

CONNECTIONS

Updates from Your Loan Program Team

In this Issue

THE LOAN PROGRAM IS GROWING!

LENDING TOOLS & RESOURCES

LENDING TEAM UPDATES

Questions?

Contact your Relationship Manager for any questions, or to find out how we can help make your next project happen.

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Senior Loan Officer

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(Eastern & Central Ontario)

The Infrastructure Ontario (“IO”) Loan Program is thrilled to announce that as of September 2024, the **IO Loan Program surpassed \$14 billion in loan commitments** since inception. This translates into **supporting more than 3,800 projects representing \$22 billion in project value**.

Since 2003, the IO Loan Program has grown to support a broader range of borrower sectors and to respond to changing client needs and priorities by offering additional borrowing products to its municipal clients.

Thank you for partnering with us.

THE IO LOAN PROGRAM IS GROWING AGAIN!

In partnership with the Ministry of Infrastructure and other government stakeholders, the IO Loans Program is pleased to announce that starting December 2, 2024, municipal clients may apply for funding under the **Housing-Enabling Water Infrastructure (HEWI) lending stream**, a new lending stream to finance the construction, expansion, repair, and rehabilitation of housing-enabling water infrastructure projects.

What is the Housing-Enabling Water Infrastructure (“HEWI”) loan product?

IO is offering up to \$1.0 billion in loans to municipalities to support water infrastructure projects that are required to develop new housing units.

What projects qualify for HEWI loans?

The eligible categories of projects that can be financed through a HEWI loan are:

- potable water assets (e.g. treatment plants, reservoirs, local pipes including the distribution system watermain and the municipal portion of service lines, pump stations);
- wastewater assets (e.g. lagoon systems, pump stations, lift stations, linear assets, treatment plants, storage tanks and collection systems); and
- stormwater assets (e.g. management facilities, linear assets including conveyance piping/ditches/culverts);

all of which **must enable the development of housing**.

What are the key features of HEWI loans?

- **Lower Interest Rates:** HEWI loans will benefit from a lower interest rate during both the construction and debenture phases of the loan;
- **Option to Defer Interest Payments During Construction:** Municipalities may apply to defer interest payments during the construction period. The deferred and accrued interest amount will be added to the principal portion of the debenture loan. Please reach out to your Relationship Manager for more details should you be interested in this option;
- **Longer Amortization Terms for Debentures:** Municipalities may choose up to a 40-year amortization period for their debenture loan, subject to the maximum useful life of the asset;
- **“Split” Terms During Debentures:** Municipalities will issue multiple debentures in sequence over the maximum 40 year

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(North and Southwest Ontario)

Vishaka Hewage
Loan Administrator

amortization period. Debentures may be issued for 10-30 years, with a minimum duration of 10 years each. This facilitates borrower choice of length of debenture and periodic interest rate re-sets;

- **Ability to Pay Down Principal Between Each Sequential Debenture:** Municipalities will be able to pay down all or any portion of the remaining principal amount between each debenture.
 - For example, if the total amortization period is 40 years, the municipality may issue the initial debenture with a fixed interest rate for 10 years. At the end of the initial 10-year period, the interest rate for the remaining principal amount will need to be fixed and a second (10-30 year) debenture will need to be issued. Before the second debenture loan is issued, municipalities can pay down a portion of the remaining principal amount. This allows municipalities more flexibility to reduce financing costs at set intervals.

How will the application process for HEWI loans change?

- In addition to the standard suite of information required to assess the viability of a loan request (e.g., current audited financials, Financial Information Returns (FIRs) submitted to the Ministry of Municipal Affairs and Housing, review of current asset management plans, current operating and capital budgets), municipalities will need to provide information that confirms that the project(s) enable the construction of new housing.
- Municipalities who seek to defer interest payments during the construction phase of HEWI projects will be asked to provide additional information regarding the project and the construction schedule.

Note that requests for HEWI loans must meet all other IO Loan Program requirements and:

- must not have reached substantial completion before the loan application intake start date of December 2, 2024; and
- eligible costs for financing are costs incurred no earlier than 5 years prior to execution of the financing agreement between the borrower and IO.

Water infrastructure projects that are financed with existing IO loans (approved and outstanding) are ineligible for refinancing under the HEWI stream.

Municipalities may apply for a HEWI loan for multiple qualifying projects. However, please note that this new loan stream has a maximum program size of \$1.0 billion in loans and is available on a "first-come-first-serve" basis. Like other municipal loan requests, applications will be accepted through Infrastructure Ontario's Webloans portal.

Will municipalities be able to use existing templates to pass their temporary by-laws and for their financing agreements?

There will be a new set of by-laws for use with the HEWI loans. These will be available in the templates section on Webloans.

When can municipalities start to apply for HEWI loans?

Municipalities can submit HEWI loan applications beginning on December 2, 2024.

Are municipalities required to have obtained funding through the Housing Enabling Water Systems Fund from the Ministry of Infrastructure or the Building Faster Fund obtain a HEWI loan?

No.

Can municipalities with existing loans with IO for the same type of projects refinance those loans with the HEWI facility?

No.

Can municipal service corporations obtain a HEWI loan?

No. Only municipalities can borrow for this loan.

Questions?

For programmatic questions regarding the HEWI loan stream, please email: loans@infrastructureontario.ca

LENDING TOOLS & RESOURCES

- You can access the **daily lending rates** through your **Webloans*** account.
 - Under the Reports & Tools option at the top right of the Webloans home page, you can access the daily indicative lending rates.
- A **loan calculator** is available on the IO website to help with your financial budgeting needs.

IO LENDING TEAM UPDATES

Customer Relations Team

Please find the names and contact details for members of IO's Customer Relations team. Additionally, please welcome Karen Punn and Rabi Chowdhury to their respective new roles as Client Relationship Managers for the Northern and Southwestern Regions respectively.

Loan Operations Team

Please welcome Sajid Borhan, who has joined IO as a Senior Loan Officer and Vishaka Hewage, who has joined IO as a Loan Administrator. We look forward to connecting with you.

Sincerely,

The IO Lending Team

This email was sent to you by:

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