

Reporting date: June 26, 2026

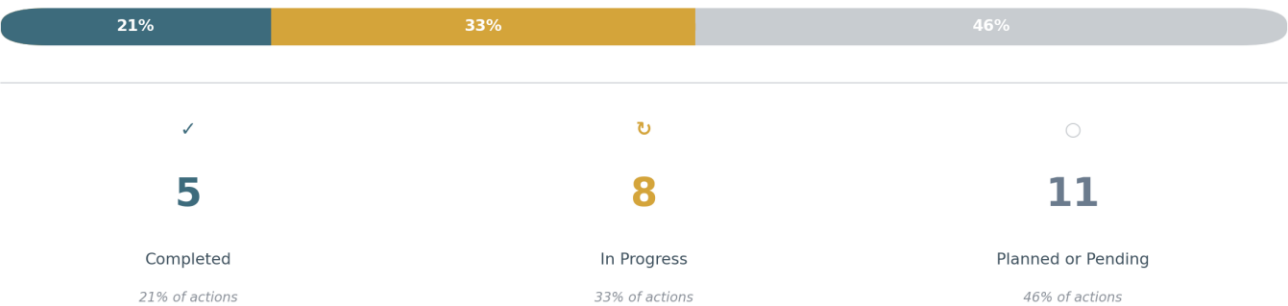
Executive Summary

On October 1, 2025, the Auditor General of Ontario released a Performance Audit of the Home Construction Regulatory Authority (HCRA). The report includes recommendations to enhance the HCRA’s oversight of new home builders and sellers in Ontario. As one of Ontario’s newest regulators, the HCRA is committed to strengthening its service delivery and accountability — all in support of protecting homebuyers.

The audit identified 10 recommendations and 14 sub-recommendations. Of the 24 recommendations, 5 have been fully implemented, 8 are in progress, and 11 are planned or pending implementation.

24 Recommended Actions

Implementation Progress



The HCRA made significant progress in this period, including full implementation of five recommendations. Key achievements were focused on strengthening efficiency and oversight within the HCRA’s licensing function. This included completing an analysis of insolvent licensees, introducing new financial conditions for applicants, and enhancing internal systems to automatically flag licensees at risk of insolvency. In addition, the fast-track licensing process was suspended in order to ensure thorough review of all licensing applications. This work will improve consistency and reduce reliance on manual processes in licensing.

In the complaints area, staff can now track specific contraventions of the New Home Construction Licensing Act, 2017 (the Act) and its regulations within the HCRA’s internal systems. This change improves the HCRA’s ability to analyze trends in non-compliance with the Act.

At the organizational level, the HCRA finalized its 2026-2027 Business Plan, including newly defined performance measures and targets to support continuous improvement.

Note: The HCRA’s fiscal year runs from April 1 to March 31.

Recommendations

Action #	Action Item /Description	Status	Responsible Organization
Recommendation #1: Fast Track Renewals			
1.1	We recommend that the HCRA implement automated controls within its CRM system that checks licensee conduct and compliance history data against applications to confirm eligibility for fast-track renewals.	STATUS: In Progress	HCRA
Target Completion: End of Q1, Fiscal Year 2026-2027 Actions Completed: • The HCRA suspended fast-track licence renewals. • The HCRA’s Licensing Risk Assessment Framework has been updated to incorporate conduct history, and new internal system requirements and business rules have been defined to ensure compliance history is systematically considered in licensing decisions. • Together, these actions establish a more rigorous and consistent approach to assessing applicant risk. Next Steps: • Complete several updates to the HCRA’s internal systems to build and test automated checks. • Update all internal procedures and train staff on the new processes. • Following implementation, the HCRA will monitor effectiveness and outcomes to ensure the changes are functioning as intended and supporting improved decision-making.			
Recommendation #2: Financial assessments of applicants			
2.1	We recommend that the HCRA review and determine if higher credit score thresholds would be a more effective indicator of whether applicants can be expected to be financially responsible in the conduct of business and update them as needed.	STATUS: Complete	HCRA
Target Completion: Q4, Fiscal Year 2025-2026 Actions Completed: • The HCRA conducted an analysis of insolvent licensees to assess whether credit scores could predict or influence insolvency, including evaluating whether raising the credit score threshold would be a more effective indicator of financial responsibility. • The analysis found that credit scores in the year prior to insolvency were above the threshold, indicating that increasing the threshold would not be an effective predictive tool. Next Steps: • Credit score guidelines to be reviewed on an annual basis.			
2.2	We recommend that the HCRA to develop decision-making guidelines for the review and approval of applications that do not meet the credit score threshold.	STATUS: Complete	HCRA

