Home Construction Regulatory Authority

# Annual Report

# 2025 2026

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# INTRODUCTION

## Protecting Ontario's new homebuyers

The Home Construction Regulatory Authority (HCRA) protects consumers by licensing the people and companies who build and sell new homes in Ontario. We hold builders and sellers to high standards for competence and conduct, so new homebuyers can be confident they're purchasing a properly built home.

As part of that commitment, we are proud to host the Ontario Builder Directory, the authoritative source of background information about each of Ontario's 7,000+ new home builders and sellers.

While enforcing high standards, the HCRA also manages a fair, transparent complaints process, giving consumers opportunities to voice their complaints, and informing future improvements in the homebuilding sector.

The HCRA is a not-for-profit corporation designated by the Government of Ontario to administer and enforce the *New Home Construction Licensing Act (NHCLA)*, 2017 and associated regulations. As an administrative authority, the HCRA operates independently of government and the industry and is committed to overseeing a well-managed and thriving new home sector.

The HCRA set out its strategic priorities, objectives and performance measures in its annual Business Plan and Strategic Plan. This Annual Report outlines HCRA activities from April 1, 2025, to March 31, 2026.

# The Year in Numbers

**April 1, 2025 - March 31, 2026**

7,115
Licence applications received

532
New licence applications received

6,583
Renewal applications received

7,094
number of licensees as of Mar 31, 2026

6,872
inbound phone calls

408,568
Ontario Builder Directory searches (Total licensee and warranty searches)

330,061
website views*

*based on new Google analytics methodology

1,269
Complaints received

959
complaints against licensees

310
complaints against illegal builders and sellers

874
complaints resolved

668
resolved complaints against licensees

206
resolved complaints against illegal builders and sellers

# About the HCRA

## Mandate

To protect consumers, the HCRA regulates new home builders and sellers in Ontario. In addition to licensing, it enforces professional standards for competence, good conduct and financial responsibility, protecting consumers through a fair, safe, informed marketplace. The HCRA also provides new home buyers with educational tools and resources in their home-buying journey, including the Ontario Builder Directory, the authoritative source of information about Ontario's 7,000+ new home builders and sellers.

## Vision

Fostering a professional new home building industry that Ontarians can trust.

## Mission

A fair, effective, proactive regulator of new home builders and vendors that supports a positive consumer experience.

## Values

**Service excellence**

**Respectfulness**

**Learning & innovating**

**Continuous improvement**

**Fairness**

**Integrity**

**Diversity & inclusion**

**Accountability**

These values guide how the HCRA delivers its mandate: through responsive service, respectful interactions, evidence-based decisions, continuous improvement, accessible information, and a commitment to fairness, integrity, diversity, and inclusion.

# Core Services

## Licensing

- Ensuring applicants meet licensing requirements
- Processing applications and renewals for licences to build and sell new homes
- Managing the Builder Portal – an online resource for licensing applications and renewals

## Professional Conduct

- Addressing inquiries, concerns and complaints about licensee conduct
- Managing a fair, thorough, evidence-based process
    - Conducting inspections, referring matters to the discipline process and taking corrective action or licensing measures

## Illegal Building/Selling

- Using the appropriate legal and regulatory tools to investigate, promote compliance and, if necessary, follow up with enforcement measures
- Taking action, including prosecution, to curb illegal building and selling in Ontario's new home building sector

## Education

- Working with consumers and consumer organizations to develop, publicize and promote educational resources that support consumer protection, education and awareness regarding home buying and home ownership
- Managing the Ontario Builder Directory – a searchable database with information about each of Ontario's licensed builders and sellers and newly built homes enrolled in Tarion's warranty guarantee program

## Accessible Services

The HCRA's services are accessible in ways that are respectful of people with different abilities. www.HCRAOntario.ca is designed with accessibility features, and all services are offered over the phone and online. Currently, the HCRA offers its services as a fully virtual organization. In 2025–26, the HCRA received three requests for accessible services in addition to the services already provided, including accommodating paper-based licensing requests.

**11**

**Paper-based licensing application requests**

## French Language Services

The HCRA provides French language services to the public and the industry in keeping with Section 28 of the New Home Construction Licensing Act. Calls to the HCRA contact centre, licensing applications and complaints can be addressed in French by bilingual staff members. For new home builders and sellers, all licensing applications can be submitted and processed in French. The HCRA's website in 2025–26 offered bilingual content including:

- Directives and Advisories
- Annual Reports
- Code of Professionalism for Compliance and Enforcement Staff
- Expense Policy
- Procurement Policy
- Business Plans
- 2025–30 Strategic Plan
- New and renewal licence instructions and application forms
- Complaint forms

In 2025–26, the HCRA provided French-language service for:

58 **Phone Calls**

5 **Email Inquiries**

0 **Licensing Applications**

0 **Complaints Received in French**

Message from the

# Chair of the Board

"We are honoured to oversee Ontario's builders, ensuring that **new homes are well built and safe for the families they shelter."**

Buying a new home, particularly a first home, is one of the most meaningful milestones a family can experience, and for most people it is the largest financial commitment of their lives.

That is why we are honoured to oversee Ontario's builders, ensuring that new homes are well built and safe for the families they shelter.

The Home Construction Regulatory Authority (HCRA) exists to protect consumers. We oversee new home builder business practices to protect buyers and to support the many builders who do their work with skill and integrity.

When builders engage in misconduct, break the rules, or treat buyers unfairly, we act. There is no grey area on that point.

Although I am new to the role of Chair, I have served on the HCRA Board of Directors since 2024, and I can say with confidence that the great majority of Ontario's home builders and sellers operate honestly and fairly. Our job is to protect buyers from the ones who do not. I am pleased to report that over the past year our team made meaningful progress on that front, as this report details.

Before signing any contract to purchase a new home, buyers are encouraged to visit our website and consult the Ontario Builder Directory to confirm that their builder is properly licensed. Our site also offers a range of practical resources to guide buyers through the process, along with a clear complaints process for anyone who has concerns about a builder's conduct or competence. We are committed to continuous improvement, and in the coming year buyers will see new tools and initiatives designed to make their experience even better.

**Patricia Perkins**
*Chair of the Board of Directors*

Message from the

# CEO and Registrar

"The HCRA focused its energy where it matters most: **protecting consumers, supporting good builders, holding bad actors to account**, and **building the institutional foundations** for long-term effectiveness."

Behind every enforcement action the HCRA takes, there is a homeowner who trusted the system. Behind every builder licence we scrutinize, there is a purchaser making one of the most significant financial decisions of their lives. That responsibility drives everything we do, and it has guided us through a year that tested our sector and our organization in meaningful ways.

The new home construction market faced sustained economic pressure in 2025–26, shaped by global tariff uncertainty, a prolonged slowdown in the condominium sector, and a challenging environment for builders and buyers alike. Against that backdrop, the HCRA focused its energy where it matters most: protecting consumers, supporting good builders, holding bad actors to account, and building the institutional foundations for long-term effectiveness.

This year wasn't without its challenges, but every time I watched the HCRA team navigate them I was reminded of why I'm so grateful to work alongside a group of such dedicated individuals. Needing to do more with less, they responded with creativity, grit, and a spirit of collaboration that continued to set the team apart. I extend my thanks to the HCRA's Board of Directors for their support, guidance and steady stewardship of the organization. The Board and its committees receive regular updates on our organization's performance and members play an active role in overseeing mitigation strategies and financial planning.

## Protecting consumers through education

Informed consumers are better protected consumers. This past year we deepened our commitment to that principle, increasing stakeholder events by 23% year over year and expanding our presence at new (to us) events. We spoke directly to consumers through a webinar on the risks of illegal building, delivered information sessions to hundreds of real estate professionals, held webinars for building officials, and briefed Members of Provincial Parliament and their staff on consumer protection issues in the new home sector.

Consumer education was delivered directly to potential new homebuyers at trade shows, including our first appearance as participants in the Canadian Immigrant Fair. We're looking ahead to a successful expansion of our outreach to new Canadians by implementing a new strategic plan that provides educational tools through third-party collaborations.

The Ontario Builder Directory continues to be a key resource supporting consumers, and enhancements to the directory this year have allowed regulatory actions to be linked to the directory homepage, and an insolvency filter provides an additional level of information. More than 360,000 visitors used the directory to conduct a builder search over the course of the year, a figure that reflects how central this tool has become to the new home-buying experience.

