

Q&A: Information About New Regulatory Changes

Effective July 1, 2023, homeowners will benefit from changes Tarion is making to improve consumer protection under Ontario's new home warranty and protection program.

Following consultation on proposed policies in 2021 and 2022, and draft regulations in fall 2022, Tarion is making enhancements to the new home warranty coverage provided by builders in Ontario by increasing the warranty compensation limit to \$400,000 for new homes and creating a new Temporary Relocation Warranty.

This QA has been developed to answer some common questions from homeowners and builders:

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1. [What are the new changes?](#)

Tarion is making significant enhancements to the new home warranty coverage provided by builders in Ontario by increasing the Warranty Compensation Limit to \$400,000 for new freehold homes and creating a new Temporary Relocation Warranty.

The increase of the warranty compensation limit from \$300,000 (current) to \$400,000, applies to freehold homes in which the homeowner owns the land and the home, such as detached, semi-detached homes and some townhouses. This increase will provide new freehold homeowners in Ontario with the highest overall coverage available in Canada when compared to coverage amounts set out by other provincial warranty programs.

The Warranty Compensation Limit for condominium units will not increase, as those homes already benefit from additional coverage under the builders Common Elements warranty.

The new Temporary Relocation Warranty of \$150/day - up to a maximum of \$15,000 - will help cover costs homeowners may have to pay associated with temporary accommodations. This coverage for both condominium and freehold homeowners applies if a warranted repair renders the home uninhabitable and they are required to relocate while repairs or remediation is completed.

We are making these changes and creating a stronger new home warranty and protection program to protect all Ontarians and increase consumer confidence when making one of their most important purchases, a new home.

2. When would these changes come into effect?

The changes come into effect on July 1, 2023, and will apply to homeowners who enter into a purchase agreement on, or after, that date.

Tarion is committed to keeping the public informed on these and any other important changes. We will continue to communicate with key stakeholders, including homeowners and builders, as we move forward with the implementation.

3. How will these improvements enhance consumer protection?

Homeowners would benefit from the Temporary Relocation Warranty, as this compensation previously did not exist under the builder's warranty.

Now builders will provide compensation to homeowners to help reduce financial burden, in instances where they must relocate while repairs are made on a warranted item.

The new Warranty Compensation Limit would benefit future freehold homeowners with enhanced consumer protection by making the Ontario coverage for freehold homes the highest such coverage available in Canada.

4. You previously consulted on relocation costs. How did you decide on this final option?

The previous consultation was designed to help Tarion get a better understanding of stakeholder feedback on relocation costs and Tarion's proposed Temporary Relocation Allowance.

We hear from homeowners, industry, and other stakeholders that:

- The rate should be a flat or simple scale to make it easy for homeowners to use and builders to administer.
- A clear definition for what is "uninhabitable" is needed and when this warranty would be triggered.
- This new warranty should not prohibit the ability of a builder and homeowner to work together to find alternative options or compensation.

Based on the feedback, Tarion created a new Temporary Relocation Warranty which would cover an amount of up to \$150/day for homeowners with a cap of \$15,000.

This new warranty would fall within the maximum statutory warranty compensation limit.

5. How is Tarion going to determine when a home is “uninhabitable”? Where can I find this information?

Tarion is in the process of drafting a new Registrar Bulletin to outline the Temporary Relocation Warranty. This will include a clear definition of when a home would be considered uninhabitable.

As we finalize this new bulletin in advance of the July 1, 2023, implementation date, Tarion will consult with stakeholders to strike the right balance in determining an appropriate definition, while providing the proper protections for consumers.

6. Considering home prices across the province, why is Tarion proposing to increase the warranty compensation limit to \$400,000?

The new amount of \$400,000 will be the highest coverage available in Canada for freehold homes as compared to coverage provided by other provincial warranty programs.

While the average home price in Ontario exceeds \$400,000, it is important to note that the average home price includes the value of the land. The warranty coverage only applies to the cost of repairs.

The increase was developed after extensive consultations and included a review of the historic cost of claims for freehold homes in Ontario. Based on this data, the increase to \$400,000 should be sufficient to provide full coverage for 99% of the claims experience, and represents a balance between the provision of coverage and the cost to do so.

In 2022, the average cost of coverage in Ontario was approximately \$1400 as a one-time payment by the Vendor for seven years of protection under the program.