
Overview of the Canadian Private Home Inspection Industry

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By:

David Redmond and Associates

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Disclaimer

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1. Overview of The Canadian Home Inspection Industry

Home inspectors provide mainly real estate pre-purchase and residential renovation inspections. New home inspections represent a relatively minor part of the overall home inspection business. Inspectors generally work as small businesses or as independent representatives of large North America-wide franchise operations. The Canadian Association of Home Inspectors (CAHI National) reports that there are “hundreds of provincial members” currently working as home inspectors within the seven provincial associations. The availability of home inspection services varies widely across the country. The Alliance of Canadian Building Officials Association (ACBOA) represents all provincial associations of municipal building code officials (excluding Québec). Nationally, CMHC reports that there are 7,000 individuals working either as home and property inspectors or as public or municipal building code officials (a breakdown is not provided although most are municipal building code officials).

CMHC research shows that a majority of practitioners, including both home/property inspectors (HPI) and municipal building code officials (MBCO) do not belong to any professional inspection association or qualified private firm. Based on this finding, CMHC concludes that consumers and the housing sector cannot be assured of a minimum standard of private inspection services. CMHC research also shows that the private inspection associations and organizations across the country have different inspection standards and levels of qualifications. They conclude that these different standards cause confusion for consumers as well as for other sectors of the housing industry.

Despite efforts over the last several years by the CAHI and its member associations to organize at the provincial and national levels, CMHC describes the private inspection industry as “highly fragmented ... with no national organization with which the housing sector can interact.” CMHC notes that some associations representing the HPI and MBCO sectors have established certification designations and comprehensive training programs but that these programs fall within provincial or regional jurisdiction and are not at the national level. Where available, provincial certification is not transferable across Canada. Some provinces have colleges or government departments that provide HPI training courses and some do not.

Home and Property Inspectors

According to the organizations representing the home inspection industry, home inspections began as a consumer service in the 1970s in direct response to the demand among home buyers. CAHI was formed in 1982 and operated as the Canadian arm of the American Society of Home Inspectors (ASHI) until 1994 when several provincial and regional organizations formed CAHI National. The new CAHI derived its Standards of Practice and Code of Ethics from the ASHI. Currently there are seven chapters of CAHI National (founding date is indicated when shown on the organization’s website).

CAHI Atlantic - formed in 1997.

Ontario Association of Home Inspectors (OAH) - formed in 1987 as a chapter of the ASHI; OAH became a self-regulating professional body in 1994 under the Ontario Association of Home Inspectors Act.

Association des Inspecteur(e)s en Batiments du Québec (AIBQ)

CAHI Manitoba

CAHI Saskatchewan

CAHI Alberta - founded in 1993 as a chapter of the ASHI and registered under the Alberta Societies Act

CAHI British Columbia

CAHI National states that its principal objective is to promote the interests of Canadian home inspectors at a national level. CAHI and provincial members present several objectives as part of their mission statement:

- maintain and regulate national standards in home inspections;
- advance the knowledge, skills and status of those involved in the field;
- disseminate information to government bodies and the public regarding the home inspection industry;
- promote public awareness and confidence in the home inspector;
- promote excellence within the profession and improve inspection service through the CAHI/ASHI Standards of Practice and Code of Ethics; and,
- interact with related professions, the legal community and government bodies as the leading authority in the home and building inspection industry.

Municipal Building Code Officials

For the MBCO sector, different provincial and territorial legislation results in different ways of certifying and licensing building officials under their jurisdictions. The MCBO have made attempts to develop a common training curriculum at the provincial level, the most recent one being in Ontario in 1995. None of these efforts has produced a common curriculum for a training program that could apply at the national level. The lack of coordination across the country is among the reasons given by CMHC for its decade long attention to the issue of a national inspection organization.