## Enforcement

Our work protecting consumers continues by reviewing complaints about licensed builders and vendors, and acting against unlicensed people and companies illegally building and selling new homes.

Where the evidence warranted action, the HCRA acted decisively. We successfully carried out eight Notices of Proposal to revoke, refuse or suspend licenses, including proactive inspections of all companies related to the Sunrise Homes group following one member's insolvency.

We also obtained more than 100 provincial offence convictions, including our work in connection with the HCRA's largest investigation to date. Albion Building Consultant Inc. and its director have been fined over $1 million for illegal building and failing to enrol new homes in mandatory warranty.

The HCRA prioritized high risk investigations, licence applications, and complaints throughout the year, updating risk frameworks across licensing, professional conduct and illegal building and selling.

## Innovation

As artificial intelligence (AI) assumes an increasingly critical role across society, we've been adapting the way we communicate to ensure that large language models continue to put fact-based HCRA data front and centre.

The HCRA is AI's top source in answering consumer protection questions about new home buying. The HCRA has invested in ensuring that our new English and French websites are well-structured and authoritative, so that AI systems continue to draw on accurate, fact-based information when answering consumer questions.

The Research & Education Hub for Consumers, for example, launched this past year, is already regularly cited by AI systems.

We have made great strides in building a culture at the HCRA that embraces the capabilities of AI. Several building blocks for future sustainable AI growth have been put in place. As outlined in the 2025–26 Business Plan, this work included the development of a draft AI Roadmap, the establishment of the AI Working Group, AI Policy, and the deployment of Microsoft Copilot. Strategic investment in technology remains a priority in our ongoing efforts to do more with less.

## Continuous improvement

Continuous improvement remains a core focus for the Home Construction Regulatory Authority. In October 2025, the Office of the Auditor General of Ontario released a performance audit of the organization, which included a series of recommendations aimed at strengthening oversight, transparency, and operational effectiveness. Since receiving the report, the HCRA has taken a deliberate and structured approach to reviewing the recommendations and integrating them into its ongoing planning and operations, with a focus on both near-term improvements and longer-term system enhancements.

## Financial stewardship

The 2025–26 fiscal year was financially challenging. Sustained weakness in the condominium market reduced revenue. We responded with early expenditure controls, including a continued hiring freeze, targeted program reductions, and disciplined management of discretionary spending, while protecting our core regulatory functions.

We are committed to financial transparency and to working with our Board and the Ministry on the structural revenue solutions that will support the HCRA's long-term sustainability.

We are confident in our ability to surmount the financial challenges that are currently facing all Ontarians and look forward to meaningful, ongoing organizational improvement that will continue to benefit consumers.

**Wendy Moir**
*CEO and Registrar*

# Corporate Governance

The HCRA is an administrative authority governed by a Board of Directors, operating within an Administrative Agreement with the Ontario Minister of Public and Business Service Delivery and Procurement. The HCRA's Board of Directors is responsible for strategic leadership and oversight of the operations of the HCRA and is accountable to the Minister – through the Board Chair – for the performance of the HCRA.

The Board includes six elected members and three individuals appointed by the Minister of Public and Business Service Delivery and Procurement. A maximum of three of the nine Directors elected or appointed may be HCRA licensees. All Board and Committee members have obligations to maintain and uphold the Code of Conduct for Directors, as outlined in Schedule D of the Administrative Agreement.

## Board Competency Criteria

Directors bring a wide range of expertise in areas of established competency criteria (found in Schedule C of the Administrative Agreement) to ensure that the Board has a strong blend of skills, experience, and qualifications. Diversity and regional representation are also important considerations when the HCRA recruits Directors. Common qualifications for the Board include:

- Financial oversight and risk management
- Governance and strategic planning
- Government, licensing, and regulatory experience
- Home building sector knowledge
- Consumer protection knowledge
- Human resources, diversity, and accessibility experience
- Marketing and communications experience

## Board Directors' Profiles

*Board composition reflects membership as of March 31, 2026. Subsequent changes are not reflected. Up-to-date Board membership can be found on the [HCRA website](#).*

**CHAIR**

**Terence Young**

(Appointed member)

**TERM: MARCH 2024 – MARCH 2026**

Terence Young is the President of Gravitas Strategies, a strategic communications firm. He has 30 years' experience in the private sector, including as Manager, Customer Service and Public Affairs at Bell Canada, and served as a Board Member and adjudicator for the Alcohol and Gaming Commission. Terence served as an elected Member of the Ontario Legislature from 1995 until 1999, as Parliamentary Assistant to the Minister of Finance and the Minister of Colleges and Universities and served as a federal Member of Parliament from 2008 to 2015 where he conceived and galvanized Parliament to pass Vanessa's Law: The Protecting Canadians from Unsafe Drugs Act. Terence also holds an ICD.D designation and lectures at the University of Toronto. (Retired from the Board March 7, 2026)

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**INCOMING CHAIR**

**Patricia Perkins**

(Appointed member)

**TERM: DECEMBER 2024 – DECEMBER 2026**

Patricia Perkins was the first woman to be elected as Mayor of the Town of Whitby and has over 30 years of political and governance experience. Patricia served as a Durham Regional Councillor for 18 years, including eight years as Mayor of Whitby. She was actively involved in Regional Public Health and Social Services and served as Chair of the Health and Social Services Committee, dealing with challenging issues such as SARS, downloading of Social Housing and downloading of Paramedic services. Patricia was a member of the Strategic Planning Committee for the Region of Durham and produced and implemented the Region's first Community Strategic Plan. Following her municipal career, Patricia was elected as a Member of Parliament for the riding of Whitby/Oshawa. Patricia had extensive municipal experience working in the Finance department of the City of Scarborough (now Toronto) prior to becoming an elected official. Patricia has been a member of the Board of Directors of the Whitby Hydro Corporation, Durham Region Non-Profit Housing Corporation, Central Lake Ontario Conservation Authority (Chair), Durham Children's Aid Society and the Charles H. Best Diabetes Centre for Children and Youth (Chair), and is currently the Board Chair of the Ontario Motor Vehicle Industry Council. Patricia was awarded the Paul Harris Fellow by the Rotary Club of Whitby and is a proud recipient of the Queen's Diamond Jubilee Medal.

**Salvatore "Sam" Biasucci**
(Elected Member)
**TERM: SEPTEMBER 2023 – SEPTEMBER 2026**

Sam Biasucci is the President and owner of Sal-Dan Developments Limited. With over 45 years of experience in residential construction, land developments and civil construction, Sam has built homes across Sault Ste. Marie, Sudbury and the Greater Toronto Area. He is an involved member of the builder community in Northern Ontario and sits on the Board of the Northern Ontario Heritage Fund Corporation and is a past member of the Missanabie Cree First Nations Business Development Corporation. Throughout his career, Sam has received several accolades including being the recipient of the Builder of the Year in Northern Ontario, the Ernest Assaly Award, the Sault Chamber of Commerce Business Achievement Award, and recently the Best Multi Rise Residential ICF building Construction in North America award for the second time. Just recently, Sam was awarded the King Charles the Third Coronation Medal for Distinguished Community Service and Leadership, and the Royal Canadian Legion Medal of Merit.

**Hugh Heron**
(Elected Member)
**TERM: SEPTEMBER 2024 – SEPTEMBER 2027**

Hugh Heron is the Chairman of Heathwood Homes and Heron Homes. With over 70 years of building experience, Hugh's building entities have built more than 20,000 homes across Ontario. He has been a leader in the industry previously serving as Chair of the Tarion Warranty Corporation, President of both the Greater Toronto and Ontario Builders' Associations as well as a Senior Board Member of the Canada Mortgage and Housing Corporation. Additionally, Hugh received a Canada 125 Medal for his contributions to his community. In 2018, he was awarded a Lifetime Achievement Award by the Building Industry and Land Development Association. Hugh is also Chairman of the Mikey Network, a charity placing defibrillators throughout Canada.

