



Overview of the Homeowner Protection Office

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Our Mandate: Homeowner Protection Act 1998

- HPO established as a provincial Crown corporation
- Help bring about improvements in the quality of residential construction in British Columbia
- Increase consumer protection for new homebuyers



HPO's Responsibilities

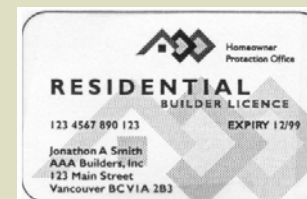
- License residential builders and building envelope renovators
- Monitor the performance of home warranty insurance system
- Research and education – building science, best practices and consumer information
- Financial assistance to owners of leaky homes



Residential Builder Licensing

Residential builders of new homes must be licensed by the HPO in order to:

- Get a building permit
- Commence construction



Home Warranty Insurance

- Residential builders must arrange for home warranty insurance before obtaining a building permit or starting construction.
- Only provided by insurance companies approved by the provincial Financial Institutions Commission.
- Minimum coverage set by provincial government (2-5-10 year warranty insurance).



Owner-built Homes

- Exempt from licensing and warranty insurance requirements
- **PERSONALLY** liable for 10 years
- Personal use only
- Must build or manage sub-trades yourself
- 18-month restriction
- Significant abuse of exemption



Raising the Bar



What is "Raising the Bar"?

Responds to the Minister Responsible for Housing's direction to develop a discussion paper on the further increase of professionalism of the residential construction sector".



Why Consider Raising the Bar?

Consultations with industry/consumers and the Licensed Residential Builder survey indicated:

- Significant progress made since HPO established in 1998
- Significant challenges still remain



Challenges Still to be Addressed

- Absence of meaningful entry requirements
 - 72% of licensed builders in favour of education and training requirements
- Voluntary nature of training programs
- Black-market building
 - 80% of licensed builders want changes to the owner-builder exemption
- Limited legal authority for HPO to perform gate-keeping



Option # 1

Promote and strengthen the current voluntary professionalism programs of industry associations



Option # 1

- Partner with industry to build on and increase accessibility of existing professional development programs
- Expand HPO registry:
 - Licensees' qualifications
 - Registry of new homes
- Address black-market building activity



Option # 2

Coordinated approach which links knowledge, licensing and owner-builder arrangements in a way that complements the activities of industry associations and training organizations.



Option # 2

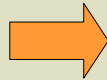
- Introduction of minimum education and training requirements
- Address black-market building activity
- Improve HPO's effectiveness to ensure compliance
- Expand HPO registry
 - Licensees' qualifications
 - Registry of new homes



Improving HPO Effectiveness: Licensing

Current:

Acceptance with warranty provider the primary requirement for licensing



Proposed:

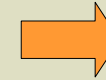
HPO to assess broad range of qualifications for licensing and registration



Improving HPO Effectiveness: Handling Non-compliance

Current:

Must rely on prosecutions to be accepted and carried through by Crown Counsel (out of HPO's hands) and injunctive relief



Proposed:

Addition of administrative penalties (ticketing) for fast, effective action



Result of Raising the Bar Consultation

- HPO Board's recommendations to Minister based on Option #2
- Minister supportive of direction and confirms need for collaborative approach with those that will be licensed
- Phased implementation



Phase I



- Compliance
- Owner-builder issues



Phase I: Owner-builder Exemption

- Extend the period of time that must pass between exemptions
- Registration with HPO could require:
 - Simple technical orientation program or
 - Examination to demonstrate an understanding of construction basics, building code, municipal approvals and obligations
- Fee to cover administration and compliance (licensed builders would no longer subsidize)
- Deal with ownership issues like family farm corporations



Phase II: Collaborative Process with Those Who Must be Licensed

- Different categories of licences
- Define core credentials. Recognize equivalencies.
- Create framework to assess core competencies
- Establish minimum requirements



Next Steps

- Task group to prepare recommendations to HPO Board
- HPO Board submits its recommendations to the Minister Responsible for Housing



Thank you

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