



BRITISH COLUMBIA
REAL ESTATE
ASSOCIATION

the bulletin

New Courses for Commercial REALTORS®

Because making easily accessible and valuable education options for all BC REALTORS® is an essential area of focus for BCREA, the Association has been working in collaboration with the BC Commercial Council to broaden the scope of course offerings for commercial REALTORS®. This exciting news means that licensees will be able to complete their education credits from a greater variety of courses geared specifically to their daily practice in commercial real estate.

Commercial Legal Update

One fantastic addition to BC's commercial REALTOR® education options is the new online 2010 *Real Estate E&O Commercial Legal Update* course. Commercial licensees can now conveniently fill their mandatory course requirements by taking the online version of the Legal Update course in the same way as residential REALTORS®.

This online course is facilitated by a video recording of Edward L. Wilson, a long time BCREA course instructor and *Legally Speaking* contributor who is a partner with Lawson Lundell. Wilson practices real estate law and acts for developers and investors in industrial, commercial and residential projects.

Replicating the in-class content with the addition of assignment questions, the online Commercial Legal Update course also has individual modules for each topic to pair with required readings. Upon successful completion of the course, licensees will be eligible to receive 6 PDP and REP credits, exactly the same accreditation as the in-class course.

For a link to register for the online Commercial Legal Update course, visit BCREA's Professional Development page on REALTOR Link® (www.realtorlink.ca).

New PDP Accredited Courses

As a result of an agreement with the BC Commercial Council in November 2010, BCREA has also been working on the Professional Development Program (PDP) accreditation process for 26 commercial real estate courses.

In July, the Association added seven existing Sauder School of Business' Real Estate Division courses to its PDP accredited course list.

The seven new courses, which each grant attendees six PDP credits are the following:

- Business Enterprise Valuation
- Hotel Valuation
- Multi-Family Property Valuation
- Office Property Valuation
- Seniors Facilities Valuation
- Lease Analysis
- Green Value – Valuing Sustainable Commercial Buildings

Each course is offered through distance education in a self-study format (with an online quiz) or as a live webinar which includes and requires active participation. Each course ranges from one to four lessons and is typically three to five hours of work per lesson. Students are mailed a printed copy of the course readings for each course and are provided with access to supplementary materials online.



As always, BCREA will continue to expand and evolve its education options to best serve its members and looks forward to the next steps in the accreditation process for the remaining 19 commercial courses. Keep your eyes peeled for more courses coming soon!

For more information about the seven newly PDP accredited courses, visit the Professional Development Course section of the Sauder School of Business' website at www.sauder.ubc.ca/Programs/Real_Estate_Division.

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President's Report

Planning for the Future

In my last report, I talked about the importance of teamwork and how BCREA is working hard to be a trusted teammate for REALTORS®. In May, we invited representatives from all of the real estate boards in the province to join us in creating the BCREA strategic plan for 2012 to 2015. This joint strategic planning happens every three years and provides an opportunity for us to work as a team and set the direction for BCREA. We were also joined by the new Canadian Real Estate Association (CREA) CEO Gary Simonson and President-Elect Wayne Moen.

The joint strategic planning was an open and frank discussion on the future of organized real estate, not just in BC, but across the country. CREA has done a lot of work in creating four possible "futures" for organized real estate. Our discussion focused on what BCREA can do to help REALTORS® add value to their client relationships. A major project for the next three years will be to completely renew our education programs to create a world-class system that truly helps REALTORS®.

Out of our discussion, it also became clear

that there are some things that only BCREA can do. In particular, participants at the joint strategic planning felt that BCREA has a unique role in advocating for and on behalf of REALTORS® with the provincial government and other stakeholders. This ability, combined with our in-depth economic analysis, has positioned BCREA as the provincial voice for real estate. In fact, BCREA Chief Economist Cameron Muir was recently appointed by the Minister of Finance to BC's independent Economic Forecast Council.

