

Staff Report

Report To: Council
Report From: Kerri Mighton, Director of Finance/Treasurer
Meeting Date: February 4, 2025
Subject: Surety Bonds for Development Agreements

Recommendations:

THAT in consideration of staff report 'Surety Bonds for Development Agreements', Council receives the report for information purposes.

Highlights:

- O. Reg. 461/24 under the *Planning Act* came into effect November 19, 2024.
- This regulation establishes requirements for the acceptance of surety bonds as a condition of security in connection with land use planning.
- Provides additional flexibility for developers by giving them another option to satisfy development security requirements.
- Maintains protection for municipalities.

Previous Report/Authority:

None.

Analysis:

On November 19, 2024, the Province enacted Ontario Regulation 461/24 under the *Planning Act* to provide regulations for Surety Bonds under Section 70.3.1 of the Act. This regulation outlines the requirements that a surety bond must satisfy to be used as security to satisfy a condition of approval in connection with land use planning e.g., subdivision developments.

For municipalities, there is no change in the protection provided. The regulated requirements for a surety bond include the following features, as outlined in the regulation:

- The bond insurer must be licensed and meet credit rating requirements.

- The bond is a pay-on-demand instrument and guarantees payment to the municipality.
- Payment must be received within 15 days.
- Cancellable only if acceptable replacement security is received.

For the developer, the regulation provides additional flexibility in the choice of security i.e., cash, letter of credit, surety bond or any combination of the three. The use of surety bonds for the developer may free up working capital that would not otherwise be available if held by the municipality in cash or letter of credit. It is the landowner that will choose which type of security is to be used to satisfy the security requirements.

Financial Implications:

The Municipality would continue to receive the same amount of required security, but the owner of the land being developed would have the option on the type of security to be held by the Municipality (cash, letter of credit, or surety bond).

Climate and Environmental Implications:

None.

Communication Plan:

Options for satisfying security requirements associated with land developments will be shared with all land developers.

Consultation:

None.

Attachments:

Ontario Regulation 461/24 made under the *Planning Act*

Recommended by:

Kerri Mighton, Director of Finance/Treasurer

Submission approved by:

Michele Harris, Chief Administrative Officer

For more information on this report, please contact Kerri Mighton, Director of Finance/Treasurer at kmighton@westgrey.com or 519-369-2200 ext. 223.