**Mary Kardos Burton**
(Elected Member)
**TERM: SEPTEMBER 2025 – SEPTEMBER 2028**

Mary Kardos Burton is a former Assistant Deputy Minister in the Ontario government with the Ministry of Health and Long-Term Care and held executive positions with the Ministry of Community and Social Services. She has undertaken various consulting assignments in health and social services including Chair of Built Environment Standards for the Accessibility Directorate of Ontario and Interim Vice-President for Health Quality Ontario. In addition, she served as a public member for the College of Registered Psychotherapists and as Chair of the Board for Belmont House, a long-term care and retirement home. Mary is a graduate of the Rotman-ICD NFP Governance Essentials Program. (Prior Chair of the Governance, People and Culture Committee)

CHAIR - GOVERNANCE, PEOPLE AND CULTURE COMMITTEE

**Rinku Deswal**

(Appointed member)

**TERM: APRIL 2024 – APRIL 2026**

Rinku Deswal is a litigation lawyer with over 20 years of experience and the owner of RD Law Professional Corporation. She also serves as VP of Legal Affairs for CanSky Aviation Inc., an aviation consultancy firm supporting both domestic and foreign air carriers as well as ground handling companies. Rinku has served as Board Chair for Peel Crime Stoppers. She has been awarded the Safe City Mississauga Bell Hero Award for her work in crime prevention in the Region of Peel. Rinku has been invited to speak at various events both locally and internationally on the issues of women leadership and women in governance, as well as diversity and inclusion. She is a member of the Peel Regional Police Chief's Resource Council and is a recurring guest lecturer at the University of New Brunswick Law School. She holds an Honours Degree from the University of Toronto, a Master's Degree from the Adler School of Professional Psychology in Chicago, Illinois, and a Bachelor of Laws from the University of New Brunswick.

**Marg Rappolt**

(Elected Member)

**TERM: SEPTEMBER 2023 – SEPTEMBER 2026**

Marg Rappolt is a past Chair of the HCRA. A strategic leader in public policy and human service transformation, Marg worked for 36 years in two provincial administrations (Ontario and Saskatchewan), retiring in 2014. She is a former Deputy Minister with the Ontario government in portfolios including Community and Social Services, Health and Long-Term Care, Health Promotion, Seniors, and Aboriginal Affairs. Marg is past Chair of the Board of Trustees of the Holland Bloorview Kids Rehabilitation Hospital, and she currently sits on the Board of Directors of the Woodgreen Foundation. Marg is also currently Vice-Chair of the Board of Directors of the Toronto Mendelssohn Choir. (Prior Chair of the Finance, Audit and Risk Committee)

CHAIR - FINANCE, AUDIT AND RISK COMMITTEE
**Bohodar Rubashewsky**
(Elected member)
**TERM: SEPTEMBER 2024 – SEPTEMBER 2027**

Bohodar Rubashewsky is a respected public sector leader with extensive experience in program delivery, people leadership, regulatory compliance, corporate services, and business transformation. Following his retirement from the Ontario Public Service in 2018, Bohodar served for five years as Vice President - People, Corporate Innovation and Services at Holland Bloorview Kids Rehabilitation Hospital. His government career spanned over 30 years at the provincial and federal levels, including 15 years across a wide array of senior executive roles in six government ministries as well as the Ontario Lottery and Gaming Corporation. Bohodar has been a member of three public sector boards of directors and is a graduate of the Rotman School of Management's ICD Directors Education Program as well as CPA Canada's Senior Executive Advanced Finance and Accounting Program.

**Kim Westfall-Connor**
(Elected Member)
**TERM: SEPTEMBER 2025 – SEPTEMBER 2028**

Kim Westfall-Connor is a seasoned professional with over a decade of governance and leadership experience within professional regulation. Her governance experience is complemented by adjudication work. Kim has served on the Human Rights Tribunal of Ontario and various other professional discipline tribunals in the province. She holds an LLM in Health Law from Osgoode Hall Law School with a major paper focused on improving professional regulation in Ontario. This academic background, combined with practical experience, has equipped Kim with a deep understanding of governance, risk management, and strategic oversight.

## Standing Committees of the Board

### Governance, People and Culture Committee

**Rinku Deswal (Chair), Hugh Heron, Kim Westfall-Connor, Pat Perkins (ex officio)**

The Governance, People and Culture Committee assists the Board by providing direction and oversight of governance issues and ensuring that appropriate policies, processes and structures necessary for effective Board direction and oversight of the HCRA are in place. The Committee also provides oversight of the human resources functions of the HCRA and is involved in the recruitment of new board members as necessary.

### Finance, Audit and Risk Committee

**Bohodar Rubashewsky (Chair), Sam Biasucci, Marg Rappolt, Pat Perkins (ex officio)**

The Finance, Audit and Risk Committee helps the Board meet its duties regarding financial oversight, business planning and enterprise risk management. This includes review of financial plans, revenue strategies, budgets, and risk reports.

## Advisory Councils

In 2021, the HCRA Board established two advisory councils to provide independent and nonpartisan advice to the Board on issues of importance to consumers pertaining to the HCRA's consumer protection mandate and activities.

The **Consumer Advisory Council** is comprised of members from a variety of backgrounds and experiences including:

- A new freehold buyer
- A member of a homeowner association
- A real estate lawyer
- A municipal building official
- A consumer advocate

The **Industry Advisory Council** currently has nine members. It is comprised of professionals from a variety of backgrounds including:

- A small builder with between 1 – 20 possessions per year
- A medium-large builder with over 100 possessions per year
- A high-rise builder with more than 100 possessions per year
- A custom home builder
- A customer service executive employed by a licensee
- Experience supervising day-to-day construction

In 2025-26, the Consumer and Industry Advisory Councils each met five times to discuss and provide input on the following recommendations:

- Strengthening consumer protection through enhanced communications, education, and outreach, including improved awareness of illegal building, clearer information on the roles of the HCRA and Tarion, and expanded engagement with key partners such as municipalities and real estate professionals;
- Supporting builder compliance and professionalism through guidance on contractual obligations, the Code of Ethics, and tools such as advisories, e-blasts, and other resources;
- Addressing emerging risks in the homebuilding sector — including insolvencies, cancellations, and broader market pressures — to mitigate consumer risk;
- Improving regulatory processes and service delivery using data and technology to increase efficiency; and
- Advancing initiatives under the Research & Education program to support both consumers and licensees, including the development of the Consumer Education & Resource Hub and collaboration with industry partners to strengthen knowledge-sharing across the sector.

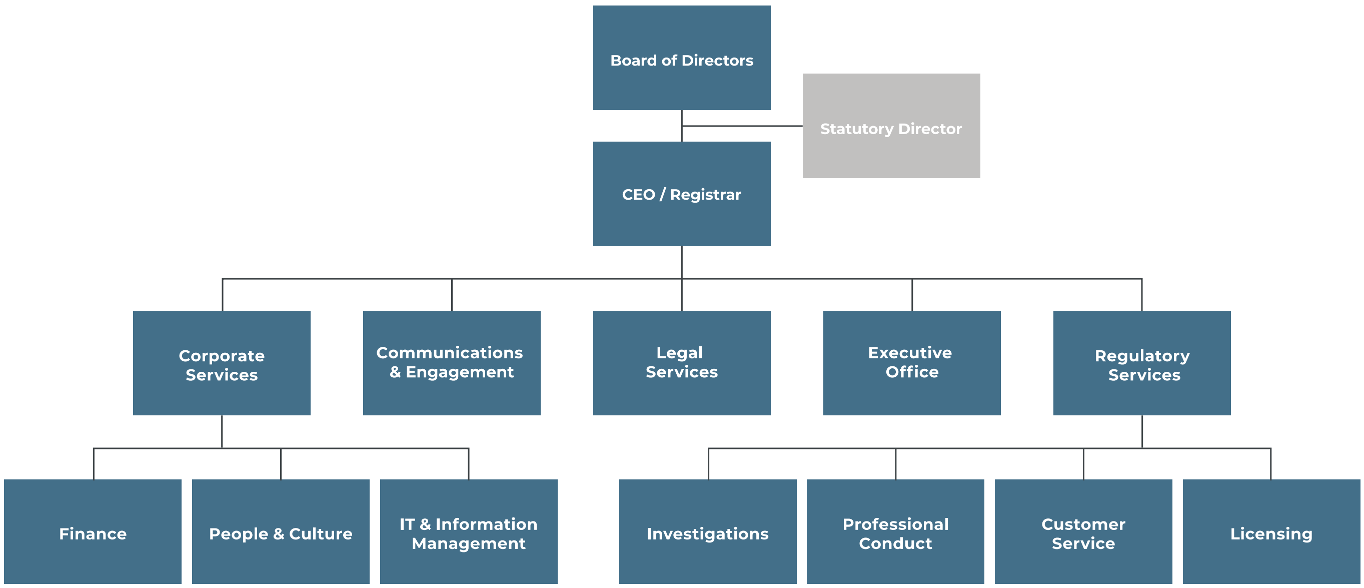
# ORGANIZATIONAL STRUCTURE

The HCRA is built around the core functions that reflect its regulatory responsibilities in Licensing, Professional Conduct, Illegal Building/Selling Investigations and the services that directly support those functions.

