



**The Appraisal Institute of Canada**  
**Submission to the Senate Committee on Social Affairs, Science and**  
**Technology**  
**Bill C-45, the *Cannabis Act***  
**May 2018**

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**Executive Summary**

The Appraisal Institute of Canada (AIC) is the premier real property valuation association in Canada and our mission is “to promote and support our members in providing high quality property advisory services for the benefit of clients, employers, and the public.” Founded in 1938 and representing over 5,440 Members, AIC is a self-regulating professional organization that grants the distinguished Accredited Appraiser Canadian Institute (AACI) and Canadian Residential Appraiser (CRA) designations to individuals across Canada and around the world. Our Members adhere to nationally and internationally recognized standards – the Canadian Uniform Standards of Professional Appraisal Practice – and are respected worldwide for the rigorous designation program and ongoing professional development requirements.

AIC has a long history of providing valued, independent opinions about property value. In 2017, our Members conducted over 1.2 million third-party appraisals with an overall value of approximately \$1.28 trillion. This represented \$704 billion in residential property and \$577 billion in non-residential property, including commercial, industrial as well as many other types of real estate. Furthermore, we have many Members who provide in-house expertise to private and public interests including (but not limited to) governments, crown corporations/agencies, corporations and mortgage insurers.

The AIC is pleased to provide the following recommendations to the Standing Committee on Social Affairs, Science and Technology as part of its study of Bill C-45, the *Cannabis Act*.

**Potential Impacts of Home Cultivation of Cannabis Plants**

As professional property appraisers, our Members have in-depth knowledge of the many components that go into determining the market value of a residential and non-residential property. As the Senate Committee reviews Bill C-45, AIC would like to share its concerns regarding the cultivating cannabis plants within a home.

Personal cultivation of cannabis could have unintended negative impacts on a property’s value. In the absence of proper ventilation and proper equipment, mould and other detrimental conditions may occur. Those conditions could well have a negative impact on the value of a property and would conceivably affect the ability to sell, finance, refinance, rent or purchase a home.



Furthermore, with the anticipated increase in home cultivation once legalization is enacted, it is reasonable to expect problems arising from transparency (or lack thereof) in disclosure for homes which have seen cannabis cultivation at some point in their history. Ill effects can linger and indeed deteriorate long after plants are removed which could have negative consequences for subsequent buyers, and which may not be caught in a traditional property inspection.

### **Recommendation**

AIC recommends a federal disclosure requirement for any home or property that has been used for cannabis cultivation in the past five years. Furthermore, in partnership with industry stakeholders, the federal government should undertake an awareness campaign to inform homeowners of the potential detrimental impacts home cultivation can have on their home.