For Immediate Release

**BACKGROUNDER**

**A Better Way Home: Strengthening Consumer Protection in Real Estate**

With a record-low number of homes available for purchase and surging demand resulting in part from low mortgage rates, conditions in BC’s housing market over the last 18-24 months have been uniquely challenging. Prices have risen dramatically, making it even more difficult for prospective homebuyers to be successful in an already competitive real estate environment.

In November 2021, the BC Government announced its intent to introduce a “cooling off period” and other potential measures designed to protect consumers. While it has become clear there is a need to explore ways to make housing more accessible and affordable in BC, the government’s announcement last year lacked detail and consultation with the real estate sector and could result in negative consequences for consumers.

The British Columbia Real Estate Association (BCREA) believes there is a better way forward to ensure British Columbians are protected in a real estate transaction and appropriate housing is available for all. [*A Better Way Home: Strengthening Consumer Protection in Real Estate*](https://bcrea.bc.ca/whitepaper) is our road map to a better future for home buyers and sellers BC.

**Our Research**

On behalf of BC’s eight real estate boards and 24,000+ REALTORS®, BCREA has been monitoring the unique conditions of BC’s housing market throughout the pandemic. Subject-free offers and offers well over list price – leading to gaps in financing – have reportedly become more common, resulting in increased risks for homebuyers during a real estate transaction and government’s decision to introduce a “cooling off period.”

BCREA was immediately concerned that this decision was made without first conducting thorough public consultations with the real estate sector and consumers. The government did not provide any insight about consumer concerns or the problem it was trying to solve and it did not outline any details about the “cooling off period” it plans to implement as early as this spring.

While we support measures to increase transparency and consumer protection in real estate transactions, it must be done in a way that is evidence-based, regionally nuanced and considers buyers, sellers and changing market trends. Without these best practices, policies are likely to result in unintended negative consequences for

consumers and the real estate market as a whole.

**BCREA White Paper and Recommendations**

With access to extensive data and expert analysis on housing market conditions, on-the-ground insights into consumer experience, a close working relationship with other housing sector stakeholders and a deep commitment to enhancing consumer confidence in the Realtor profession, BCREA is uniquely positioned to support the government in identifying a “better way home” for all British Columbians.

In partnership with the province’s real estate boards, BCREA has drafted a comprehensive white paper*, A Better Way Home: Strengthening Consumer Protection in Real Estate*, exploring the validity and scope of the government’s concerns around consumer protection.

The white paper also examines the state of the BC real estate environment as a whole and ultimately provides more than 30 recommendations for the BC government and the province’s real estate regulator, the BC Financial Services Authority (BCFSA), to consider in their efforts

to make lasting positive change in BC’s real estate sector.

To read the full white paper, visit [bcrea.bc.ca/whitepaper](https://bcrea.bc.ca/whitepaper).

To read only the table of recommendations, visit [bcrea.bc.ca/betterwayhomerecommendations](https://bcrea.bc.ca/betterwayhomerecommendations).

**Summary of Recommendations**

Our recommendations are based on findings from seven focus groups with Realtors, managing brokers and consumers; survey data collected from 2018 to January 2022, involving Realtors and consumers from across the province; and detailed analysis of secondary literature and the impacts of attempted housing market interventions worldwide.

The recommendations are aimed at addressing current concerns with the province’s housing market, the real estate transaction process, regulatory structure, and consumer protections. We believe that that the implementation of these recommendations will improve housing affordability, enhance consumer protection in real estate transactions, help evolve the real estate sector and contribute to the creation of a world-leading regulatory structure.

*Addressing The Root Cause: Housing Supply*

Since the price of a home is primarily driven by the market fundamentals of supply and demand, government interventions that only target the transaction process, such as a “cooling off period,” if at all, will not bring any significant or lasting improvements to housing affordability.

Our recommendations to the BC Government to improve housing affordability include implementing supply-side measures and calls to action made by the [Development Approvals Process Review](https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf) and the [Expert Panel on Housing Supply and Affordability](https://engage.gov.bc.ca/app/uploads/sites/121/2021/06/Opening-Doors_BC-Expert-Panel_Final-Report_Jun16.pdf), establishing a permanent National Housing Roundtable in coordination with the federal government and making infrastructure investments to local governments conditional on Official Community Plans (OCP).

