

RECBC

REAL ESTATE COUNCIL
OF BRITISH COLUMBIA

2021 LICENSING FEE CHANGES

Real Estate Council of British Columbia

Consultation Summary Report - Part II Analysis of Feedback
June 2021

Consultation Summary Report on Licensing Fee Changes

Executive Summary

The Real Estate Council of BC (RECBC) is a regulatory body that oversees the conduct of licensed real estate professionals in British Columbia. From December 2020 to January 2021, RECBC engaged in a consultation with licensed real estate professionals on the topic of a proposed increase in licensing fees. As part of the consultation, RECBC provided information about the background and reasons for the proposed fee increase and distributed a link to an online survey, inviting feedback from all licensed real estate professionals, industry associations and stakeholder groups, and members of the public.

A total of 1,166 survey responses were received. Real estate professionals made up the significant majority of respondents (97.9%) and included managing brokers, associate brokers, and representatives from all areas of BC.

A large majority (93%) of respondents indicated that they understood how RECBC uses licensing fees to regulate the real estate sector. Similarly, a large majority (86%) of respondents indicated that they understood the proposed change to licensing fees, with two thirds (66%) of respondents indicated they understood the reasons for making the change to licence fees.

A preliminary [Consultation Summary Report](#) was published on February 1, 2021 with highlights of survey responses. This report, part two of the Consultation Summary Report, provides a summary and analysis of the open-ended responses from the survey.

A number of key themes emerged in the open-ended responses, including questions and comments regarding the timing of the fee increase, questions and suggestions on the source of RECBC's funding, requests for further information about RECBC's operations and budget, and comments indicating a need for increased clarity about RECBC's role and mandate as compared to the role and mandate of industry associations.

Comments were also received in response to a question asking respondents to identify the RECBC service areas that provide the greatest benefit to real estate professionals, along with suggestions for strengthening or improving those services. These comments have been reviewed and will be considered as the regulator continues to plan for enhancements to services and for new initiatives.

As RECBC prepares for the integration in summer 2021 with the Office of the Superintendent of Real Estate and BC Financial Services Authority, the comments and feedback received through the licence fee consultation will provide an important foundation for potential further exploration of the themes and topics reflected in this summary report. We look forward to using the feedback gathered through this consultation as BCFSFA continues its journey to become a modern, effective, efficient regulator of the financial services sector, including real estate.

About the Survey Responses

Survey respondents were invited to share their opinions and feedback to three open-ended questions included in the survey:

- Do you have any general comments related to the proposed licensing fee change?
- Indicate the RECBC services that provide the most benefit.
- Indicate the areas in which service improvements/enhancements could be made.

As the table below indicates, RECBC received a total of 1065 comments in response to these questions.

General comments	782
Comments recognizing service benefits	118
Comments noting areas for service enhancements and improvement	165
Total comments	1065

General Comments Related to Proposed Licensing Fee Changes

While comments in relation to the fee changes were quite diverse, a few themes emerged, which are summarized as follows:

Key Theme: Timing

RECBC heard concerns from respondents on the timing for the fee change with regards to the COVID-19 pandemic, and the ability of licensed professionals to afford the increase. Some comments were received about the additional work involved to ensure safe practices during the pandemic, the inability to host open houses, or interact with clients in person.

“I support overall increases, however, could it be guaranteed to not be looked at again for say a set 5-year freeze time. 2020-2025 unless extraordinary time period. Also, if there is a fair amount of notice - 6 months for people to know the \$200 addition is coming. “

-Survey Respondent

While RECBC acknowledges that some real estate professionals, along with workers in many other sectors, were financially impacted by the COVID-19 pandemic, as essential workers real estate professionals were able to continue to provide services during this period. Rebounding real estate markets in 2021 across BC and a high volume of transactions led to an increase in complaint volumes received by RECBC, along with increased interest in entering the industry. Providing the required regulatory, education and licensing services and maintaining service standards in this environment of growth requires additional funding.

Key Theme: Fee Structure

Despite two thirds (66%) of respondents indicating they understood the reasons for changing licence fees, some comments revealed some misunderstandings regarding the funding sources for RECBC's regulatory activities. Respondents wondered why RECBC is funded solely by licensing fees and not with public funds considering the mandate for public protection.

