

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 12, 2019**

Item 25, Report No. 20, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on June 12, 2019.

#### **25. EARLY TERMINATION OF PRE-CONSTRUCTION CONDOMINIUM PROJECTS**

**The Committee of the Whole recommends approval of the recommendation contained in the following report of the City Solicitor, dated June 4, 2019:**

##### **Recommendations**

1. That this report be received for information.

## Committee of the Whole Report

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**DATE:** Tuesday, June 04, 2019

**WARD(S):** ALL

**TITLE: EARLY TERMINATION OF PRE-CONSTRUCTION  
CONDOMINIUM PROJECTS**

**FROM:**

Wendy Law, City Solicitor

**ACTION:** FOR INFORMATION

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**Purpose**

To advise the Committee of the Whole as to the Ontario Ministry of Government and Consumer Services (the “**Ministry**”) response to the City of Vaughan’s inquiry regarding pre-construction condominiums and the feasibility of a multi-provider insurance model for new home warranties and protections.

**Report Highlights**

- At the Council meeting of April 11, 2018, staff were directed to request the Ministry to review the process by which pre-construction condominium projects are marketed and sold as well as the ability of developers to terminate agreements of purchase and sale as a result of the cancellation of a condominium project.
- The Ministry advised that it is working to address the issues surrounding the cancellation of condo projects and its effects on homebuyers.
- The Ministry has asked TARION to initiate consumer protection enhancements within the next six (6) months to better inform and protect purchasers of cancelled condo projects.
- The Ministry has asked TARION to make changes to its addenda to agreements of purchase and sale for condo buyers within the next twelve (12) months to enhance disclosures for consumers about the risks of purchasing pre-construction condos.

## **Recommendation**

1. That this report be received for information.

## **Background**

At the Council meeting of April 11, 2018, staff were directed, by way of a member's resolution, to:

1. Formally request the Ministry to review the:
  - a) process by which pre-construction condominium projects are marketed and sold; and
  - b) the ability of developers to terminate agreements of purchase and sale as a result of the cancellation of a condominium project.
2. Contact TARION in respect of its role in this matter and report back to Committee of the Whole in May 2018.

On May 23, 2018, staff reported back to Council (Item 22, Report No. 18, of the Committee of the Whole) in respect of TARION's role in connection with inquiries concerning the marketing, presale and cancelation of pre-construction condominium projects, and informed Council that:

- TARION confirmed that agreements of purchase and sale for new homes typically contain early termination provisions (related to, among other things, financing and building/zoning permits) in favour of vendors; along with requirements respecting the return of deposits to purchasers.
- While TARION has the power to conduct investigations of vendors/builders, it does not have the power to compel vendors to waive their rights under early termination conditions or to complete a project.

In addition, staff informed Council that a formal written request to the Ministry to review the legislation governing the marketing, presale and cancelation of pre-construction condominium projects was being drafted and would be delivered to the Ministry forthwith.

## **Previous Reports/Authority**

1. [Item 22, Rpt 18 CW May 23, 2018 Early Termination of Pre-Construction Condominium Projects](#)

## **Analysis and Options**

Staff contacted the Ministry about pre-construction condominiums and the feasibility of a multi-provider insurance model for new home warranties and protections.

On May 3, 2019, by letter to the City of Vaughan [Attachment 1], the Ministry advised that it is working to address the issues surrounding the cancellation of condo projects and the effects on homebuyers.

The Ministry has asked TARION to act within prescribed timelines to enhance customer protection, better inform, and protect purchasers of cancelled condo projects, as follows:

### **Within six (6) months:**

- update Tarion's Ontario Builder Directory to include information about developers with a history of condo project cancellations, expected to be done sometime around the end of the summer;
- develop options to require developers to post information about their condominium development projects on their websites (e.g., information about outstanding approvals or other matters that could cause a project to get cancelled);
- work with the Condominium Authority of Ontario to educate prospective buyers about the condo purchase process; and
- improve information collection on new pre-construction condo projects.