*Enhancing Consumer Protection in Real Estate Transactions*

While supply is the root cause of BC’s housing affordability problem, changes to the real estate transaction process could help consumers in the short term. However, research, forecasting and real-world examples internationally

show that mandating a “cooling off period” for residential properties in BC or implementing restrictions on “blind bidding” are not the answer.

Our recommendations to the BC Government to enhance consumer protection in real estate transactions include implementing a mandatory five business day “pre-offer period” from the time of listing instead of a “cooling off period.” During this pre-offer period, offers cannot be made, allowing prospective buyers time to conduct due diligence. We also recommend collaborating with real estate sector stakeholders to establish a process for multiple offer scenarios that balances offer transparency for buyers with privacy concerns.

*Evolving the Real Estate Sector*

A January 2022 survey of BC home buyers found that 97 per cent of successful home buyers who used a Realtor were satisfied with their Realtor’s performance. Despite this, it is important that the Realtor profession continues to evolve in the face of changing trends in the real state sector, housing market conditions and society at large.

Our recommendations to the BC Government to continue evolving the real estate sector include raising entry qualification standards for new licensees and providing more targeted re-licensing education for managing brokers,

and implementing a Professional Standing Committee within BCFSA, modelled after the BC Teachers’ Council, to ensure BCFSA benefits from the on-the-ground perspective of experienced Realtors when considering practice changes.

*Creating a World-Leading Regulatory Structure*

When former Minister for Finance Carole James announced the formation of BCFSA, she envisioned creating a world-leading regulatory structure. To date, BCFSA has fallen short of those ambitions, largely due to both BCFSA’s and BC government’s approach to stakeholder engagement.

Our recommendations to the BC Government to create a world-leading regulatory structure include committing to fulsome consultation with real estate professionals and the public prior to future announcements

of potential public policy and ensuring any proposed policy has a corresponding problem statement, objectives, goals and metrics to evaluate its effectiveness, making those available to the public.

For Immediate Release

**A Better Way Home: BC Real Estate Association, Boards Publish Sweeping Recommendations for Government to Address Challenges in BC’s Housing Market**

**Vancouver, BC – February 28, 2022.** The British Columbia Real Estate Association (BCREA), with support from the province’s real estate boards, has published a series of sweeping recommendations for the BC government aimed at addressing current concerns with the province’s housing market, the real estate transaction process and consumer protection.

The white paper, called *A Better Way Home: Strengthening Consumer Protection in Real Estate*, offers more than 30 recommendations spanning four areas: addressing housing supply issues, enhancing consumer protection in real estate transactions, evolving the real estate sector and contributing to the creation of a world-leading regulatory structure. It incorporates findings from seven focus groups with consumers and REALTORS®, years of survey data, and a detailed analysis of economic and secondary literature, including the impacts of attempted housing market interventions worldwide.

“BCREA shares consumer and government concerns that current housing market conditions are untenable. Our recommendations include long-term measures to create more housing options for British Columbians, as well as immediate steps to give consumers in the market today more peace of mind,” says BCREA Chief Executive Officer Darlene K. Hyde. “As the voice of BC’s 24,000 Realtors, we want consumers to have full confidence in real estate transactions.”

BCREA’s recommendations to support consumer confidence in real estate transactions include:

* Giving buyers time to research a property before making an offer by introducing a mandatory “pre-offer period” of a minimum of five business days from when a property is first listed. During this period, offers cannot be made.
* Helping consumers make more informed decisions in multiple offer scenarios by collaborating with real estate sector stakeholders to establish a process that balances offer transparency for buyers with privacy concerns.
* Ensuring prospective buyers have immediate access to relevant information by making property disclosure statements mandatory and available upon listing.
* Mandating that all documents related to strata transactions are made available with the listing, including strata bylaws, depreciation reports, status of contingency funds, strata council correspondence and the Form B.
* Raising entry qualification standards for new licensees to ensure consumers are supported by skilled, qualified professionals.

While *A Better Way Home* is based on years of feedback, data and market analysis collected by BCREA and regional real estate boards, we have published it in response to the government’s announced plans to introduce a mandatory “cooling off period” in real estate transactions as soon as this spring. We are deeply concerned that this decision was made without first conducting thorough public consultations with the real estate sector and consumers, a problem statement or supporting rationale.

