



**Ontario**  
Home Builders'  
Association

January 15, 2025

Tarion  
5160 Yonge Street, 7<sup>th</sup> Floor  
Toronto, Ontario  
M2N 6L9

Sent by email: [submissions@Tarion.com](mailto:submissions@Tarion.com)

***Re: Tarion Consultation – Proposed Regulatory Changes to Deposit Coverage Policy***

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**The Ontario Home Builders' Association**

The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 28 local associations across the province, from Niagara to Thunder Bay and Windsor to Ottawa. Members include builders, developers, professional renovators, trade contractors, suppliers, and manufacturers serving the residential construction industry. The residential construction industry employed over 550,000 people, paying \$38.8 billion in wages, and contributed over \$83.8 billion in investment value across Ontario in 2023.

Please accept the below as our submission to Tarion's request for feedback on regulatory changes to the deposit coverage policy to help combat illegal vending of new homes and ensure protection for current and future new home purchasers. This feedback is submitted on behalf of OHBA and its 28 local associations including but not limited to the Building and Land Development Association (BILD), West End Home Builders' Association (WE HBA), Greater Ottawa Home Builders' Association (GO HBA), and London Home Builders' Association (LHBA).

**Previous Engagement**

On November 25, 2024, OHBA provided feedback on Tarion's proposed changes to Deposit Policy to Ensure Coverage for Current and Future Purchasers. This feedback was developed through a direct engagement session between OHBA and Tarion on November 13, 2024; a range of input from OHBA membership; and close engagement with the proposals by OHBA's Regulatory Affairs Committee.

**Deposit Coverage Framework**

This response identifies the consensus feedback of OHBA members in relation to the proposed regulatory changes. OHBA notes the proposed changes, as set out in your discussion guide:

- 1. Requiring purchasers of new freehold homes (including freehold homes on parcels-of-tied-land) to provide notice and information to Tarion about their new home purchase within 45 Days after entering into an agreement of purchase and sale with a vendor/builder to qualify for the maximum entitlement to deposit coverage.*
- 2. The notice to Tarion would potentially include specific information about the purchaser, address, builder, and deposit paid using a simple online, free, portal.*

*3. Introduce a variable compensation limit for freehold home deposit coverage depending upon whether the purchaser provides notice to Tarion that they have entered into a new home purchase agreement as would be required. Purchasers that do not provide notice to Tarion would continue to be eligible for deposit coverage at the variable limit up to the current maximum.*

OHBA also notes that based on the earlier public consultation, Tarion has amended the proposed changes to:

- Allow for a longer implementation timeline where the requirement will be effective July 1, 2025; however, changes to coverage will not be in force until January 1, 2026;*
- To help reduce onus on purchasers, allow for a purchaser's lawyer, agent, or representative to provide this notice on the purchaser's behalf;*
- Doubling the size of the proposed fund available for those who do not provide notice in the applicable timeframe from the initial proposed \$5 Million to now \$10 Million, providing an increase in coverage for purchasers who do not register;*
- Deferred for future consideration and consultation changes to when Tarion collects its enrolment fee due to concerns about the impact on housing affordability and potential impacts on business processes.*

## **OHBA Response**

OHBA members continue to provide support for the core proposal to require purchasers to provide notice and information to Tarion about their new home purchase within a set time (now nominated to be 45 days) after entering into an agreement of purchase and sale. There has been general acknowledgement that this change represents a positive step with further initiatives required to address the full scale of illegal vending.

OHBA further supports the change to proposed implementation to allow a purchaser's lawyer, agent, or representative to be responsible for the provision of notice to Tarion, and notes this change was suggested in OHBA's previous feedback provided in November 2024.

As noted in the discussion guide, vendors could also potentially have the option to register for or on behalf of their purchasers or otherwise assist with the process. OHBA again seeks to be consulted in relation to the design of the purchaser registration process to ensure business processes can be aligned, and that implementation is effective, particularly given the tight implementation timeframe. Revision of the wording in the Agreement of Purchase and Sale, as is proposed in the discussion guide, should also involve OHBA input.

More generally, for this new process, OHBA and industry will play a vital role in helping to inform purchasers of the importance of registering deposits with Tarion. It is recommended that Tarion engagement with industry be an implementation priority – noting that the implementation list on page 2 of the discussion guide does not reference industry involvement.

However, OHBA continues to oppose the related proposal that would reduce the amount of protection afforded to purchasers by making full deposit protection dependent on a sub-limit fund. Market conditions remain challenging and continue to have an impact on consumer confidence – this is not the

time to implement a change that could reduce deposit coverage. OHBA continues to strongly believe that providing an incentive to purchasers to register their purchase within an allotted timeframe is preferable to adopting a punitive approach to purchasers who do not.

OHBA does recognise that an increase in the sub-limit fund to \$10M would potentially reduce the likelihood that purchasers' deposits would not be covered, according to historical data on the amount of deposit claims made each calendar year.

Finally, OHBA is pleased to note that changes to when Tarion collects its enrolment fee will not be pursued at this time in recognition of the impact on housing affordability and business processes. OHBA had previously indicated it does not support this proposed change, noting the additional cost and administration such a proposal would introduce, particularly, for example, in cases where a purchase agreement does not proceed to finalization. OHBA members have been unanimous in seeing this proposal as unworkable and administratively burdensome.

In summary, this proposal is a key step in addressing illegal building that will be of benefit to licensed builders and vendors by reducing competition with illegal vendors and the reputational harm of illegal building to the industry. Overall OHBA is supportive of the regulatory proposal and is pleased to participate in taking this process forward.

We look forward to the opportunity to further discuss implementation of this proposal with Tarion and to continue to identify solutions and outcomes of greatest benefit to homeowners.