Another area for focus is around creating "quantum leaps," in other words a series of breakthroughs and radical changes, that will help BCREA transition successfully to the future. Some of this thinking revolves around technology and what BCREA can do to deliver services such as education, standard forms or economic analysis in a more efficient way. We've discussed bringing in fresh perspectives from other industries and backgrounds to think about our services in new ways.

It's no secret that there are fundamental changes happening in the real estate world,



President *Rick Valouche*

whether that's technology, new business models or the role that REALTORS® play in helping people with real estate transactions. By working together as a team, we can create our own future, instead of settling for a future that gets created for us.

If you are interested in the future of our industry, I encourage you to log into REALTOR Link® and visit <http://futuresavenir.realtorlink.ca>.

Rick Valouche
President



Board of Directors 2011-2012

Core Ideology

Core Purpose

Ensuring the continued relevance of REALTORS® in BC.

Core Values

- Member board vitality
- REALTOR® success
- REALTOR® professionalism
- Quality of Life
 - Economic vitality
 - Housing opportunities
 - Environmental preservation
 - Property owner rights
 - Better communities
- Public trust

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Government Relations

BC Member Boards: Speaking with Government About Shelter Taxes

Throughout the spring and into the summer, in communities across the province, representatives from BCREA's member boards met with their local Members of the Legislative Assembly (MLAs) to discuss restoring tax fairness for BC homebuyers.

Due to the unsettled provincial government, instead of holding its annual lobbying conference in Victoria, BCREA asked member boards to meet with MLAs in their constituencies. This year, the key area of focus was provincial shelter taxes, which is how BCREA describes the provincial Harmonized Sales Tax (HST) and Property Transfer Tax (PTT). Specifically, MLAs were presented with the following recommendations:

1. Increase the 1% PTT threshold from \$200,000 to \$525,000, with 2% applying to the remainder of the fair market value.

2. Index the 1% PTT threshold of \$525,000 using Statistics Canada's New Housing Price Index, and make adjustments annually.

3. Index the HST new home rebate threshold—currently set at \$525,000—using the New Housing Price Index, and make adjustments annually.

Considering the turmoil in the provincial government, all of the demands placed on member boards in spring 2011, and the fact that this project took place over the course of several months, 2011 Spring MLA Meetings were reasonably successful. Ten of eleven member boards participated, meeting with 43 of 85 MLAs from May to July.

Member boards reported that meetings were positive and MLAs seemed engaged in the issue of shelter taxes. Of the 43 MLAs that



members met with, most expressed support for the concept of indexing shelter taxes.

Notably, Minister of Energy and Mines and Minister Responsible for Housing Rich Coleman suggested that he supported a change to the PTT, and two other MLAs reported that either the Minister of Finance or the Premier was interested in PTT changes. On the other hand, several MLAs talked about the need to look at taxation as a whole, and stressed the importance of the results of the HST referendum.

To learn more about member boards' MLA meetings, visit BCREA's Lobbying and Legislation page on REALTOR Link® (www.realtorlink.ca).

Practical Points

New FVREB Resource: Promoting REALTOR® Value



If you could choose the most valuable way that REALTORS® assist their clients, what would it be? In a constantly changing market, REALTORS® will have to evolve their practices and communicate their value beyond placing listings on the MLS®.

To assist their members in communicating the important services that REALTORS® provide, the Fraser Valley Real Estate Board's (FVREB) Communications Committee has compiled a REALTOR® Value Toolkit. This resource clarifies the essential roles that licensees play in assisting the public to make the important decisions involved in a real estate transaction.

The board launched the toolkit in May by hosting information sessions, distributing resources to FVREB brokerages and posting materials on REALTOR Link®. Online materials include video training modules, a guidebook, handouts which can be used with clients and links to research conducted on consumer expectations and marketing ideas.

With a focus for use as a training tool by brokers with new REALTORS® or for REALTORS® to help themselves, this resource identifies the top ten concerns consumers have and gives members the words to best respond. To fill this need, the kit includes REALTORS®' Ten Value Points which provides sentences crafted for how licensees could respond to specific questions. These points are great topics for discussion at office meetings where members can share creative ways of incorporating these ideas into their presentations and promotional materials.

