

Regulatory Bulletin

Licensing of General Contractors

Overview

General contractors and developers require a residential builder licence from BC Housing before starting construction on a new project or selling a new home. This bulletin specifically describes when a general contractor needs to be licensed under the Homeowner Protection Act and the possible consequences for building without a licence.

Licensing Requirements for General Contractors

The Homeowner Protection Act (the “Act”) defines a residential builder as a person who engages in, arranges for or manages, all, or substantially all, of the construction of a new home or agrees to do any of those things. This definition includes developers and general contractors.

The Regulation defines a general contractor as a residential builder that is engaged under contract by an owner, developer or vendor to perform or cause to be performed all or substantially all of the construction of a new home, and includes a construction manager and project manager. If you are only acting as a trade or managing construction of one or two components of the new home (such as foundation and framing) you are not a general contractor.

A general contractor of new homes built under Part 9 of the BC Building Code (or Vancouver Building Bylaw) must obtain a licence from BC Housing before obtaining a building permit and starting construction on a new project. Even in areas where building permits are not required, you must be a licensed residential builder to carry out the work and arrange for home warranty insurance before starting construction.

General contractors who are building for a developer under Part 3 of the BC Building Code are exempt from licensing requirements. However, the project must be enrolled in home warranty insurance by a licensed developer.

If you are a general contractor managing construction of Part 9 residential buildings, there are a few more scenarios to consider as noted on page 2.




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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.

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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When choosing your licence type you need to identify whether your business activities over the coming year will classify you as a general contractor, developer or both. For information on choosing your licence type, please refer to Regulatory Bulletin No. 12: Choosing Your Licence Type.

REQUIRES LICENSING:

- ✓ You own land and you manage the construction of one or more new homes on the property in order to sell or rent the homes. (Note: in this case you would have to be licensed as a general contractor and developer).
- ✓ You are hired as the general contractor to build one or more homes being sold by a developer. In this case either you or the developer may provide home warranty insurance but the developer has the sales contract with the homeowner.
- ✓ You enter into an agreement with homeowners to build their new home:
 - a. You enroll the new home in home warranty insurance and proceed to build their home.
 - b. You **may not** contract with the homeowner and have another licensed builder enroll the home on your behalf.
 - c. You are not permitted to be hired by an owner builder to manage all or substantially all of the new home. Although you may act as a trade for an owner builder without being licensed, you may not manage construction of all or substantially all of the home. If this happens you have committed an offence and will be required to be licensed and to enroll the home (see Regulatory Bulletin No. 25).

MAY NOT REQUIRE LICENSING:

- ✗ You are working as an employee of a licensed builder as a construction manager or site supervisor. In this case you are not required to be licensed but may be included on the licensed builders licence as a person in control of the company.
- ✗ You are employed by a licensed builder working under their direct supervision managing construction, in order to obtain experience for your licence application.
- ✗ You are a trade working for a licensed builder or owner builder.
- ✗ You are a general contractor constructing multi-unit projects registered as exempt Purpose-Built Rental buildings.

Building a new home without a licence

Builders who manage the construction of a new home without a licence commit an offence. They may be subject to compliance orders, monetary penalties and prosecution, and may jeopardize their ability to get a licence in the future.

This is the case even if the home is enrolled in home warranty insurance or registered under an owner builder authorization. If the new home is enrolled by a licensed builder and BC Housing finds out that an unlicensed builder was in fact responsible for managing construction of the home, a typical consequence is for the unlicensed builder to be issued a compliance order to become licensed and to enroll the home themselves in home warranty insurance. The unlicensed builder may also be issued a monetary penalty for contravening the licensing requirements. There are also consequences for the licensed builder involved in aiding the offence (see Regulatory Bulletin No. 27).

Compliance investigations

The Compliance Department at BC Housing receives information from several sources, including tips through our anonymous tip line. Investigations will be opened and actively pursued upon receipt of information or a tip regarding unlicensed activity.

In order to investigate an allegation, compliance investigators or officers may:

- enter and examine construction sites
- make enquiries about workers' qualifications and the work performed by them
- inspect the records of licensees and owner builders
- require the production of records for inspection

It is an offence, subject to a monetary penalty, to obstruct these enquiries, including concealing, destroying or withholding records relevant to the investigation.

If you need help understanding your obligations with respect to your building activities, contact the Compliance Department at 1-800-407-7757 (select Option 4) or Compliance@bchousing.org. We promote voluntary compliance through education and awareness. Our primary objective is to help you fulfill your requirements under the Act.