

Restoring Confidence - Protecting Consumers:

Provincial Response to the Barrett Commission

HIGHLIGHTS



We agree with the Barrett Commission's key recommendations and will take immediate action to protect consumers, help affected homeowners and rebuild a basis for trust in B.C.'s residential construction industry.

Two bills - the Homeowner Protection Act and the Strata Property Act - were passed to respond to 47 of the Commission's recommendations. Together they will:

1. Fix the system

- a) Warranty protection on new homes will be mandatory.
- b) Residential builders will be licenced and must meet standards set by government.
- c) An industry-funded Homeowner Protection Office to manage the reconstruction program, oversee the licencing of residential builders, carry out research and education to improve construction quality in B.C., and provide single-window support and information for leaky condo owners and home buyers. The office will open by Oct. 1, 1998.
- d) The new Strata Property Act will increase access to information and ensure that owners and strata corporations can effectively respond to construction problems if they occur.

2. Assist homeowners in greatest need

- a) We will create a Reconstruction Program an industry-financed fund to provide loans, not compensation, so owners have access to the financing they need to make repairs. Priority will be given to those most in need who have exhausted all other financing options.
- b) Tax relief and other assistance to be negotiated with the federal government and others.

Commission of Inquiry into the Quality of Condominium Construction in British Columbia (Dave Barrett Commission Report)

Homeowner Protection Act

RESTORING CONFIDENCE - PROTECTING HOMEOWNERS

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(Government Response to Barrett Commission Report)

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NEWS RELEASES

- [Province Implements Barrett Commission Recommendations](#) July 13, 1998
 - [Barrett Commission Report Received](#) June 17, 1998
 - [Dave Barrett Appointed to Investigate Leaky Condo Problem](#) April 17, 1998
-

FREQUENTLY ASKED QUESTIONS

- [Current Leaky Condo Owners](#)
- [Future Condo Owners](#)
- [The Building Industry](#)

Restoring Confidence - Protecting Homeowners

What it means for the Residential Construction Industry

The B.C. government is taking the lead to rebuild a **basis for confidence** in residential construction in British Columbia by introducing the *Homeowner Protection Act* to implement the Barrett Commission's key recommendations. The action plan to restore consumer **confidence** includes:

Licensing Residential Builders

Starting January 1, 1999, compulsory licensing will begin for **all** residential builders in B.C. **In order to be** licenced, a builder must meet minimum standards set by **government**. There will be stiff penalties for non-compliance.

Requiring Strong Mandatory Warranties on New Homes

Once these reforms are fully implemented, all new homes will be protected by warranties covering:

- 2 years on materials and workmanship.
- 5 years on building envelope defects, including **water penetration**
- 10 years on structural defects

Establishing the Homeowner Protection Office

By October 1, 1998, a new Homeowner Protection Office **will** regulate residential builders, coordinate research and education to improve construction quality and **coordinate** assistance for current homeowners experiencing "leaky condo" problems.

Enforcing Standards

The Homeowner Protection Office will have the authority to audit and inspect construction sites to ensure that **builders** are in compliance with new laws and regulations governing residential construction. **Penalties** for non-compliance include loss of licence, stiff fines and possible jail terms.

Assisting Affected Homeowners in Greatest Need

The Homeowner Protection Office will manage a \$250 million **reconstruction** program. The program will be kick started by a \$75 million repayable loan from the **BC government** and funded through a special assessment on residential builders.

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or visit our website at
<http://www.marh.gov.bc.ca/PUBLIC>

Restoring Confidence - Protecting Homeowners

What it means for new home buyers

The B.C. government is taking the lead to protect home buyers by implementing the key recommendations of the Barrett Commission on "leaky condo" problems. The action plan to implement the Commission's recommendations includes making sure that new homes are built by licenced builders and protected by strong mandatory warranty coverage.

Warranty Protection

- Once these reforms are fully implemented, British Columbia home buyers will be protected by strong mandatory warranties on all new home construction. By law, a mandatory warranty will cover:
 - 2 years on materials and workmanship;
 - 5 years on building envelope defects, including water penetration; and
 - 10 years on structural defects
- Owner-builders will not be licenced and owner-built homes will not require mandatory warranties. However, statutory warranty coverage will be expanded to 10 years to cover these homes

Accountability

- All residential builders will be licenced by a new Homeowner Protection Office. They must meet standards set by government to be licenced. There will be stiff penalties for non-compliance.

