

# Regulatory Bulletin

## Substantially Reconstructed Homes and the Homeowner Protection Act

### What is substantial reconstruction?

This bulletin aims to help local governments, owners, builders, developers, architects, designers, and other interested parties understand when a project is considered a substantial reconstruction. The bulletin also aims to clarify the implications of this under the Homeowner Protection Act (Act).

Under the Act a **new home** is defined as “a building, or portion of a building, that is newly constructed or being constructed and is intended for residential occupancy, and **includes**...a home that is or is being **substantially reconstructed**.” If a project is considered to be “substantially reconstructed”, it is no longer considered a renovation and requires a New Home Registration Form.

Renovations do not normally require New Home Registration Forms. However, in the case where a project is considered a new home for the purposes of the Act (meaning it has been substantially reconstructed), there is an additional requirement. You will either need proof that a licensed builder has arranged for home warranty insurance for the new home, or some formal exemption (such as an Owner Builder Authorization) from these requirements.

BC Housing has defined the conditions under which an existing building, including an existing manufactured home, under renovation or reconstruction becomes a “new home.” Each case must be examined on its own merits and the final determination will be made by BC Housing. However, in general, BC Housing considers a home to be substantially reconstructed and, thus, is a new home for the purposes of the Act when:

1. A home has been changed so that 25% or less of the original structure above the foundation remains; or
2. 75% or more of the reconstructed home is new.

### Scenarios

#### Scenario 1: Homes where the foundation is remaining, but much of the remaining structure above the foundation is new

In this case, the guideline is that if 75% or more of the structure above the foundation is new, the home is substantially reconstructed. As a result, it is considered a new home. Example: A fire re-build where the foundation is old, but most of the above-foundation structure is new.



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Regulatory Bulletins are a series of publications developed by BC Housing to provide information on the Homeowner Protection Act. All Regulatory Bulletins can be viewed at [www.bchousing.org](http://www.bchousing.org). This bulletin was originally published in February 2012.

This bulletin and the website are for convenience only, they do not constitute legal advice. For complete details consult the Act and its regulations. For more information contact:

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### Scenario 2: Homes where the foundation is new, but some of the above-foundation structure is old

Homes can be moved intact to a new foundation and not require home warranty insurance. However, if 50% or more of the above-foundation structure is new (in addition to the new foundation), the home is substantially reconstructed. As a result, it is considered a new home. Example: A home with an existing first storey structure has a new foundation and a new second storey is added with a roof structure.

### Scenario 3: Pre-existing homes divided into additional dwelling units

In this case, the first two guidelines apply, depending on whether the foundation is old (which is often the case). If 75% or more of the structure above the foundation is new, the home is substantially reconstructed. As a result, it is considered a new home.

A complicating factor would be if the footprint of the building has increased as well. In this case, BC Housing would look at whether one or more of the units are substantially (75% of the structure) new. (See “Additions” below.)

Example: A single-family dwelling is renovated to become a duplex. Internal changes to walls plus building code upgrades alone would not trigger the Act requirements for residential builder licensing and home warranty insurance or applicable exemption for either side of the duplex. However, if the footprint were almost doubled to create an additional unit, the unit built on the new footprint would be considered a new home.



### Scenario 4: Additions to pre-existing homes

Sometimes the footprint of the existing home is increased as a result of the renovation. In this case, the first consideration is whether the addition has the effect of creating one or more additional units.

If the addition creates a legal secondary suite, a New Home Registration Form is not required. If the renovation creates a duplex or triplex, etc., a New Home Registration Form is required on the new unit created by the addition. If the addition does not create a new unit, the 75% rule applies. If the addition results in a home where the new portion of the construction is at least three times the size of the original structure remaining (and therefore 75% of the whole), it is substantially reconstructed. As a result, it is considered a new home and the Act requirements for residential builder licensing and home warranty insurance apply.

### What if you are not sure?

To quickly assess whether a project may require a New Home Registration Form, you can access BC Housing’s [Substantial Reconstruction Online Query tool](#). Please have the following information ready to complete your online query:

- The complete civic address (or PID number) of project
- Your name, contact phone number and a valid email address
- Name of the local building department responsible for the building permits for the project
- Name and email address of the building permit staff, if available
- Details of the proposed work for the project

Please note that some projects may require a secondary assessment. In this case you will be directed to contact the Compliance Department for further assistance.

- If you have any questions regarding “substantially reconstructed” homes and the requirements under the Act, please email the Compliance Department at [compliance@bchousing.org](mailto:compliance@bchousing.org)