

Ontario to change new home builder regulatory processes

by Wayne Karl March 29, 2017



With the goal to increase consumer protection for owners of newly built homes, the Ontario government says it will take steps to change the new home builder regulatory and warranty processes.

Citing concerns over potential conflict of interest, the Ontario Ministry of Government and Consumer Services says it will move forward with recommendations from a report by former associate chief justice John Douglas Cunningham, who examined the Ontario New Home Warranties Plan Act and [Tarion Warranty Corp.](#)

Cunningham completed a comprehensive review of the Act and Tarion in 2015, after meeting with more than 200 homeowners and industry professionals across Ontario.

Chief among the recommendations is that the province create a new standalone regulator for builders, while Tarion remain responsible for administering warranty claims made by homebuyers.

“Our government is committed to protecting what is for most people the largest investment they will make in their lifetime – the purchase of a newly built home,” says Tracy MacCharles, minister of government and consumer services.

“Our plan strengthens consumer protection and the consumer experience so people in Ontario can make this purchase with confidence. We know that the affordability of housing is something that is top of mind for people across the province, which is why our government is reviewing all options to make it more affordable. We will be sharing more information on our plan in the weeks to come. Making it easier and more affordable for the people of Ontario to purchase a newly built home is part of our larger plan to be a leader in consumer protection.”

To improve consumer protection, accountability, transparency and board governance, Ontario says it will:

- Make the dispute resolution process easier for homeowners if they discover a problem in the construction of their new home. For example, a homeowner does not have to prove the cause of a defect
- Separate the provider of the new home warranty program from the new home builder regulator, to increase consumer confidence
- Give government responsibility to make rules and set standards, and introduce modern oversight measures to improve accountability and transparency
- Immediately ask Tarion to introduce new deposit protection measures to better reflect today’s home prices and deposit requirements

The province says these actions will not increase the price that Ontarians pay for a new home.

Tarion, meanwhile, has its doubts.

“There are no immediate changes to the warranty process in Ontario. While the government has identified a number of recommendations it intends to move forward with, the implementation will likely require significant discussion and planning,” Tarion President and CEO Howard Bogach told YPNextHome. “In the meantime, it is business as usual for Tarion. Consumer protection remains our number one priority, as it has been for more than 40 years. We encourage new-home buyers, owners or builders to contact Tarion if they have any questions.”

The organization also says it has “serious concerns” about some of the recommendations contained in the Cunningham’s final report.

“We worry that the recommendations will have the effect of seriously weakening consumer protection; increasing costs for the administration and regulation of the warranty, new costs that ultimately new-home buyers will have to pay; and creating barriers to entry for builders that could further impact a marketplace already struggling to keep pace with consumer demand.

“We also believe that some of the recommendations that would improve consumer protection, specifically around illegal building, should be accelerated.

Meanwhile, tradespeople involved in building new homes in Ontario welcome the changes outlined in the report. **The Residential Construction Council of Ontario (RESCON)** says the recommendations will improve accountability and consumer protection for buyers of newly built homes, including condominiums.

Moving to a multi-provider insurance system will give new-home buyers more options, says RESCON President Richard Lyall. “Justice Cunningham’s report encourages the Ontario government to enable new private-sector warranty-surety providers to enter the marketplace, just like British Columbia, Saskatchewan and Alberta.”