Homeowner Protection Office

- An industry-funded Homeowner Protection Office to manage the reconstruction program, oversee the licencing of residential builders, carry out research and education to improve construction quality in B.C., and provide single-window support and information for leaky condo owners and home buyers. The office will open by Oct. 1, 1998.

Dispute Resolution

New mechanisms are being established for owners to equitably resolve disputes with builders or warranty providers without becoming involved in prohibitively expensive litigation.

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Restoring Confidence - Protecting Homeowners

What it means for leaky condo owners

The B.C. government is taking the lead to help homeowners living in leaky condominiums and others affected by the residential construction problems studied by the Barrett Commission, and is moving to protect consumers in the future. The government's first concern is for homeowners in greatest financial need. The action plan to implement the key recommendations of the Barrett Commission Report includes:

- committing B.C.'s share of the recommended \$250 million to establish a reconstruction program which will provide no-interest loans to leaky condo owners - with a priority on those in greatest financial need. The reconstruction program will be in place by October 1. As recommended by the Commission, it will provide financial assistance - not compensation - to those most in need, after they have used all other available financial remedies.
- establishing a new Homeowner Protection Office to manage the reconstruction program, oversee licencing of residential builders, carry out research and education to improve construction quality in B.C., and provide single-window support and information for leaky condo owners and home buyers.
- working with the federal government and lending institutions to increase the reconstruction fund so loans can be extended to other affected homeowners as soon as possible.
- working with Ottawa to implement the Barrett Commission's recommendations for federal tax breaks as a key element of financial relief for leaky condo owners;
- improving owner access to information held by a strata corporation in a new *Strata Property Act* (replacing the current *Condominium Act*) to provide better consumer protection in the future.

The *Homeowner Protection Act* was introduced on July 13, 1998 as a key step to protect homebuyers and assist affected homeowners. The new Homeowner Protection Office will be open by October 1, 1998.

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News Release
Ministry of Municipal Affairs
File Number: MA 98-040
Date: July 13, 1998

PROVINCE IMPLEMENTS BARRETT COMMISSION RECOMMENDATIONS

- Kwan Introduces Homeowner Protection Act -

VICTORIA - The provincial government will implement key recommendations from the Barrett Commission report into the quality of residential construction, Municipal Affairs Minister Jenny Kwan said today.

The province will introduce legislation today to establish a reconstruction program to assist owners of leaky condos, require effective new home warranties and regulate the residential construction industry, including a licensing system for builders.

"Our first concern is for homeowners in greatest financial need and those whose health or safety is at risk," said Kwan. "We're committing \$75 million over three years to kick start the reconstruction program and we're working with the federal government and lending institutions to broaden the program and increase it to \$250 million as soon as possible. The provincial contribution is a repayable loan that will be paid back over time by a special assessment on residential builders."

Highlights of the Homeowner Protection Act include:

- A reconstruction program to provide zero-interest loans to owners of leaky condos effective Oct. 1, 1998
- Strong mandatory new home warranties beginning Jan. 1, 1999, initially focusing on the Lower Mainland where the problems are most severe
- Compulsory licensing of residential builders to begin on Jan. 1, 1999
- A new Homeowner Protection Office to manage the reconstruction program, oversee the builder licencing system, and co-ordinate research and education to improve construction quality. The office will open by Oct. 1, 1998.

"Once these reforms are fully implemented, every new home in British Columbia will be constructed by a qualified builder and covered by an effective warranty," said Kwan.

In addition, a new Strata Property Act will be introduced today by Finance and Corporate Relations Minister Joy MacPhail to strengthen consumer protection and ensure that owners and strata corporations can effectively respond to construction problems if they occur.

Regulation of the residential construction industry will begin by Jan. 1, 1999. Residential builders, but not owner-builders, will be required to meet standards set by government in order to be licenced. In addition, all new home construction by residential builders will require mandatory new home warranties with tough coverage standards: Two years on materials and workmanship; five years on building envelope defects, including water penetration; and 10 years on structural defects.

The licencing and warranty systems will be phased in over time. The initial focus will be on the Lower

Mainland, where the problems are most severe. The Homeowner Protection Office will develop a plan to cover the other regions of the province. Statutory warranties will be legislated under the Homeowner Protection Act to cover home buyers outside the Lower Mainland as the new provincial standards are phased in.

Kwan met Tuesday with Alfonso Gagliano, the federal minister responsible for the Canada Mortgage and Housing Corporation, to brief him on B.C.'s action plan and urge him to move quickly on the Barrett Commission recommendations.

