



This submission relates to the discussion paper issued by
Ontario's Ministry of Public and Business Service Delivery (PBSB)
Regarding
Price Escalations & Consumer Protections related to
New Home Purchase Agreements – Consultation Discussion Paper

August 4, 2023

Please submit questions/comments to: info@canadiansforproperlybulthomes.com.

Founded in 2004, Canadians for Properly Built Homes (CPBH) is a national, independent, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH earned "partner" status with the Canadian Consumer Information Gateway (Industry Canada).

When CPBH refers to "homes" it refers to all types, such as single family, semi-detached, townhomes and condos.

Website: www.canadiansforproperlybulthomes.com

Facebook: <https://www.facebook.com/pages/Canadians-for-Properly-Built-Homes/1613240682226191>

Twitter: @cpbh01

CPBH summary responses to the three main topics identified in the introduction of the discussion paper:

1. consumers' experiences with escalations in the price of new homes after they have already been purchased, including proposals to address price escalations;
 - CPBH position: There should be no escalation permitted once the initial agreement of purchase and sale has been signed by both the builder and the purchaser.

2. a legislated cooling-off period for new freehold home purchases;
 - CPBH position: There should be a legislated cooling off period for new freehold purchases.

3. a requirement that buyers receive legal advice on their purchase agreements for new homes.
 - CPBH position: There should not be a requirement that buyers receive legal advice on their purchase agreements for new homes. Instead, the Ontario Government must:
 - ensure that builders and developers are strictly regulated, e.g., through the industry regulator, Home Construction Regulatory Authority (HCRA); and
 - advise buyers of the risk of not obtaining legal advice, and, through a robust and ongoing communication strategy, encourage buyers to obtain legal advice.

Related Commentary

1. consumers' experiences with escalations in the price of new homes after they have already been purchased, including proposals to address price escalations;
 - a. **CPBH position: There should be no escalation permitted once the initial agreement of purchase and sale has been signed by both the builder and the purchaser.**
 - i. It seems bizarre that the Ministry responsible for consumer protection is even discussing this.
 - ii. A contract is a contract.
 - iii. This proposal is builder protection – not consumer protection.
 - iv. The Ministry advised CPBH that no other province/territory in Canada allow price escalations by builders.
 - v. Regarding 1C – Measures to facilitate class actions.
 1. This seems to be another bizarre proposal from the Ministry responsible for consumer protection. Consumers must be protected by government so that they don't have to go to court.
 2. Court processes are lengthy (often 5+ years), expensive, and most consumers do not have the resources (financially, emotionally, or mentally) to undertake a legal challenge.
 - vi. Regarding 1D – Yes, cancellations of new freehold home purchaser agreements must be published on the Ontario Builder Directory.
2. a legislated cooling-off period for new freehold home purchases;
 - a. **CPBH position: There should be a legislated cooling off period for new freehold purchases.**
 - i. The Ministry advised CPBH that some other jurisdictions in Canada legislate a cooling off period for new freehold purchases.
 - ii. A key advantage of a cooling-off period is to provide additional time for the purchaser to hire their own home inspector to inspect the home. Serious problems with municipal inspections during construction are well known by many in government.
 - iii. The legislated cooling-off period should be working 10 days.

3. a requirement that buyers receive legal advice on their purchase agreements for new homes;
 - **CPBH position: There should not be a requirement that buyers receive legal advice on their purchase agreements for new homes. Instead, the Ontario Government must:**
 - **ensure that builders and developers are strictly regulated, e.g., through the industry regulator, Home Construction Regulatory Authority (HCRA); and**
 - **advise buyers of the risk of not obtaining legal advice, and, through a robust and ongoing communication strategy, encourage buyers to obtain legal advice.**
 - A lawyer advised CPBH that the cost of a proper, careful review with a detailed report to the client is estimated between \$1,000 + HST to \$5,000 + HST, depending upon the complexity of the transaction.
 - Obviously this cost would increase the cost of housing affordability.
 - Affordable housing is an important consideration.
 - The Ministry advised CPBH that no other province/territory in Canada requires buyers to receive legal advice on their purchase agreements for new homes.

Thank you for the opportunity to provide input.