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Target Completion: Q4, Fiscal Year 2025-2026			
Actions Completed: The HCRA has updated its Licensing decision-making guidelines to strengthen the review process for applicants when individual principals, directors, or officers have credit scores that fall below the HCRA threshold. This includes the introduction of two financial conditions that may be applied to licences when the sub-threshold score is not deemed to present unacceptable risk.			
Next Steps: None.			
2.3	We recommend that the HCRA develop and implement processes for the mandatory consideration of licensee and related party insolvencies in the assessment of license applications.	STATUS: Complete	HCRA
Target Completion: Q4, Fiscal Year 2025-2026			
Actions Completed: - The HCRA has implemented policy changes that automatically flag and filter licence applications associated with insolvent licensees through common individuals (principals, directors, and officers), replacing its previous manual process. - In addition, the Licensing Risk Assessment and Decision-Making Framework has been updated to provide clearer guidance to staff when assessing these higher-risk applications.			
Next Steps: None.			
2.4	We recommend that the HCRA evaluate the financial position of officers and directors of applicants, as required by the NHCLA.	STATUS: Pending	HCRA
Target Completion: Q4, Fiscal Year 2027-2028			
Actions Completed: Implementation of this recommendation has not yet commenced.			
Next Steps: Planned actions include enhancing current criteria and processes for assessing the financial position of officers and directors, determining appropriate data sources and verification methods, and integrating these requirements into the HCRA’s Licensing Risk Assessment Framework.			
2.5	We recommend that the HCRA assess what additional financial information could assist HCRA to evaluate applicant financial responsibility in the conduct of business, including financial statements, financial ratios and indicators, tax returns, and Tarion claims for deposit refunds, and develop and implement a policy and process to use this information to assess applicants.	STATUS: In Progress	HCRA
Target Completion: Q1, Fiscal Year 2027-2028			

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Actions Completed:

- The HCRA’s Licensing Risk Assessment Framework has been updated to automatically incorporate unpaid Tarion claims data into the evaluation of licence applications, providing an additional indicator of financial risk.

Next Steps:

- Perform an analysis and review opportunities to collect further financial information from third parties.
- Further steps include a formalized policy, new defined financial assessment criteria, data collection processes, and staff guidance and training.

Recommendation #3: Business Registration Checks

3.1	We recommend that the HCRA work with the Ministry to establish a regular and ongoing process to obtain and verify all required licensee business information from the Ontario Business Registry.	STATUS: In Progress	Joint
-----	--	----------------------------	-------

Target Completion: Q4, Fiscal Year 2027-2028

Actions Completed:

- The HCRA worked with the Ministry of Public and Business Service Delivery and Procurement to secure ongoing access to the Ontario Business Registry, allowing the HCRA to quickly and accurately obtain and confirm business information from licensees.

Next Steps:

- The HCRA will explore processes to efficiently validate information obtained from licensees against data shared by the Ontario Business Registry. The HCRA will continue its collaboration with the Ministry, leveraging this ongoing access to support accurate verification of licensee information.

3.2	We recommend that the HCRA establish a regular and ongoing process to verify federally incorporated licensee business information with Corporations Canada.	STATUS: Pending	HCRA
-----	---	------------------------	------

Target Completion: Q3, Fiscal Year 2027-2028

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

- The HCRA will explore processes to establish a standardized, ongoing verification process and integrate these checks into licensing workflows.

Recommendation #4: Competency Standards

4.1	We recommend that the HCRA work with the Ministry to establish best practice technical competency standards that individuals in home building companies who supervise day-to-day construction should demonstrate	STATUS: Pending	Joint
-----	--	------------------------	-------

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Target Completion: TBD

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

- The HCRA remains committed to working collaboratively with the Ministry in its assessment of market conditions and potential impacts on the new home sector, providing relevant operational insights, as appropriate. Through this ongoing work, opportunities for further engagement may be identified, including potential discussions with the Ministry on approaches to addressing this recommendation.

