

The Home Construction Regulatory Authority Replaces Tarion as Regulator of Ontario's Homebuilding Industry

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By and Talia Rotman

Big changes to the licensing and regulation of Ontario's homebuilding industry are here. Effective February 1, 2021, a new stand-alone regulator called the Home Construction Regulatory Authority (the "**HCRA**") will assume responsibility for all registration, licensing, and regulation for companies and people who build and sell new homes in Ontario. If you're a builder or vendor, you should consider these changes and their effect on your business. Purchasers of new homes should also take note, as these changes will affect what is likely the biggest purchase of your life.

The HCRA has been established by the *New Home Construction Licensing Act, 2017*, which comes into force on February 1, 2021. The reorganization of the homebuilding industry was a result of an independent review and report of the *Ontario New Home Warranties Plan Act* (the "**ONHWPA**") and the Tarion Warranty Corporation ("**Tarion**") undertaken 2016 by J. Douglas Cunningham, former associate chief justice of the Ontario Superior Court of Justice, aimed at understanding any possible conflicts of interest with Tarion acting as both a warranty administrator and builder licensor.

The HCRA is set to take over licensing responsibilities from Tarion. It is aiming to set out clear and consistent standards for all licensees by enforcing "high professional standards" including the requirement that all new applicants provide a criminal record check. Builders and vendors that already have an existing registration (in good standing) with Tarion will automatically become HCRA licensees without an additional application process.

In addition to licensing, the HCRA is also responsible for regulation of builders and vendors of new homes in Ontario. As part of its regulation functions, the HCRA sets professional standards and creates guidelines for builders and vendors, including the HCRA's Guide to Good Conduct for Home Builders and Vendors and proposed Code of Ethics.

The HCRA also receives and investigates consumer complaints and has promised to implement a more streamlined complaints process for purchasers or other stakeholders who may have concerns about the licensing, competency, financial responsibility, or conduct of builders or vendors. A discipline committee hears and determines alleged violations of the HCRA's standards and, if required, may require a licensee to take educational courses or pay a fine.

Under this new system, Tarion will continue to administer Ontario's new home warranty and protection program under the *Ontario New Home Warranties Plan Act*, which applies to almost every new home in the province. Tarion will continue to investigate warranty claims, resolve warranty disputes between purchasers and builders, and manage the guarantee fund, which is a financial reserve that can be used to pay out valid warranty claims.

For any questions or concerns regarding how the rollout of the HCRA may impact your ongoing and new homebuilding projects please contact [Paul Conrod](#) and [Talia Rotman](#).

The information and comments herein are for the general information of the reader and are not intended as advice or opinion to be relied upon in relation to any particular circumstances. For particular application of the law to specific situations, the reader should seek professional advice.

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