

BCBEC

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Leaky Condo Crisis – Transforming an Industry

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RDH Founder, Board Chair





Lower Mainland and Vancouver Island mid 1990s

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News

Saturday, October 25, 1997

A billion-dollar nightmare

*Fixing failed condos
could cost \$1 billion*

Martin van den Hemel
staff reporter

It's an estimated billion-dollar problem that scientists warned of more than a decade ago.

Canada Mortgage and Housing Corporation's Jim White says researchers knew the use of wall designs common inside most failing condominiums on the West

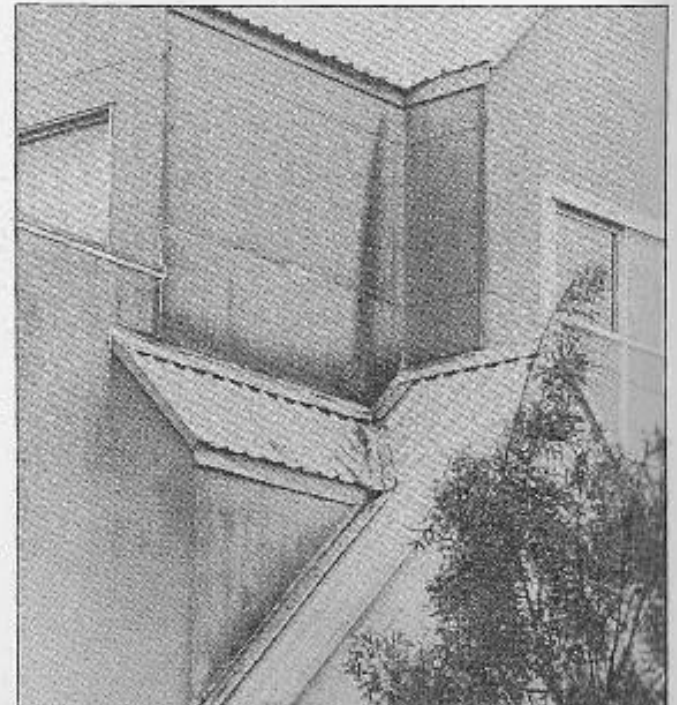
indicated that walls without rainscreens (a drainage cavity inside a wall that allows for penetrating water to exit a wall) will not hold up to the Lower Mainland's wet weather. Not only are these walls flawed, they are destined to fail, he says.

But most of the failed three-storey wood-frame condos, which are rotting, have no rainscreens in their walls, he says.

CONDO CRISIS

First in a three-part series

You can't admit you were wrong then by



5,100 Vancouver-area condos leak, poll finds

Based on average repair cost of \$7,150 per unit this would put the total cost at more than \$36 million, according to figure provided by Canada Mortgage and Housing Corp.

WYNG CHOW
SUN BUSINESS REPORTER

An estimated 5,100 condominiums in Greater Vancouver have unrepaired leaks, an independent survey released Tuesday suggests.

Based on average repair cost of \$7,150 per unit — a figure provided by Canada Mortgage and Housing Corp. — this would put total repair costs at more than \$36 million.

Real estate consultant Frank Schliewinsky said water penetration in West Coast condos has become such a contentious issue that some people are comparing it to the great Manitoba flood of last year.

Estimates of the total damage caused by leaky condos range from \$100,000 up to \$1 billion for the entire province.

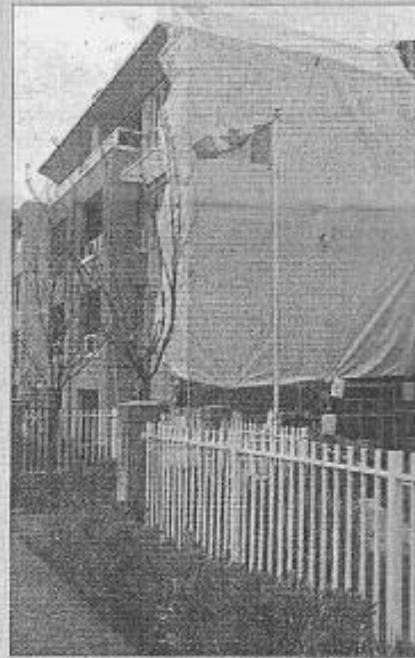
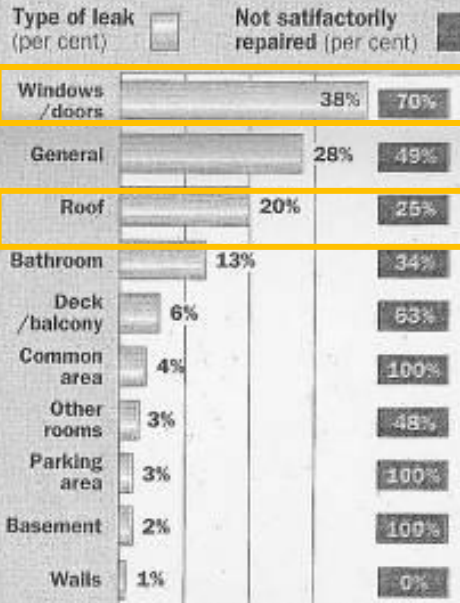
"A billion dollars would more than cover a total buyback of all 5,100 condos," Schliewinsky said in an interview.

"Everyone's got an opinion on who to blame and how much it's going to cost to fix. But given how many numbers are bandied about, it's apparent that nobody knows how big or extensive the problem really is. If it's do-able, let's fix it."

The survey of 2,200 new condo or townhome owners, conducted in 1996 by Schliewinsky's firm, Strategic Development Services Ltd., also suggested the degree to which leaks were not properly repaired vary by unit price, project type and market area.

Water, water everywhere

Condo owners were asked to pinpoint leaks and whether repairs had been satisfactory



A leaky Vancouver condo under repair.

Source: Strategic Development Services Ltd.

Condos with unresolved water problems had been purchased at an average of \$164,000, while problem-free units cost an average of \$194,000.

About 6.5 per cent of 877 survey respondents, or 57 people, complained their leaks were not

satisfactorily repaired within the first 10 to 22 months of occupancy.

Strategic's data base of Greater Vancouver's condo market shows that since 1989, more than 1,500 projects totalling 83,370 units have been put on sale.

Assuming 6.5 per cent of owners report unsatisfactorily repaired leaks, this would suggest the existence of 5,100 leaky condos.

The survey, gauging buyer

SEE CONDOS, D15





'CMHC to blame for much of condo woes'

In November *The Review* published an award-winning *Condo Crisis* series, in which a senior CMHC researcher admitted that Canada's national housing agency was warned that local condos might fail.

