



**REICHERT & ASSOCIATES**  
PROGRAM EVALUATION & RESEARCH

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# FINAL EVALUATION REPORT

## **RECBC LICENSING EVALUATION**

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## EXECUTIVE SUMMARY

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This is a final report of a summative evaluation of the education and licensing requirements of the Real Estate Council of British Columbia (RECBC; “Council”). Its primary purpose is to provide information to assist RECBC in identifying actions that may be used to inform Council decision-making relating to real estate education in British Columbia (BC). The evaluation draws upon data collected between November 2017 and April 2018, including a document review and environmental scan, key stakeholder interviews and a large electronic survey of real estate licensees from across BC.

### Background

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#### *RECBC and Real Estate Licensing in BC*

Established in 1958 by the provincial government, RECBC is a regulatory agency of real estate services in BC. It is responsible per the *Real Estate Services Act* (RESA; “Act”) for licensing and licensee conduct requirements in (i) real estate trading, (ii) rental property and strata management, and (iii) broker-level services throughout BC. To this end, RECBC determines suitability for all licence candidates, conducting criminal record and credit history checks, as well as setting the educational and experience qualifications for practice. RECBC also ensures that each brokerage has a managing broker in place and that the brokerages maintain a proper place of business. RECBC investigates complaints made against licensees and other potential contraventions to the Act, imposing administrative penalties or disciplinary sanctions accordingly.

#### *Qualifying Education*

To become a licensee, candidates must meet an English Language Proficiency Requirement (ELPR), be at least 19 years of age, and successfully complete the education and examination under the *Real Estate Rules* (Ministerial Order M417; “Rules”) of RECBC. Candidates are required to take one of three entry-level, self-paced, blended-learning courses offered by the UBC Sauder School of Business, Real Estate Division. Depending on their professional goals, candidates may choose between the Real Estate Trading Services Licensing Course, the Rental Property Management Licensing Course, or the Strata Management Licensing Course, which must be completed within a year of registration to qualify for the applicable examination, also administered by UBC. For candidates interested in the trading services, an Applied Practice Course (APC) has been developed by the British Columbia Real Estate Association (BCREA) in consultation with RECBC, UBC, managing brokers, and other stakeholders. The APC consists of four components, including online, face-to-face, and field assignments, for either Commercial Trading or Residential Trading services. Only after six months of licensed service in BC can licensees register in UBC’s Broker Business Planning and Financial Management Licensing Course. To become a broker, licensees must also satisfy an experience requirement by being licensed for a minimum of two years.

#### *Continuing Education*

All licensees are required to complete, at minimum, one Legal Update (LU) course as part of a Relicensing Education Program (REP) prior to renewing their licence every two years. For trading service licensees, the LU has been managed by BCREA and embedded within its Professional Development Program (PDP). Whereas the 11 member real estate boards (“Member Boards”) of BCREA provide the classroom LU for trading licensees, the Professional Association of Managing Agents (PAMA) offers the in-class learning for

rental property and strata management licensees. Online sessions for all licensees are available through UBC Sauder School of Business, Real Estate Division.

## About the Evaluation

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The evaluation was designed to document and assess the strengths, challenges, and opportunities of real estate licensing and education requirements in BC. It followed on the report, published by an Independent Advisory Group (IAG) in June 2016, which identified the need to undertake a comprehensive evaluation given heightened public concerns about the conduct of trading licensees. Specifically, the report questioned whether licensees understand their duties to consumers, their responsibilities as members of a regulated industry, and the required competencies in performing real estate services in BC.

The evaluation used a mixed-method and developmental research design, which included a systematic document review, a series of stakeholder interviews (n=91), a large electronic survey of licensees (n=5872), and an environmental scan of existing real estate and non-real estate regulatory regimes. It gathered multiple lines of evidence in three stages of fieldwork to ensure that the findings produced were utilization-focused and responsive to the feedback gleaned. Emails and telephonic feedback received informally from stakeholders over the course of the evaluation were noted, de-identified, and, also considered.

### *Information about evaluation participants and stakeholder groups*

A comprehensive list of stakeholder groups was developed in consultation with RECBC. Staff and leadership at RECBC as well as the Office of the Superintendent of Real Estate (OSRE), industry partners, and education providers from across the province were invited to participate in the interview process. Additionally, real estate regulatory and member-driven bodies in Alberta, Ontario, and Saskatchewan were targeted for their experience with recent educational changes and to discuss best practices at large. Great efforts were made to increase response rates, and 51% of contacted stakeholders were engaged. Survey respondents were also encouraged to opt-in to be interviewed. All real estate licensees in BC would have received a survey link using the database of RECBC. Participation was voluntary.