To access the FVREB REALTOR® Value Toolkit, click the toolkit button on BCREA's REALTOR Link® (www.realtorlink.ca) homepage.

New Housing Fundamentals

The most basic driver of new home construction is the rather simple need to put roofs over heads – the more new heads there are, the more new roofs are required. Therefore, housing starts tend to fluctuate around the rate of new household formations, with cyclical movements caused by changes in macroeconomic fundamentals like labour market conditions and interest rates.

As the BC economy emerged from the doldrums of the late 1990s, new home construction flourished. New construction activity benefited from low interest rates and strong economic growth, but mostly from a wave of new households formed through a mix of immigration and an overall westward shift in Canadian labour mobility. From 2004 to 2008, an average of 35,000 new units were added to the BC housing stock each year. However, with the onset of the 2008 financial crisis, new construction came to a halt and the subsequent fear and uncertainty curbed new home construction to just 16,077 starts in 2009 – the lowest level in almost ten years.

As the exuberance of the pre-recession years gave way to caution, the gap between expected household formation and growth in the housing stock, and therefore in the supply and demand for housing, has grown.

So what does the future have in store for the BC home construction industry? Let's look a little closer at some of the most important medium-term fundamentals that drive the new home market.

New Household Formation

BC Stats estimates that the province will add over 300,000 new households over the next ten years, largely through immigration. This household growth is projected to be concentrated around already densely populated regions like the Greater Vancouver Area and Victoria. However, as baby-boomers exit the workforce, we also expect to see a flood of retirees into communities in the Okanagan and on Vancouver Island. Given these trends, housing starts will likely continue to be focused on multi-family projects rather than single-detached homes. These



BCREA Economist
Brendon Ogmundson

further additions to the lower mainland's already diversified housing stock should provide affordable choices for new home buyers, young families and others entering the BC market.

Mortgage Rates

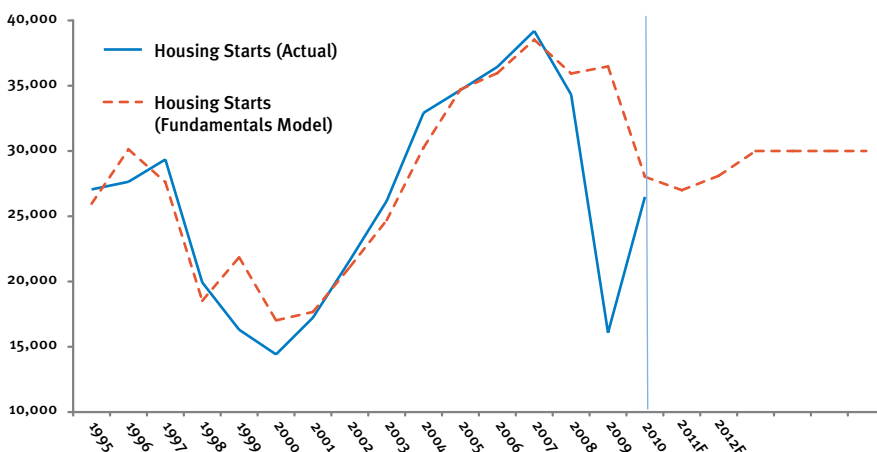
Canadian interest rates continue to act as the other shoe for housing markets, with rate tightening always seemingly just over the horizon. Although the timing of rate increases remains uncertain, interest rates will have to normalize over the medium term. That said, mortgage rates are likely to settle at levels that are, historically, relatively low.

Housing Market Conditions

As observed in BCREA's most recent Housing Forecast, we anticipate a moderate increase in consumer demand over the next two years. Higher mortgage rates should somewhat offset a stronger economy to keep demand slightly below 10-year average levels and home prices somewhat flat.

The following decade will see some interesting changes to the landscape in BC, but the demographic and economic trends should continue to favour a solid pace of new home construction activity in the years ahead.

Housing Starts Should Catch up to Fundamentals



Source: CMHC, BCREA Calculations

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Residential Construction Performance Guide An Essential Tool for Homeowners and Client Focused REALTORS®

By Karen Karaloukas, Homeowner Protection Office

For many consumers, owning a home is both a financial and a lifestyle investment that they can enjoy for years to come. It brings pride of ownership, a sense of security and responsibilities.