Our Chief Executive Officer and Registrar reports to the Board of Directors and is responsible for the overall management of HCRA's operations. The CEO oversees a senior leadership team that guides the strategic and functional areas of the organization.

The HCRA makes use of a hybrid workforce model, with a high-performing, multidisciplinary team using their technical expertise and professional capabilities to meet the demands of a modern regulator. Through collaboration, innovation, and continuous improvement, the organization responds to industry changes and delivers on its public interest mandate.

As outlined in the 2025-26 Business Plan, the HCRA continued to invest in staff development through a range of training, both targeted and organization-wide, including but not limited to de-escalation, AI, productivity tools, acting roles, and stretch assignments.




# 2025–26 Report On Performance

Each year, performance measures drive the HCRA's strategic priorities and objectives. The 2025–30 Strategic Plan, which includes Strategic Goals and a series of Strategic Objectives, is the guiding document upon which our annual business plans are based. The 2025-26 Business Plan outlined priority activities designed to make progress on the achievement of those goals and objectives. This Annual Report summarizes how the organization performed against those objectives over the previous year. Taken together, the 2025-26 results offer a clear view of an organization that continued to strengthen its customer service and consumer support.

| Performance Measure | Performance Target | 2024–25 Results | 2025–26 Results |
|---|---|---|---|
| **Average wait time to respond to incoming phone calls**<br>The HCRA's customer service team receives hundreds of phone calls every week from consumers, licensees, and the public. The customer service team works to ensure each person receives a live response instead of a voicemail message. | 2 minutes | 44 seconds | 34 seconds |
| **Average time for processing licence applications**<br>The HCRA's licensing team receives thousands of applications annually. The processing time is dependent on the type and complexity of the application. Assessment factors include competency, financial responsibility and conduct information, and other obligations. | Average time for processing a new licence application<br>–<br>8 weeks for a fully complete application | Average time for processing a new licence application<br>–<br>5.3 weeks for a fully complete application | Average time for processing a new licence application<br>–<br>5.7 weeks for a fully complete application |
| | Average time for processing a renewal application<br>–<br>4 weeks for a fully complete application | Average time for processing a renewal application<br>–<br>1.7 weeks for a fully complete application | Average time for processing a renewal application<br>–<br>2.7 weeks for a fully complete application |

| Performance Measure | Performance Target | 2024–25 Results | 2025–26 Results |
|---|---|---|---|
| NEW PERFORMANCE MEASURE<br>**Percentage of licensee complaints closed within one year**<br>Each complaint involves unique elements of complexity and risk. For every complaint received, the HCRA conducts an impartial assessment to determine the facts and the appropriate next steps. There are a range of possible outcomes to close a complaint, from warning letters to additional education requirements, administrative penalties, and the suspension or revocation of a licence.<br>The HCRA collected baseline data to report in 2025–26 and established performance targets in its 2026-2027 Business Plan. | Target identified for closing overall complaints in 2026-2027 - 65% | N/A | Baseline identified: 59%<br>*Will measure against 2026–2027 target* |
| | Target identified for closing high-risk complaints in 2026-2027 - 70% | N/A | Baseline identified: 61%<br>*Will measure against 2026–2027 target* |
| NEW PERFORMANCE MEASURE<br>**Percentage of illegal building/ selling investigations closed within one year**<br>The HCRA collected baseline data to report in 2025–26 and established performance targets in its 2026-2027 Business Plan. | Target identified for closing overall investigations in 2026-2027 - 65% | N/A | Baseline identified: 61%<br>*Will measure against 2026–2027 target* |
| | Target identified for closing high risk investigations in 2026-2027 - 70% | N/A | Baseline identified: 64%<br>*Will measure against 2026-2027 target* |

| Performance Measure | Performance Target | 2024–25 Results | 2025–26 Results |
|---|---|---|---|
| **Percentage of successful Court and Tribunal Appearances**<br>The HCRA regularly appears before three judicial and quasi-judicial bodies: the Licence Appeal Tribunal to respond to appeals of its regulatory decisions, the Discipline Committee to consider allegations of breaches of the Code of Ethics, and the Ontario Provincial Court to prosecute illegal builders.<br>The reporting period for these reporting measures has been adjusted to use a rolling two-year data window rather than a single year. This metric will still reflect recent performance and will be more reflective of overall trends. | Percentage of successful prosecutions – 90%<br>Percentage of successful appearances at the Licence Appeal Tribunal – 90%<br>**NEW MEASURE**<br>Target identified for percentage of successful appearances in 2026-2027 at the Discipline Committee - 75% | Percentage of successful prosecutions – 100%<br>Percentage of successful appearances at the Licence Appeal Tribunal – 100%<br>Percentage of successful appearances at the Discipline Committee – N/A | Percentage of successful prosecutions – 100%<br>Percentage of successful appearances at the Licence Appeal Tribunal – 91%<br>Percentage of successful appearances at the Discipline Committee (Baseline set in 2025–26) - 67% |
| **Level of Web Traffic to the Ontario Builder Directory**<br>Profile searches for licensees or warranted homes demonstrate how visitors engage with the Ontario Builder Directory. | Average level of web traffic to the Ontario Builder Directory:<br>29,000 licensee searches per month<br>–<br>3,000 warranty searches per month | Average level of web traffic to the Ontario Builder Directory:<br>31,748 licensee searches per month<br>–<br>3,479 warranty searches per month | Average level of web traffic to the Ontario Builder Directory:<br>30,222 licensee searches per month<br>–<br>3,825 warranty searches per month |
| **Consumer awareness**<br>Number of consumers who are aware of the HCRA. | 1 in 3 | Baseline: 1 in 5 | *Under the Administrative Agreement, the HCRA is required to conduct client satisfaction surveys once every two years. The next survey is expected in 2026.* |

| Performance Measure | Performance Target | 2024–25 Results | 2025–26 Results |
| --- | --- | --- | --- |
| **Consumer satisfaction**<br>Percentage of webinar/event attendees who are satisfied with the content of the event. | 75% | Baseline: 70% | 85% |
| **Licensee satisfaction**<br>Percentage of licensees who are satisfied with their interactions with the HCRA's customer service team. | 75% | Baseline: 74% | *The HCRA is required to conduct client satisfaction surveys once every two years. The next survey is expected in 2026.* |
| **Licensee satisfaction**<br>Percentage of licensees who are satisfied with the Builder Portal. | 75% | 80% | *The HCRA is required to conduct client satisfaction surveys once every two years. The next survey is expected in 2026.* |
| **Licensee satisfaction**<br>Percentage of technical education event/webinar attendees who are satisfied with the content of the event. | 75% | 92% | 96% |

## Governance

### Strategic Oversight of the HCRA

The Board of Directors' decision-making responsibilities are supported by the work of two standing committees. Changes to the Board's composition included the retirement from the Board by outgoing Chair Terence Young (March 7, 2026) and the appointment of a new Chair, Patricia Perkins (March 19, 2026). The Board's activities in 2025–26 included:

- Providing financial oversight to support the HCRA's financial sustainability and service delivery, including a review of operational requirements and opportunities, an initiation of a fee consultation to account for several years of inflation and a review of the fee model as outlined in the 2025-26 Business Plan.
- Providing regulatory oversight of the HCRA's risk framework and regulatory activities, including the regulatory response to the rise of builder insolvencies.
- Shaping the HCRA's ongoing response to the Auditor General's recommendations.

### Continuous Improvement: Implementing the Auditor General's Recommendations

Continuous improvement remains a core focus for the Home Construction Regulatory Authority. In October 2025, the Office of the Auditor General of Ontario released a performance audit of the organization, which included a series of recommendations aimed at strengthening oversight, transparency, and operational effectiveness. Since receiving the report, the HCRA has taken a deliberate and structured approach to reviewing the recommendations and integrating them into its ongoing planning and operations, with a focus on both near term improvements and longer term system enhancements.