In a follow-up six-month investigation, new evidence has surfaced fingering the CMHC as a significant player in B.C.'s billion-dollar crisis.

In the first of the following three-part series *Hitting Home*, reporter Martin van den Hemel reveals the important warnings that were ignored.

Martin van den Hemel
staff reporter

Building scientist Joe Lstiburek doesn't feel guilty about the part he played in the current leaky condo crisis.

Back in 1982, in response to the oil crises of the '70s, he was hired to develop the federal energy-saving program that he now blames for

been fighting from the outside."

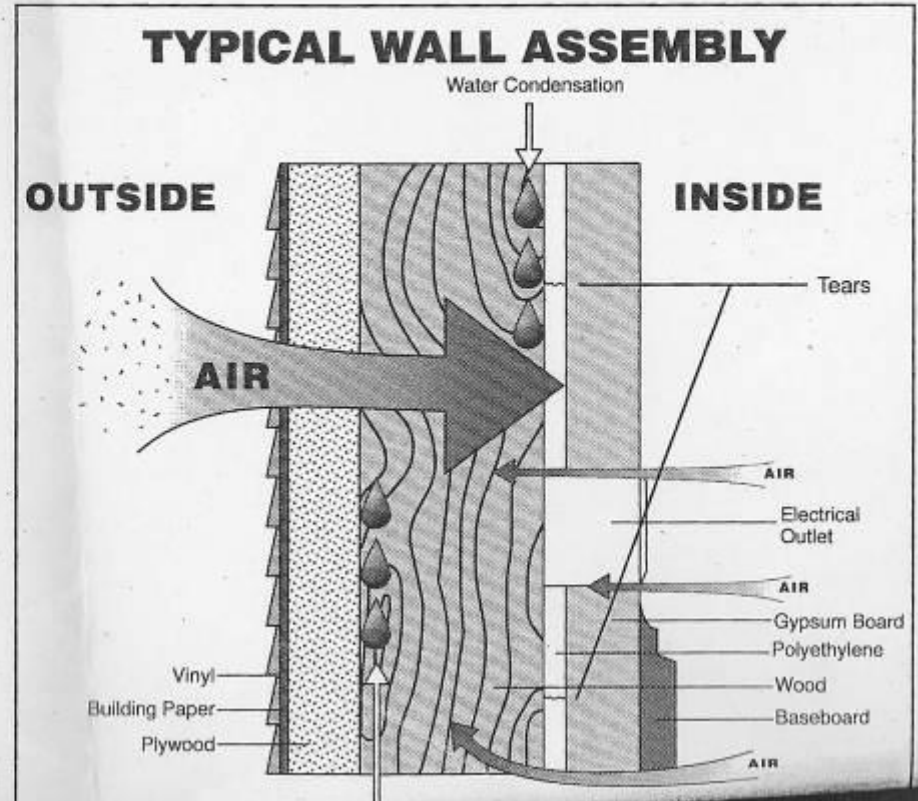
Ostracized by the CHBA, Lstiburek moved south of the border to Massachusetts in 1985 where he set up his own successful consulting firm, Building Science Corporation. Armed with

because the buildings were energy pigs." These days, homes are much better insulated, but also part of the reason why walls don't dry out quickly enough.

Despite his best efforts, the local condo tragedy unfolded before his eyes. So who's to blame?

The federal government, Lstiburek says. Despite loads of research that warned of the problem and of serious design flaws in R-2000 homes, little was done. Instead of addressing the concerns raised in several of its own research papers, the

CMHC, along with Natural Resources Canada, continued to espouse R-2000 technology. "The government was not on the sidelines here. The



Blame the Government...

Costs range from \$58,000 to more than \$100,000 per unit

Leaky highrise owners go from 'disbelief' to forking out

By Matthew Claxton
Contributing writer

WHEN SCHOOL TEACHER Marvin Mures bought a condo in the Pacific Point high-rise downtown in the early '90s, he thought he'd made a wise purchase. News had just broken of leaks in condos south of False Creek.

"I thought I was avoiding it by buying into a concrete highrise," Mures said.

He was wrong. More than a decade after the building was completed, residents of the 16-storey Pacific Point high-rise are facing a problem they thought was confined only to their lowrise neighbours—the leaky condo crisis.

The building at Pacific and Homer streets is wrapped in plastic as construction crews repair the building envelope damaged by 13 years of leaks. It was built by Bill Casson and Associates starting in 1989, and was designed by architecture firm Hancock, Bruckner, Eng and Wright. An office manager at the architecture firm said no one could com-

monly and discover anything shortly after construction finished in 1991.

"At first we thought that leaky condos were strictly confined to the lowrise buildings," Rumball said. "We noticed a huge repairs and maintenance expenditure on a yearly basis. Virtually everything was leaking."

The rebuilding will cost \$10.5 million and will include both towers and a connecting building, said Rumball. The cost ranges from \$58,000 to more than \$100,000 per unit.

Many residents have been unable to pay for the repairs, and have received zero-interest loans from the B.C. Homeowner Protection Office. According to the Crown corporation's statistics, 65,000 condo units in the province leak, and half have been repaired. The Homeowner Protection Office helps condo owners through grants to defray the provincial sales tax on repairs and interest-free loans to owners. The average loan given out in B.C. to owners of leaky condos is \$29,035 per unit.



Experts say plastic shrouds like the one encompassing the 16-storey Pacific Point building (right) will become a common sight as more highrises need leaks fixed. (Above) Residents enter the building through a construction zone.

photo: Dan Toulgoet

an investment, but has had difficulty finding tenants because of the leak. Now he is facing a \$62,000 repair bill and can't get a Homeowner Protection loan because he doesn't live in the building.

Several other highrise condos around Vancouver either have been repaired or will soon start repairs.

"It's maybe just surfacing," said David Podmore, president of the Urban Develop-

The number affected is unknown.

"I don't think anybody knows, but the number will be staggeringly high," said James Balderson, cofounder of the Coalition of Leaky Condo Owners.

Highrises have been slower to show up as leaky condos, Balderson said, because larger buildings take longer to show water damage. The real crisis in highrise dam-



Until 1999, the residents' and owner's will, then, to

Leaky condo class action suit eyed

Evidence indicates CMHC at least partly liable, claims Vancouver law firm

BY MARTIN VAN DEN HEMEL
BLACK PRESS

There may finally be a glimmer of hope for the thousands of leaky condo owners who have been searching for the past decade for someone to blame for their financial misery.

