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# MEDIA RELEASE

## **Ontario Housing Task Force Report Includes Subdivision Bond Recommendation**

*March 4, 2022 – Mississauga, ON* – On February 8<sup>th</sup>, The Ontario Housing Affordability Task Force released its report to Steve Clark, Minister of Municipal Affairs and Housing. The Task Force was appointed by the premier in December to provide solutions to the province’s current housing crisis and specifically to provide recommendations for making homes more affordable and encouraging private sector development. One of the key recommendations of the report calls for a requirement for municipalities to offer developers an option of securing their obligations under a subdivision agreement by posting a subdivision surety bond.

The Surety Association of Canada (SAC) had lofty praise for the task force and the report’s recommendations. SAC President, Steve Ness called it: “a commonsense approach that would sweep away the barriers and incentivize the private sector to build homes and make housing more affordable for Ontarians”. Ness stressed that allowing developers to post bonds as security will free up the capital needed to invest in new housing projects. “Developers in Ontario have their cash tied up as security for existing projects. Replacing these deposits with subdivision surety bonds would free up that money to invest in more housing developments”, he said.

Under the terms of municipal subdivision agreements developers are required to install various site services and utilities. Most municipalities also require that the developer provide financial security to guarantee the performance of these obligations. As the report points out, municipalities across the province almost universally require home builders to secure these obligations by posting a letter of credit from a chartered bank.

These bank guarantees create problems for developers by tying up the working capital and borrowing power needed to carry on operations and finance additional projects. By contrast, Subdivision Surety Bonds are non-intrusive and free up the capital required to invest in these sorely needed development projects and ease up the constraints on Ontario’s housing supply. The Ontario Home Builders’ Association estimates that across Ontario, billions of dollars are tied up in collateral or borrowing capacity that could be used to advance more projects.

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<https://www.suretycanada.com>.

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**About the Surety Association of Canada:**

The Surety Association of Canada (SAC) is the national trade advocacy association that represents the interests of the surety industry across Canada. Its members consist of primary surety firms, surety reinsurers, surety/insurance brokers, and other organizations that provide related and complementary services to the surety industry.

While the majority of the surety industry's premium revenue is derived from construction contract bonds, SAC also represents the interests of those organizations that focus on non-contract or commercial surety. SAC does not represent or advocate on behalf of the fidelity bond industry.

Since its formation in 1992, SAC has become a trusted resource for construction purchasers, design professionals, contractors, suppliers and other stakeholders in construction and business communities. SAC has developed its own bond forms in response to industry need and in consultation with the construction industry.

SAC and its members regularly meet with owners, contractors, other associations and related organizations to educate them about surety bonds and the suretyship process. SAC also monitors legislation across the country that will impact its members and works diligently to advance the surety cause with lawmakers and government officials.