

November 1, 2017

Cannabis Legislation and Regulation Secretariat
Ministry of Public Safety and Solicitor General
Victoria, BC
Email submission to cannabis.secretariat@gov.bc.ca

Dear Secretariat members,

The Canadian Home Builders' Association of British Columbia (CHBA BC) is pleased to contribute to the consultation process on non-medical cannabis and proposed regulatory frameworks for British Columbia.

CHBA BC represents 1,975 members in the residential construction industry who work as home builders, renovators, tradespeople, service professionals, and others. CHBA BC's members are small and medium-sized businesses creating jobs and economic benefits in all areas of the province. Overall, the residential construction industry represents over 158,000 on-site and off-site jobs, \$9.2 billion in wages, and \$23.1 billion in investment value.

The focus for CHBA BC's submission is on the proposed rules for personal cultivation, and the policy gaps that will need to be addressed from these changes. Consistency and clarity moving forward will support renters, buyers, contractors and renovators in making informed decisions about the homes they live and work within.

1. *Defining what is a drug operation from residential use for re-introduction into housing markets*

At present, properties used for growing cannabis are all considered "grow-ops." With the proposed regulation to allow personal cultivation, this difference must be clarified so that there is an understanding of what becomes a drug operation and what is accepted within a residential property. Four plants may be the current metric, but this could vary depending on a number of factors, including how many residents choose to grow plants within a home, the number of plants within a multi-family building, or the growing conditions in either open or closed spaces.

Determining how homes that will be used to legally cultivate cannabis can re-enter the housing market should be a priority. Currently, properties used for drug production are often either torn down or left empty due to the safety, financing and insurance risks – this is not a sustainable solution moving forward in all cities, but especially those with housing shortages. This priority will be discussed in the following sections.

2. *Clear remediation standards for properties*

The impacts to a home from personal cultivation are not fully understood at this time. It is assumed that there are differences between a commercial operation and a small amount of personal plants. However, as previously mentioned in section one this impact could vary depending on other factors.

As a result, there is a need for clear remediation standards. This would benefit:

- renovators who will be tasked with remediating properties in the future, and should have clear guidelines;
- builders, who may acquire properties for future development;
- lenders, who will assist with renovation financing or mortgages post-remediation;
- insurance providers, as homes previously used for drug operations currently have significantly higher premiums, are denied coverage, or have very limited coverage.

With the proposed regulations it is likely that there will be more homes affected. The provincial government should be actively involved in the process in coordination with industry and federal stakeholders, especially with the high proportion of existing properties in British Columbia.

CHBA BC also stresses the importance of mitigating cost increases in this discussion. It is important that the provincial government does not push homeowners towards underground economy operators due to high costs or onerous regulations.

3. Impacts on home warranty insurance

B.C. has mandatory home warranty insurance for every newly-built home, using the same 2-5-10 system for material and labour, building envelope, and structural issues. If a home is used for commercial drug production, the home is no longer for residential purposes and warranty claims could be void. However, without clear differences between what is a “drug operation” and what is personal use, this could be more difficult to regulate.

Warranty is also sustained with regular home maintenance. Personal cultivation can create excess heat and moisture that can impact materials and may affect home warranty coverage. There are also other impacts that are not yet understood, such as transfer of ownership from one household that is growing cannabis to one that is not and when the defects may appear. A clear understanding of the responsibilities and standards for new home warranty will be beneficial for both builders and home warranty providers.

4. Public knowledge of properties used for personal cultivation

Across British Columbia, there is no consistent requirement on what information is available regarding drug production. With legalization, many would benefit from this information – such as home buyers, renters, contractors, insurance agents, and mortgage brokers – so they can make informed decisions. In addition, understanding this information in concert with clear remediation standards will clarify to home buyers what work might be required for any renovations ahead of purchasing.

Summary

These key policy areas, among others, will need to be addressed in the transition to cannabis as a legal substance. A focus should be on ensuring homes used for personal cultivation can be sufficiently returned to market, rather than left empty or penalized. Ahead of the deadline, CHBA BC recommends additional consultation to ensure the legislation provides sufficient clarity for B.C.’s residential construction industry in these core areas. CHBA BC looks forward to participating in further consultations.

Thank you for the opportunity to provide input on this issue.

Sincerely,



Neil Moody

CEO, Canadian Home Builders' Association of British Columbia