Over the past several months, the HCRA has taken meaningful steps toward addressing these recommendations, underscoring our commitment to strengthening regulatory oversight and enhancing consumer protection. This early work has focused on strengthening licensee oversight, improving quality assurance, and refining performance measures, while laying the foundation for longer term system and governance improvements.

In addition to the priorities outlined in the 2025-26 Business Plan, the HCRA accelerated work to address the Auditor General's recommendations. Key accomplishments include:

- Eliminating the fast-track renewal process to ensure all renewal applications are subject to greater human oversight before approval.
- Implementing licensing process improvements, including analysis of credit score thresholds and enhanced decision-making guidelines.
- Advancing performance measurement work, with new measures and targets developed and prepared for integration into future planning and reporting cycles.
- Updating risk frameworks and quality assurance processes to support consistent regulatory decision-making.
- Continuing implementation planning and public reporting on the HCRA's response to the Auditor General's recommendations, with additional information available on the HCRA's Performance Audit page.

Together, these actions represent important early progress and demonstrate the HCRA's ongoing commitment to continuous improvement, accountability, and effective consumer protection.

## Customer Service

### Responsive Interaction

The HCRA's customer service team is the first point of contact for the public, licensees and stakeholders in the new home sector. The team's contact centre receives and responds to incoming calls and inquiries about the HCRA and its services. Over the year, the HCRA focused on responding to complaints promptly, strengthening risk assessment and quality assurance, and improving how it communicates with the public consistent with the priorities outlined in the 2025–26 Business Plan. An interactive search function is available to assist with basic questions.

The Customer Service team answered 92% of all calls coming into the HCRA, without the need for consumers to leave a message. On average, the team responded to those calls within 34 seconds; about ten seconds faster than last year. Common call topics included licensing applications and renewals, use of the Builder Portal, questions about the Ontario Builder Directory, complaints and conduct concerns, and general inquiries from consumers, licensees, and stakeholders.

## Licensing

In 2025–26, the HCRA's licensing team processed more than 7,000 applications.

The HCRA receives and processes two types of licence applications: "new" applications for those with no prior corporate history as a licensee, and "renewal" applications, which occur annually for existing licensees to maintain their licence.

The licensing process involves a review of an applicant's corporate and financial history to ensure they can perform the work of a builder or seller with honesty and integrity, and in compliance with the law. The HCRA evaluates each applicant to confirm they meet competency standards in areas such as financial responsibility, conduct, and construction expertise.

To protect consumers, and in line with the regulatory improvements set out in the 2025-26 Business Plan, the HCRA has amended the way it assesses risk for builders who change their business structure or key personnel mid-way through the licensing cycle.

In some cases, the HCRA sets conditions to better monitor a builder's continued ability to operate. In 2025–26, there were 14 new applications and 39 renewals that were issued with a status of "Approved with Conditions."

The organization has also taken measures based on recommendations contained in the Auditor General's report, including the elimination of "fast-track"/automated renewals of lower risk renewal applications, to ensure greater human oversight and greater scrutiny of regulatory/compliance history when making licensing decisions and the increased use of licensing conditions to monitor financial viability.

| | Q1 | Q2 | Q3 | Q4 | 2025–26 Total |
|---|---|---|---|---|---|
| New license applications received | 147 | 127 | 109 | 149 | 532 |
| Renewal applications received | 1,850 | 1,653 | 1,392 | 1,688 | 6,583 |
| Total | 1,997 | 1,780 | 1,501 | 1,837 | 7,115 |

## Conduct Concerns and Complaints Process

Licensed new home builders and sellers are expected to uphold high standards of ethical and professional conduct, as outlined in the New Home Construction Licensing Act and associated regulations, including the Code of Ethics. In 2025–26, the HCRA recorded the highest number of complaints in its history against licensees – 959 in all. This 18% increase over last year can be attributed to a higher number of proactive Registrar's complaints as well as greater public awareness, with the HCRA's communications outreach and publicity around penalties.

Measuring how the HCRA handles complaints changed this year, based on research among other regulatory bodies. Previously, the complaints measure focused on resolving as many complaints as were received. However, many complaints are complex and require significant time to resolve.

This past year, the HCRA Board identified a useful new metric: measuring the percentage of complaints resolved within one year and the percentage of high-risk complaints resolved within one year. This is important information because the HCRA will be able to review processes, productivity and resourcing and measure and predict the impact of changes.

During the 2025–26 fiscal year, the baseline measure upon which we will build was 59% of the complaints received were resolved within one year, and 61% of the complaints identified as high-risk were resolved. The targets identified for the 2026-2027 fiscal year are 65% for all complaints about licensees and 70% for high risk complaints about licensees. As outlined in the 2025-26 Business Plan, the HCRA prioritized higher-risk complaints, refined risk-based triage, and continued to assess resourcing needs to respond to increasing complaint volume and complexity. The updated risk framework also supports earlier resolution of lower-risk complaints, contributing to a more timely consumer experience.

| 8 | 4 |
|---|---|
| **Successful Notices of Proposal to refuse, revoke or suspend licences** | **Compliance, Freeze and Restraining Orders issued** |

### Tracking Results

Case outcomes depend on the nature of the complaint and on the findings of the review. The HCRA can issue a written warning, require further education, issue an administrative penalty or a compliance order, refer the matter to the Discipline Committee or, in the most serious cases, revoke a licence.

In 2025–26, the HCRA:

- Successfully carried out 8 Notices of Proposal to revoke, refuse, refuse to renew, or suspend a licence, including:
    - Several licences under the Sunrise Homes group of companies, where following the insolvency of one company, the HCRA took proactive action in inspecting all of its related companies;
    - 1815496 Ontario Limited, where the Licence Appeal Tribunal agreed with the HCRA that “unavoidable delay” due to the COVID-19 pandemic cannot be used to justify indefinite project delays and withhold purchaser deposits.

- Secured 10 administrative penalty orders, including:
  - A penalty of over $60,000 against 10184110 Canada Inc. for contravening the Code of Ethics by charging consumers amounts not agreed to in their purchase agreements;

## TACKLING ILLEGAL ACTIVITY

| 83 | 105 | 10 |
|---|---|---|
| **New Charges Laid** | **Number of Provincial Offence Act (POA) Convictions** | **Administrative Penalty Orders** |

### Illegal Building/Selling Investigations

Illegal building is a major consumer protection issue in Ontario and a top priority for the HCRA. When builders and sellers operate without a licence, it puts the public at risk and creates an uneven playing field for the industry. Illegal building means consumers do not get the protections that come from their builder being properly licensed and held to professional standards. As outlined in the 2025-26 Business Plan, the HCRA continued to support the Ministry's consideration of an illegal building strategy and continued to engage stakeholders, including consumer advocates, industry, real estate professionals, and building officials, to bolster support for the initiative.

The HCRA identifies potential non-compliance with legislation through public and stakeholder complaints and tips, as well as its own sources, with 16.6% of investigations initiated internally.

- In 2025–26, the HCRA received 310 illegal building complaints – similar to the year before.
- The HCRA obtained convictions on 105 charges under the Provincial Offence Act, including:
  - In connection with the HCRA's largest investigation to date, Albion Building Consultant Inc., where the company and its director have been fined over $1 million for illegal building and failing to enrol new homes in Ontario's warranty plan;
  - A $75,000 fine against James Lischkoff and Lischkoff Build Design Ltd. for attempting to sidestep licensing requirements by claiming to be a "construction manager" and not a builder.

### Conviction levied in the HCRA's Largest Investigation

As a result of charges laid by the Home Construction Regulatory Authority in its largest investigation to date, **Albion Building Consultant Inc.** and its director, Zamal Hossain, were convicted and ordered to pay more than $1 million in fines for illegal building and failing to enrol new homes in Ontario's warranty plan. The proceeds from the fines will be directed to the municipality where the violations occurred.

The convictions stem from **124 charges the HCRA laid against Albion** in September 2024. Albion and Hossain pleaded guilty to offences related to the construction of 39 new homes built without a valid HCRA licence and without enrolling the homes with Tarion, Ontario's new home warranty administrator.

In addition to the fines, a court-ordered restraining order against Albion remains in effect. This prohibits Albion from violating the New Home Construction Licensing Act, 2017 and requires them to follow all financial freeze orders already in place. This is a significant consumer protection measure, as it allows the courts to impose even stronger penalties if Albion or its principal attempts to operate illegally again.