A Vancouver law firm specializing in construction law believes there's now ample evidence to support a class-action lawsuit against Canada's national housing agency, the Canada Mortgage and Housing Corporation (CMHC).

John Singleton, of the firm Singleton Urquhart, told Black Press Thursday he believes the "pursuit of the CMHC for at least contribution to the cost of the leaky condo debacle would prove successful" and his firm is poised to proceed.

But first he needs to find a single condominium owner who is willing to allow his or her name to stand as the class representative. That owner must live in a four-storey, wood-frame building built between 1987 and 1994. The condo must have face-sealed stucco walls and the owner must still have unsettled damages to the common property. Individuals who have successfully sued but received only partial damages as compensation would still qualify.

The specific type of leaky condo they're zeroing in on constitutes at least half and perhaps as much as 80% of the failed residential buildings in the Lower Mainland, Singleton said. But if this action is successful, the groundwork would be laid for other lawsuits to proceed for condos who don't fit the class description.

(Individuals who feel they meet the criteria, or who have questions, are asked to contact Hcr Communications at 604-513-5005 or e-mail plaintiffs@hotmail.com.)

Once the right person has been found, Singleton said, a "concerted effort will be made to pursue regulatory responsibility for what many consider to be the largest shadow ever cast over the construction industry in British Columbia and its regulators."

There would be no financial risk for the representative plaintiff, who wouldn't have to put up any money, he said, noting his firm will be acting on a contingency basis.

This isn't the first time a class-action lawsuit has been pursued.

In 2002, a Victoria lawyer failed in his bid to obtain court certification, a hurdle that must be cleared before this type of action can proceed to trial.

What's different this time around is the nature of the argument that forms the foundation of the legal action.

Three years ago, when Victoria's Mary Louise Kimpton acted on behalf of all leaky condo owners, the B.C. Supreme Court ruled there was no duty-of-care obligation on the

part of the defendants, which included the CMHC and the Attorney General of Canada.

Singleton, on the other hand, argues the CMHC was required by law to research home construction, investigate problems and ensure "that substandard housing doesn't find its way out into the marketplace."

"That's their statutory duty. It's not a power they're given in statute, it's an actual obligation that's imposed on them by their enabling statutes," he said. "That wasn't focussed on in the Kimpton action. The issue wasn't even raised."

Bolstered by several new documents, including the restricted and confidential papers first revealed by Black Press papers earlier this year, Singleton said, "It is becoming more and more apparent that at least one regulatory authority, CMHC, may have responsibility."

"Despite repeated attempts in the past to have governments and regulatory authorities respond to the leaky condo debacle in the Lower Mainland, no significant relief has been forthcoming. But there is new hope on the horizon."

If his firm can find a representative plaintiff within the next two months, he said he's confident arguments will be heard within a year. If the action is certified, a trial could begin a year later.

In 1997, CMHC researcher and whistleblower Jim White told Black Press that researchers warned a decade earlier of the type

"It is becoming more and more apparent that at least one regulatory authority, CMHC, may have responsibility."

JOHN SINGLETON, LAWYER

of moisture problems that eventually resulted in the widespread premature failure of hundreds of condo complexes, which required more than a billion dollars worth of repairs due to wood rot.

The documents obtained last April under a Freedom-Of-Information request through the office of Delta-Richmond East MP John Cummins substantiated White's allegations and revealed that concerns about liability and lawsuits were raised by government bureaucrats in the early 1980s.

Asked about the failure of previous leaky condo lawsuits, Singleton said: "Many of the initial asbestosis cases failed in the United States but, eventually, most of the major asbestos-producing companies went into receivership."

"One kick at the can doesn't mean the war is over," he said. "If there's some willing condo owner out there, I feel very confident the war can be won."

Who To Blame?

- Wet climate?
- Vapour barriers?
- Shifty developers?
- Architectural style – no overhangs
- Materials – OSB, stucco?
- Building code?
- Energy efficiency?
- Architects – lack of details and inspection?
- Building officials?

