

Heavy fines to apply to unethical homebuilders under new provincial rules

The Home Construction Regulatory Authority can now penalize Ontario builders up to \$50,000 per occurrence and pass some of the money on to affected consumers.

Toronto Star, By [Tess Kalinowski](#) Real Estate Reporter
Tue., Jan. 31, 2023

A new provincial regulation that takes effect Wednesday will allow Ontario's homebuilding watchdog to levy financial penalties of up to \$50,000 per occurrence on unethical and rule-breaking builders.

The money can then be used to compensate negatively affected consumers if the Home Construction Regulatory Authority (HCRA) determines that is appropriate.

If a licensed building benefits financially from breaking the rules, the authority can impose an additional penalty that would be passed on to consumers, the Star has learned.

The penalties could apply to licensed builders but also unlicensed companies.

In recent months, the homebuilding watchdog has stepped up its regulatory efforts. In what's believed to be the first decision of its kind, the HCRA moved to take away the license of [Adi Developments](#) last fall.

In its August notice of proposal to revoke Adi's licence, the HCRA said Adi behaved unethically after it told buyers in its Nautique condos in Burlington their purchase agreements would be cancelled if they didn't pay more — in some cases hundreds of thousands of dollars more — for the same unit.

Adi denies these allegations and says they were never proven.

The regulator then found that Adi told the buyers who declined to pay the additional price that they wouldn't have their deposits refunded until the

developer found another purchaser for the unit, claims Adi denies and says were never proven.

In November, Adi settled with the regulator at the Ontario License Appeal Tribunal. It was allowed to keep its license by agreeing to pay a \$60,000 penalty and \$2.6 million to Nautique purchasers, money Adi began paying back in May last year, the final settlement documents state.

In November HCRA CEO Wendy Moir said that, “By requiring Adi Lakeshore to pay this money to the purchasers, we are ensuring that the builder did not benefit from breaching their licence requirements.”

She said there was growing urgency to enforce ethical building practices with increasing concerns about price escalation leading to terminated purchase agreements.

Adi CEO Tariq Adi blamed supply chain issues, labour shortages and cost escalations of about \$43 million for having to go back to the purchasers.

He said the HCRA’s action inflicted significant “reputational damage” on his company.

Editor’s note — Feb. 2, 2023. *This story has been revised to reflect the fact that Adi Developments denies the HCRA’s allegations regarding purchase agreements and deposit refunds. The story has also been updated to clarify that Adi began paying back \$2.6 million to Nautique purchasers last May.*