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Mould worries real estate sector

Industry facing more claims over damage related to sometimes-deadly spores
ALBERT WARSON, Special to The Globe and Mail.

Invisible mould spores drifting freely in and out of commercial buildings, public institutions and homes are the latest problem to strike the real estate industry.

They have been responsible for billions of dollars in property damage and lawsuits in the United States, and cases in Canada are becoming more common. The spores can make people sick and even kill vulnerable patients in hospitals. And they can lurk anywhere, unlike that other costly menace, asbestos, which is visible and contained within specific building materials.

In the United States, the number of mould claims has exploded in recent years.

One major insurer in Texas reported 12 claims involving mould issues in 1999, 499 the following year and 10,000 in 2001.

In Canada, hospitals, school boards, provincial governments, contractors, developers and building managers are gearing up to combat mould.

Mould, as primordial as its fungi family, thrives in either wet, humid places or dusty environments. Toxic mould, as the most dangerous strains are called, can establish "colonies" within 24 hours.

Mould grows rapidly, like its mushroom cousins, but unlike mushrooms, the spores or seeds that perpetuate the species can be dispersed throughout almost any building -- including hospitals.

In July, 2001, Health Canada issued procedural standards intended to prevent the spread of construction-related infections in health care facilities. It also identified 242 cases of infections -- which claimed dozens of patients' lives -- related to construction or renovations inside or adjacent to Canadian and U.S. hospitals between 1978 and 1998.

Hospitals are the worst place for mould to grow, says Bruce Stewart, senior vice-president of Pinchin Environmental Ltd., a consulting firm based in Mississauga. That's because patients with immune systems compromised by medication and treatment might inhale mould spores disturbed by construction and develop life-threatening or fatal fungal infections.

"Buildings accumulate ambient dust on ceiling tiles, inside air ducts and wall cavities," he says. "Dust particles blown in and out of buildings always include mould spores."

Mr. Stewart can verify that mould awareness is growing. Pinchin now takes on about 500 mould-related testing and cleanup jobs a year involving all types of buildings in Ontario and Manitoba. Three years ago it handled only 100 cases. The figures don't include similar work by affiliated companies in the other provinces.

Glenn Gibson, chief executive officer of Crawford Adjusters Canada, the Mississauga-based subsidiary of a U.S. insurance services company, says he was "shocked" last year to learn the extent of mould litigation in Canada. While speaking to 120 commercial and residential claims and property managers in Toronto about toxic mould claims, he asked how many audience members had a claim in progress. About three-quarters of them raised their hands.

Last May, a committee of the Insurance Bureau of Canada, a national insurance industry trade association, recommended that insurers tighten up wording in their policies concerning mould-related damage or injury. It noted that skyrocketing claims in the United States, mainly involving water and flood damages to residences, could spill into Canada.

"The insurance industry does not want to provide coverage for maintenance type issues, like continuous leakage," says Dave Way, co-ordinator of the IBC's standards and practices committee. "Damage has to be sudden and accidental, like a sewer backup."

Meanwhile, the Ottawa-based Canadian Construction Association is expecting a report this spring from a task force it set up to study the liability implications of mould for contractors. Jeff Morrison, the CCA's director of communications, says the task force will also create guidelines on how to minimize mould in new construction and clean away old mould during renovations.

All this attention has been stirred up by media coverage over the past few years of throat and eye irritations, stomach disorders, headaches, occupational asthma and other respiratory ailments allegedly caused by poor indoor air quality or "sick building syndrome."

Since 1995, the Ontario, Saskatchewan, Manitoba and British Columbia governments have developed guidelines for the detection and elimination of potentially hazardous mould. Elimination could mean anything from drying out and cleaning contaminated areas to replacing walls, ceilings and leaking roofs, to gutting an interior to demolition.

School portables are especially troublesome, Mr. Stewart says, because they aren't efficiently ventilated or drained, are usually situated on damp soil and have structural divisions with openings that support mould "colonies." Those colonies can feed on just about any material except hard surfaces, such as steel and glass.

In 1999, a couple launched a \$20-million lawsuit against the Dufferin-Peel Catholic District School Board in Ontario on behalf of their daughter, alleging health problems resulting from mould in a relocatable classroom module. It fizzled in court, but the high-profile uproar persuaded the provincial government to cover the cost of building environmentally safe schools to replace the portables, school board spokesperson Bruce Campbell said.

Getting rid of mould is costly -- the Ontario government spent \$40-million to clean up school buildings in 2000 and \$19-million during 2001-02 to rip apart most of a Newmarket courthouse.

Ontario Realty Corp., which manages the province's real estate assets, increased spending from \$71-million on mould-related repairs and maintenance at government buildings to an estimated \$91.8-million over a three-year period ending March 31, 2003, said Karen Raz, an ORC spokeswoman.

ORC has tackled mould problems in police stations, courthouses, jails and government office buildings across the province since 2000.

Mould lurking in office towers is most likely to be found in class B and C buildings, rather than in class A buildings, where maintenance programs -- monitoring air quality and routine inspections for hidden mould growth -- tend to be more thorough, says Francois Depelteau, president and CEO of Montreal-based Alize Building Technologies.

Alize manages technical operations and maintenance for 230 commercial properties in Quebec encompassing 25 million square feet. "Preventive maintenance and interior air quality monitoring in line with industry standards and inspections of areas where moisture can accumulate are necessary to stop mould proliferation and other types of contamination," he says.

Ian Stewart, Toronto chapter president of the Building Owners and Managers Association, recalls only five cases in that city where mould was removed from high-rise office towers.

Association members, who own and manage buildings, recognize that buildings should be designed to provide adequate dehumidification, cooling, heating and ventilation, and they make sure those are constantly maintained, he says.