“If the council’s purpose is to protect the public, then some public funds should be supporting the operating costs.”
-Survey Respondent

As a regulatory agency, RECBC is largely funded through licensing and assessment fees which it collects from real estate professionals every two years. Disciplinary penalties and administrative penalties imposed on licensees in cases of misconduct can, under the *Real Estate Services Act*, only be used for the purposes of educating real estate professionals and consumers about real estate matters. RECBC's continuing education courses are managed on a cost-recovery basis, with revenues used to fund course administration, the development of new courses, as well as ongoing improvement and updates to existing courses.

Key Theme: Regulatory Operations

We heard a range of comments requesting greater transparency of operational expenditures and more information on revenue, salaries, and budgets. There were also requests for RECBC to better demonstrate organizational efficiencies.

RECBC agrees that transparency and public accountability are essential components of good regulation. RECBC's audited financial statements are published each year as part of its [Annual Service Plan Report](#). This information is made available on the RECBC website and on the BC Government website. Each year, RECBC takes steps to ensure transparency by making real estate professionals aware of the availability of the service plan report along with other reports and sources of information about RECBC's corporate operations and regulatory activities.

Key Theme: Clarity on RECBC’s role

There were misunderstandings evident in some comments on the role of RECBC and the role of industry associations, such as real estate boards. RECBC’s mandate is to protect the public by regulating the conduct of licensed real estate professionals under the *Real Estate Services Act*. RECBC is responsible for ensuring that consumers dealing with licensed real estate professionals are protected against wrongful actions.

RECBC makes ongoing efforts to build awareness among real estate professionals about the differences between the role of the regulator to protect the public and the role of industry associations to represent and advocate for their membership. These efforts will continue as RECBC prepares to integrate with OSRE and BCFSa in the summer of 2021, to ensure broad awareness of BCFSa’s role as the single regulator of the financial services sector, including real estate.

Comments on Service Areas

A key purpose of the consultation survey was to enable real estate professionals’ and stakeholders’ voices to be heard in a confidential process. We asked respondents to rank the most beneficial services RECBC provides real estate professionals, and to provide their comments and feedback on those services.

The following charts summarize the main themes of the comments received for each of the service areas identified as providing benefits to real estate professionals. While many of the comments acknowledged the benefits of the services and resources provided by RECBC, survey respondents shared suggestions for enhancing these areas.

In some cases, RECBC is actively working on service enhancements in these areas (such as reducing the number of days to complete an investigation, or the processing time for new licence applications), or has recently completed service enhancements (such as implementing changes to the search functionality of the RECBC website to improve the relevance of search results). In other cases, the comments received through this consultation will be shared and considered for potential future developments and process improvements following RECBC’s integration with OSRE and BCFSa in the summer of 2021.

Service Area	Comment Themes
Education	Requests for separate and targeted courses for strata, rental and trading services
	Requests for reduced duplication of education with the real estate boards and associations
	Support for more practical course content
	Requests to collect education fees at time of licensing
	Support for enhanced pre-licensing screening and education
	Requests to implement a mentorship program

“As education is mandatory, I was hoping to see an additional fee increase covering education ahead of time, rather than as one attends. Multiple reasons include funds received in advance; registration would not have to include collection and payment; thus saving staff time; encourages Realtors to take the classes sooner rather than later as they are paid for.”
-Survey Respondent

“Higher licensing fee for new licensee but in return for providing rigorous courses in Contract writing, Ethics and RE rules.”
-Survey Respondent

Service Area	Comment Themes
Licensing	Consideration for separate fees for residential and commercial licences
	Suggestions to scale fees according to region, income, number of trading deals, experience, clean record or years of service
	Support for increasing the initial licensing fee
	Support for implementing more stringent entry requirements
	Interest in reducing the time for licence application processing
	Requests for no increases to fees for five years
	Disagreement with paying fees twice for individual and PREC licences
	Concern fees are too high
	Concern with number of industry fees in general (brokerage and insurance fees, mandatory education, large commission splits to brokerage, administrative fees and licensing fees)

“Consideration needs to be given to the different licensing categories. As a property management brokerage only, these increases cannot be passed along to the client easily as long term contracts are in place.”

