



MEMBER RELEASE

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Surety Bonds Could Unlock Billions in New Housing Investments

A new report from Mike Moffatt and the Missing Middle Initiative, commissioned by the Ontario Home Builders' Association (OHBA) and the Building Industry and Land Development Association (BILD), explores how modernizing Ontario's construction security framework—specifically by allowing more use of surety bonds in place of traditional letters of credit—could unlock billions in housing investment across the province.

The report, *Surety Bonds Could Unleash Billions Towards Canada's \$2 Trillion Housing Need*, shows that requiring letters of credit ties up vast amounts of capital that could otherwise be used to build homes. In a time when Ontario is facing a historic housing supply crisis, this is a structural inefficiency we cannot afford to ignore.

Key takeaways include:

- Up to **\$2 billion in housing investment is currently being withheld** due to tied-up capital from restrictive security instruments.
- Surety bonds are already used in many jurisdictions and industries and provide the same protection to municipalities while freeing up builders' liquidity.
- Municipalities are encouraged to update outdated bylaws and policies that default to letters of credit, creating unnecessary financial barriers to new construction.
- A switch to surety bonds could **reduce costs, increase housing starts, and accelerate development timelines**—all top OHBA policy priorities.
- A number of Ontario municipalities currently permit the use of surety bonds in certain circumstances – this option should be normalized.

For Ontario to meet its ambitious housing targets, it must modernize outdated processes and empower the residential construction industry to build efficiently and affordably.

Read the full report [here](#).

For questions or comments, please contact [Paul Newman](#), Manager, Renovator & Regulatory Affairs.