

# CAPTIJN: Want to sell more new homes?

## Listen to consumers

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The late Anthony Bourdain, celebrity chef and world traveller, left us with some thought-provoking quotes, not only about food, but about people. One of them applies to many human interactions: “I don’t have to agree with you, to like you or respect you.”

Listening to each other’s perspectives can bring about positive change. When governments and their policymakers shut out key stakeholders from policy discussions, or conceal their feedback, that doesn’t make better policy. We don’t have to agree, but we have to talk.

Why are buyers and potential buyers often excluded from policy discussions about housing, especially on consumer protection issues in new homes sales? We often hear from industry executives, lobbyists, and professional organizations, who have the loudest microphones at Queen’s Park where policy is made. But who speaks for the home buyer?

Media discussions on housing often don’t include consumers, either. An annual real estate roundtable in a local Toronto magazine omits the main stakeholder, the consumer. Instead, we hear from city planners, real estate agents, developers, and financial advisers.

The two government agencies in charge of new home buyer protection, Tarion and the Home Construction Regulatory Authority (HCRA), say their executives are all consumers and homeowners, so they can speak for homebuyers. They say builders are the best consumer advocates.

Can we once and for all agree this is nonsense? Builders don’t speak for homebuyers, any more than homebuyers speak for builders.

At the HCRA/Tarion annual public meetings, consumer questions are limited to about 20 minutes, and it’s forbidden to raise issues about individual files. Many consumer advocates have been blocked on social media by these two agencies, who say their mission is consumer protection.

A very important topic which has been swept under the rug by two successive governments is whether Ontario should offer choice in new home warranties, or whether Tarion should remain the sole administrator of the builder's warranty, but not provide a warranty itself.

This question was studied by an experienced judge in a year-long, broad-consultation review in 2016-17. The judge's main recommendation? Give Ontario choice in warranty providers and end the Tarion monopoly.

Consumers and consumer advocates agreed.

But this major policy recommendation was quickly swept aside by the Liberal government in 2017; the consumer ministry ruled the topic of competition in warranty providers out of scope in a consultation group they set up in the summer of 2017. The participants were stacked with industry and Tarion executives.

Only one consumer advocate was included, and all participants had to sign a confidentiality agreement.

A strange way to proceed if you want to make good consumer policy.

The Ford government's MPPs supported competition in warranty providers while in Opposition, but did a flip-flop once they got elected. Premier Doug Ford has said he's against monopolies, but ignored the judge's recommendation to end Tarion's monopoly. He's focused instead on ending the beer monopoly.

New home warranties are "not a natural monopoly," stated the judge's review. Utilities are, since they have to provide expensive infrastructure, and most competitors can't afford this.

Having competition in service providers usually increases innovation and customer service, whereas monopolies have little incentive to improve. It took the Tarion monopoly over a decade to increase the warranty coverage maximum to keep pace with rising cost of new homes. A competitive model could have hastened that improvement.