

Minister of Labour
and Housing

Ministre du Travail et
du Logement

Ottawa, Canada K1A 0J2

JUN 21 2005

Mr. John Cummins, M.P.
Delta - Richmond East
Room 548, Confederation Building
House of Commons
Ottawa, Ontario
K1A 0P7

Dear Mr. Cummins:

Thank you for your letters of April 12 and May 18, 2005, concerning Canada Mortgage and Housing Corporation (CMHC) documents that became available to you under the Access to Information Act or other means.

I am advised by officials at CMHC that all the documents you refer to are part of or have been produced in the course of an action filed in the British Columbia Supreme Court against CMHC and, as such, go to the issues before the court. Given the circumstances, and as I am sure you can appreciate, it would not be appropriate for me to comment.

However, understanding that I cannot comment now or in the future on the documents produced in the action or the matters at issue, I do think it would be helpful to provide you with some clarifications on the subject of your letter, that of moisture problems in housing in British Columbia. It will be of assistance to you to understand that the moisture problems experienced by British Columbia residents in the 1990's, unlike Newfoundland, were not a matter of condensation arising because of moisture sources internal to the building.

Furthermore, and with respect to your comments regarding the National Building Code, as you are most likely aware, the Government of British Columbia provided a public hearing into the "leaky condo" problems under the direction of the Honourable David Barrett. Following extensive testimony received from numerous professionals, the Barrett Commission determined that the leaky condo problems were not code related, stating it had found no evidence that building envelopes constructed according to the building code would fail.

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Over the years, CMHC has committed substantial resources and commissioned many research studies towards determining the extent of moisture problems, has worked with housing stakeholders to identify viable solutions; and has developed educational training and information materials and delivered or participated in workshops and seminars in co-operation with and for various housing stakeholders.

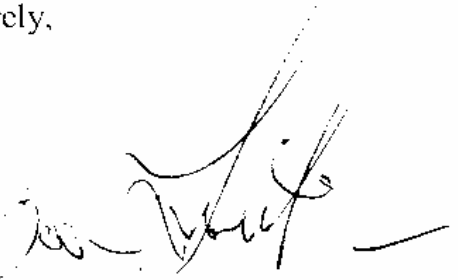
More specifically and with respect to the British Columbia situation, CMHC has responded to the "leaky condo" situation in a variety of ways and worked in close collaboration with the Province of British Columbia, other government agencies and industry stakeholders to help bring relief to affected homeowners. Over the years, CMHC has dedicated to the British Columbia region over \$2 million in research and information transfer to assist the construction and housing industry to address moisture problems and has collaborated with organizations including the British Columbia Home Builders' Association; the Urban Development Institute; the BC Carpenters' Union; the British Columbia Building Envelope Council; and, the Architectural Institute of British Columbia.

As well, in 1995, through partnering with the housing industry, CMHC founded a consortium called the Building Envelope Research Consortium (BERC), which was comprised of stakeholders in the housing industry including members of the development industry; the architectural and engineering professions; contractors and trade organizations; the Province of British Columbia; and, other government agencies. CMHC, together with the other members of BERC, worked together and achieved the following objectives: determined what improvements could be made to designs and building practices and recommended their adoption by the housing industry; created a framework for continuous improvement; created a foundation for education and training; and, recommended future research projects.

In addition to the support and affiliation with the housing industry, CMHC has also worked in partnerships with various organizations to develop various information products for consumers and provided support to homeowners to help them with the costs of repairing their homes, including: facilitating access to additional financing through modifications to CMHC's loan insurance policies; contributing \$27.7 million to the Province's Homeowners' Reconstruction Loan Program; and, increased program flexibility and additional funding under the Residential Rehabilitation Assistance Program (RRAP), with eligibility for all or a portion of a RRAP loan to be forgiven. Further, other federal government programs (under the Income Tax Act) and provincial government programs (the Homeowners' Reconstruction Loan Program and the Provincial Sale Tax Relief Grant Program) under the British Columbia Homeowner Protection Office offer additional relief.

I trust this information will serve to assist you in understanding how very different the earlier problems that arose in Newfoundland were from those later experienced in British Columbia and how CMHC, as Canada's national housing agency, has utilized its resources to collaborate with industry stakeholders to support and assist consumers and the industry itself to resolve the problems experienced.

Sincerely,



The Honourable Joe Fontana, P.C., M.P.