Understanding the basics of a well constructed home and how it should perform during the warranty insurance period is an important part of homeownership. It's also helpful information for client focused REALTORS® to have at their fingertips.

That's where the Homeowner Protection Office (HPO), a branch of BC Housing, can help. A new Residential Construction Performance Guide, available for free on the HPO website, is an essential reference tool for homeowners and their REALTORS®. It explains how new homes should perform and which defects are covered under home warranty insurance in British Columbia.

This user-friendly guide is easy to understand, easy to use, and was produced with home-



The Residential Construction Performance Guide, available for free on the HPO website, is an essential reference tool for REALTORS®, homeowners and home builders who want to super-serve their clients.

owners in mind. It's another helpful tool that REALTORS® can add to their information toolkits to share with homebuyers.

The guide is designed to help better understand how warranty providers in BC evaluate claims for possible construction defects in homes with home warranty insurance. This includes possible defects in design, materials or labour.

REALTORS® can encourage homeowners to use the guide to make more informed decisions and to self-evaluate possible defects. Finding out what is and isn't covered under home warranty insurance helps create realistic expectations when it comes to the performance of a new home.

How to Use the Guide

The guide outlines more than 200 possible defects that are searchable online. This includes the most common defect claims that might be submitted under a home warranty insurance policy.

It covers concerns that homeowners may have about windows that malfunction, walls that are out of plumb, floors that spring or shake, or roof trusses that are bowed, just to name a few examples. The guide addresses both internal and external defects that can occur in a new home. This ranges from driveway or interior concrete floors that have cracked to siding that has buckled, or defective plumbing fixtures.

You can find out if a specific condition is covered under home warranty insurance by searching the guide. Homeowners can search for performance conditions in 15 major construction categories, depending on the area of concern:

- Foundation/Basement
- Wall and Ceiling Finish
- Floor Framing

- Interior Finishing
- Wall Framing
- Cabinets and Countertops
- Exterior Finishing
- Flooring
- Roofs
- Chimneys and Fireplaces
- Plumbing
- Garages and Exterior
- Electrical
- Multi-Unit
- Interior Climate Control

Designed primarily for conventional low-rise, wood-frame homes, the guide also provides some helpful information for the common property of multi-unit buildings.

The guide was developed by the Province of British Columbia as a result of collaboration between the HPO and industry, particularly home warranty insurance providers. It explains the minimum performance required under legislation for new homes covered by home warranty insurance in BC.

Warranty providers are now using the guide to help determine whether or not a defect claim is covered by a homeowner's home warranty insurance policy.

Every new home built for sale by a licensed residential builder in BC is protected by mandatory third-party home warranty insurance. Better known as 2-5-10 home warranty insurance, this coverage includes: two years on labour and materials, five years on the building envelope (including water penetration), and 10 years on the structure.

For more information, please visit the Homeowner Protection Office website at www.hpo.bc.ca.

Thank you to the Homeowners' Protection Office for providing this article.

Current as of July 21, 2011. Check with your local board office for last-minute changes. The complete PDP course catalogue is available on BCREA's Professional Development page on REALTOR Link® (www.realtorlink.ca).

Note: this is a schedule of BCREA **cpe** courses only and does not reflect all PDP-accredited courses. Each course on this schedule is assigned 6 PDP credits, unless otherwise indicated, and all courses that are also REP accredited are full-day courses and have been marked with an asterisks (*).

