to access culturally relevant programs and services that meet their needs where they live. They have a proven and extensive track record in managing physical and social infrastructure. Many Friendship Centres are now looking to expand their physical spaces so they can offer more programs and services, such as child care and health and

wellness. In addition, there is a growing need for capital upgrades and repairs in Friendship Centres as some of the buildings are old.

- **Arts and culture:** According to ONN's 2024 annual survey, one in four arts organizations are at risk of losing their current space, and more than two in five arts organizations expressed that their space does not meet their current needs and/or they are looking to expand.

Borrowing for infrastructure: barriers for nonprofits

Despite nonprofits' ability and willingness to build and expand essential community infrastructure, they face significant barriers in accessing financing to develop and repair bricks and mortar community spaces that Ontarians rely on. Nonprofits have very limited options when it comes to financing. There are primarily two types of financing: equity financing and debt financing. Nonprofits cannot use equity financing to access capital since they typically have no shareholders. This leaves debt financing as the only option for nonprofits. In addition, many mainstream and regulated financial institutions either do not provide loans or other financing mechanisms to nonprofits or charities, and/or are reluctant to lend to nonprofits because they are deemed "risky" investments. This is especially true for medium and small nonprofits across Ontario. Even larger nonprofits that are best positioned to meet mainstream financial institutions' risk assessments can find it difficult. When nonprofits are subject to risk assessment frameworks made for for-profit enterprises, risks are overstated, and lenders are discouraged from lending to them. Some assessments do not account for the unique realities of assets and any government contracts nonprofits may have.

For example, for a child care license to be considered an "asset," risk frameworks expect the license to be sellable. However, given the legislative and regulatory systems in Ontario, child care licenses cannot be sold. On top of that, unlike for-profit child care providers, nonprofit child care providers can't sell their business operations to someone else for a profit. This results in a higher perceived risk, even though this is not a true reflection of nonprofit child care providers' ability to meet financial obligations. The assessment should instead evaluate the interest of the government to fund the childcare centres and the number of children in the neighbourhood waiting for child care. Another example is funding agreements - many nonprofits have ongoing transfer payment agreements with governments or other types of funding agreements with non-governmental funders, which risk assessments might not adequately value.

Expanding the IOLP eligibility criteria to all nonprofits saves money and builds infrastructure

The Infrastructure Ontario Loan Program has the potential to fill this financing gap for nonprofit infrastructure projects. Compared to other types of loans, IO loans are advantageous for the nonprofit sector because they provide funds during construction without repayment and interest until after construction. In addition, they offer a below market interest rate over a long period of time (up to 40 years). These provisions can empower organizations to successfully undertake building or renovation projects. For example, the YWCA in Toronto estimates that it saved $1 million on its Elm Street project by using an Infrastructure Ontario loan rather than another loan mechanism.

Currently, only some nonprofits are eligible for the IOLP, resulting in uneven access across the sector. For example:

- Aboriginal Health Access Centres are eligible, but Friendship Centres that provide culturally appropriate services such as child care, shelter, and mental health services for Indigenous people living in urban centres, are not.
- For housing infrastructure, only nonprofits incorporated as a local housing corporation under Part III of the *Social Housing Reform Act, 2000* and nonprofit and/or co-op housing providers that provide (or will provide) housing under a federally, provincially, or municipally funded housing program in Ontario are eligible. This is a missed opportunity for other nonprofit housing providers to expand and provide much needed affordable housing to Ontarians.
- Social Services Hubs are only eligible if they are also a Community Health Centre and are funded provincially. This narrow criteria leaves a significant number of social service organizations and multi-service organizations without access even though they urgently need capital to expand or repair their facilities.
- Not eligible are nonprofit child care providers, shelters, and food banks as well as organizations wanting to build community hubs to accommodate day programs and drop-ins for youth, seniors, unhoused people, and/or people with disabilities despite soaring demands.

Conclusion

The proposed amendment to make DSSABs eligible for IOLP is a reflection of your ministry's commitment to continue expanding the program's eligibility criteria, as stated in the backgrounder of the *Reducing Gridlock, Saving You Time Act 2024*. Gaining access to IOLP was significant for the few nonprofits that became eligible after a policy change fourteen years ago. Now is the time to further expand the IOLP eligibility criteria to include more nonprofits, so that they can modernize, improve, manage, and build the critical infrastructure Ontarians urgently need.

We look forward to ongoing collaboration to build Ontario and the infrastructure needed to support Ontario's growth.

Sincerely,

Pamela Uppal-Sandhu
Co-Executive Director (Interim), Director of Policy
Ontario Nonprofit Network