



## City of Hamilton

# AUDIT, FINANCE AND ADMINISTRATION COMMITTEE ADDENDUM

**Meeting #:** 23-012  
**Date:** August 17, 2023  
**Time:** 9:30 a.m.  
**Location:** Council Chambers  
Hamilton City Hall  
71 Main Street West

Tamara Bates, Legislative Coordinator (905) 546-2424 ext. 4102

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## 5. COMMUNICATIONS

- \*5.2 Michelle Diplock, West End Home Builders' Association. respecting Requesting the City of Hamilton enable the Transference of Letters of Credit to Surety Bonds

Recommendation: Be received and referred to consideration of Item 9.1

## 6. DELEGATION REQUESTS

- \*6.2 Michelle Diplock, West End Home Builders' Association, respecting a user fee model to allow for the transference of existing Letters of Credit to Surety Bonds (for today's meeting)





**West End Home Builders' Association**

1112 Rymal Road East, Hamilton

*Serving members in Hamilton and Halton Region*

August 16, 2023

To: Members of Hamilton's Audit Finance and Administration Committee

**WE HBA Letter Requesting the City of Hamilton enable the Transference of Letters of Credit to Surety Bonds**

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The West End Home Builders' Association appreciates the work City of Hamilton has done to adopt modern pay on demand Surety Bonds as part of Hamilton's Mayor's Task Force on Economic Recovery. We believe this policy tool has been instrumental to ensuring Hamilton builders and developers can continue to deliver more housing supply for our growing population despite ongoing economic uncertainty. **We are writing to Committee to request that direction be provided for Staff to report back on the feasibility of implementing a user fee model for the transference of Letters of Credit to Surety Bonds.**

The City's 2021 adoption of Surety Bonds in lieu of Letters of Credit was a pivotal moment for the industry and has significantly increased our members' ability to reinvest capital in the Hamilton area. Historically, when the City only accepted Letters of Credit, a developer was required to collateralize that credit, dollar for dollar against the value of the municipal works to be provided. Often this meant developers could only afford to finance one housing project at a time because of these letter of credit requirements. Now, through the City's enablement of Surety Bonds, developers have greater liquidity, while the City retains the assurance that the necessary site improvements will be made by the developer. In this way, Surety Bonds provide the required security while not tying up capital that can be used for investment in additional development projects.

This has been significantly successful since 2021, enabling our members to finance multiple Hamilton projects at one time. However, for development agreements that were signed prior to 2021 and the City's adoption of Surety Bonds, there is no ability for developers to transfer their existing Letters of Credit to Surety Bonds, although other jurisdictions provide this service. This means in some cases there is more than \$1 million dollars in available funds that are tied up and unable to be reinvested in additional housing projects. This has an outsized impact on our local builders and developers and impacts the industry's ability to deliver on the City of Hamilton's home building objectives. On projects where there is a significant amount of capital tied up, we believe there to be significant benefit to the City in terms of delivering additional homes for Hamiltonians. **WE HBA therefore requests Committee provide direction for Staff to report back on the feasibility of implementing a user fee model for the transference of Letters of Credit to Surety Bonds.** We believe our members would be willing to fund this service should the costs be reasonable.

Sincerely,

Michelle Diplock, RPP, MCIP, MPI

**Manager of Planning and Government Relations**

West End Home Builders' Association



**Bates, Tamara**

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**Subject:** FW: Webform submission from: Request to Speak to a Committee of Council

Submitted on Tue, 08/15/2023 - 21:12

Submitted by: Anonymous

Submitted values are:

## Committee Requested

Committee  
Audit, Finance & Administration Committee

Will you be delegating in-person or virtually?  
In-person

Will you be delegating via a pre-recorded video?  
No

## Requestor Information

Requestor Information  
Michelle Diplock  
West End Home Builders' Association  
1112 Rymal Road E  
Hamilton, Ontario. L8W 3N7  
[michelle@westendhba.ca](mailto:michelle@westendhba.ca)

Preferred Pronoun  
she/her

Reason(s) for delegation request  
To speak in support of Committee directing staff to develop a user fee model to allow for the transference of existing Letters of Credit to Surety Bonds at the August 17th meeting. Agenda item 9.1 Development Agreement Surety Bonds (FCS21056(a)) (City Wide) (Outstanding Business List Item) - REVISED.

Will you be requesting funds from the City?  
No

Will you be submitting a formal presentation?  
No