

CLAIM PREVENTION

Growing Pains

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While viewed by many as a “soft drug”, marijuana, and the use of same results in many continued problems for society both in terms of the adverse effects on health and the crime related to the growth and/or trafficking in such substances. It has also affected the marketing of properties that have been used as “grow house” operations.

At one time marijuana was grown traditionally in warmer climates where it obtained the required heat and light to flourish. In Canada, the relatively short and cold growing season is not particularly suitable to widespread growth of the marijuana plant. But enterprising criminals have managed to overcome our geographic shortcomings by “moving indoors” and using buildings and residential houses as “grow houses” for the harvesting of marijuana plants.

How do you turn a residential home into a grow house? Essentially, the grow house is nothing more than a terrarium. It is relatively airtight, is heated, is hooked up to a water supply and has electrical connections allowing for the installation of lighting. Insulation is stuffed into windows which are generally sealed.

More and more transactions are becoming clouded with the stigma of grow house operations. Why should real estate professionals be concerned about grow houses? Precisely because houses or warehouses are so suited to grow houses they also are subject to the negative effects that result from these operations.

The typical grow house has been rented to people who pay the rent in advance and have little contact with the landlords.

The humidity of a grow house operation leads to structural damage and the growth of moulds in plaster and drywall. Some grow houses are established with the set up of hundreds of potted plants. Other criminals, less enterprising, actually spread soil on the floors causing damage to the floors and joists. Other criminals cut holes in floors to pass through electrical cables to hook up lighting systems and water hoses. They avoid detection by by-passing the hydro hook-up to receive unmetered power.

Then there is the stigma associated with purchasing a house that has been used for illegal activity. The effect is similar to having a house with UFFI insulation. There may be nothing actually wrong with the house, but it nonetheless has associations with what people consider dangerous. The key is to look for patches in the ceilings and floors and any evidence of water damage. If you commonly review hydro bills you may find some months with spiked use of power or months with no use at all. Be suspicious with houses that have a history of renting yet were not rented or remained vacant for several months.

The main issues arising out of a sale of a grow house property will relate to mould and structural damage. Mould is difficult if not impossible to detect and most real estate professionals are not qualified to determine structural damage. The easiest way when you are suspicious is to ask the

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seller or listing real estate professional what the history of the property has been or ask straight-out if it has been used as a grow house. It is best to involve a building inspector and even more so a professional engineer to check out a building to ensure that it is not adversely affected. Enquiries can be made of the local police force as to their knowledge of the history of a property. It is no surprise that a history of grow house operations will have an adverse effect upon a selling price.