## Evaluation Findings

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Evaluation findings ranged from the effectiveness of operations to competency profiles, curriculum, and education supports. For the purposes of this executive summary, findings have been organized into the strengths, challenges, and opportunities of licensing and education requirements in BC.

### *Strengths*

A large majority of survey respondents indicated that they were “satisfied” or “very satisfied” with the licensing courses provided by UBC Sauder School of Business, Real Estate Division. There were no statistical differences in the satisfaction levels by primary service (e.g., trading, rental property management, strata management, broker), years of licensed experience, or level of formal education.

Interviewees acknowledged the “solid relationship” between RECBC and UBC, remarking on the prestige that the university brings the industry, and praised the accessibility of the licensing and relicensing courses across the province. Indeed, **less than 9% of survey respondents reported having faced barriers in accessing regulatory education**. Of those who did report barriers, classroom scheduling and availability (in terms of frequency, capacity, location, and access) were issues that were identified.

While stakeholders expressed concern with the fast pace of regulatory changes and the timeline for reformatting the Legal Update (LU) course, they were optimistic that it would elevate real estate services in BC. The new LU course will require licensees to complete both an online and classroom component, as well as pre-assessments and group work to enrich the learning environment and increase understanding of the content.

Interviewees largely agreed with the 24-month relicensing cycle and there is no consensus in the survey data whether additional types of real estate licences are desired at this time.

In the development of courses, significant work has been done in analysis of the skill set required for real estate trading, rental property management, strata management, and broker-level services. These analyses provide a good foundation to consider the competency profiles for each licence. The categories of contracts, disclosure, agency, and ethics can serve as an organizing framework to varying degrees.

All interviewees who attended the World Café in November 2017 reported positive reviews. Many expressed a hope that such an event would continue to support relationship-building and increased coordination among stakeholders in changing times.

### Challenges

The overlapping roles of RECBC and industry associations, particularly BCREA, were identified throughout the evaluation process as a challenge to the effective operations and consistent delivery of regulatory education. Stakeholders called on RECBC to take more responsibilities and revisit the composition of its education providers. Further, they reported that RECBC could expand its interpretation of education to include standard forms, communications, and outreach to and for the public.

Both interview and survey data highlighted the need for greater clarification from RECBC as to industry responsibilities, regulatory requirements, upcoming expectations, and educational objectives. Education providers and managing brokers welcomed change but wanted more channels of communications and official guidelines or notices moving forward. Many licensees added that RECBC should actively disseminate information to the public or provide licensees with succinct information that can be shared with clients and third parties as needed.

Stakeholders who participated in interviews put considerable focus on the theoretical weightiness and lack of practical skills development before licence eligibility. Together with the minimal entry requirements, it was perceived that licensing candidates were being inadequately qualified for industry, which may be especially pertinent for strata and rental property management licensees who do not have regulatory instructional facilitation akin to the APC for trading licensees.

Licensees identified that they would benefit from more education to meet their responsibilities to clients and the wider public. Emphasis was put on “training in business development planning” and “more mentoring opportunities,” as well as the use of case studies or smaller class sizes to facilitate more practical and participatory learning. Specialty courses on contracts, disclosure, agency, and ethics, in addition to conflict resolution, FINTRAC, commercial and strata sales, were also suggested.

A third of survey respondents wanted “closer monitoring by managing brokers.” However, interviewed managing brokers spoke of a “broken business model” as undermining their efforts as an education support or mentor. They described a “thankless job” with “no incentives financially to be a managing broker,” which has led to an aged and declining population, consequently affecting succession planning and training capacities at brokerages.

