

Recovery from the economic situation created by the pandemic is a priority for this province. Given the importance of real estate to the economy, we believe BC MLAs need to focus attention on the following areas:

1. Improve housing supply and affordability
2. Address the high cost of strata insurance
3. Balance consumer protection and licensee professionalism
4. Develop smart anti-money laundering initiatives
5. Encourage energy retrofits

Please read on to learn more about our recommendations in these areas.

1. Improve Housing Supply and Affordability

BCREA asks MLAs to consider the following recommendations to increase access to affordable, appropriate housing for British Columbians.

RECOMMENDATIONS:

- **Strongly encourage local governments to fast-track development applications to ensure supply keeps pace with demand.**
- **Increase the First-Time Home Buyers' Program Property Transfer Tax (PTT) exemption threshold to \$750,000 from \$500,000 to better reflect current real estate prices.**
- **In urban areas, increase the supply of affordable, market, ground-oriented, family (three-bedroom) homes along transit corridors in lower density neighbourhoods using PTT revenue.**

For example, the province could provide financial incentives to municipalities that fast track medium-density projects – townhomes, cohousing and cooperatives – to help defray the costs of accelerated planning and rezoning.

- **Encourage local governments to legalize secondary suites with minimal red tape and enable alternative rental units such as coach houses.**
- **Eliminate the Speculation and Vacancy Tax (SVT).**

BCREA's [economic analysis](#) provides evidence that the tax is ineffective outside of Metro Vancouver. While the SVT may have contributed to reduced home sales and an increase in rental supply, it is difficult to disentangle this from impacts of the mortgage stress test and other policies like the City of Vancouver's Empty Homes Tax. Moreover, the effect of these policies appears to be short term with little impact on long-term affordability. Considering the marginal impact of the SVT and the current difficult economic climate, BCREA believes the tax creates a barrier for homebuyers and unnecessary administrative complications for government. Wholesale elimination of this tax would serve as a potential market stimulus and economic recovery measure.

- Exempt properties in the development process from the additional school tax using the same policy framework created to exempt development projects from the Speculation and Vacancy Tax.

The additional school tax increases the tax burden for owners of high-valued residential properties in BC, including detached homes and vacant lands. Taxing vacant lands held for development increases the cost of development, rather than encouraging housing supply.

2. Address the High Cost of Strata Insurance

In the past year, many BC strata corporations have faced significant cost increases when renewing their insurance. Some buildings have struggled to find insurers willing to renew their coverage at all. This alarming situation creates uncertainty and risks that could have serious impacts on the housing market and the economy.

RECOMMENDATIONS:

- Continue to work with stakeholders to identify the causes of the current difficult market and to develop solutions.
- Encourage the BC Financial Services Authority to foster a robust, economically viable market that attracts and retains insurance providers.
- Develop mandatory education for strata council members.
- Either create a new organization – modelled on the Condominium Authority of Ontario – to enforce the *Strata Property Act*, including providing mandatory training and creating best practices for strata councils, or assign this role to the Ministry of Municipal Affairs and Housing.

There are more than 30,000 strata corporations in BC, and at least a quarter of the population lives in stratas. Yet, the *Strata Property Act* is not fully enforced and anyone can be a member of a strata council. While organizations that represent strata corporations provide excellent services, they are voluntary. BCREA believes there are many opportunities to support all BC strata corporations and the people who live in them.

3. Balance Consumer Protection with Licensee Professionalism

In 2019, the government announced that the Office of the Superintendent of Real Estate (OSRE) and the Real Estate Council of British Columbia (RECBC) would be integrated into the BC Financial Services Authority in 2021. This was recommended by Dan Perrin in his 2018 independent review of BC's real estate regulatory structure. We are making the following recommendations with the goal of protecting the public and fostering consumer confidence.

RECOMMENDATIONS:

- Amend the *Real Estate Services Act* to provide for a Professional Standing Committee modeled on the BC Teachers' Council.

