

**2022 Annual Meeting
September 8, 2022
General Questions & Answers**

In addition to the questions [answered live](#) during the 2022 Annual Meeting, the HCRA addressed and responded to all written questions submitted by attendees. Please see general questions and their answers available to the public:

1. What issues are presently of concern for the HCRA?

The HCRA's top priority is consumer protection, which is a part of our regulatory mandate. As a provincial regulator, our role is to ensure that our licensees continue to adhere to competency and professional conduct standards, supporting a fair marketplace.

A recent example to support enhanced consumer protection, is the HCRA's recent [advisory](#) on price escalations and contract terminations to remind all licensees that they must honour their contracts.

2. Who defends builders?

The HCRA regulates and licences the people and companies that build new homes in Ontario. The vast majority of builders/vendors in Ontario are in compliance, and we appreciate responsible licensees who carry out their businesses in accordance with their regulatory obligations.

Builders/vendors who are subject to a complaint may obtain their own counsel who is familiar with professional regulation.

3. Will builders be assigned a HCRA representative that they can ask questions about legislation or find out about upcoming education or webinar opportunities.

Builders, and all members of the public can reach out info@hcraontario.ca to learn more about upcoming education and webinar opportunities. As we schedule our upcoming events, they will be available on our website. We encourage consumers and builders to register for our newsletter to receive announcements on upcoming educational offerings.

4. What function does the HCRA serve after registration of a project is complete with the builder?

The HCRA regulates the licensee, not the project. Upon obtaining a valid licence with the HCRA, builders and vendors must enroll the project with Tarion before they are legally able to build and sell homes in Ontario.

5. How does the HCRA hold licensed builders to professional standards?

The HCRA enforces these standards through a few ways.

First, through the licensing process. The HCRA's licensing process evaluates a builder or vendor's past and present conduct is assessed thoroughly before they are issued a license to build homes. Builders and vendors must demonstrate that they meet our mandatory [competency requirements](#).

Second, by setting clear expectations for licensed home builders and vendors and following up on complaints about licensee conduct:

- Adhering to the [Code of Ethics](#)
- Treating home buyers fairly, and with honesty and integrity
- Demonstrating homebuilding knowledge, skills and competence
- Proven track record of complying with the Ontario Building Code and other applicable law
- Acts transparently, doesn't take make misleading statements, hasn't engaged in fraud, and discloses any conflicts of interests

We do this through regular communications to licensees including:

- Issuing advisories to proactively engage and remind licensees of their obligations
- Most recently the HCRA published an advisory on price escalations and project terminations, reiterating to licensees to honour their contracts
- Publishing certain information about the results of conduct complaints on the HCRA website and Ontario Builder Directory, including licensing decision such as conditions and revocations, and Discipline Committee decisions.

Third, through ensuring that builders and vendors continue to understand their requirements for licensing under Ontario law. The HCRA will continue to conduct investigations and undertake enforcement actions wherever necessary to address concerns about illegal building and vending.

The HCRA's expectations are clear - licenses will not be granted to builders or vendors who do not meet the necessary requirements. Failing to obtain a license while continuing to operate as a home builder could result in prosecutions with sentences that can include significant fines and even jail terms.

6. Does the HCRA look into instances of builders using non-disclosure agreements as part of their price renegotiation process?

As the regulator, we have the jurisdiction to look into matters regardless of non-disclosure agreements and it does not limit our power to respond to concerns.

You should be aware that there is a provision in the Code of Ethics that prohibits a licensee from obstructing any person from making a complaints to the HCRA. A non-

disclosure agreement may not be used for this purpose. Consumers who think they have experienced this behaviour or who feel intimidated or coerced by a builder are encouraged to file a complaint with the HCRA.

We encourage anyone with information or conduct concerns against a builder or vendor to file a complaint. Reporting complaints and concerns will help the HCRA to better protect the public and to inform future improvements to competency and other requirements for builders and vendors.

More information on our complaints process, including how to submit a complaint is available on our [website](#).

7. How are you dealing with builders who have already renegotiated at higher prices with purchasers prior to the new Code of Ethics?

Complaints regarding the Code of Ethics, which was introduced and enforced as of July 1, 2021, are heard by the Discipline Committee. As described in regulation, concerns relating to a licensee's conduct prior to July 1, 2021, cannot be referred to the committee.

However, the HCRA does have regulatory tools it can action to address issues regarding conduct and competency that occurred prior to July 1, 2021. This includes ordering the licensee to take further education, issue a warning letter, placing conditions on their licence, and in more severe cases revoking/suspending their licence. More information on potential outcomes of a complaint are available on our [website](#).

The HCRA recently issued an [advisory on price escalations and project terminations](#), reminding licensees that they must honour their contracts. Regarding concerns of price escalations, the Registrar has also recently issued a Notice of Proposal to revoke six licences and apply conditions on three on licence. Details on this action is available on [our website](#).

