



## **Staff Report for Committee of the Whole Meeting**

**Date of Meeting:** March 4, 2026

**Report Number:** SRCFS.26.001

**Department:** Corporate and Financial Services

**Division:** Financial Services

**Subject:** **SRCFS.26.001 - Development Agreement Surety Bonds Policy Update**

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### **Purpose:**

The purpose of the report is to update the Development Agreement Surety Bond Policy by removing certain conditions to enable more developers to be eligible to qualify to exchange Pay-on-Demand Surety Bonds for existing Letters of Credits (LC) or Cash (Certified Cheques, Bank Drafts or Money Orders) collected as a form of security related to executed Development Agreements (subdivision, site plan and servicing agreements). The report also renews the delegated authority, to amend existing Development Agreements to allow Pay-on-Demand Surety Bonds to replace existing securities.

### **Recommendation(s):**

- a) That staff report SRCFS.26.001 – Development Agreement Surety Bond Policy be received;
- b) That the updated Development Agreement Surety Bond Policy attached as Appendix “A” be received for informational purposes; and
- c) That the Mayor and City Clerk be authorized to execute amending agreements to replace existing securities as set out in the Development Agreement Surety Bond Policy, upon the recommendation of the Commissioner of Corporate and Financial Services.

### **Contact Person(s):**

- Michael Lam, Manager Revenue Billing, extension #6493
- Gigi Li, Director Financial Services and Treasurer, extension #6435
- Sherry Adams, Commissioner of Corporate and Financial Services, extension #2521

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### Report Approval:

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

### Background:

Bill 109, *More Homes for Everyone Act, 2022*, introduced Surety Bonds as an allowable form of security. The Province subsequently released O.Reg 461/24 in Fall 2024, providing regulatory framework, specifically related to the use of Surety Bonds. The City adopted a policy in March 2025 to ensure compliance with the legislation but also included some conditions related to exchanges to manage the new process. The approach to add conditions to the policy allowed staff to:

- Develop internal processes and evaluate the level of uptake.
- Manage exchanges in a controlled manner while updating standard development agreements to reflect the new security option.
- Benchmark with other municipalities to compare policies and implementation practices.

The uptake in 2025 was manageable and enabled staff to refine procedures throughout the year. During the initial year, the City also received feedback from the development community where they expressed the need for the City to broaden the eligibility and allow more Developers to qualify for the exchange. With the experience in performing the exchanges and greater confidence in administering Surety Bond exchanges, the City is now positioned to broaden the eligibility criteria.

Accordingly, the administrative policy will be updated to:

- Remove the \$1 million threshold for Letters of Credit (LCs) or Cash (Certified Cheques, Bank Draft or Money Orders exchanges).
- Eliminate ownership conditions that previously limited participation.

These changes will allow more developers to qualify for the Surety Bond option, by supporting flexibility in financial securities while maintaining the City's ability to safeguard development obligations.

### Discussion:

Like many municipalities in Ontario, the City has traditionally only accepted Letters of Credit (LC) issued by financial institutions or cash (certified cheques, bank drafts or money orders) deposits as forms of security for various development agreements. These instruments protect the City's interests and ensure developers fulfill their obligations under subdivision, site plan, servicing, and other agreements. A LC allows

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the City to draw funds in the event of default, enabling resolution or completion of outstanding work. In many cases, LCs are returned once obligations are satisfied.

Over the past year, the development community has highlighted advantages of Pay-on-Demand Surety Bonds compared to LC or Cash, including:

- **Increased liquidity and borrowing capacity** for developers.
- **Lower borrowing costs**, enabling more active developments simultaneously.
- **Potential contribution to addressing housing shortages** by accelerating project delivery.

Pay-on-Demand Surety Bonds are issued by insurance companies through insurance brokers to qualifying developers/ landowners. The Surety Provider assumes the risk by issuing the bond, and they assess the developer's financial capacity before approval. Not all developers will qualify, as the Surety Provider must be confident in recovering funds should the City demand payment.

New development agreements already incorporate Surety Bond provisions, however for existing agreements, delegated authority to approve amendments without bringing forward separate staff reports for each request is more efficient in addressing exchanges in securities.

### **Financial Implications:**

There is no financial impact to the City, as Pay-on-Demand Surety Bonds will be similar in function to traditional Letters of Credit and "cash" securities with no anticipated increase in risk.

### **Relationship to Strategic Plan 2024-2027:**

Providing financial liquidity to developers in efforts to advance more housing development and options, while at the same time maintaining the City's financial protection, related to Pillar 1, Growing a Livable Sustainable Community, specifically Priority 1, encouraging and supporting a range of housing options and affordability.

### **Attachments:**

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Attachment A - Development Agreement Surety Bond Policy – update
  - Appendix A – Sample Surety Bond Terms

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### Report Approval Details

Document Title:	SRCFS.26.001-Development Agreement Surety Bond Policy-Update.docx
Attachments:	- Attachment A - Development Agreement Surety Bond Policy update.docx - Appendix A - Surety Bond for Development Agreement Standard Format.docx
Final Approval Date:	Feb 4, 2026

This report and all of its attachments were approved and signed as outlined below:

**Gigi Li - Feb 3, 2026 - 8:25 AM**

**Sherry Adams - Feb 3, 2026 - 10:53 AM**

**Darlene Joslin - Feb 4, 2026 - 8:55 AM**