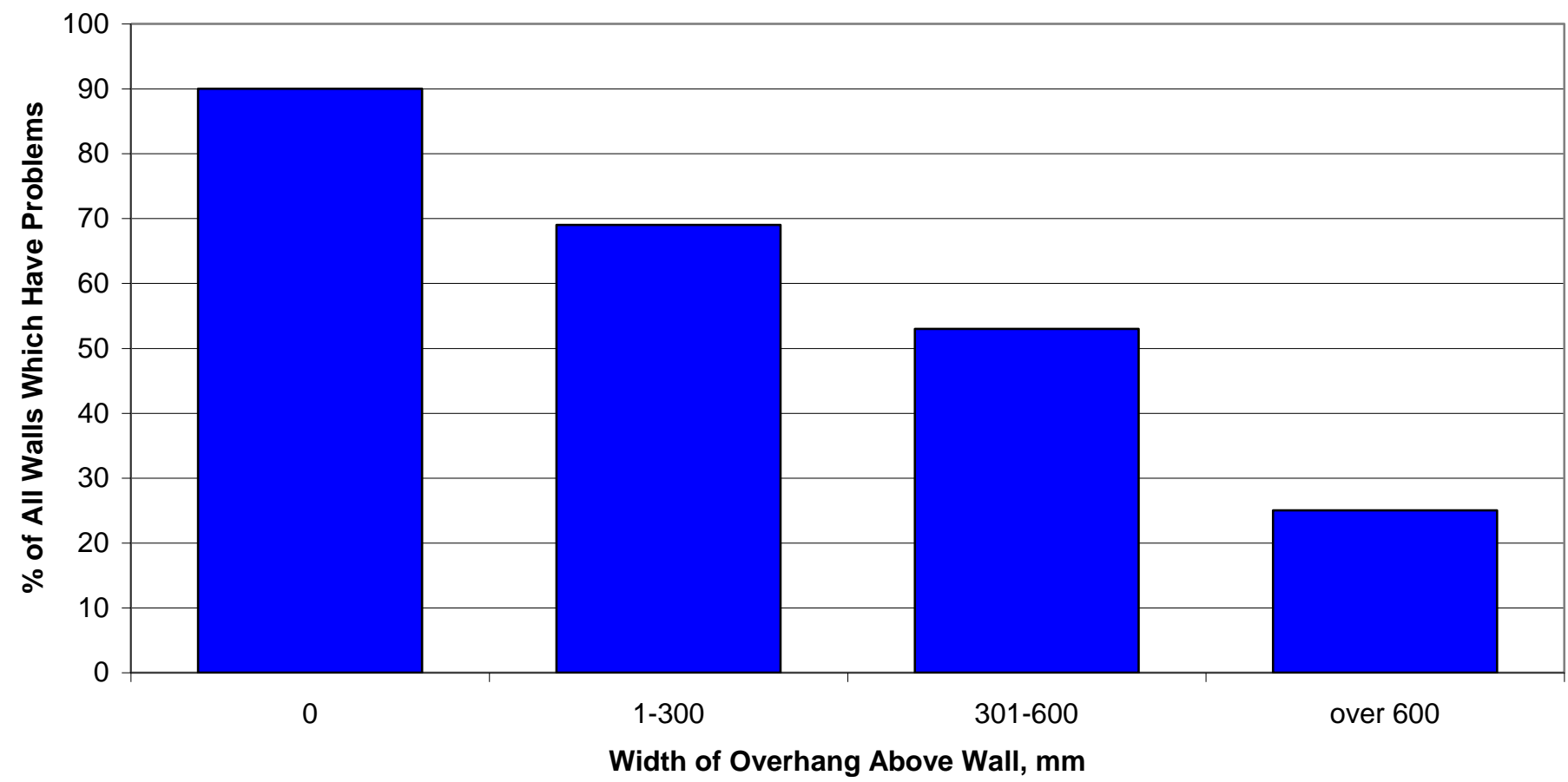


SURVEY OF BUILDING ENVELOPE FAILURES IN THE COASTAL CLIMATE OF BRITISH COLUMBIA

(CMHC 1996)

- Correlate building envelope performance problems that are being experienced in low-rise wood frame residential buildings in the coastal climate of the BC Lower Mainland, with sources of moisture, and design and construction features
- Large stakeholder group (BERC): development industry, the architectural and engineering professions, government agencies involved in housing, contractors and trade organizations
- Forty-six buildings were studied, 37 with performance problems, 9 without

Key Conclusions

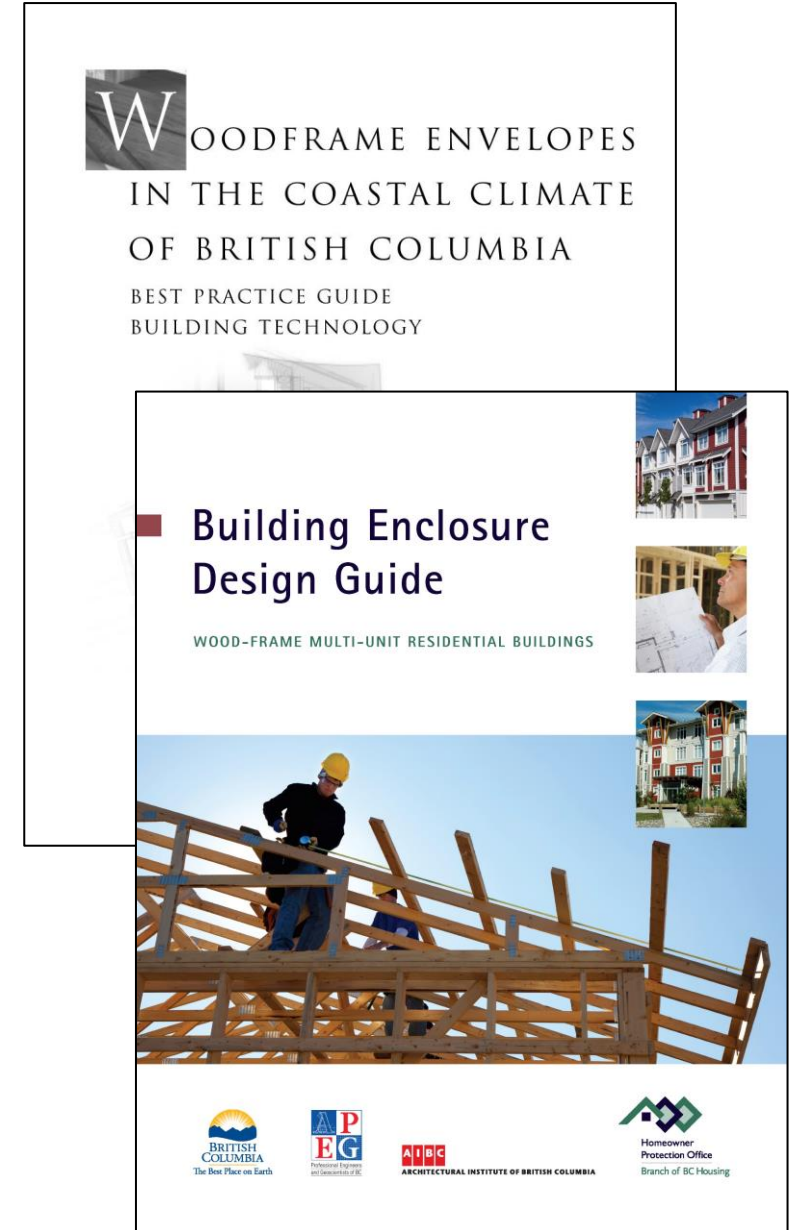


Key Conclusions

- Source of moisture leading to the performance problems was exterior water ingress
- Water enters the wall assemblies at interface and penetration details
- Failures related to aspects of the design and construction rather than operations or maintenance, or the materials themselves
- Lack of understanding in the design and construction industry regarding water management principles
- Drainage and drying potential have significant impact on the ability of a wall to perform
- Face sealed wall assemblies are very sensitive to design and construction variables and it is unlikely that acceptable performance can be achieved
- Lack of details and poor details are significant contributors to poor performance of as-constructed details

Key Recommendations

- Show more details (larger scale, 3-D)
- Develop guidance documents with respect to assemblies and details
- Communicate and verify performance of design intent through mock-ups
- Establish continuing education programs for architects and engineers regarding building enclosure performance
- Establish building envelope quality management and assurance protocols
- Train trade personnel with respect to the construction of the building enclosure



Leaky Condo Crisis Follow-up

- Former BC Premier Dave Barrett launched a commission (“The Barrett Commission”) and two public inquiries into the leaky condo crisis in 1998 and 2000
- Home Owner Protection Office (now part of BC Housing) formed in 1998 to protect homeowners/buyers through builder licensing, training of builders, research and guidance documents, and a 3rd party warranty
- Building code changes
- Education programs
- Arguably the leaky condo crisis generated our industry, one that now leads in North America



Many Other Studies and Guidelines

- Study of Poured-In-Place Concrete Wall Performance
- Performance of Rainscreen Walls
- Guide - Energy Efficient Building Enclosures
- Illustrated Guide - Achieving Airtight Buildings
- Builder Guide – BC Energy Step Code
- Window and Door Replacement Guide
- Heat Recovery Ventilation Guides
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Technology Improvements