4.2	We recommend that the HCRA work with the Ministry to establish mandatory continuing education requirements for all licensees.	STATUS: Pending	Joint
-----	---	------------------------	-------

Target Completion: TBD

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

- The HCRA remains committed to working collaboratively with the Ministry in its assessment of market conditions and potential impacts on the new home sector, providing relevant operational insights, as appropriate. Through this ongoing work, opportunities for further engagement may be identified, including potential discussions with the Ministry on approaches to addressing this recommendation.

4.3	We recommend that the HCRA implement processes to monitor and facilitate licensee compliance with such requirements.	STATUS: Pending	HCRA
-----	--	------------------------	------

Target Completion: TBD

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

- Next steps to be determined by recommendations 4.1 and 4.2.

Recommendation #5: Risk Management

5.1	We recommend that the HCRA develop a risk rating system that incorporates relevant licensee risk factors.	STATUS: Pending	HCRA
-----	---	------------------------	------

Target Completion: Fiscal Year 2028-2029

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Planned actions will include identifying risk factors, designing a risk rating methodology, and integrating the system into existing licensing and oversight processes, including IT integration, to enable more proactive, risk-based inspection activities.			
5.2	We recommend that the HCRA assign a risk rating to each licensee.	STATUS: Pending	HCRA
Target Completion: Fiscal Year 2028-2029 Actions Completed: - Implementation of this recommendation has not yet commenced. Next Steps: - Next steps to be determined after completion of recommendation 5.1.			
5.3	We recommend that the HCRA develop and implement processes for conducting proactive oversight, monitoring and enforcement activities that are guided by licensee risk ratings.	STATUS: Pending	HCRA
Target Completion: Fiscal Year 2028-2029 Actions Completed: - Implementation of this recommendation has not yet commenced. Next Steps: - Next steps to be determined after completion of recommendations 5.1 and 5.2.			

Recommendation #6: Complaints Handling			
6.1	We recommend that the HCRA review significant variances in the time it takes different complaint handlers to close a complaint, identify root causes and develop best practices in complaint processing.	STATUS: Pending	HCRA
Target Completion: Q4, Fiscal Year 2026-2027 Actions Completed: - Implementation of this recommendation has not yet commenced. Next Steps: - Initial steps include analyzing complaint processing timelines across staff, identifying the root causes of variances and using this data to improve complaint handling practices.			
6.2	We recommend that the HCRA set benchmarks for the time it takes to assign a complaint to a complaint handler, as well as the time it takes for the complaint handler to close the complaint, and review cases where complaints exceed these benchmarks.	STATUS: In Progress	HCRA
Target Completion: Q4, Fiscal Year 2026-2027			

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Actions Completed:

- Planning and development are underway.

Next Steps:

- Draft policies establishing new key performance indicators and benchmarks for complaint assignment and closure timelines.
- Integrate the review of cases exceeding complaint benchmarks into the HCRA’s existing quality assurance (QA) process.

6.3	We recommend that the HCRA perform an analysis to establish technological resource and staff requirements that would allow the HCRA to address complaints at a rate that keeps pace with the volume received.	STATUS: In Progress	HCRA
-----	---	----------------------------	------

Target Completion: Q3, Fiscal Year 2026-2027

Actions Completed:

- An analysis of complaints staffing resources to estimate the number of hires required to reduce the backlog within various timeframes was completed.

Next Steps:

- Complete an analysis of technological resource requirements to improve the efficiency of the complaints process, consolidate findings with staffing analysis, and develop recommendations to inform resourcing decisions and implementation planning.

Recommendation #7: Professional Conduct

7.1	We recommend that the HCRA use its CRM system to record and track identified licensee contraventions of regulatory requirements.	STATUS: Complete	HCRA
-----	--	-------------------------	------

Target Completion: End of Q1, Fiscal Year 2026-2027

Actions Completed:

- The CRM team has developed a dedicated module within the system to track contraventions, including cases involving Administrative Monetary Penalties, referrals to the Discipline Committee, and Notices of Proposal to Revoke or Refuse a Licence.

Next Steps:

- None.