Representatives of municipal building code officials consulted for this paper agreed that there have been concerns about the country-wide consistency of the work of municipal building inspectors. Several provinces have introduced training and certification programs for municipal building inspectors and at least one province (Alberta) has introduced accreditation for third party inspectors. Third party accreditation for code-based municipal inspections is also expected to be part of the reforms initiated in Ontario by the Building Regulatory Reform Advisory Group (BRRAG). Municipal building code officials generally are interested in harmonization and want to dovetail their work with BRRAG and other provincial initiatives. The current situation is viewed by some as an opportunity to create a profession for building officials. The shortage of qualified inspectors with experience in building code administration was also identified as one of the factors driving the move to professionalize the occupation of building code official.

2. Summary of the Canadian Home Inspectors and Building Officials National Initiative

Partners/Sponsors

CMHC reports that a 1996 meeting and survey of industry leaders indicated there was a strong desire to have a unified national body to represent the private inspection industry and the public building officials - although as separate entities. A follow-up report in June 1997 entitled "A Strategy to Provide Coordination for the Canadian Home Inspection Profession" outlined a strategy to develop national level certification and standards for industry regulation, training, and qualifications.

A significant effort is currently underway to develop a recognizable and professional home and building inspection industry with national standards, training and certification.¹ This initiative is a private/public sector partnership with funding from four organizations:

Canadian Association of Home and Property Inspectors (CAHPI) - a new "transitional steering group" comprised of private inspection industry representatives from across the country;

Alliance of Canadian Building Officials Association (ACBOA) - a new organization formed to unite all provincial associations (excluding Québec) of municipal building code officials;

Human Resources Development Canada (HRDC); and,
Canada Mortgage and Housing Corporation (CMHC).

To further this initiative, the newly formed CAHPI and ACBOA agreed in 1999 to work together to develop a national home and building inspection industry. These associations are the main financial backers of the National Initiative, with HRDC and CMHC also providing financial support.

Objectives

The partners identify four overall objectives of the national initiative.

- *Status* - "To elevate the status of the Canadian home and building inspection profession in the minds of consumers, home inspectors, building officials, government and key stakeholders across Canada."
- *Occupational standards and certification* - "To establish minimum national occupational standards, code of ethics and criteria for inspector certification so that the general public can have confidence that all inspectors meet the standards of the national certification process."

¹ "Canadian Home Inspectors and Building Officials - National Initiative", CMHC Research Highlights - Technical Series Issue 00-131, October 2000.

- *Performance standard* - “To ensure that inspections comply with the same performance standard throughout Canada.”
- *Self-regulation* - “To approve, support and coordinate provincial/regional accrediting bodies to administer, certify and provide disciplinary control of private-sector home inspectors.”

Experts and individuals involved with the process emphasized that the objective of the National Initiative is to develop minimum occupational and performance standards that are acceptable to all industry organizations as well as organizations representing key user groups such as lenders and insurance companies. The standards are being developed by consensus. One individual consulted said that the National Initiative is “moving towards what Ontario has.”

If the final national standards are lower than what is desired in a particular province, then the expectation is that the province could set a higher standard with an additional level of certification.

Separate Occupation Standards and Processes for HPIs and MBCOs

The National Initiative has analysed and separated the respective areas of interest and expertise of home and property inspectors and municipal building officials: i.e. performance and safety inspections for home inspectors (mainly but not exclusively for existing houses) and code compliance inspections for municipal building code officials.

The most recent step in the National Initiative was the formation of The Canadian Home Inspection and Building Officials (CHIBO) Steering Committee for National Occupancy Standards. This national Steering Committee was formed and convened in April 2000 with a mandate to develop uniform national occupancy standards for home inspectors and municipal building officials. The committee has 15 members: 7 each from the MBCO and HPI sectors and a non-voting chair. The aim of the Steering Committee has been to identify common skill requirements for home inspectors and building officials so that training can be developed for these common areas. As the Steering Committee has determined that there is not much in common, separate processes have been set up for performance and safety inspections (for home inspectors) and for code-based new home inspections (for municipal building code officials).