Technology Improvements



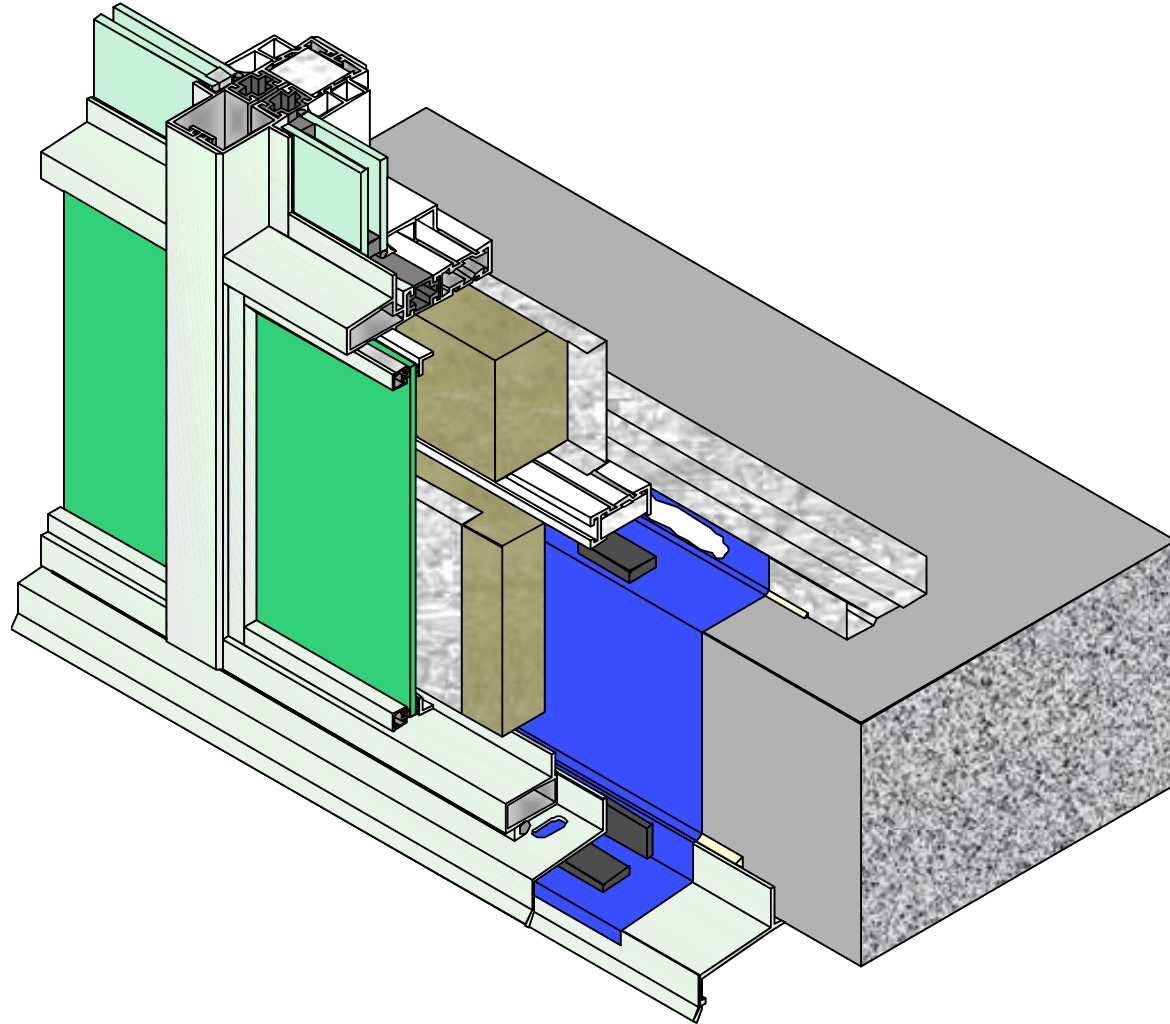
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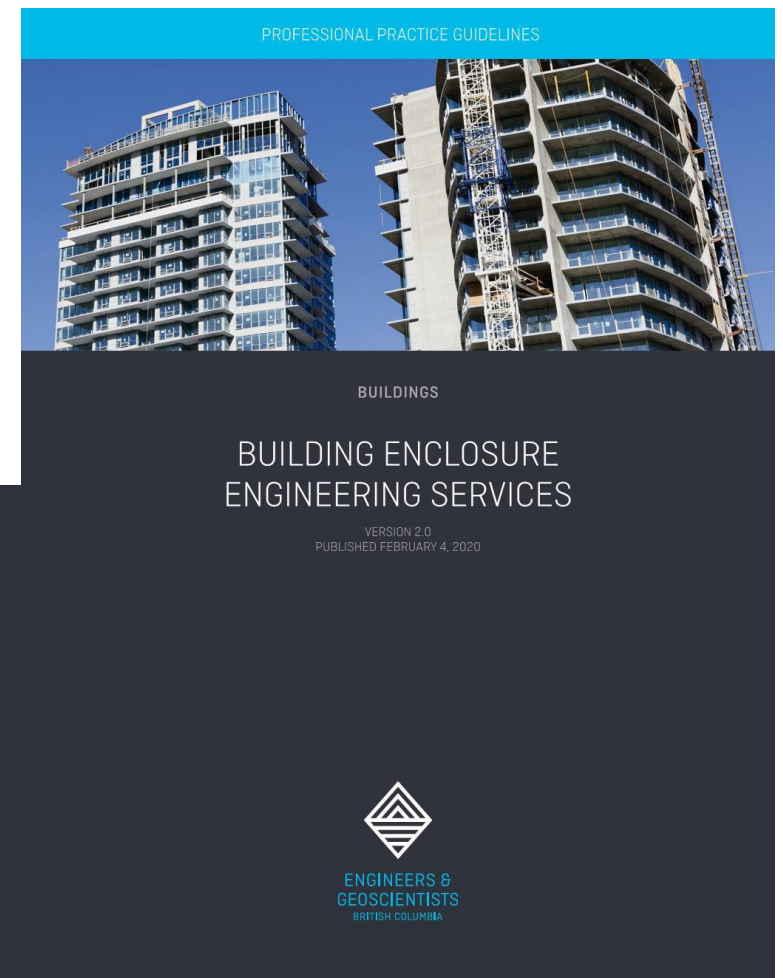