BCREA supports measures to increase consumer protection in real estate transactions, but it must be done in a way that is evidence-based, regionally nuanced and considers buyers, sellers and changing market trends. Without these best practices, policies are likely to result in unintended negative consequences for consumers and the real estate market as a whole.

“A ‘cooling off period’ is not the answer to alleviating the stresses consumers are currently facing in real estate transactions,” adds Hyde. “It won’t stand the test of changing market conditions, regional market differences and doesn’t equally serve buyers and sellers. It also does nothing to address the root of BC’s housing affordability problem; namely, lack of supply.”

An analysis of “cooling off periods” in other global jurisdictions has shown the policy to be ineffectual at best. The provincial government announced plans for a “cooling off period” in real estate transactions on November 4, 2021, without broad consultation with the housing sector. BCREA strongly believes that consumer interests are best served when the government invites in-depth input from housing sector stakeholders before announcing potential policies.

“With access to extensive data and expert analysis on housing market conditions, on-the-ground insights into consumer experience, close working relationships with other housing sector stakeholders, and a commitment to enhancing consumer confidence in the Realtor profession, BCREA is uniquely positioned to support the government in identifying a ‘better way home’ for all British Columbians,” says Hyde.

To read BCREA’s whitepaper and view the full list of recommendations, visit [bcrea.bc.ca/whitepaper](https://bcrea.bc.ca/whitepaper).

To download a media kit, visit [bcrea.bc.ca/betterwayhomemedia](https://bcrea.bc.ca/betterwayhomemedia).

**Additional Quotes:**

“We support measures that strengthen consumer protection and improve housing affordability and supply in our region. To find policy approaches that benefit current and hopeful home buyers as well as home sellers and owners requires a thorough understanding of how real estate transactions occur at every stage. Policymakers can only strike this delicate balance by consulting industry experts. This is why we urge our regulator and provincial government to deeply consider BCREA’s recommendations before implementing new requirements for home buyers and sellers in BC to follow.”

Taylor Biggar, Chair, Real Estate Board of Greater Vancouver

“The BC Government’s recently announced “cooling off period,” while well-intentioned, may result in unintended consequences. We’ve seen in the past that well-meaning proposals such as the vacancy tax, speculation tax, and foreign buyers’ tax have done little, if anything, to stem a burgeoning market. The issue is supply, plain and simple. The government has ambitious plans to increase housing inventory by 114,000 units over the next decade. To put this in perspective: to achieve a balanced market would require an inventory injection of 25,000 additional units today. This is a fundamental challenge and by an order of magnitude far greater than any stop-gap measure like a “cooling off” period could address.

“Today’s record housing market is driven not by any single element. It’s the result of a combination of factors: rock-bottom interest rates, major shifts in lifestyle and work habits due to a global pandemic and record low inventories. This is an issue of complex interdependencies in need of an equally well-formed strategy to resolve. If we are to achieve a long-term solution, we require a coordinated, collaborative approach, one that includes all stakeholders – regulators, realtors, builders, and local governments – as equal partners.

“Fraser Valley realtors have been an integral part of building communities for the past 100 years. We’ve been through numerous market peaks and troughs over the decades. We bring proficiency and insight into the mechanics and workings of real estate market transactions and a particular expertise in understanding what drives market trends, including the all-important intangible elements. This knowledge is critical if we are to establish a solution with staying power.”

Larry Anderson, President, Fraser Valley Real Estate Board

“The BC Northern Real Estate Board supports BCREA’s recommendations to enhance consumer protection and improve housing affordability. The "cooling off period" recently announced by the BC Government was made without consultation from the real estate sector and appears to be a “one-size-fits-all” solution based on current market conditions in specific parts of the province.

“However, markets conditions vary across time and geography, especially in the north where there are currently buyer, seller and balanced markets. A poorly planned policy could undermine consumer protection in the face of a swiftly changing environment. We ask the government and regulator to review BCREA’s recommendations and to consider the protection of all consumers, both buyers and sellers, regardless of where they reside.”

Alex Goseltine, Executive Officer, BC Northern Real Estate Board

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**About BCREA**

[BCREA](https://www.bcrea.bc.ca/) is the professional association for more than 24,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province’s [eight real estate boards](https://www.bcrea.bc.ca/about-bcrea/about-us-2/#memberBoards), BCREA provides continuing professional education, advocacy, economic research and standard forms to help REALTORS® provide value for their clients.