The first task for the new National Initiative was to undertake an occupational skills analysis that will serve as the basis for a training curriculum leading to certification of public and private inspectors. The occupational analysis included the following work: review of existing standards and programs; conduct three workshops with the HPI and MBCO sectors; develop occupational analyses for the HPI and MBCO sectors as well as what is common to both; validate and endorse national occupational standards; and, translate and publish the national occupational standards.

Drafts of two sets of Occupational Standards, one for “Professional Building Officials” and one for “Professional Home/Property Inspectors” were completed in November, 2000. After further consultations and meetings, the CHIBO finalized the occupational analysis phase of the work in March 2001.

The CHIBO Steering Committee for National Occupancy Standards plans to undertake several communications initiatives to inform a wide range of stakeholders about the work to prepare national occupational standards. These include press releases, posting information on websites, articles and bulletins in Home Inspector and Building Code Officials' newsletters, presentations at conferences and association meetings, and updates and status reports emailed to stakeholders (including the CHBA).

3. Next Steps in the Development of National Home Inspection Standards

The National Initiative report of October, 2000 does not present any target dates for further work such as developing the curriculum and training materials, setting up national certification programs, and establishing performance standards. A Steering Committee member consulted for this work indicated that they are trying to complete the entire development process in five years. The second year was completed with the occupational analyses and acceptance of the Occupational Standards in March 2001. The next step, planned for 2001/02, is a "gaps analysis" in which differences between the new occupational standards and current practices (e.g. training) will be examined. The next phase of the work will also look at codes of ethics, standards of practice, and a review of certification and accreditation models. The two sectors have agreed to continue with this work under the CHIBO umbrella. If the work proceeds according to Steering Committee expectations, it will be approximately three years before there are any home and property inspectors or building code officials working with a nationally-recognized certification. Other initiatives that may affect the way new homes are inspected for code compliance, such as the BRRAG process in Ontario, may be on faster tracks.

In the absence of a nationally-recognized certification, the National Initiative draft report lists a lengthy series of questions that consumers can ask to select a qualified private home inspector. There is a shorter set of questions for municipal building code inspectors. There is no indication of how the Steering Committee plans to communicate this information to consumers (e.g. by promoting their websites).

4. Summary and Implications for the New Home Building Industry

Following are some of the more important observations from this review that have implications for the new home building industry.

- ***The Canadian Home Inspectors and Building Officials National Initiative is working on two separate tracks: one for performance and safety inspections and one for code-compliance inspections.*** The National Initiative is working to develop standards, training programs and certification processes for individuals and firms conducting the two different types of home inspections. Occupational Standards for Professional Building Officials and for Professional Home/Property Inspectors were finalized in March 2001. The process to develop a new minimum national training and certification standard for home inspections will take approximately three more years.

- ***Home and property inspectors conducting safety and performance inspections will continue to focus on existing homes for the resale market.*** New home inspections currently represents a small component of the work of most home and property inspectors. Most home and property inspectors inspect existing homes for safety and performance. Relatively few inspect new homes either for safety and performance or for building code compliance (e.g. under contract to a municipality). It is not expected that this emphasis will change in the foreseeable future as a result of the National Initiative or other changes in the industry.
- ***The National Initiative will lead to a professional designation for code-compliance inspectors that is open to both municipal staff/inspectors and individuals not working for government.*** Some provinces are already moving towards third-party certification for code-compliance inspections. Industry and government proponents of the National Initiative expect that creating an occupation of professional building official will have several benefits including a more open market for inspection services (through “limited deregulation”), attracting more individuals and firms into the business, and improving the consistency of services. It is expected that third-party certification for code-compliance inspections will encourage municipalities to find ways to enhance their service relationships with builders.
- ***The National Initiative will specify minimum standards that provinces may want to exceed.*** Any additional training and/or certification requirements for inspectors conducting safety and performance or code-compliance inspections will be left to the provinces.
- ***New training and certification standards for building officials may be combined with licensing builders*** - In some jurisdictions, the introduction of performance and occupational standards for building officials may be combined with licensing for builders. For example, in Ontario the reforms associated with the BRRAG process would involve registering builders as well as building officials and inspectors.