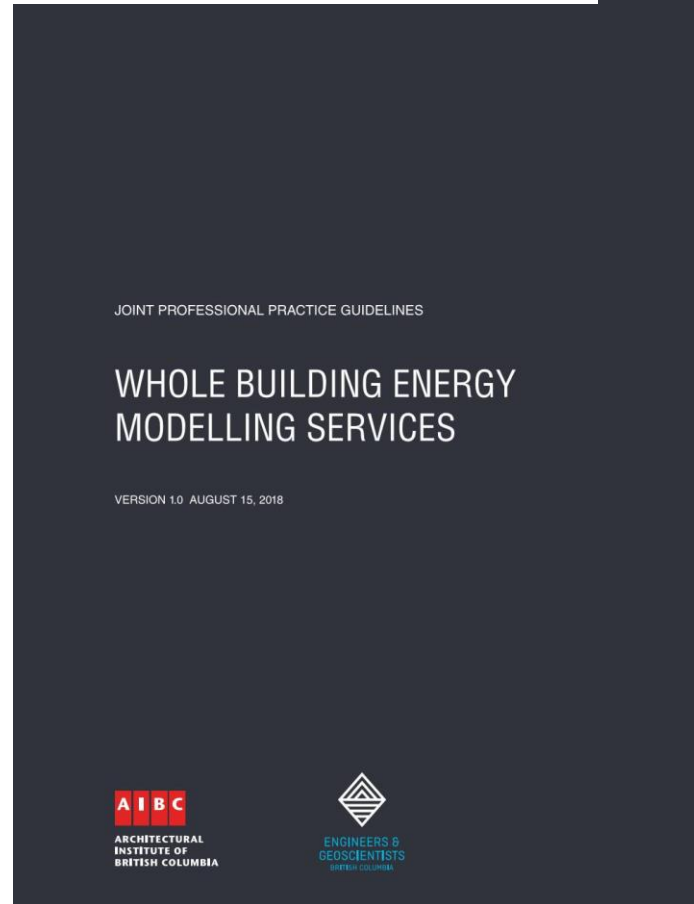
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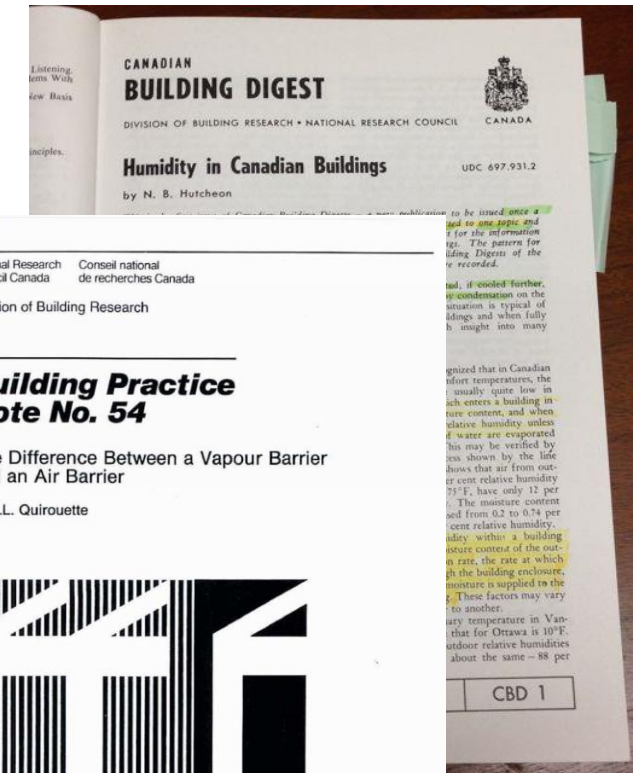
Reflections