Dan Perrin recommended an industry advisory committee in his 2018 report, because it would add a practical filter when real estate practice changes are considered. BCREA recommends the committee be chaired by the Vice President for Real Estate Licensing and consist of professionals representing all licence levels and categories plus the diversity of licensees around the province and representatives from related professions. The committee would establish professional standards and provide practical insights into all changes to real estate practice.

- **Review the *Real Estate Services Act*, the Real Estate Services Regulation, RECBC Bylaws and Rules to separate public policy from operational policy.**

The Perrin Report found these documents to be a mixture of public and operational policy. A change to the regulatory framework provides an opportunity to streamline roles and responsibilities with input from licensees, real estate boards and BCREA. The result will be that licensees and consumers will find it easier to find information and understand roles and responsibilities.

- **Give the Real Estate Licensing function the authority to make Rules and operational policies.**

Once operational matters are clearly separated from public policy, it makes sense that the Real Estate Licensing unit should create its own operational policies.

4. Develop Smart Anti-Money Laundering Initiatives

BCEA is committed to continued work with the government to ensure money laundering has no place in real estate.

RECOMMENDATIONS:

- **Invest in public education campaigns focused on how to detect and avoid red flags in the mortgage process.**

Emergency measures related to the pandemic have placed many British Columbians under increased financial pressure, which can make them targets for mortgage fraud. Campaigns should be directed at first-time buyers and newcomers to Canada.

- **Let the Cullen Commission of Inquiry Into Money Laundering in British Columbia complete its work before implementing additional significant anti-money laundering measures.**

BCEA believes there is no place in our economy for illicit funds. We also believe steps to reduce money laundering need to be based on evidence. The government created the Cullen Commission to investigate this issue, and we urge the government to give that process adequate time to complete its work, then use the results to inform future initiatives.

- **Coordinate actions with the federal government to create a comprehensive, efficient enforcement and regulatory regime.**

Efforts to reduce money laundering involve a variety of governments, agencies and sectors. We expect the government to create a system that does not duplicate efforts; for example, if information is gathered for the Land Owner Transparency Registry then do not require the same information to be gathered by other professionals through other processes. Aside from being time efficient for the public and private sectors, a single point of data entry reduces the chance for errors and also makes it more likely that the information remains current.

To get the most out of any investment in this area, care must be taken to fully coordinate all efforts. BCEA encourages the government to set aside adequate time and resources to make this happen.

5. Encourage Energy Retrofits

The provincial government can expand its role as a leader in the fight against climate change. The following recommendations support British Columbian businesses, housing providers and property owners to improve energy efficiency and foster transformation to a low-carbon economy.

RECOMMENDATIONS:

- **Commit to a long-term, widespread investment in financial incentives to help property owners voluntarily retrofit existing buildings to improve energy efficiency and reduce greenhouse gas emissions.**

Financial incentives should be available to owners of existing commercial, purpose-built rental, multi-family strata and single-family properties. These incentives should be delivered in a variety of ways, including upfront cash incentives and tax credits. This is a timely initiative, as home needs are evolving and many homeowners are considering renovations. Because of COVID-19, homes also function as offices, schools and primary entertainment centres.

- **Engage and educate consumers to encourage demand for voluntary energy retrofits.** BCREA believes that the most progressive, sustainable step the government can take for the real estate sector is not only to offer incentive programs but to develop a public outreach program for consumers and homeowners to educate and inspire action. When more property owners make informed decisions to reduce their carbon footprints and cut energy costs, the entire province benefits.

The British Columbia Real Estate Association (BCREA) is the professional association for about 23,000 REALTORS® in BC, focusing on provincial issues that impact real estate. Working with the province's 11 real estate boards, BCREA provides continuing professional education, advocacy, economic research and standard forms to help Realtors provide value for their clients.

We welcome all opportunities to work together to build a strong, sustainable future for our province and have many concerns beyond the content of this document. In spring of 2021 BCREA will host our annual Government Liaison Days where we will invite you to meet with Realtors from your region.

In the meantime, please contact BCREA Vice President of Government Relations Trevor Hargreaves any time we can be of assistance (thargreaves@bcrea.bc.ca or [604.742.2798](tel:604.742.2798)).