"The provincial and federal governments must work together to resolve the leaky condo problem," said Kwan. "I was encouraged by the meeting with Minister Gagliano and I am confident that the federal government will work with us to address this issue."

Kwan also announced the appointment of Shayne Ramsay, director of development services for the BC Housing Management Commission, as the interim chief executive officer of the new Homeowner Protection Office. Ramsay will consult with all levels of government, financial institutions, industry and stakeholders to translate the Barrett Commission's recommendations into action.

The legislation being introduced today will respond to 47 of the Barrett Commission's recommendations. Discussions are under way with the federal government, local government, financial institutions, and the building professions on another 26 recommendations. Ramsay will work with government staff on the other 9 recommendations which require further analysis.

"We endorse the spirit and intent of the Barrett recommendations," said Kwan. "I will work with the federal government, consumers and industry groups to arrive at practical and efficient means of meeting the goals set out in the report."

Regular implementation updates will be available via the Internet at:

<http://www.marh.gov.bc.ca/PUBLIC>

Owners of leaky condos and others seeking information on the Homeowner Protection Office should call 1-800-407-7757 (toll-free).

The Homeowner Protection Office will open for business by Oct. 1, 1998.

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Backgrounder attached

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26 recommendations require federal and local government action, as well as commitments on the part of professional groups and lending institutions. Consultation and negotiations are already underway.

9 recommendations require further analysis before government can make a commitment. We agree with the intent, not necessarily the mechanisms.

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News Release

For Immediate Release

Ministry of Municipal Affairs

File Number: MA 98-038

Date: June 17, 1998

BARRETT COMMISSION REPORT RECEIVED

VICTORIA -- The Commission of Inquiry into the Quality of Condominium Construction in British Columbia submitted its report to government today.

Municipal Affairs Minister Jenny Kwan released the following statement:

"Commissioner Dave Barrett has submitted a lengthy and detailed report that touches on numerous aspects of the complex problem of assuring quality in residential construction and protecting home buyers. I thank him and the commission staff for their efforts over the past two months.

"I especially thank the hundreds of British Columbians who appeared at the public hearings or made written submissions. I salute the courage and dignity of individual leaky condo owners who came forward to tell their stories under extremely trying conditions. They have suffered emotional strain and financial hardship through no fault of their own. Their stories reaffirmed my conviction that the current situation is intolerable and cannot be allowed to continue.

"There appear to be some solid recommendations that will help government address this issue. I will now review the report in detail and discuss it with my cabinet colleagues. I have instructed Ministry of Municipal Affairs staff to mobilize all available resources to allow me to introduce consumer protection legislation in this session, as we announced in the throne speech earlier this year.

"I will formally respond to the recommendations contained in the Barrett report once our review is complete. I will not comment on the substance of the report or individual recommendations until they have been reviewed thoroughly.

"Because of the urgency of this issue and the intense public interest, I have asked the commissioner to release his report publicly as soon as possible. He will release the report at a news conference in Vancouver on Thursday morning. Details will be sent

by the commission."

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Last Updated: November 25, 2003

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News Release

Ministry of Municipal Affairs

File Number: MA 98-017

Date: April 17, 1998

DAVE BARRETT APPOINTED TO INVESTIGATE LEAKY CONDO PROBLEM

VICTORIA -- Former B.C. premier Dave Barrett will head a commission of inquiry into the quality of condominium construction in British Columbia with particular focus on the issue of leaky condominiums, Municipal Affairs Minister Jenny Kwan announced today.

Barrett will listen to the concerns of condominium owners and will hear the submissions from different sectors of the condominium industry. The commission's mandate is to inquire into the adequacy of protection for, and accountability to, home buyers for faulty condominium construction. The commission will also inquire into the causes of the leaky condo problem.

"I expect commissioner Barrett to find out who is responsible for this terrible situation and make recommendations about what can be done to hold them accountable," said Kwan. "I want practical recommendations for future legislation so this problem never happens again."

"I'm here to find out who caused this mess and what needs to be done in order to clean it up," said Barrett. "It's important that those responsible for leaky condos be held accountable for their actions. I've been asked to listen to the people affected and make sure they have a voice in developing the solutions."

The commissioner's report will be submitted by May 29. British Columbians can contact the commission by phone at (604) 844-3122, by fax at (604) 844-1888 or by e-mail at leakycondos@bc.sympatico.ca. A full schedule of public consultations will be released next week.

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[Terms of reference attached](#)

Last Updated: November 25, 2003

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