

**CCTF Staff Summary
Barrett Commission Report -
British Columbia**

**November 15, 2005
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Barrett Commission. (June 1998). Renewal of trust in residential construction: Commission of inquiry into the quality of condominium construction in British Columbia. Victoria: Government of the Province of British Columbia.

Available online from <http://www.hpo.bc.ca/Overview/Barrett1/contents.htm>.

Background: This report from British Columbia investigates the adequacy of consumer protection as well as the reasons for and contributing factors to a decline in the quality of residential construction in the province. The commission's work examined a broad range of factors related to building science and the building process. The majority of the material presented in this report is a result of extensive public hearings and numerous written submissions received by the Commission during late April and May 1998.

Analysis: Similar to the CCTF, the Barrett Commission was charged with developing recommendations to ensure consumer protection and accountability for residential construction. The Commission took a comprehensive approach to this task, consulting with numerous stakeholders on various sides of the issues. Vancouver shares similar climatic conditions as the western part of Oregon, and Oregon's current housing boom is reminiscent of the Vancouver housing industry in the late '80's and early 90's. Ultimately, this study resulted in reduced claims and a recovery in housing prices (evidence that confidence in residential construction has improved).

The Commission's findings and recommendations are summarized on the following pages. The commission found that the quality of design and construction was the immediate cause of the "leaky condo" problem. The report attributes this decline in quality to fundamental changes in the nature of the residential building industry that rendered the consumer protection provided by the existing regulatory framework and market forces inadequate. The report explains that in the past, when a multi-million dollar project was sold, involving one seller and one buyer, there was a relationship between these parties. Problems of quality construction were more readily identifiable and more effectively remedied. The Commission found that as the economy heated up during the 1980s and 1990s, the excessive demand for design professionals and qualified workers led to a decline in quality.

The Commission's recommendations concentrated on four general areas:

- § Improving the quality of work primarily through training, and licensure;
- § Developing best practices through increased research and education;
- § Establishing mandatory, third-party warranty coverage; and
- § Forming the Homeowners Protection Office to provide consumer education, oversight, and recovery funds.

CATEGORY	FINDINGS	RECOMMENDATIONS
<u>Construction Practices</u>		
Building materials	§ Inappropriate use of materials given design or climatic conditions	§ Fund and disseminate building science research
Design	§ Lack of understanding regarding building science (e.g., eaves and other overhangs) § Designers did not consider impact when specifying materials or methods § Drawings lacked sufficient detail § Insufficient oversight on the job site by engineer/architect § Engineer/architect could not ensure that plans were properly translated by the developer § Designs focused more on aesthetics than function	§ Fund and disseminate building science research § Ensure that building design considers building science regarding envelopes either through a checklist, increased training, or requiring review by a specialist. § Require general contractor to submit a project schedule to the architect so visits can be timed accordingly
Training/education	§ Lack of commitment to training workers; instead builders used apprentices as cheap labor § Lack of skills/collective memory regarding building practices	§ Increased funding for training and apprenticeship programs § Increased training focused on building envelopes especially for multi-family units
Workmanship	§ Excessive demand led to use of unskilled labor and pressured schedules to get homes to market § Common defect - improperly sloped balconies, poor joints, lack of proper flashing § Common defect - improper installation especially around penetrations of the building	§ Fund and disseminate building science research § Develop a set of best practices regarding building practices and building envelope repair

CATEGORY	FINDINGS	RECOMMENDATIONS
	envelope	
<u>Regulatory Environment</u>		
Building codes	§	§
Energy efficiency	§ Increases in energy efficiency through insulation reduced the drying potential of the building cavity	§ No reduction in energy efficiency standards suggested.
Inspections	§ Ineffective enforcement of building codes § Municipal inspectors did not consider quality of work § Lack of communication regarding the role and responsibility of building inspections. Homeowners believed it was a quality check. § Lack of monitoring by municipalities of the building process	§ No additional inspections suggested but the commission did recommend increased education of inspectors regarding building envelope issues and that inspectors focus on these issues during inspections.
Insurance/bonding	§ Financial institutions, mortgage guarantors and warranty programs failed to properly assess risk and provided coverage to bad builders	§
Licensing	§ Lack of regulation allowed unscrupulous developers and contractors to thrive § Builders increasingly employed unqualified, unlicensed individuals § Excessive competition and cutthroat environment -- anyone with “a half-ton and a ladder” can become a contractor. Fly-by-night operators bid down projects and performed	§ Require licensure of residential builders and renovators § Increased enforcement of licensing provisions to decrease the use of unlicensed tradespeople § Minimum education and training required for licensure (varies by sub-specialty)

CATEGORY	FINDINGS	RECOMMENDATIONS
	shoddy work	
<u>Dispute Resolution</u>		
Arbitration/mediation	§ Lawsuits were costly, time consuming, and led to inefficient outcomes	§ Third-party mediation of warranty disputes (costs shared equally) § Alternative dispute resolution mandatory for industry; optional for consumers
Legal framework	§ Statute of limitations was inconsistent and too short § Current laws shielded corporations (developers and contractors) from responsibility § Architects were not required to disclose prior settlements regarding the quality of their work	§
<u>Homeowner Rights & Responsibilities</u>		
Consumer education	§ Poor communication channels between consumers and developers, general contractors, and subcontractors. § Overly complex contract language § Lack of information/awareness when making decisions	§ Fund consumer education and public outreach § Require condo owner associations to keep records of all repairs and problems and make these available to owners and prospective owners
Maintenance	§ Commission found that most problems were the result of shoddy construction not maintenance	§ Register property management firms and require “arms-length” relationship with developers § Require developers to supply condo owners association with maintenance plans

CATEGORY	FINDINGS	RECOMMENDATIONS
Warranties	<p>§ Conflict of interest with main warranty provider, which was a sub-corporation of the builders association</p> <p>§ Numerous complaints about lack of coverage (statute of limitations and exclusion) and poor customer service</p> <p>§ Warranty providers were not regulated by the financial institutions commission and had insufficient reserves</p>	<p>§ Mandatory 2-5-10 warranty on all new homes (2 yrs. labor, 5 yrs. envelop; 10 yrs. structure)</p> <p>§ Prevent developers/contractors from investing in warranty providers; must be a third-party provider with “arms length” relationship with builders</p> <p>§ Change regulations to increase number of warranty providers while ensuring financial oversight</p> <p>§ Third-party mediation of warranty disputes (costs shared equally)</p>
Repair costs	<p>§ Consumers faced financial difficulties and emotional stress from trying to meet repair bills</p>	<p>§ Provide financial assistance through tax rebates, loans, and grants (paid for through \$750 levy on multi-family units)</p> <p>§ Mandatory 2-5-10 warranty on all new homes (2 yrs. labor, 5 yrs. envelop; 10 yrs. structure)</p>