## Ontario Builder Directory

### Key information source for new home buyers

The Ontario Builder Directory is the authoritative source of background information for over 7,000 builders and sellers in Ontario, including warranty-related information from Tarion.

Most importantly, the Ontario Builder Directory indicates whether a builder or seller is licensed – a vital first step for any potential new home buyer. It also provides details such as a builder's licensing status, the number of years they've been active, the number of homes they've built, and any conduct concerns, and allows consumers to search for regulatory actions including charges and/or convictions against a builder.

Enhancements to the Ontario Builder Directory in 2025-26, in line with the Business Plan, included automated updates of insolvency information, an updated design aligned with the new HCRA website, and refreshed FAQ content to improve usability.

| Target | Monthly Average Result |
|---|---|
| 29,000 builder profile searches per month | 30,222 |

The comparative, ongoing strength of builder profile searches is built on the HCRA's efforts to increase awareness of the Ontario Builder Directory, and its information on builder profiles. Increasing awareness included:

- HCRA representatives attended the Ontario Association of Home Inspectors conference, offering a joint presentation with Tarion to home inspectors. The presentation focused on the Ontario Builder Directory.
- Staff interacted with attendees at the National Home Show, sharing materials designed to promote awareness of the Builder Directory and its value to potential new home purchasers.
- Blog posts promoted the Ontario Builder Directory, including: Cutting the Regulatory Jargon: Key Terms Ontario Homebuyers Should Know and Illegal Selling of New Homes in Ontario: What Buyers Need to Know

## Communication and Stakeholder Engagement

| | | |
|---|---|---|
| **53** stakeholder events | **100,624** new website visitors | **99** news stories based on media releases |
| **202,478** e-newsletter distributions | **56** e-newsletter campaigns | **15%** increase in social media followers |

As outlined in the 2025-26 Business Plan, the HCRA advanced its consumer protection mandate through targeted awareness campaigns, expanded stakeholder engagement, and content shared through integrated communications channels. Despite financial constraints the HCRA increased stakeholder events by 23% year over year, reached a sponsored content audience of more than 40 million readers, and grew its social media following by 15%.

The HCRA also issued six news releases that generated 99 media pickups and a total readership of 107 million, in line with the corporate communications priorities outlined in the 2025-26 Business Plan.

### Engagement, Education and Relationships

Stakeholder engagement, relationship building and consumer education have been cornerstones of the HCRA's communication efforts in 2025–26.

Each effort is a component of the HCRA's consumer protection mandate, promoting the Ontario Builder Directory, and supporting home buyers in making informed decisions – including the importance of working exclusively with licensed builders.

Consumer education was delivered directly to potential new homebuyers at trade shows, including our first appearance as participants in the Canadian Immigrant Fair. The HCRA will be expanding outreach to new Canadians by implementing a new strategic plan that provides educational tools through third-party collaborations.

The HCRA delivered a webinar for the Renfrew County Real Estate Board, as well as informational webinars for Queen's Park MPPs, their offices and constituency staff.

Research was completed on local and hyper-local communication plans as well as making more effective use of social media and AI search patterns. The findings from these plans are being integrated into future communication planning.

## Events and Stakeholder Highlights

- Participated in 53 stakeholder events (23% more than the previous year), reaching a total audience of more than 100,000 attendees at home shows and trade shows. A change in reporting this year reflects the more accurate number of actual trade and home show participants rather than those invited to attend.
- Participated in Building Safety Awareness month in May with the Ontario Building Officials Association (OBOA), which included offering a successful technical education session at their annual conference. The HCRA's involvement focused on our efforts to combat illegal building and to strengthen ongoing collaboration between the two organizations.
- Worked with the Electrical Safety Authority (ESA) on a consumer awareness campaign in June, intended to help homebuyers identify and understand the risks of illegal building. The collaboration included a social media campaign.
- Provided consumers with a customized webinar designed to highlight the risks of dealing with an illegal builder.
- Partnered with the Toronto Region Real Estate Board (TRREB) to deliver an educational webinar and orientation package for new members, recognizing the critical role real estate professionals play as a source of information and advice for new home buyers.
- In cooperation with stakeholders, researched and developed educational resources that prepare builders for upcoming technical trends and identifying best practices in home construction.
- Cross-province presentations to HCRA stakeholders, led by the CEO and Registrar, to increase awareness of the HCRA and its licensing requirements.

Consumer resources continue to be created and compiled, for availability on the HCRA website. These resources include the new guide, "What Every Homeowner Needs to Know About Radon." As outlined in the 2025-26 Business Plan, the HCRA continued building out the Research and Education Program with a focus on partner engagement, accessible plain-language resources, and content for the Consumer Resource Hub.

In 2025–26 the HCRA continued to collaborate with its Building Research & Collaboration Forum and held technical events in Peterborough, Ottawa, London, and Huntsville, bringing together builders, building officials, manufacturers, and building science experts to discuss building science innovations and trends with a focus on HVAC solutions and water penetration issues. The building code session was co-hosted with the City of Windsor and included representatives from several different municipalities discussing the 2024 Ontario Building Code.

Some priority activities in the 2025-26 Business Plan related to the HCRA's Research and Education function were modified or not completed during the year, which reflected changing organizational priorities and resource constraints. Incomplete activities included a third-party awareness strategy, a pilot consumer behaviour research initiative, an enhanced licensee Resource Hub, and a research project into cost-effective construction techniques.

## Corporate Policies

Corporate policies are used to guide the organization's decision-making. The following policies are required to be publicly available as set out in the Administrative Agreement between the HCRA and the Minister of Public and Business Service Delivery and Procurement:

- Complaints About the HCRA Policy
- Expense Policy
- Procurement Policy

The HCRA did not make any changes to these policies in 2025–26.

## Complaints about the HCRA

Members of the public may wish to submit a complaint about how the HCRA delivers its services. Under the HCRA's "Complaints about the HCRA" policy (available on the HCRA website), members of the public can submit a complaint to the HCRA Complaints Officer. The policy requires the Complaints Officer to conduct a fair, respectful review of each complaint and recommend action based on the specifics of the complaint, as necessary. The Complaints Officer submits recommendations to the CEO or, if the complaint is about the CEO, to the HCRA's Board Chair. The CEO or Board Chair, as appropriate, will determine how to implement the Complaints Officer's recommendations.

**In 2025–26, the HCRA received one complaint under this policy.**

The HCRA's Service Officer received additional complaints; however, upon review, the Service Officer determined that those complaints were outside the scope of the policy, as they did not pertain to services delivered by HCRA staff.

## Review of Legislation, By-Law and Policy Changes

### Legislative Changes

This was a busy year for policy and legislative proposals, driven by the government's impetus to respond to the economic threat posed by the imposition of tariffs. The HCRA worked closely with ministries across the government (our home ministry as well as the Ministry of Economic Development, Job Creation and Trade and the Ministry of Labour, Immigration, Training and Skills Development) on the government's signature labour mobility initiatives.

The HCRA also continues to support the Ministry's consideration of the illegal building strategy.

# Financial Report

## Management Discussion and Analysis

The HCRA is a private, not-for-profit corporation without share capital that was designated by the Minister of Government and Consumer Services (now Minister of Public and Business Service Delivery and Procurement) on February 1, 2021. The following management discussion and analysis provides supplementary information for stakeholders and other readers of the financial statements of the HCRA for the financial year ended March 31, 2026. The analysis should be read in conjunction with the audited financial statements for the year ended March 31, 2026, prepared in accordance with the Canadian Accounting Standards for not-for-profit organizations. Consistent with the priorities outlined in the 2025–26 Business Plan, management responded with disciplined financial stewardship, including a continued hiring freeze, refined forecasting, prudent reserve use, and progress on operational investments to reduce long-term costs.

## Revenue and Market Impacts

Ongoing market weakness, especially in the condominium market, had a significant impact on the HCRA's revenues. In response, management extended a hiring freeze and carefully managed discretionary spending, while ensuring that the HCRA's core activities on behalf of consumers smoothly continued.

## Board Oversight and Governance

The Board and its committees received regular updates on budget performance, deficits, reserve levels, and financial outlooks, and played an active role in overseeing mitigation strategies and financial planning.

The HCRA's long-term financial sustainability will depend on continued cost discipline and ongoing collaboration with the Board and the Ministry.

