JULY 2024

Summary of Consultation Feedback

Consultation on Proposed Fee Changes for Real Estate Developers

BCFSA

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Introduction

On August 9, 2023, BCFSA launched a 30-day consultation seeking feedback on proposed changes to the fees it collects from real estate developers who market development units in British Columbia ("B.C."), including new strata units.

BCFSA proposed the fee changes to fund the costs of administering and enforcing the *Real Estate Development Marketing Act* ("REDMA" or "Act") on a cost recovery basis and support necessary consumer protection, education, risk management, and oversight initiatives.

REDMA is a consumer protection statute that establishes specific requirements for real estate developers when marketing multi-unit development properties. Before a developer can offer, sell, or lease a development unit in B.C., they file a disclosure statement and it provide to consumers.

REDMA requires real estate developers to pay a fee to file a disclosure statement, a disclosure statement amendment, or an application for an exemption from certain provisions of the Act. Fees paid under REDMA support BCFSA's administration and enforcement of the Act.

Consultation Process Overview

BCFSA conducted a targeted consultation on the proposed fee changes for real estate developers, soliciting comments and feedback from stakeholders to ensure a broad level of awareness among affected real estate developer stakeholders, and that all the impacts were well understood.

On August 9, 2023, BCFSA launched its consultation by publishing information on its website, including:

- A consultation webpage: Real Estate Developers Consultation on Proposed Fee Changes
- A consultation document detailing the proposed fee changes along with the rationale for the changes, and an online feedback form to collect stakeholder comments.
- An advisory to real estate developer stakeholders notifying them of the consultation: BCFSA Launches Consultation on Real Estate Developer Fees.

These materials were sent directly to real estate developer stakeholders, inviting them to learn more about the proposed changes to fees and to participate in the consultation by reviewing the consultation document and responding to the questions in the online feedback form.

Key questions in the feedback form included:

- Do you understand how BCFSA uses fees to administer and enforce REDMA?
- Do you understand the reasons for changing REDMA fees?
- Do you understand the proposed change to REDMA fees?
- Do you have any general comments related to the proposed fee change?

Over the course of the consultation period, 95 respondents accessed the consultation document and responded to questions in the online feedback form. BCFSA also received one written response.

Summary of Feedback

The majority (84.2 per cent) of the survey respondents who completed the online feedback form indicated they understood how BCFSA uses fees to administer and enforce REDMA. In addition, 77.8 per cent of the survey respondents indicated they understood the reasons for the proposed changes, and 82.6 per cent of respondents indicated they understood the proposed changes to REDMA fees.

Survey respondents were also invited to share general comments related to the proposed fee change in an open-ended question included in the survey, and those comments are summarized in the following Stakeholder Feedback Table, along with BCFSA's responses.

STAKEHOLDER FEEDBACK TABLE

Subject	Summary of Issue/Comment	BCFSA Response
Timing of proposed fee changes.	Some respondents, while recognizing the value of BCFSA's work, expressed concern that REDMA fees are being increased at a time when developers are facing substantial increases in financing and construction costs.	The fees collected by BCFSA from real estate developers fund the direct and indirect costs of administering REDMA. BCFSA strives to make administration of REDMA as efficient and cost-effective as possible. As the sector continues to evolve, regulatory services must adapt to keep pace with changes in the industry. The proposed fee changes will allow BCFSA to administer REDMA to continue to protect consumers. The new fees for real estate developers will take effect on September 1, 2024.
Amount of proposed	Some respondents questioned the substantial rate of increase	The current REDMA fees were last set on January 1, 2019, under the former

increase to fees.	proposed, highlighting that it would more than double the existing fees.	Office of the Superintendent of Real Estate. Since BCFSA has assumed responsibilities for REDMA, it has expanded REDMA program delivery to include additional compliance and enforcement staff to address complaints and compliance with the Act, practice standards advisors who respond to industry and consumer enquiries regarding REDMA, as well as policy and communications support. The proposed REDMA fee increase will also support future system enhancements to modernize program delivery.
Assurance that fees will only fund REDMA	Some respondents wanted BCFSA to ensure fees would only be used to fund REDMA, and not other BCFSA regulatory programs.	The proposed changes to REDMA fees will ensure the program operates on a cost recovery basis. The proposed changes are not designed or intended to support other BCFSA regulatory programs.

Consultation Outcomes and Next Steps

BCFSA thanks those who took the time to participate in the consultation. Feedback gathered through this consultation was analyzed and aggregated results were included in BCFSA's submission to the provincial Treasury Board requesting approval to implement the proposed fee changes through regulation. This request has been approved and BCFSA will begin collecting the new fees starting September 1, 2024.

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