

Remediation Standard for legal and illegal substance affected properties

In late 2018, the Federal Government legalized cannabis for recreational use including providing all citizens the legal right to grow up to 4 plants in their own home, without required training to prevent potential damage to the home. This new change in law has further aggravated the concern of the Chambers of Commerce and the Real Estate Boards across BC as a lack of standard in remediation continues to hamper the housing stocks with banks and insurance companies refusing to finance or only do so at increasingly high rates.

Currently, the lack of a standardized remediation schedule, universally acceptable to lenders and insurers, if a home or commercial property has been identified as being used to cultivate or manufacture drugs, illegal or otherwise, would not be financeable by a mainstream conventional mortgage.* Compounding these problems, due to the same lack of standard, it is increasingly more difficult or costly to insure these properties which in some cases makes alternative financing altogether cost prohibitive.** Given the number of illegal marijuana grow-ops which have been identified to date, and the new allowance for citizens to grow in their homes with no formal training to prevent damage to the home and number of Health Canada Licenses having been issued for Personal Use (PUPL) and Designated Personal Use (DPPL), it is reasonable to say that this lack of acceptable standard poses a substantial risk to the financial ability of a significant segment of our residential housing stock in British Columbia.

The new Federal Cannabis Legislation has not properly addressed the need to keep residential homes safe when used in the production of Cannabis. The stigma attached to Cannabis has not been forgotten by those in the banking and insurance industry and a person wishing to grow their own 4 plants in their home, could be unintentionally affecting their ability to finance or insure their home in future. Further definition of remediation and the extent of what remediation would be required is needed to create clarity amongst the industry.

Although much attention recently has been paid to the real estate market in the Greater Vancouver area and the Fraser Valley Region, this is a province-wide problem. Non-financeable homes pose differing difficulties to various parts of British Columbia. For example: in Quesnel and other similar economic regions, homes are often being left abandoned and are unable to be re-introduced in the housing supply. Whereas in areas such as the Fraser Valley which traditionally attract new homebuyers with affordable homes as an extended suburb of the Metro Vancouver Region, the decreasing stock of mortgageable properties is making it increasingly difficult for these home seekers to make a purchase. A freedom of information request made by the District of Mission in 2013 uncovered that their community had 583 PUPL and 73 DPPL licenses and an additional 671 ATP (Authorize to possess) licenses covering a population of approximately 39,000 residents and between 12,000-14,000 residential homes. (Trade and Invest BC n.d.)

As a secondary concern but no less alarming, across the province, the homes that cannot be sold and reintroduced into the housing stock legitimately (with full remediation), have the potential to be sold and or rented privately, to perhaps unsuspecting buyers or renters, after the seller/landlord has done some marginal repairs to the home. This problem is not only affecting the current availability of homes but is also a public safety concern since we have no standardized schedule of remediation. For example: In the East Kootenays, housing availability for rental is at a historical low of 0.2%, lack of a minimum remediation standard in place is

allowing homes, that are not properly remediated or suitable for living, to be offered in the rental market to unsuspecting renters, potentially creating health and safety concerns for their families.

Background research to illustrate the problem:

** "RBC Financial will not enter into any credit deals that have been deemed as current or previous operation (illegal substances)". "Even if the Structure is torn down, the property remains tagged and we still do not fund these credit deals" - Kathleen Haydu, Branch Manager.*

** "If we (TD Bank) know about the issue (former or current illegal substance operations) at the start of our interview process, we don't proceed with the application." -Bruce Murray, Branch Manager.*

** "All chartered banks and most single stream mortgage lenders will not finance former illegal substance operations such as grow-ops." "In most cases with alternate financing, more than a 50 percent down payment is required and some level of underwriting is required." - Doug Lifford Mortgage Services.*

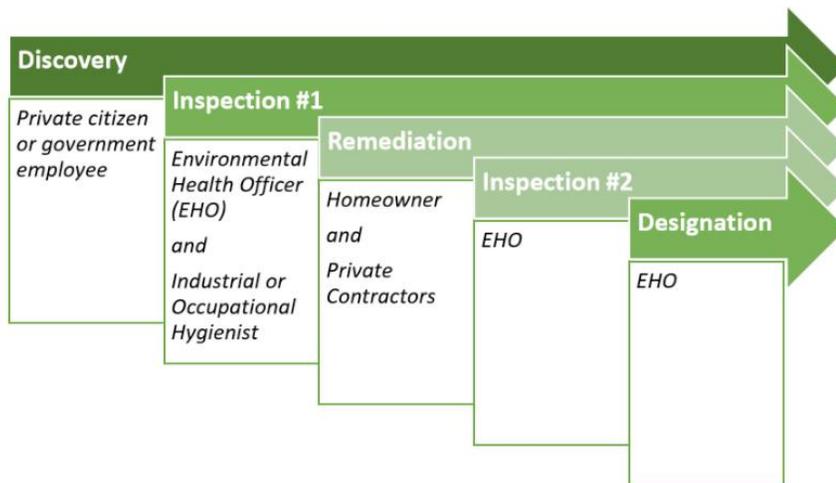
*** "I (Johnston Meier Insurance) have one regular homeowners market that will insure a former grow op." "No matter how long ago they require Current Air Quality testing provided by a qualified contractor with CGL in place, current Electrical passed permit by someone with a CGL in place and current personal inspection by the broker, no matter how long since the grow-op." - Gloria Allinson, JM Insurance Group*