BC Northern Real Estate Board

*Disclosure Issues & Risks**

SEPTEMBER 20 (100 MILE HOUSE), OCTOBER 4 (SMITHERS)

*Contracts: Keep on Top of Changes**

SEPTEMBER 26 (FORT ST. JOHN), OCTOBER 13 (PRINCE GEORGE)

Chilliwack and District Real Estate Board

SEPTEMBER 28, CHILLIWACK, *Ethics: Unlocking the REALTOR® Code*

OCTOBER 12, CHILLIWACK, *Real Estate E&O Insurance Commercial Legal Update**

Fraser Valley Real Estate Board

(due to renovations, no courses scheduled at FVREB)

*Real Estate E&O Insurance Legal Update 2011**

AUGUST 31 (SURREY), SEPTEMBER 14 (SURREY)

SEPTEMBER 2, SURREY, CONDO 202: Advanced Strata Law for REALTORS®*

SEPTEMBER 7, ABBOTSFORD, *Selling Tenant-Occupied Properties (STOP)**

Kamloops and District Real Estate Association

SEPTEMBER 16, KAMLOOPS, *Buyer Agency**

SEPTEMBER 29, KAMLOOPS, *Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 30, KAMLOOPS, CONDO 202: Advanced Strata Law for REALTORS®*

Kootenay Real Estate Board

*Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 21 (CRANBROOK), SEPTEMBER 22 (CASTLEGAR)

Competition Law and REALTORS® - What You Say and Do Matters

OCTOBER 18 (CRANBROOK), OCTOBER 19 (NELSON)

Okanagan Mainline Real Estate Board

*Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 7 (VERNON), SEPTEMBER 8 (KELOWNA)

Competition Law and REALTORS® - What You Say and Do Matters

OCTOBER 4 (VERNON), OCTOBER 5 (KELOWNA)

*Disclosure Issues & Risks**

OCTOBER 26 (VERNON), OCTOBER 27 (KELOWNA)

Real Estate Board of Greater Vancouver

(all courses held at REBGV unless indicated)

*Electronic Title Searching**

AUGUST 30, SEPTEMBER 21 (SQUAMISH), SEPTEMBER 27

*Real Estate E&O Insurance Commercial Legal Update**

AUGUST 29, SEPTEMBER 28, OCTOBER 13

SEPTEMBER 1, *Ethics: Unlocking the REALTOR® Code*

*Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 2, SEPTEMBER 13, SEPTEMBER 16, SEPTEMBER 20, SEPTEMBER 26, OCTOBER 6, OCTOBER 11, OCTOBER 14, OCTOBER 17, OCTOBER 24

*Selling Tenant-Occupied Properties (STOP)**

SEPTEMBER 6, OCTOBER 27

SEPTEMBER 8, *Negotiating and Presenting Offers*

*CONDO 101: Strata Law for REALTORS®**

SEPTEMBER 12, OCTOBER 5

*Foreclosures and Court Ordered Sales**

SEPTEMBER 21, OCTOBER 19

SEPTEMBER 22, *Contracts: Keep on Top of Changes**

*CONDO 202: Advanced Strata Law for REALTORS®**

SEPTEMBER 29, OCTOBER 25

SEPTEMBER 30, *Representing Buyers in the Sale of New Homes and Condominiums**

OCTOBER 3 & 4, *Accredited Buyer's Representative® (ABR®) (9 PDP credits)*

OCTOBER 12, *Know Your Product*

South Okanagan Real Estate Board

SEPTEMBER 22, PENTICTON, *Electronic Title Searching**

OCTOBER 20, PENTICTON, *Disclosure Issues & Risks**

OCTOBER 28, DAWSON CREEK, *Foreclosures and Court Ordered Sales**

Vancouver Island Real Estate Board

(all courses held in Nanaimo unless indicated)

*Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 7, OCTOBER 31 (COURTENAY)

SEPTEMBER 26 & 27, *Senior Real Estate Specialist® (SRES®) (9 PDP credits)*

OCTOBER 4, *CONDO 202: Advanced Strata Law for REALTORS®**

Victoria Real Estate Board

(all courses held at VREB)

SEPTEMBER 8, *Ethics: Unlocking the REALTOR® Code*

*Real Estate E&O Insurance Legal Update 2011**

SEPTEMBER 21, OCTOBER 19

SEPTEMBER 26, CONDO 101: Strata Law for REALTORS®*

SEPTEMBER 29, *Competition Law and REALTORS® - What You Say and Do Matters*

OCTOBER 3, *Disclosure Issues & Risks**