



Ontario
Home Builders'
Association

May 22, 2025

Tarion
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Toronto, Ontario
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Sent by email: submissions@Tarion.com

Re: Tarion Consultation – Input on Proposed Changes to the Enrolment Fee

The Ontario Home Builders' Association

The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 28 local associations across the province, from Niagara to Thunder Bay and Windsor to Ottawa. Members include builders, developers, professional renovators, trade contractors, suppliers, and manufacturers serving the residential construction industry. In 2024, Ontario's residential construction industry directly and indirectly employed over 600,000 people, generated more than \$42 billion in wages, and contributed approximately \$90 billion in total investment value to the provincial economy. This sector remains one of Ontario's largest economic drivers, playing a vital role in job creation, regional growth, and housing supply.

Please accept the below as our submission to Tarion's request for feedback on changes to the Enrolment Fee to Ensure Protection for Current and Future Purchasers. This feedback is submitted on behalf of OHBA and its 28 local associations including but not limited to the Building and Land Development Association (BILD), West End Home Builders' Association (WE HBA), Greater Ottawa Home Builders' Association (GO HBA), and London Home Builders' Association (LHBA).

Previous Engagement

On May 22, 2025, OHBA provided feedback on Tarion's proposed changes to the enrolment fee in a direct engagement session between OHBA and Tarion; a range of input from OHBA membership and close engagement with the proposals by OHBA's Regulatory Affairs Committee was discussed.

Proposed Changes to the Enrolment Fee

This response identifies the consensus feedback of OHBA members in relation to the proposed changes. OHBA notes the proposed changes, as set out in your discussion guide:

- 1. Implement a temporary enrolment fee increase of \$250; this non-refundable amount is to replenish the Guarantee Fund for consumers and would be maintained until the capital in the Fund is adequate under the Office of the Superintendent of Financial Institutions (OSFI) capital guidelines, which Tarion anticipates can be achieved by the end of 2027, at which time the temporary fee increase will be rolled back.*

- 2. In addition, Tarion is proposing a separate non-capital related fee adjustment in the amount of \$55 per home, which is intended to address market increases in claims due to inflation.*

OHBA Response

While OHBA supports the objective of maintaining a strong and reliable warranty system for Ontario homebuyers, members have identified serious concerns with the timing, structure, and fairness of the proposed increases. In relation to the proposed fee increases, it would be accurate to describe member opposition to the proposals as extremely strong. These proposals come at a time when Ontario's homebuilding sector is under severe financial pressure, and they risk further undermining affordability and eroding trust within the industry.

Housing starts were down 16% across Ontario in 2024 and according to CMHC, down 38% in the first quarter of 2025 on the previous year.

Many members also note that this proposal has been made at a time of considerable and increasing frustration with Tarion's warranty processes which are also perceived to lack balance and relevant industry input.

1. A Blanket Fee Increase Ignores Market Conditions and Performance Variability

The Ontario housing market is in crisis. Builders are facing unprecedented challenges, with some OHBA members reporting a 95% decline in sales volumes compared to their 10-year averages. Labour shortages, elevated interest rates, and soaring construction costs have placed enormous strain on the delivery of new housing across the province.

Introducing a blanket \$250 capital replenishment fee and \$55 inflationary adjustment during this period—regardless of builder performance—adds costs that will ultimately be passed onto homebuyers and further erodes affordability. Although Tarion notes the proposed increase is less than 0.07% of a home's average price, these incremental costs, combined with inflation across all aspects of the industry like government fees and taxes, unparalleled development charge rates, and exorbitant levels of application and study fees being levied throughout the extent of the development process, compound into a significant financial barrier.

More importantly, we believe that if Tarion is incurring significant claim costs, then the builders responsible for those claims should bear the greatest share of the financial responsibility—not the industry as a whole. A blanket fee increase, even if temporary, unfairly penalizes conscientious builders who consistently meet their obligations and uphold the standards of quality the warranty program is intended to enforce.

An alternative could be that Tarion explore a more targeted fee or penalty structure based on builder claim history or demonstrated risk profile, though there is currently no transparent data-supported metric to build accurate risk profiles.

2. Disconnect Between Financial Ask and Structural Reform

The consultation discussion paper does not outline alternative funding approaches, nor does it indicate that any meaningful complementary reforms have been implemented to mitigate rising claim costs. Requesting financial support from a crippled housing industry before substantial government-led or agency-led reform has occurred only widens the disconnect between public policy decisions and the economic realities facing builders.

A proposal of this nature—seeking millions in cash injection from responsible builders and homebuyers to restore the Guarantee Fund after regulatory failure—should at the very least be accompanied by a clearly defined plan for system improvements, enforcement enhancements, and cost-saving measures that demonstrate shared accountability.

3. A More Equitable Fee Structure Is Needed

OHBA appreciates Tarion's inclusion of an exemption for homes priced under \$400,000. This measure appropriately supports affordability in a strained market. However, we also urge Tarion to adopt a more refined and equitable approach to enrolment fees overall:

- Charging the same increase on a \$450,000 home as on a \$4 million home fails to consider proportionality.
- Performance-based fee adjustments tied to a builder's claims history, track record, or compliance status would align costs with actual risk.
- Enhanced enforcement fines and penalties for non-compliant or repeat-offending builders would not only support the Guarantee Fund but also reinforce Tarion's role in upholding accountability and quality standards.

4. Long-Term Program Stability Requires Partnership, Not Imposition

OHBA supports the principle of a robust, consumer-focused deposit protection and warranty framework. We also understand that the Guarantee Fund must remain solvent to protect homeowners today and in the future. However, Tarion's current proposal places the full burden of capital replenishment on compliant industry participants—those who are already doing their part to deliver safe, quality housing.

Any long-term plan must begin with collaboration, not unilateral fee imposition. We encourage Tarion to work with industry stakeholders on a shared path forward—one that includes:

- Transparent performance metrics and claims trend reporting;
- Operational reviews to reduce unnecessary expenditure;
- Reforms to claims processes for clarity and fairness; and
- A commitment to aligning future funding strategies with market conditions and builder performance.

Conclusion

OHBA and our members remain committed to building quality homes and supporting a consumer protection system that is effective and sustainable. This commitment must be matched with fairness, transparency, and a willingness to evolve how the system is funded and administered.

OHBA seeks to enhance policies and regulations that safeguard the interests of homebuyers and homeowners within a transparent and equitable system of regulation.

We strongly urge Tarion to reconsider the proposed blanket enrolment fee increase. Performance-based or risk-based alternatives to determining fees could be explored, if data-supported metrics based on builder performance could be agreed with industry.

We also urge Tarion to work more effectively with OHBA and industry partners to ensure policy coherence and alignment of regulatory goals with practical industry-informed solutions.

We appreciate the opportunity to participate in this consultation and hope our input will contribute to a more effective, equitable, and sustainable regulatory system for Ontario.