

Sent by e-mail to: minister.mah@ontario.ca

October 15, 2024

Minister of Municipal Affairs and Housing
17th Floor, 777 Bay Street
Toronto, ON M7A 2J3

Dear Minister Calandra,

We welcome and appreciate the opportunity to provide additional feedback regarding use of pay-on-demand surety bonds to secure land-use planning obligations through ERO posting #019-9198.

AMO acknowledges that homebuilders see pay-on-demand surety bonds as a more attractive alternative to traditional securities because they do not tie up credit, while still securing adequate financial obligations against development projects. AMO and its members are committed to helping the province meet its goal of building 1.5 million homes, and as a result, are open to new approaches that can help to make building housing quicker and easier.

As you are aware, for most municipalities, pay-on-demand surety bonds are unknown territory and careful consideration is needed. To this end, we appreciate that the ministry has taken time to work through issues expressed by the municipal sector, most importantly that the framework allows pay-on-demand sureties to act as closely to a letter of credit as possible.

The proposed provincial framework responds to municipal feedback in several important ways, including measures that ensure funds will be available for municipalities to access on-demand to complete work if and when needed; measures to ensure that surety bond providers can cover their obligations; and flexibility to tailor agreements to local needs and circumstances.

While many concerns have been addressed in your proposal, some municipal concerns remain. For example, our members are concerned about how they will monitor and respond to changes in credit ratings of insurance companies. There is also interest in provincial leadership on providing standardization of surety bond language. This would be particularly helpful smaller municipalities that have less experience with complex contractual language.

We ask the province to work with AMO and municipalities to monitor the tool's effectiveness, including quickly addressing any issues that would create new undue costs for municipalities. With significant existing pressure on municipal infrastructure funding, they lack the resources to absorb new costs created by this new private developer incentive.

Thank you for the opportunity to provide feedback on this proposal.

Sincerely,

A handwritten signature in dark ink that reads "Robin Jones". The signature is written in a cursive, flowing style.

Robin Jones

AMO President