7.2	We recommend that the HCRA conduct regular analysis of all complaints and contraventions of regulatory requirements to identify and investigate trends and concerns, and to take corrective action where necessary.	STATUS: In Progress	HCRA
-----	---	----------------------------	------

Target Completion: Fiscal Year 2027-2028

Actions Completed:

- The HCRA’s internal systems can now automatically track licensee contraventions of regulatory requirements.

Next Steps:

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

- Update the HCRA’s complaints quality assurance process to support regular review of contravention data and trend reporting.

Recommendation #8: Building Permits

8.1	We recommend that the HCRA request that municipalities regularly share building permit data with the HCRA so it can correlate it to licenses to help identify illegal builders.	STATUS: Pending	HCRA
-----	---	------------------------	------

Target Completion: Fiscal Year 2027-2028

Actions Completed:

- Implementation of this recommendation has not yet commenced. While the HCRA recognizes the value of building permit data in identifying unlicensed activity, it has noted that this approach is inherently reactive because it relies on permits already issued to individuals who may have misused the owner-builder exemption. The HCRA continues to focus on a more proactive illegal building strategy focused on earlier intervention and more meaningful data through municipal engagement.

Next Steps:

Pending implementation of the illegal building strategy:

- Engage with municipalities to explore data-sharing opportunities.
- Define data requirements and frequency of sharing and develop processes to integrate and analyze permit data alongside licensing records to support identification of unlicensed activity.
- Establish data-sharing agreements with municipalities.

8.2	We recommend that the HCRA work with the Ministry to obtain data on files and charges laid under the Building Code Act, 1992 from the Ministry of the Attorney General and assess whether this data would provide information on competency and conduct that could be used to improve HCRA’s oversight of licensees.	STATUS: Pending	Joint
-----	--	------------------------	-------

Target Completion: Fiscal Year 2027-2028

Actions Completed:

- Implementation of this recommendation has not yet commenced.

Next Steps:

- Engage with the Ministry of Public and Business Service Delivery and Procurement to determine data availability and access pathways to Ministry of the Attorney General enforcement data.
- Assess the relevance of this information for oversight purposes.
- If relevant and accessible, develop processes for incorporating any relevant data into the HCRA’s risk-based licensing, complaints, and enforcement frameworks.

Recommendation #9: Annual Report & Business Plan Performance Reporting

9.1	We recommend that the HCRA include in its business plan measures and targets to assess the performance of	STATUS: Complete	HCRA
-----	---	-------------------------	------

HCRA Implementation Plan on the Auditor General of Ontario's Performance Audit Recommendations

Public Reporting

	planned activities intended to support the achievement of strategic objectives.		
Target Completion: End of Q1, Fiscal Year 2026-2027 Actions Completed: - The HCRA identified improved performance measures and targets. The Business Plan was approved by the HCRA’s Board of Directors and reviewed by the Ministry of Public and Business Service Delivery and Procurement. - The finalized measures and targets were incorporated into the 2026–2027 Business Plan, which was published on the HCRA’s website on April 24, 2026. Next Steps: - None.			
9.2	We recommend that the HCRA include in its annual report the strategic objectives and activities identified in its business plan, whether those activities were completed during the year, whether the activity targets were met, and explanations in instances where activity targets were not met.	STATUS: In Progress	HCRA
Target Completion: Fiscal Year 2027-2028 Actions Completed: - Planning is underway. Next Steps: - Integrate this recommendation by ensuring alignment between the strategic objectives and activities outlined in the Business Plan and reported results in the Annual Report. - Finalize and publish the Annual Report in future years.			

Recommendation #10: Performance Measures

10.1	We recommend that the HCRA work with Ministry to develop and report on performance indicators that measure the effectiveness of HCRA's core licensing, oversight and enforcement activities.	STATUS: In Progress	Joint
------	--	----------------------------	-------

Target Completion: Fiscal Year 2027-2028

Actions Completed:

- Planning and development are underway.

Next Steps:

- Taking a phased approach, the HCRA will build on and enhance its existing key performance indicators (KPIs) in consultation with the Ministry of Public and Business Service Delivery and Procurement and present updated KPIs to the Board of Directors for review.

HCRA Implementation Plan on the Auditor General of Ontario’s Performance Audit Recommendations
Public Reporting

Note: The status of recommendations is based on the HCRA’s self-assessment. Final assessment will be completed by the Auditor General of Ontario.