While this problem challenging our housing stock has received limited attention from a few individual municipalities, those organizations that are directly involved in the housing industry such as the BC Real Estate Association (BCREA) and BC Homebuilders Association have been actively advocating for provincial government intervention. The Mission Regional Chamber of Commerce has been working closely with the BCREA and BC Home Builders Association since 2014 to align their concerns, research and ask of government together. The Chamber strongly supports and is directly engaged in the research developed by the BCREA in partnership with UFV.

The following makes up the summary page of the BCREA recent study calling for the province to create "Healthy Homes for British Columbians" (Ref: <http://bcrea.bc.ca/docs/government-relations/ensuring-healthy-homes-for-british-columbians.pdf?sfvrsn=2>)

Considering the unique harms inflicted on homes used in the production of cannabis and synthetic drugs, a structured remediation process is essential to ensure such properties are effectively reintroduced into the housing market. Unfortunately, BC has no provincial policy framework.

Research conducted by the University of the Fraser Valley School of Criminology and Criminal Justice proposes a remediation process that takes a public health perspective and identifies roles and responsibilities for various stakeholders.



It is suggested that the initial inspection and subsequent Orders be issued by a regional environmental health officer under the authority of the B.C. Public Health Act, that air quality and specific remediation requirements be the responsibility of certified experts, including Certified Industrial Hygienists or occupational hygienists, and that remediation work itself be carried out by contractors. Further, it is suggested that under Inspection #2 it would be the responsibility of the environmental health officer to designate a home as fully remediated. It is proposed that further development of the healthy home definition and standards, as well as the standards and processes required as part of the DIRID process, come under the provincial Ministry of Health. It is believed that this process, or one similar to it, would facilitate a holistic provincial response and ensure the safety and health of residences and their occupants in the Province of British Columbia.

Stage	Description	Done by
D iscovery	Homes used for drug production are typically identified by self-reporting through application for a permit, through some sort of inspection, or by a neighbour. A report is made to the Ministry of Health.	Private citizen or government employee
I nspection #1	Qualified inspectors look for health hazards. If hazards exist, an order is issued to protect the public safety. Orders are publicly available, either through a website or on land titles.	Environmental Health Officer and Industrial or Occupational Hygienist
R emediation	Homeowners hire qualified contractors to bring the home up to healthy standards.	Homeowner and private contractors
I nspection #2	Provincial Environmental Health Officers inspect the home.	Environmental Health Officer
D esignation	Provincial Environmental Health Officers designate the home as fully remediated and healthy. All orders and land title notices are removed.	Environmental Health Officer

To date, there remains no consistent or universal policy which will satisfy the needs of potential buyers, financial institutions or insurers in any meaningful way.

We believe the only way to sufficiently address this situation is for the Government of British Columbia to take a lead role in developing the necessary standards. Exemplifying an example of

this, the Government of Alberta has shown excellent leadership regarding this concern. Prior to the last Alberta provincial election, the Grow-Op Free Alberta Final Recommendations Report was adopted in 2014 containing 37 recommendations that encompass the health, safety and remediation challenge's residential grow operations pose to current inhabitants, potential buyers and the community and province as a whole. The BC Government could certainly use these recommendations as a firm starting point along with the study completed by UFV to help in putting forward the framework.

THE CHAMBER RECOMMENDS

1. That the Provincial & Federal Government develop a comprehensive remediation standard to secure the conventionally available housing stock affected by legal and illegal manufacture and/or cultivation of substances, which will satisfy the needs of the industries affected including the real estate, financial, insurance and construction-related industries and the clients they serve.
2. Create a clear definition of when remediation would be required to create clarity amongst the industry.
3. Provide clear communication and training for BC citizens wishing to grow in their own homes so to reduce the risk of homes being classified as needing remediation

Submitted by the Cranbrook Chamber of Commerce and Mission Regional Chamber of Commerce