



Association of Manitoba Municipalities Presentation

Bill 5: The New Home Warranty Act

October 1, 2013

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The Association of Manitoba Municipalities would like to state our views on **Bill 5: The New Home Warranty Act**.

Bill 5 would require all new homes built for sale to be covered by a warranty against defects in materials, labour and design and structural defects.

Home builders and warranty providers must be registered under the Act and only registered builders are allowed to build homes for others or for sale.

The Bill also specifies the minimum required coverage under a home warranty.

Under this Bill, a building permit must not be issued for a proposed new home unless the applicant shows that the home will be built by a registered home builder and a warranty provider has committed to provide a home warranty for the home.

As a result of their authority to issue building permits, municipalities will be involved to some extent in the implementation of The New Home Warranty Act.

The AMM was consulted through the process of developing The New Home Warranty Act due to the implications for municipalities, and was able to voice some concerns.

In particular, the AMM remains concerned about downloading of administrative work to municipalities, and potential liability issues for municipalities.

First of all, the AMM understands the need for minimal municipal involvement in the building permit issuing process.

However, the AMM would like to ensure this role will not be a burden to municipal staff, and that the duties involved are straightforward and clearly communicated.

The Province should communicate the home warranty requirements to both home builders and municipalities, and there should be information available for reference.

Secondly, the Bill also indicates that a municipality who issues a building permit in good faith, relying on the evidence provided is not liable, either directly or indirectly, for any damages or losses sustained by any person because the new home is not covered by a home warranty or the home builder is not registered, authorized or exempt.

The AMM not only believes municipalities should not be liable for any damage or losses, but also that municipalities should not be responsible for any legal costs to prove they issued a building permit in good faith.

We are also concerned about the additional costs to consumers, which could be up to several thousand dollars due to the required terms of the warranty. This type of increase on the price of a home could have a significant impact on consumers and the affordability of buying a home.

It could also affect smaller developers in rural or northern locations by adding to their project costs and ultimately increasing local housing prices or reducing the number of new homes that are built.

Furthermore, the AMM would like to emphasize the importance of consultation with the Office of the Fire Commissioner to ensure the implications of this Bill are clear.

In summary, the AMM is supportive of the intent of the Bill to protect consumers, especially in what is likely the largest purchase most consumers will ever make.

As well, the AMM was pleased to hear Bill 5 has the support of the Manitoba Home Builders Association, as their voluntary home warranty program has worked well for over thirty years.

However, the AMM believes the Province of Manitoba should take responsibility for the new home warranty initiative to avoid imposing any strain or legal burden on municipal resources.

Thank you.