## Cost Efficiency and Operational Investments

The organization continued to pursue cost efficiencies through targeted operational investments. Progress was made toward replacing the Snowflake database supporting the Ontario Builder Directory with Microsoft-aligned technology, an initiative expected to deliver long-term operational savings and improved system alignment. Implementation has been carefully paced to manage risk and avoid disruption to critical public-facing services.

## Revenues

The revenue details for fiscal year 2025–26 and fiscal year 2024-2025 are as follows:

| Category | 2026 | 2025 |
|---|---:|---:|
| Province of Ontario grant | 5,545,249 | — |
| New licensing and renewal fees | 4,862,860 | 4,299,800 |
| Per unit oversight fees | 3,876,444 | 5,328,660 |
| Amortization of deferred capital contributions | 431,393 | 373,328 |
| Investigation recovery | 418,290 | 456,894 |
| Other | 140,486 | 539,216 |
| Tarion Warranty Corporation funding for operations | — | 907,778 |

## Expenses

The total operational expenses were $14,536,143 for fiscal year 2025–26 compared to $15,192,954 for fiscal 2024–25.

| Category | 2026 | 2025 |
|---|---|---|
| Human resources | 9,639,738 | 9,292,140 |
| Information technology | 1,265,504 | 1,318,622 |
| Amortization of tangible and intangible capital assets | 1,050,538 | 950,367 |
| Financial services | 871,699 | 917,420 |
| Office space | 506,470 | 499,906 |
| General and administrative | 417,245 | 702,502 |
| Consulting services | 406,457 | 207,556 |
| Legal services | 197,886 | 850,949 |
| Board expenses | 180,606 | 146,615 |
| Regulatory oversight fee | — | 306,877 |

## Net Assets

For 2025-26, the revenue over expenses arrived at $738,579 resulting in a final closing net asset balance of $10,921,521.

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Canada
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# Independent Auditor's Report

To the Board of Directors of Home Construction Regulatory Authority

## Opinion

We have audited the financial statements of Home Construction Regulatory Authority (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2025–26.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Annual Report 2025–26 as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

Thursday, July 16, 2026

## Statement of Financial Position

*March 31, 2026, with comparative information for 2025*

| | 2026 | 2025 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash | $ 4,388,147 | $ 6,692,173 |
| Accounts receivable | 3,373,219 | 819,873 |
| Prepaid expenses | 564,208 | 403,969 |
| | **8,325,574** | **7,916,015** |
| Tangible capital assets (note 2) | 421,913 | 587,991 |
| Intangible capital assets (note 2) | 5,959,895 | 5,683,060 |
| | **$ 14,707,382** | **$ 14,187,066** |
| **Liabilities and Net Assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities (note 3) | $ 1,495,264 | $ 1,759,609 |
| Loan payable (note 5) | – | 683,820 |
| | **1,495,264** | **2,443,429** |
| Deferred capital contributions (note 4) | 2,290,597 | 1,560,695 |
| **Net assets:** | | |
| Investment in tangible and intangible capital assets | 4,091,211 | 4,710,356 |
| Internally restricted operating reserve | 4,500,000 | 4,500,000 |
| Unrestricted | 2,330,310 | 972,586 |
| | **10,921,521** | **10,182,942** |
| Commitment (note 8) | | |
| Financial risks (note 9) | | |
| | **$ 14,707,382** | **$ 14,187,066** |

See accompanying notes to financial statements.

On behalf of the Board:

**Patricia Perkins**
*Board of Directors - Chair*

**Bohodar Rubashewsky**
*Chair of Finance, Audit and Risk Committee*

## Statement of Operations

*Year ended March 31, 2026, with comparative information for 2025*

| | 2026 | 2025 |
|---|---|---|
| Revenue: | | |
| Province of Ontario grant (note 7) | $ 5,545,249 | $ – |
| New licensing and renewal fees | 4,862,860 | 4,299,800 |
| Per unit oversight fees | 3,876,444 | 5,328,660 |
| Amortization of deferred capital contributions (note 4) | 431,393 | 373,328 |
| Investigation recovery | 418,290 | 456,894 |
| Other (note 6) | 140,486 | 539,216 |
| Tarion Warranty Corporation funding for operations (notes 4 and 5) | – | 907,778 |
| | **15,274,722** | **11,905,676** |
| Expenses: | | |
| Human resources | 9,639,738 | 9,292,140 |
| Information technology | 1,265,504 | 1,318,622 |
| Amortization of tangible and intangible capital assets | 1,050,538 | 950,367 |
| Financial services | 871,699 | 917,420 |
| Office space | 506,470 | 499,906 |
| General and administrative | 417,245 | 702,502 |
| Consulting services | 406,457 | 207,556 |
| Legal services | 197,886 | 850,949 |
| Board expenses | 180,606 | 146,615 |
| Regulatory oversight fee | – | 306,877 |
| | **14,536,143** | **15,192,954** |
| **Excess (deficiency) of revenue over expenses** | **$ 738,579** | **$ (3,287,278)** |

See accompanying notes to financial statements.

## Statement of Changes in Net Assets

*Year ended March 31, 2026, with comparative information for 2025*

| | Investment in tangible and intangible capital assets | Internally restricted operating reserve (note 4) | Unrestricted | 2026 Total | 2025 Total |
|---|---|---|---|---|---|
| Balance, beginning of year | $ 4,710,356 | $ 4,500,000 | $ 972,586 | $ 10,182,942 | $ 13,470,220 |
| Excess (deficiency) of revenue over expenses | – | – | 738,579 | 738,579 | (3,287,278) |
| Additions to tangible and intangible capital assets | 1,161,295 | – | (1,161,295) | – | – |
| Amortization of tangible and intangible assets | (1,050,538) | – | 1,050,538 | – | – |
| Additions to deferred capital contributions | (1,161,295) | – | 1,161,295 | – | – |
| Amortization of deferred capital contributions | 431,393 | – | (431,393) | – | – |
| **Balance, end of year** | **$ 4,091,211** | **$ 4,500,000** | **$ 2,330,310** | **$ 10,921,521** | **$ 10,182,942** |

See accompanying notes to financial statements.

## Statement of Cash Flows

*Year ended March 31, 2026, with comparative information for 2025*

| | 2026 | 2025 |
|---|---|---|
| **Cash provided by (used in):** | | |
| Operating activities: | | |
| Excess (deficiency) of revenue over expenses | $ 738,579 | $ (3,287,278) |
| Items not involving cash: | | |
| Amortization of tangible and intangible capital assets | 1,050,538 | 950,367 |
| Amortization of deferred capital contributions | (431,393) | (373,328) |
| Change in non-cash operating working capital: | | |
| Accounts receivable | (2,553,346) | 369,171 |
| Prepaid expenses | (160,239) | (74,109) |
| Accounts payable and accrued liabilities | (264,345) | 622,414 |
| Deferred revenue | – | (917,617) |
| | (1,620,206) | (2,710,380) |
| Financing activities: | | |
| Additions to deferred capital contributions | 1,161,295 | – |
| Loan repayment | (683,820) | – |
| Loan payable forgiven (note 5) | – | (683,820) |
| Proceeds from loan payable | – | 683,820 |
| | 477,475 | – |
| Investing activities: | | |
| Purchase of tangible and intangible capital assets | (1,161,295) | (1,405,216) |
| Decrease in cash | (2,304,026) | (4,115,596) |
| Cash, beginning of year | 6,692,173 | 10,807,769 |
| **Cash, end of year** | **$ 4,388,147** | **$ 6,692,173** |

See accompanying notes to financial statements.

# Notes to Financial Statements

*Year ended March 31, 2026*

The Home Construction Regulatory Authority ("HCRA") is a private, not-for-profit corporation without share capital that was designated by the Government of Ontario as a regulatory authority on February 1, 2021. The licensing and compliance role was transferred from Tarion Warranty Corporation ("Tarion") (predecessor). HCRA is designated under the New Home Construction Licensing Act, 2017 ("NHCLA") to promote and protect public interest through public education and carrying out licensing and regulatory oversight of Ontario's new home builders and vendors.

## 1. Significant accounting policies:

a. Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations applied in Part III of the Chartered Professional Accountants of Canada Handbook.

b. Revenue recognition:

The deferral method is used to recognize revenue when earned in the year performance obligations are satisfied.

