

# Substantially Reconstructed Homes and the *Homeowner Protection Act*

## WHAT IS SUBSTANTIAL RECONSTRUCTION?

Under the *Homeowner Protection Act (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.**”

As an aid to local governments, owners, builders, developers, architects, designers and other interested parties, the Homeowner Protection Office (HPO), a branch of BC Housing has defined the conditions under which an existing building under renovation or reconstruction becomes a “new home.” *If a project is considered to be “substantially reconstructed” it is no longer considered a renovation and requires an HPO New Home Registration Form.*

Renovations do not normally require an *HPO New Home Registration Form*. However, in the case where a project is deemed to become a new home for the purposes of the *Act*, by virtue of it being substantially reconstructed, 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 is required.

Although each case must be examined on its own merits and the final determination made by the HPO, a home that has been changed so that 25% or less of the original structure above foundation remains, or 75% or more of the reconstructed home is new, the home is deemed to be substantially reconstructed and, thus, is a new home for the purposes of the *Act*.

## 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 and, therefore, new.

*Example:* A fire re-build where the foundation is old, but most of the above-foundation structure is new.

### ***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 and, therefore, considered new. *Example:* New foundation, and new second storey and roof, with old first storey structure remaining.

### ***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 and is considered new. A complicating factor would be if the footprint of the building has increased as well, in which case, the HPO would look at whether one or more of the units are substantially (75% of 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 and would require an *HPO New Home Registration Form*.

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

When the footprint of the existing home is increased as a result of the renovation, the first consideration is whether the addition has the effect of creating one or more additional units. If the addition creates a legal suite, no HPO *New Home Registration Form* is required. However, if the renovation creates a duplex (triplex, etc.), an HPO *New Home Registration Form* would be 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 would be substantially reconstructed and the *Act* requirements for residential builder licensing and home warranty insurance would apply.

#### **WHAT IF YOU ARE NOT SURE?**

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More information about substantially reconstructed homes, and the options for complying with the *Act* and regulations, is available on the HPO website. This may help determine if a project is considered to be a new home and, therefore, requires an HPO *New Home Registration Form*.

If assistance is needed to determine whether a project meets the criteria of “substantially reconstructed,” email the HPO at [licensinginfo@hpo.bc.ca](mailto:licensinginfo@hpo.bc.ca) with the project information. The subject line of the email should read “Substantial Reconstruction Query.” The following specifics must be addressed in the email:

1. What is the complete civic address of the project?  
(If the civic is undergoing change, send the legal address, including PID in place of the civic.)
2. What elements of the home (particularly structural) will remain?
3. What elements of the home (particularly structural) will be replaced and/or be new?
4. Will the foundation be altered? If so, provide details.
5. What is the starting and ending square footage of the project? Please include basement square footage.
6. Will there be new storeys and/or levels added to the home? If so, provide details.
7. Are new dwelling units being added to the original structure? If so, is this new dwelling unit located in the original home and remaining under one legal title? If not, how will the new dwelling unit be linked to the original structure?

This bulletin and the website copy are for convenience and do not replace the *Act* and its regulations.

#### **FOR MORE INFORMATION CONTACT**

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##### **Homeowner Protection Office (HPO)**

Branch of BC Housing

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