

REPORT OF THE PRESIDENT

BOARD OF DIRECTORS

JANUARY 2000

REPORT ON LEAKY CONDO ISSUE

Update on the Barrett Commission II and Building Envelope Failures in the Coastal Climate of BC

In response to the collapse of the New Home Warranty Program of BC and the Yukon (NHW), the Provincial Government appointed, in August 1999, a second Commission of Inquiry into the Quality of Condominium Construction in BC, led by former BC Premier Dave Barrett. The Commission adjourned its hearings on 13 January and is expected to submit its report to the Provincial Government on 10 March.

Jeff Loucks, Manager of Singles Underwriting in BC and Yukon Region was called to appear before of the Commission on 6 December as a result of his personal involvement on the Executive Committee of CHBA-BC. While Mr Loucks appeared in a personal capacity, he was asked to respond to a number of questions related to CMHC's business and operations, including its role in the area of consumer protection. Mr Loucks and a subsequent presenter from CHBA-BC confirmed once again before the Commission that neither himself or the Corporation had advanced knowledge of NHW's financial difficulties or imminent demise.

CMHC's interaction with the Commission has since been limited to exchanges of correspondence on additional information and clarifications following Jim Lynch's appearance before the Commission on 3 November. Overall, the focus of the Commission in December and January shifted toward NHW and its former President with few references to or implications for CMHC. Mould was raised as an issue for leaky condo owners and workers of companies conducting repairs. A presentation by Adaire Chown of the National Research Council (NRC) concluded the Commission's hearings. It confirmed the findings of CMHC's research on the causes of building envelope failures and reiterated that the building code was not the cause of these failures.

Meanwhile, the Corporation has enhanced its assistance to address building envelope failures on two fronts. Recent funding increases to the RRAP program and more flexible eligibility criteria for owners of moisture damaged condominiums in BC will provide greater access to CMHC's assistance. Moreover, the Corporation is providing direct loans to co-operatives to fund repairs required by premature building envelope failure. The province's Home Protection office (HPO) participates by paying the interest portion of these loans for a ten year period after the work has been completed.

In anticipation of the release of the report of the Barrett Commission, BC and Yukon Region has secured the services of Jones Johnston Communications to provide support over the next few weeks for strategic communications and media relations. Following the last Board meeting, the Corporation has developed a communications plan and secured funds to proactively disseminate information on CMHC products and services related to building envelope failures. The key messages are that *CMHC has tools to help you make decisions about: buying a condo, repairing a condo or securing financing to pay special assessments and CMHC has solutions to build and repair condos so they do not leak.*

A key element of the plan include a demonstration house being developed in partnership with the Vancouver Chapter of CHBA, the British Columbia Institute of Technology (BCIT), the University of British Columbia and others. CMHC will receive high visibility in this project which will feature Healthy Housing, FlexHousing, and state-of-the-art rain screen technology. The house will be on display at the BC Spring Home Show in late February and then moved to the BCIT campus where it will be available for visits for a period of five years.

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Corporate Events and Activities

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- Moisture damaged housing cooperatives -

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POLICY AND PROGRAMS

British Columbia's Homeowner's Reconstruction Loan Program (HRLP)

The Government of Canada has agreed to make, through CMHC, a financial contribution to British Columbia's Homeowner's Reconstruction Loan Program (HRLP). HRLP is designed to help owners of moisture-damaged homes in the province who do not have savings or who cannot borrow more because they do not have the means to repay or because their home cannot support additional debt. This contribution will be no more than 50 per cent of the eligible amount expended by HRLP, up to \$27.7 million over ten years. About \$6 million have already been advanced to the province. CMHC's contribution to HRLP is funded by the unappropriated MIF surplus.