→ Created an industry



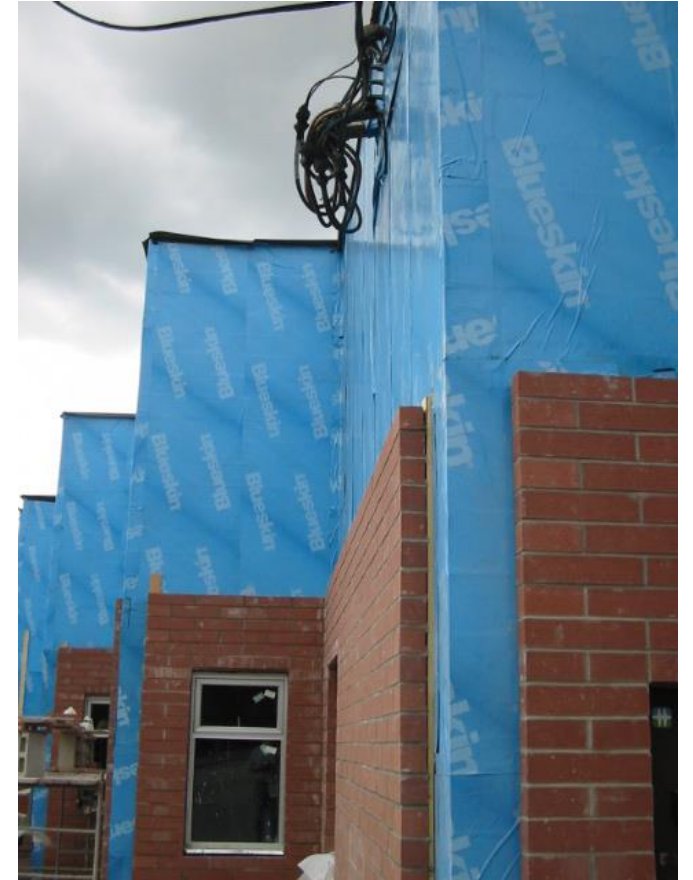
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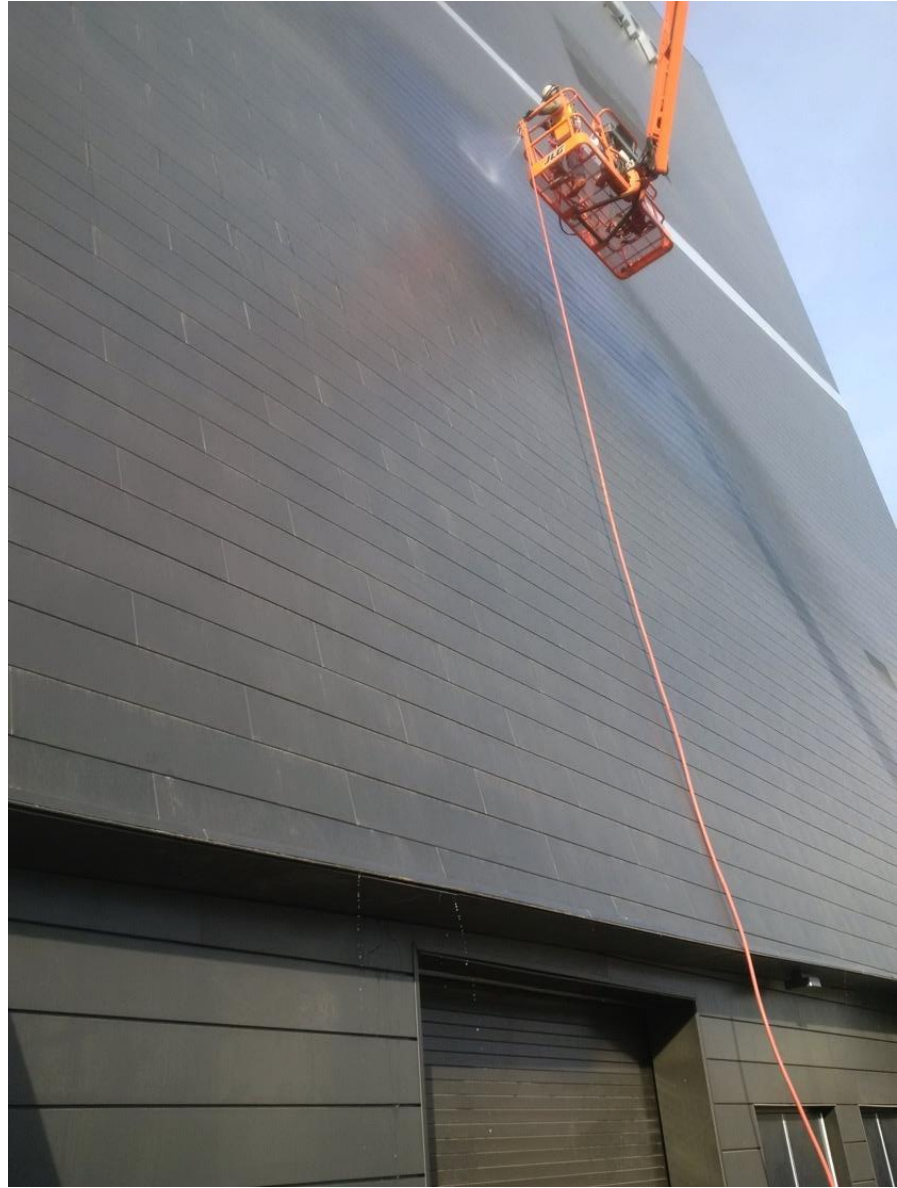
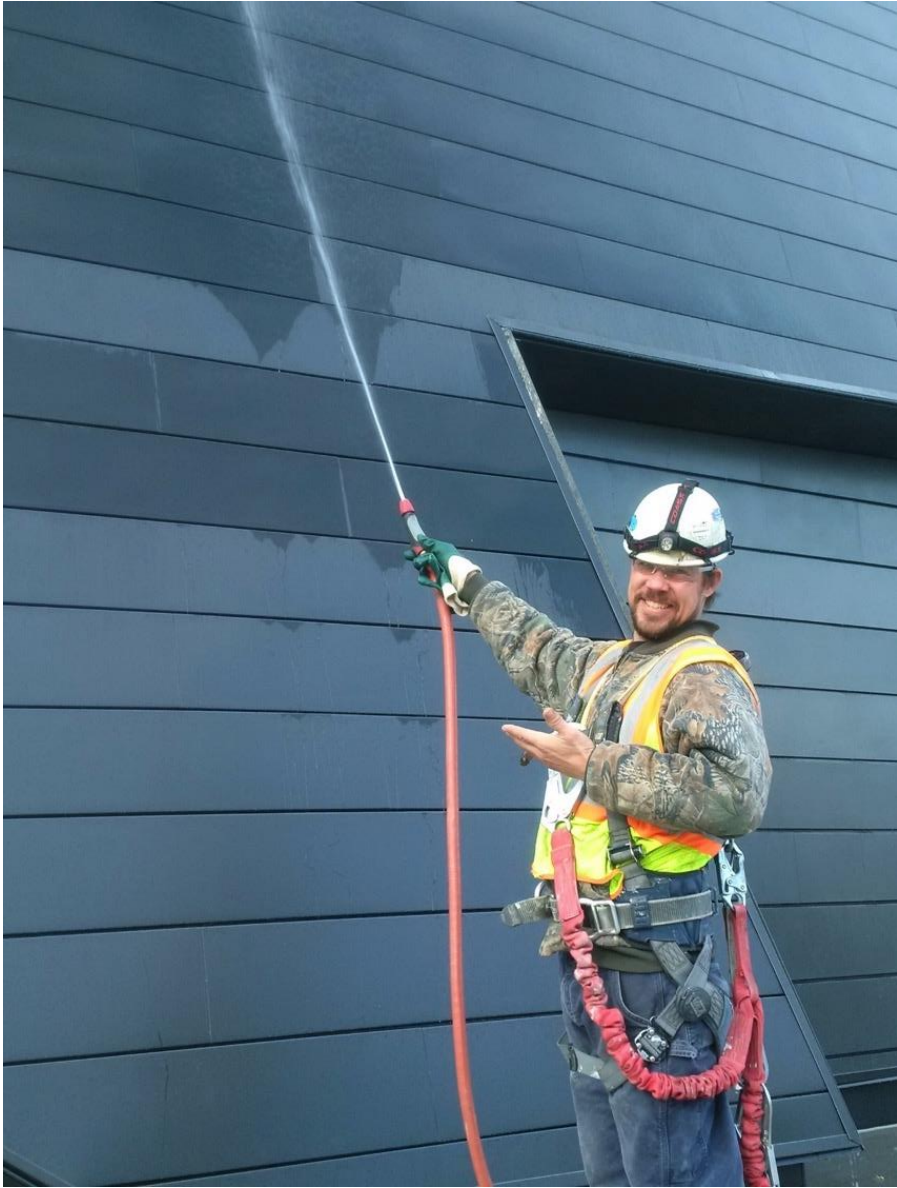
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- Building science education