### **Within twelve (12) months:**

- make changes to its addenda to agreements of purchase and sale for condo buyers to enhance disclosures for consumers about the risks of purchasing pre-construction condos, including matters that could cause a project to get cancelled, such as outstanding approvals, project financing or restrictive covenants on title.

## **Financial Impact**

There is no financial impact in respect of staff communications with the Ministry about pre-construction condominium and termination of agreements of purchase and sale as a result of the cancellation of a condominium project.

## **Broader Regional Impacts/Considerations**

There are no Regional issues directly at stake.

## **Conclusion**

Staff contacted the Ministry about pre-construction condominiums and the feasibility of a multi-provider insurance model for new home warranties and protections. The Ministry is working to address the issues surrounding the cancellation of condo projects and its effects on homebuyers. The Ministry has asked TARION to initiate consumer protection enhancements to better inform and protect purchasers of cancelled condo projects, and to make changes to its addenda to agreements of purchase and sale for condo buyers to enhance disclosures for consumers about the risks of purchasing pre-construction condos.

## **Attachment**

1. Ontario Ministry of Government and Consumer Services' letter of May 3, 2019.

## **Prepared by**

Finuzza Mongiovi, Legal Counsel, Legal Services, ext. 8047

**Ministry of Government  
and Consumer Services**

**Ministère des Services  
gouvernementaux et des  
Services aux  
consommateurs**



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**MAY 03 2019**

996-2019-338

His Worship Maurizio Bevilacqua  
Mayor  
City of Vaughan  
2141 Major Mackenzie Drive  
Vaughan, ON L6A 1T1

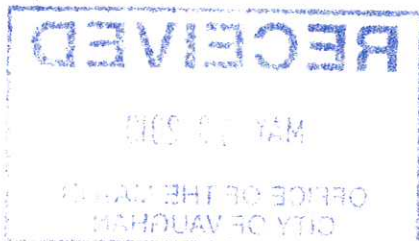
Dear Mayor Bevilacqua:

Thank you for your letter about pre-construction condominiums and the feasibility of a multi-provider insurance model for new home warranties and protections. I appreciate your interest in our consultations and welcome the opportunity to respond.

The ministry values the input of municipalities and has taken steps to include them as a part of these discussions. It is my understanding that ministry staff have reached out to the City of Vaughan to arrange a meeting. I also presented to the Association of Municipalities of Ontario on April 18, 2019 as a part of these consultations.

Our government is aware of the issues surrounding the cancellation of condo projects and the effects they can have on new homebuyers. Work is already underway to address this. We have asked Tarion to initiate the following consumer protection enhancements within the next six months to better inform and protect purchasers of cancelled condo projects:

- updating Tarion's Ontario Builder Directory to include information about developers with a history of condo project cancellations, expected to be done sometime around the end of the summer
- developing options to require developers to post information about their condominium development projects on their websites (e.g., information about outstanding approvals or other matters that could cause a project to get cancelled)
- working with the Condominium Authority of Ontario to educate prospective buyers about the condo purchase process
- improving information collection on new pre-construction condo projects.



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I have also asked Tarion to make changes to its addenda to agreements of purchase and sale for condo buyers within the next 12 months to enhance disclosures for consumers about the risks of purchasing pre-construction condos. This would include matters that could cause a project to get cancelled, such as outstanding approvals, project financing or restrictive covenants on title.

Our government will also continue to explore longer term measures to further protect pre-construction condo buyers. We understand that this is a complex issue and that improving protection for consumers will require the input of multiple areas of government.

Once again, thank you for writing and please accept my best wishes.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill Walker", followed by a long horizontal flourish.

Bill Walker  
Minister

**RECEIVED**

MAY 08 2019

OFFICE OF THE MAYOR  
CITY OF VAUGHAN