-Survey Respondent

“While I agree regulation of the Real Estate profession is very important, but regulation after licensing seems to be treating the symptoms and not the cause. Perhaps more stringent criteria in those being licensed are more in order. Too many times I hear about people wanting to be realtors because of the money. This should not be the kinds of realtors diluting our profession.”

-Survey Respondent

Service Area	Comment Themes
Resource Development	Develop more resources for managing brokers
	Shorten or amalgamate some forms
	Standardize reporting and auditing procedures
	Provide increased support and services for strata or property management
	Increase the number of managing brokers and strata managers
	Improve website functionality

“Improve the search function of RECBC’s website to help licensees easily and quickly find the guidance they need.”

-Survey Respondent

“Your disclosure forms should be shortened and written as a legal-type form so all content is read instead of only the highlight large print and pretty picture. One form can cover all aspects of disclosure.”

-Survey Respondent

Service Area	Comment Themes
Professional Standards Advisors	Implement a dedicated service for managing brokers with priority access
	Advisory services often redirect to legal advice, need clearer more direct answers

Service Area	Comment Theme
Communications, Outreach and Engagement	Provide ongoing engagement with licensees
	Consult with BCREA, member boards and managing brokers
	Implement customer service surveys
	Reduce call-back wait times
	Develop communication materials in multiple languages
	Develop more public and consumer education
	Include industry members in development of regulatory and disciplinary initiatives
	Reduce paperwork for consumers

“Provide ongoing engagement with licensees and real estate stakeholders. Understanding licensees’ on-the-ground experience through meaningful consultation is vital to develop effective compliance resources and test policy and practice ideas.”
-Survey Respondent

“Implement biannual customer service surveys of licensees and members of the public who access RECBC’s services. Consumer satisfaction surveys could help RECBC understand where improvements to services and resources can be made most effectively.”
-Survey Respondent

Service Area	Comment Themes
Complaints and Discipline	Increase speed of investigation
	Increase the fines for misconduct

“No problem with the fee increase as long as both Education and Compliance are improved. Questions need to be answered faster and files need to be dealt with quicker. We should not see files that are older than four years anymore.”
-Survey Respondent

“Reduce the number of days needed to complete a complaint investigation to enhance compliance. RECBC’s Service Plan forecasted that a complaint investigation would take an average of 245 days to complete. Licensees and real estate consumers deserve more timely decisions”
-Survey Respondent

Conclusion

RECBC would like to thank the many real estate professionals who took the time to share their comments and feedback through this consultation. Your survey responses will be used to inform future planning and decision making.

We look forward to the next opportunity to consult with you on service changes, service improvements and enhancements. The insights shared by real estate professionals are a valuable support to the ongoing successful regulation of the industry and the continued protection of real estate consumers in British Columbia.

Appendix 1: Licensing Fee Consultation Survey Questions

RECBC invited all real estate professionals to share their feedback on changes to licensing fees. The consultation opened on December 10, 2020 and closed on January 10, 2021. Below are the questions that were included in the survey.

- 1. Are you:**
 - A member of the public
 - A real estate professional (managing broker, associate broker or representative)
 - Other (please specify)

- 2. Please identify your category of licence (choose all that apply).**
 - Trading Services
 - Rental Services
 - Strata Management Services

- 3. What area of the province do you live/work?**
 - BC Interior
 - Northern BC
 - Lower Mainland / Sunshine Coast
 - Vancouver Island (including Gulf Islands)

- 4. Do you understand how RECBC uses licensing fees for to regulate the real estate sector?**
Yes/No

- 5. Do you understand the proposed change to licensing fees?**
Yes/No

- 6. Do you understand the reasons for making the proposed changes to licensing fees for real estate professionals and brokerages in BC?**
Yes/No

- 7. Please let us know your level of agreement with the following statements.**
Strongly disagree/Disagree/Neutral/Agree/Strongly Agree
 - The information was easy to read
 - The information was understandable
 - The information answered questions I had about your fees

8. Do you have any general comments related to the proposed licensing fee change?

As a real estate professional, what services from RECBC currently provide the most benefit to you? Please select top three.