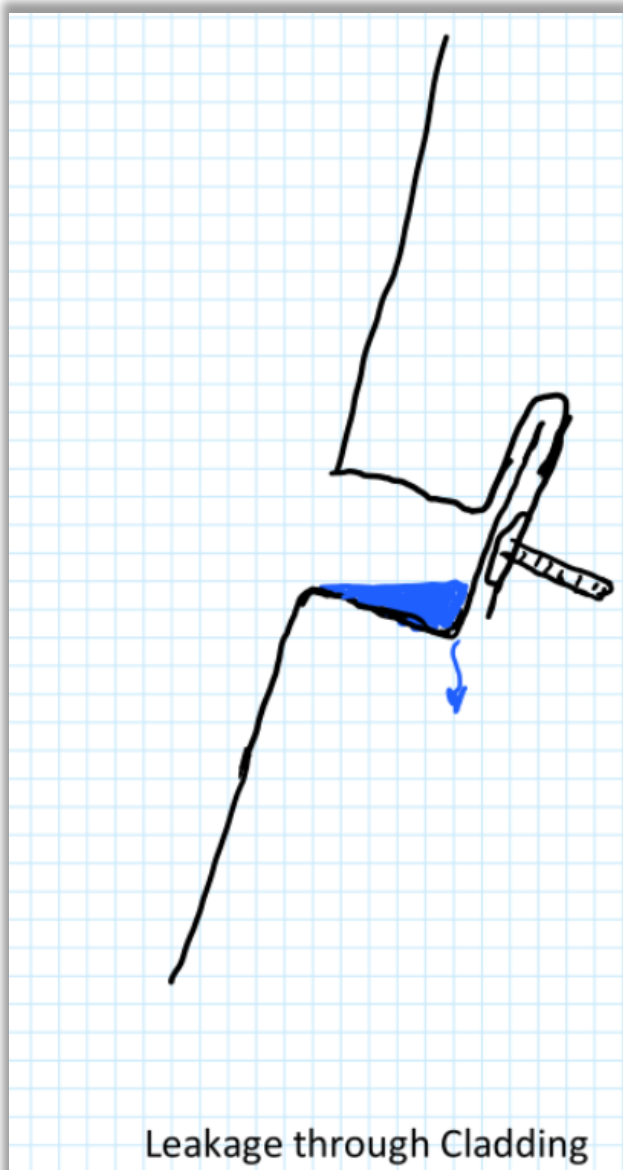


Reflections

- Created an industry
- Building science education
- Not fully understanding building science principles







Reflections

- Created an industry
- Building science education
- Not understanding building science principles
- Seattle experience with air tightness



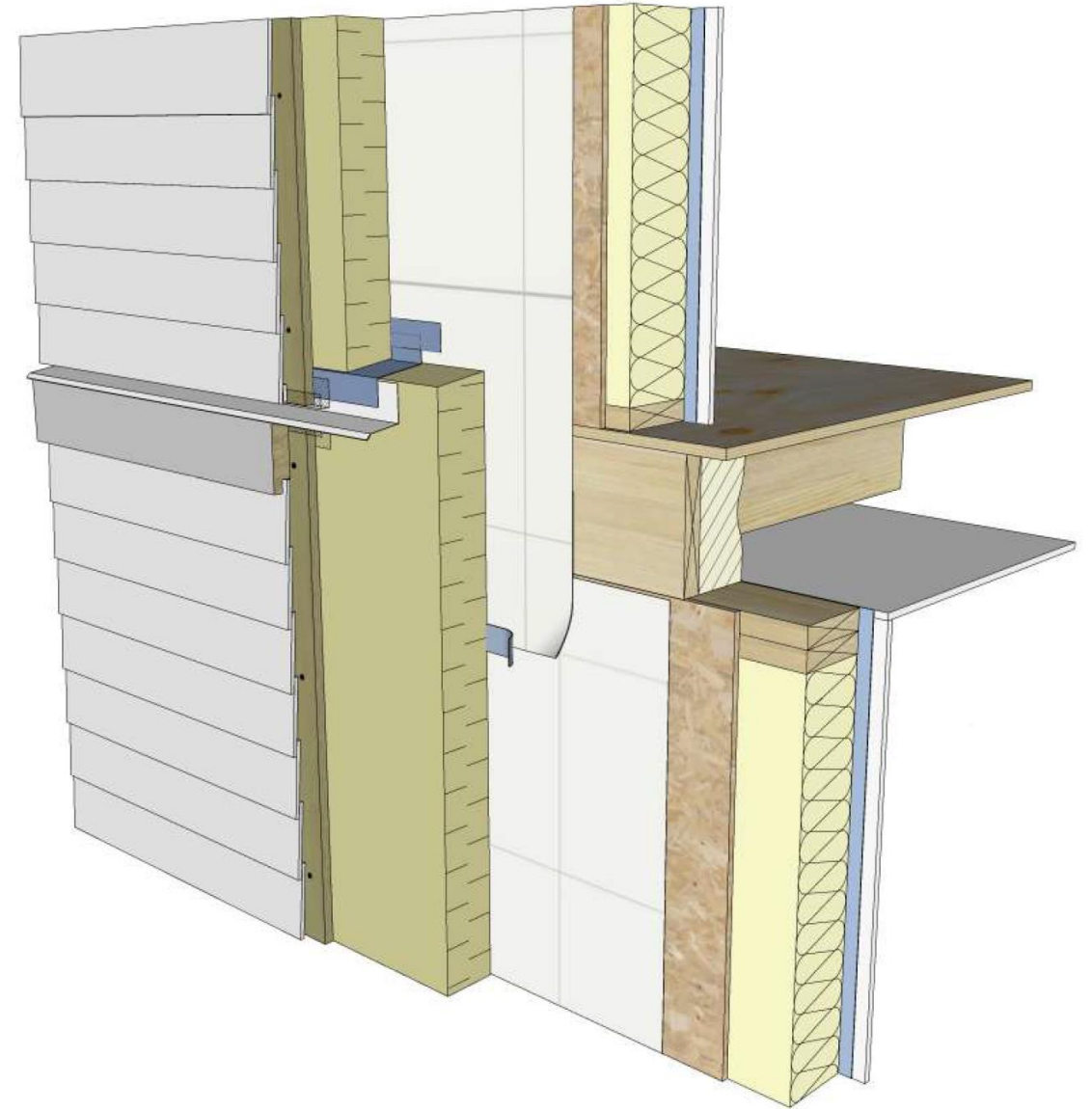
Reflections

- Created an industry
- Building science education
- Not understanding building science principles
- Seattle experience with air tightness
- Thinking of the building as a system



Reflections

- Created an industry
- Building science education
- Not understanding building science principles
- Seattle experience with air tightness
- Thinking of the whole
- Missed opportunities



Reflections

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Reflections

- Created an industry
- Building science education
- Not understanding building science principles
- Seattle experience with air tightness
- Thinking of the whole
- Missed opportunities
- Changing priorities – Climate change, cooling, electrification, energy



Discussion + Questions

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Learn more at

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