Capital contributions received from Tarion for acquisition and development of capital assets are deferred and amortized using a straight-line method at a rate corresponding to the amortization rate of the related capital assets.

Licensing application revenue is received from builders and new home vendors applying for new licenses and renewals. A fee is charged when applications are submitted. Fees remitted for applications are non-refundable and are not contingent on the issuance of a license. New licensing and renewal revenue is recognized when applications are submitted with the corresponding fees.

A regulatory oversight fee (per unit oversight fee) is charged for each new home unit enrolled with Tarion. Fees are recognized in the year of enrolment.

Some investigations are conducted with Tarion. Costs are recoverable and recorded as revenue in the year incurred and services rendered.

Funds pursuant to monetary fines, penalties, or settlements are recorded when amounts are deemed collectible. Any amounts determined by management to be significantly doubtful revenue is recognized when payments are received.

Investment income is recognized when earned.

c. Expenses:

Expenses are recorded on an accrual basis in the year goods were received or services were performed.

d. Financial instruments:

quoted in an active market are carried at fair value. All other financial instruments are carried at original cost or amortized cost, unless management has elected for the instruments to be carried at fair value. HCRA has elected not to carry these investments at fair value.

Transaction costs are expensed as incurred for financial instruments carried at fair value. Other financial instruments carried at cost or amortized cost include transaction and financing costs that are amortized using the straight-line method.

Annually, financial assets are assessed for impairment at the end of the fiscal year. Monitoring and testing for impairments are performed to determine impact. Significant adverse changes in the expected amounts or timing of future cash flows from the financial asset are considered impairments.

In the event of a significant change, the carrying value of the financial asset is reduced to the highest of the present value of the expected future cash flows, the amount that could be realized from selling the financial asset, or the amount that would be realized from exercising rights to any collateral. If circumstances reverse in future years, the impairment is reversed to the extent of the fair value amount and not to exceed the initial carrying value.

e. Tangible and intangible capital assets:

Purchased tangible capital assets are recorded at cost and amortized when placed in service. Repairs and maintenance costs are charged to expenses. Betterments that extend the estimated useful life of an asset are capitalized. When a capital asset is no longer able to provide services, the carrying value is written down to its residual value and disposed of.

Intangible capital assets under development are capitalized and amortized when substantially completed and placed in service.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

| | |
|---|---|
| Tangible: | |
| Computer hardware | 3 years |
| Leasehold improvements | Lease term |
| Office equipment | 5 years |
| Intangible: | |
| IT infrastructure software | 10 years |

f. Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

## 2. Tangible and intangible capital assets:

Tangible capital assets consist of the following assets as at March 31:

| | | | 2026 | 2025 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Computer hardware | $ 508,792 | $ 401,420 | $ 107,372 | $ 134,847 |
| Leasehold improvements | 654,035 | 374,515 | 279,520 | 388,815 |
| Office equipment | 225,000 | 189,979 | 35,021 | 64,329 |
| | **$ 1,387,827** | **$ 965,914** | **$ 421,913** | **$ 587,991** |

Intangible capital assets consist of IT infrastructure software applications developed or enhanced internally.

| | | | 2026 | 2025 |
|---|---|---|---|---|
| | Cost | Accumulated amortization | Net book value | Net book value |
| IT infrastructure software | $ 8,912,795 | $ 2,952,900 | $ 5,959,895 | $ 5,683,060 |

## 3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of$23,773 (2025 - $20,311) relating to federal and provincial sales taxes.

## 4. Deferred capital contribution:

Deferred capital contributions represent Tarion funding and Province of Ontario grant used primarily for the development of IT infrastructure software, amongst other assets.

| | 2026 | 2025 |
|---|---|---|
| Balance, beginning of year | $ 1,560,695 | $ 1,934,023 |
| Deferred capital contribution received from Province of Ontario (note 7) | 1,161,295 | – |
| Less amortization of deferred capital contributions | 431,393 | 373,328 |
| **Balance, end of year** | **$ 2,290,597** | **$ 1,560,695** |

## 5. Loan payable:

Financial support to establish an operating reserve was provided under the Agreement for the three-year period ending January 31, 2024. The first transfer, received in December 2020 for$1,250,000, comprised a grant of $750,000 and a repayable amount of $500,000. The repayable component was recorded as an interest-free loan payable in fiscal 2023 and was due January 31, 2024.

Repayment of that amount was contingent on achieving specified outcomes under the Agreement; specifically, the amount payable equaled the number of new home enrolments in calendar year 2023 in excess of 60,000 multiplied by $145, to a maximum of $500,000. Enrolments did not exceed 60,000 in 2023, and consequently the repayable amount was recognized as revenue on maturity in fiscal 2024. No repayments were made under those terms.

Under the Agreement, the HCRA received two separate payments in 2022 and 2023 in the amount of $292,465 and $391,355, respectively, totalling $683,820. These payments were received in the form of a non-interest-bearing loan under section 3.2B of the Agreement. The purpose of these loans was to provide for a contingency fund in the event of low home enrolments encountered post-doors open. During this period, enrolment volumes satisfied the terms of the Agreement, and the loans became due and payable on March 31, 2025.

The loans were subsequently refinanced under a new financing arrangement with Tarion, under which $200,000 became payable on May 15, 2025 and the remaining balance on May 15, 2026. During the year, HCRA repaid the full principal of $683,820 together with interest.

## 6. Other revenue

| | 2026 | 2025 |
|---|---|---|
| Interest income | $ 84,165 | $ 385,945 |
| Monetary fines / penalties / settlements | 55,435 | 151,313 |
| Other | 886 | 1,958 |
| | **$ 140,486** | **$ 539,216** |

## 7. Province of Ontario grant:

On February 4, 2026, HCRA entered into a Transfer Payment Agreement with the Government of Ontario to support administration of the Licensing Act for the 2025–26 fiscal year, repay the Tarion loan, fund capital expenditures to support long-term financial sustainability, and initiate fee changes. Grant funding was received for the 2025–26 fiscal year. The allocation of the Province of Ontario grant is as follows:

| | 2026 |
|---|---|
| Contributed to project expense | $ 4,851,256 |
| Tarion loan and interest repaid | 693,993 |
| Capital expenditure | 1,161,295 |
| Total grant received and expended | 6,706,544 |
| Less reclassified to deferred capital contributions (note 4) | 1,161,295 |
| **Balance, end of year** | **$ 5,545,249** |

## 8. Commitment:

On December 13, 2019, HCRA signed a lease agreement with the landlord at 40 Sheppard Avenue West, Suite 400, Toronto, Ontario, M2N 6K9 until September 30, 2028. The commitment includes step-ups of base rent effective October 1, 2024 and October 1, 2025. The future base rentals are as follows:

| | |
|---|---|
| 2027 | $ 143,000 |
| 2028 | 143,000 |
| 2029 | 71,600 |
| | $ 357,600 |

A component of the lease agreement includes additional rent charged. These expenses are a proportionate share of the property's common area maintenance expenses and recharges for services that may be directly used by a tenant in the year incurred. The obligation is not pre-set to specified amounts as the variability is based on consumption. It is not included as part of the above commitment table.

## 9. Financial risks:

HCRA does not believe it is exposed to significant interest rate risk or market risk. There is no change to the risk exposure from 2025.

a. Liquidity risk:

Liquidity risk is the risk that HCRA will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Excess cash not required for short-term operational needs are surplus funds. From time to time, available funds are invested in risk-free, highly liquid financial instruments to earn interest income on secured principal balances. Financial instruments, including term deposits, guaranteed investment certificates and money market funds, are selected to manage market volatility and limit financial interest, credit, and cash flow exposure risks.

b. Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. HCRA is exposed to credit risk with respect to the accounts receivable. HCRA assesses, on a continuous basis, accounts receivable, and provides for any amounts that are not collectible in the allowance for doubtful accounts. There are no amounts provided for 2026 (2025 - nil). Payment of all fees is a requirement under the NHCLA. All licensees are required to pay any fees owing as a condition of their license.

c. General economic risk:

HCRA continues to monitor emerging trends to make any necessary changes and adapt its business model. Its financial performance is sensitive to general market conditions in new home construction and consumer behaviour. Management estimates and assumptions in the business model, and strategic priorities are based on economic and financial outlook that incorporates a provision for short-term inflationary pressures, interest rates impact and economic uncertainty impacting new home sales.

**Home Construction Regulatory Authority**


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