8. How many sanctions against builders have you issued according to your new Code of Ethics?

Details about the Registrar's activities and decisions that are publicly available are published on our [website](#).

9. How does the HCRA identify and investigate fraud during the building process?

If HCRA receives a complaint about potential fraud, we will looking to the matter. Please refer to [our website](#) for more information on our process and potential outcomes.

10. Can you explain what the Ontario Builder Directory is?

The HCRA hosts the Ontario Builder Directory, a searchable database of builders and vendors of new homes in Ontario. The HCRA is responsible for providing objective,

quantifiable and accurate licensing information on the Builder Directory. The Builder Directory provides the most comprehensive information in Canada regarding builder/vendor licensing information and history, and also discloses warranty information, these details are provided directly by Tarion.

It is outside the HCRA's role and authority to independently collect warranty data, this includes total dollars paid in claims, outstanding claims, and any Tarion action on behalf of the builder as this information is owned and managed by Tarion.

More information on the Builder Directory is available on our [website](#).

11. The HCRA has recently said that it is conducting consultations regarding the Ontario Builder Directory? What is the status of those consultations?

The HCRA's survey on the Ontario Builder Directory was conducted in September. This survey will assist the HCRA in updating the Builder Directory and enhance its utility as a resource for consumers.

These consultations will build on previous research conducted, and input received from the Consumer and Industry Advisory Councils and other stakeholders.

12. How long does it take the HCRA to investigate a complaint?

The HCRA understands the urgency many homeowners feel when they submit a complaint. Although a significant portion of complaints received so far may be outside of the HCRA's jurisdiction, the majority of the remaining complaints have been assigned and are actively being looked into.

The HCRA is committed to responding to every complaint it receives, with the most serious matters given the highest priority. Some factors that determine whether a matter is "high risk" include:

- Potential harm to consumers or the public
- Number of complaints received
- Complaints history of the builder
- Severity of the alleged actions taken by the builder

The HCRA's complaint system operates on two fundamental principles: giving consumers a clear path to voice their concerns and ensuring fair adjudication of the matter for all parties involved. This takes time and resources, which the HCRA is dedicating to the complaints process.

The HCRA continues to expand its team to address the volume of complaints received.

13. Why did HCRA only investigate 10% of consumer complaints last year? Why are not all consumer complaints being investigated?

The HCRA takes all complaints seriously. We dedicate time and resources to substantiate information to determine an appropriate response and path forward.

Different types of complaints necessitate different responses. The 10% of complaints you reference pertains to investigations on complaints about offences under the *New Home Construction Licensing Act, 2017* concerning illegal building/vending or failure to enroll a project with Tarion. These matters represented less than a third of complaints received by the HCRA last year.

The HCRA responds to 100% of the complaints we receive – assessing whether they fall within our jurisdiction (and referring them to the appropriate channels if not) and whether they warrant further action, up to and including detailed investigations.

More details on potential outcomes of complaints are detailed on our [website](#).

14. With 800 complaints against builders this year, 600 last year, how has the HCRA increased consumer confidence in new home building?

The HCRA enhances consumer confidence by providing consumers a venue to voice their concerns and taking proactive steps to ensure the HCRA can take appropriate and necessary action when needed, please visit our [website](#) for more details on potential outcomes of a complaint.

To clarify, the HCRA received a total of 800 complaints within the 2021-2022 fiscal year which signifies the HCRA's new vehicle to report concerns is effective and consumers feel they can turn to the HCRA to better protect the public.

We have also set out expectations for compliance with the Code of Ethics and maintain those expectations as an on-going responsibility for all licensees. A brief overview of the Code of Ethics:

- The Code of Ethics is new to the new home construction sector as of July 1, 2021 and outlines twenty principles that licensees are expected to meet. Per the Code of Ethics, licensees are required to treat every person fairly and with honesty and integrity.
- Action can be taken if a licensee has breached their responsibilities under the Code of Ethics. This includes:
 - Mandating further training
 - Reviewing a licensee's ongoing entitlement to a licence
 - Proposing conditions on the licence
 - Referring the matter to the Discipline Committee, who may mandate training or issue a fine.



The Code of Ethics has been and will continue to be fundamental in shaping and building enhanced consumer confidence to the home building industry.

15. Why does the HCRA have a reserve fund and what is it used for?

The Fiscal Year 2021-22 is the first full year of operations for the HCRA. We continue to review and build out our operations, specifically in the areas of customer service, licensing, inspections and investigations.

As a not-for-profit organization, the HCRA is required to have a reserve on hand to deal with revenue shortfalls. The HCRA will continue to review its ongoing operational requirements to determine optimal levels of reserve.

16. Did the HCRA pay oversight fees to the Ontario government last year? If no, why not? If yes, how much was paid in oversight fees? What are the projected oversight fees to be paid this current fiscal year?

2021-22 was the first full year of operations at the HCRA, and the HCRA did not pay any Ministry Oversight fees. In future years, the HCRA will work with its KPMG auditors on how best to reflect this on its financial statements.