- Licensing Services
- Continuing Education
- Investigations and Discipline
- Brokerage Audits
- Information Provision
- Other/ Specify

9. In which areas would you like to see service improvements/enhancements?

- Licensing
- Processing of complaints
- Resource development
- Professional Standards Advisory services
- Communications outreach and engagement
- Education
- Other (please specify)

Appendix 2: 2021 Licensing Fee Changes Consultation Summary Report

Published on February 1, 2021.

Overview of Survey Findings

The following survey responses were highlighted in the Summary Report. The full report is available on the [RECBC website](#).

1. A large majority (93%) of respondents indicated that they understood how RECBC uses licensing fees to regulate the real estate sector.

Licensing fees enable RECBC to regulate real estate professionals, including trading services (real estate sales), strata management and rental property management. RECBC is a Crown agency and does not receive any public funding. Licensing fees pay for the direct costs of regulating real estate professionals in BC including:

- reviewing and processing licensing applications, renewals, licence transfers, surrenders, and other frequent requests;
- conducting brokerage audits to help ensure that business processes and policies are compliant, and that the money entrusted to brokerages by members of the public is adequately protected;
- providing professional standards guidance and advisory services, as well as consumer and public education; and
- responding to inquiries and complaints from members of the public, conducting investigations, and disciplining real estate professionals in cases of misconduct.

There are also indirect costs of regulation: finance and accounting, communications, technology, stakeholder engagement, facilities and staffing, and more.

2. Similarly, a large majority (86%) of respondents indicated that they understood the proposed change to licensing fees.

RECBC's licensing assessment fee increased by \$200 effective April 1, 2021. Therefore, of the \$2,000 in total fees paid by first time applicants, \$850 will go to RECBC. For renewal applicants, \$800 out of a total \$1,650 will go to RECBC.

RECBC's current licence and assessment fees were last updated in 2018. These fees are no longer sufficient to keep pace with a rapidly changing industry, making additional funding necessary to continue the improvements in service delivery that RECBC has initiated. The fee changes effective April 1, 2021 will allow RECBC to continue to invest in systems and technology which are critical to maintaining public protection. RECBC will maintain its focus on service delivery, including increasing public awareness, enhancing the timeliness of processing complaints, conducting thorough investigations, and administering appropriate and proportionate discipline for misconduct.

3. Two thirds (66%) of respondents indicated they understood the reasons for making the change to licence fees.

Changes to licensing fees enables RECBC to continue to deliver service improvements for real estate professionals and achieve our vision: Public trust in ethical and competent real estate professionals. Fees enable RECBC to deliver on regulatory objectives, including improving operations and modernizing service delivery. Fees also support the retention and attraction of skilled staff to support real estate professionals and consumers. Important technology improvements are underway to streamline and automate workflows, increase data security, and improve the efficiency of licensing processes. The fee change will enable RECBC to keep pace with the volume of inquiries and complaints it receives, become more proactive in assessing the consumer impact of industry changes, and will minimize the risk of regulatory services being undermined from lack of funding.

4. Respondents were asked to indicate their levels of agreement with three statements about the information that was provided in the consultation documents.

- Most respondents (60%) agreed or strongly agreed when asked whether they agreed that the information about the licence fee change was easy to read.
- Most respondents (60%) understood the information provided.
- Over one third (41%) of respondents agreed or strongly agreed that the information answered their questions about RECBC's fees.

5. Respondents indicated that RECBC's Licensing services, Continuing Education and Professional Standards Advisory Services benefit them the most.

The increase to licensing fees that took effect on April 1, 2021 helps ensure real estate professionals continue to receive timely, responsive licensing services, valuable education programs and professional practice guidance, along with strong regulatory oversight, and reduced risk of public harm; all of which supports increased public trust in the profession. Each of RECBC's core business areas is focused on contributing to the achievement of these goals.

6. Most respondents chose Education as one of the top three areas where they would like to see service improvements and enhancements. This was followed by Resource development and Professional Standards Advisory services.

Education and the provision of information and guidance have been areas of focus for RECBC in recent years, with the development of new mandatory continuing education courses in agency, anti-money laundering, and ethics, along with significant changes to the Legal Update course and the launch of a new website.