

**Toronto Star**

## **Province says it will fix ‘broken’ new home warranty program, may open Tarion up to competition**



By [Tess Kalinowski](#) Real Estate Reporter  
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The Ontario government says it will establish a separate regulator for the building industry to remove potential conflicts in Tarion, the province’s new home warranty corporation, which was designed to regulate builders and simultaneously oversee consumer protections for new-construction home buyers.

Government and Consumer Services Minister Bill Walker announced a new round of consultations on Wednesday that will “explore” whether to break Tarion’s monopoly by introducing multiple warranty providers — a system that is available in other provinces. Walker said he hopes to have a decision later this year.

Meantime, Tarion will be required to provide more warning about developers who cancel condo projects and more consumer information about buying pre-construction homes.

The Progressive Conservative government also plans to introduce legislative amendments that will force Tarion to publicly disclose its executive and board compensation and redraw the board to include more skills-based directors, he said.

The changes, initiated under the former provincial Liberals, followed an independent judicial review and years of complaints by consumers, who alleged the home warranty program had failed to protect their interests.

On Wednesday, Walker called Tarion “broken.”

“There are many families across the province who have faced difficulties over the years when seeking a solution from Tarion,” he said.

He added, “The increase in pre-construction condo cancellations has not gone unnoticed.”

Walker made the announcement in Port Hope, Ont., alongside Krista Shuman. Her husband Earl took his own life in 2016 after battling for 27 years for compensation for a home they bought north of Cobourg in 1989 from an unregistered builder.

“This is a day my husband had hoped to see. I am extremely proud to say he worked for decades to bring all of us here this morning,” she told the press conference.

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In an interview with the Star, Shuman said that, “Even after what was announced today there is still a long way to go.”

The defects in the Shuman home — including an undersized heating system and roof trusses that were built through the chimney, where they were at risk of catching fire — have been fixed. She said the couple spent in excess of \$300,000 on repairs and legal expenses.

#### **What do you think?**

Do you think Ontario’s reforms to Tarion go far enough?

- Yes, I think Ontario is taking the right steps to protect consumers.
- No, I think more regulations are needed.
- Maybe, but allowing competition will be the real game-changer.
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“What was not fixable was my husband just felt so persecuted through the whole process,” she said.

A room in the Shuman home remains full of Earl’s files and paperwork.

“That room that’s down there, I’d like to empty it out some day,” Krista said.

Karen Somerville of Canadians for Properly Built Homes (CPBH) said the government’s plan for more consultations on opening up Tarion to competition is disappointing and falls short of the Progressive Conservatives’ pre-election stance.

“They just continue to punt the issue of the warranty — ending the monopoly — down the road. They needed to make a decision,” she said.

Somerville cited a tweet by Premier Doug Ford that said, “Government should not have a monopoly on any business.”

“The importance of choice here is very key,” Somerville said. “There’s no perfect system but competition beats monopoly hands down for consumer protection every time.”

On Wednesday, Tarion said it is supportive of the government plan to improve consumer protection.

“We agree that there are benefits to separating the warranty provider and regulator roles and we will work collaboratively with the government to implement this transformation. In the interim, Tarion will continue to seamlessly deliver on our daily responsibilities and operations providing quality service to new homeowners and buyers as well as new homebuilders and vendors,” it said in an email.

At least eight of the 17 board members listed on its website are builder representatives.

The Ontario Home Builders Association (OHBA) said it supports the improvements to consumer information on pre-construction condo developments. It also agrees that home warranties should remain mandatory for new construction homes. But it was noncommittal on the issue of multiple warranty providers.

“We are still discussing it internally to try to figure out does that multi-provider model provide improved consumer protection, improved consumer service. We haven’t landed on exactly the best model but we are encouraged the government has opened up consultation on this and we’re going to do our research and we’re going to provide advice,” said OHBA chief executive officer Joe Vaccaro.

“Part of it is really getting the regulator right,” he said. “What the building industry is looking for is a regulator that has the expertise to deal with what is a very complicated industry in terms of approvals and building code but also understands the need for consumer protection and gives people confidence when they purchase a new home,” he said.

Tarion was created 40 years ago as a warranty provider and arbitrator of disputes between buyers and builders.

A [Toronto Star investigation of Tarion](#) found that it failed to publish records of poor building on its public database and that, in 2013, its CEO Howard Bogach earned \$700,117, including a bonus worth more than 60 per cent of his base salary.

In 2015, the Liberal government of the day assigned former associate chief justice Douglas Cunningham to review Tarion — he found issues with its transparency and response to consumer complaints.

Of the 68,945 new homes enrolled in the Tarion warranty program in 2017, 46 per cent were condominiums.

Condo cancellations such as the giant Cosmos towers by Liberty Developments and Gupta Group's Icona condos, both in Vaughan, were among 15 projects with more than 4,500 units that were cancelled last year, up from 1,678 in 2017 and only 379 in 2016.

There were 5,549 builders and vendors registered with Tarion in 2017.

Last year, in the wake of the Vaughan condo cancellations, the corporation said it would look at providing more information on its builder registry website to alert consumers about developers that cancelled condo projects.

Tess Kalinowski is a Toronto-based reporter covering real estate. Follow her on Twitter: [@tesskalinowski](https://twitter.com/tesskalinowski)

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