A disproportionate number (29.6%) of surveyed brokers were 66 years of age or older. When asked, 70.6% of surveyed licensees who were not considering upgrading to broker-level discussed a lack of interest in the role. Others explained that they did not see a benefit in upgrading or that they did not want the added responsibilities, administrative work, and potentially lower pay rate. While there are regulations around the number of branch offices or affiliated brokerages that they oversee at any given time, there are no limits to the total number of licensees that a managing broker can engage. Interview and survey data alike made clear that **managing brokers want regulation around their managing capacities.**

Similarly, strata managers spoke of being “stretched thin” with an increasingly expanding portfolio and agreed that the brokerage model undermined any incentives to make time for education or professional development opportunities. Rather, it compels them to take on more work (in the form of amassing more strata corporations) and there is no limit to doing so. Almost half (48.6%) of surveyed **strata managers think it is necessary to regulate the maximum number of corporations that they can oversee.**

### *Opportunities*

**Recommendation: Separate regulatory education from professional development and industry associations.** It is recommended that RECBC distinguish itself from industry associations for the provision of licensing and continuing education. This would include developing its own courses, pre-qualifying its own instructors, and establishing its own assessments standards. Also, creating standard forms, competency profiles, and a code of ethics pursuant to *RESA* and the *Rules* would enhance this separation. The intention would be to foster a relationship directly with licensees and become more visible to the public whose interests the Council is to protect. It would also be to increase the authority, credibility, and command of licensing requirements.

**Recommendation: Balance the representation of strata and rental property management at RECBC.** There are currently four vacancies on the Council that stakeholders recognize as an opportunity to include the perspectives of strata and rental property management. This would be key to increase awareness of service-specific considerations, needs, or recommendations.

**Recommendation: Continue to support the development of a communications plan for (ongoing and anticipated) regulatory changes.** This will support RECBC to increase contact with both licensees and the public, as well as ensure consistent messaging and open feedback loops. It may be useful to consult stakeholders (perhaps, by way of the Advisory Groups) to bolster communication efforts and maximize an effective coordinated, and provincial approach per targeted audience.

**Recommendation: Update the RECBC website.** Stakeholders reported that they do not find the current website user-friendly. As a component of the communications plan, an updated website would offer an opportunity to advance a technology platform (or, “portal”) with a clear pathway of requirements for regulatory expectations of licensees in both practice and in education. It is recommended that this effort supports the development of a separate portal for brokers who have specific needs for additional channels of communication with RECBC and information about regulatory changes. Furthermore, a portal for the public would better equip them in knowing what to expect of real estate services in BC.

**Recommendation: Increase access to information.** Enhancing access to regulatory and educational information, as well as increasing responsiveness to questions or concerns, will enable prospective and existing licensees to make more effective decisions during their education and in practice.

**Recommendation: Promote the services of the Professional Standards Advisors,** especially during periods of high transition. Ensure that the Advisors are readily accessible to licensees and are equipped to respond to inquiries without prejudice or opening an investigation. It is suggested to develop the role of the

Advisors to conduct presentations to brokerages and industry organizations on real estate practice and regulatory issues.

**Recommendation:** Enhance regulatory education with an apprentice model. Close supervision for a period or over a minimum number of transactions can help new licensees establish acceptable patterns of practice and further their attainment of required competencies (as well as the interpersonal skills that facilitate the mastery of these competencies).

**Recommendation:** Review the brokerage model and/or regulate managing capacities, especially for managing brokers whose responsibilities may increase with an apprentice model or through regulatory changes. There is already concern that the population of managing brokers is declining, with little interest in succession. An alternative model would be shared supervisory responsibilities among a team of established licensees at a brokerage. Another option may be to develop a role of compliance officer(s) or a licensed assistant within each brokerage to support managing brokers with their work.

**Recommendation:** Expand regulatory course requirements consistent with competency profiles and a focus on applied knowledge and core areas of practice, including contracts, disclosure, agency, and ethics above all. Knowledge and competency in conflict resolution, FINTRAC, business development, commercial and strata sales were also identified for development. An example of strategies to assist learners in those areas which involve application, problem-solving, and decision-making is presented in this report. The provision of relicensing (continuing) education for broker-level services would similarly enhance competency attainment and maintenance.

**Recommendation:** Integrate program evaluation processes into the development, implementation, and review of competency profiles for real estate services in BC. As changes may be introduced to licensing and licensee conduct requirement, either through regulation or professional standards evolution, it would be necessary to consider the function and needs of trading, rental property management, and strata management services. Changes in practice could be addressed by progressive adoption of competency profile development and the evolution of the role of managing broker, in particular, would present opportunities to develop a more sustainable brokerage model or regulate managing capacities specific to new expectations of the position(s).

## Implementation and Conclusions

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RECBC has made concerted efforts to change in the years since the IAG report. The passing grades for the licensing examination and APC assessments have been raised by 5% and a more comprehensive ELPR followed six months later. The incorporation of a standard setting process for the ELPR is a defensible approach for all large-scale assessments and should be implemented as additional changes are made in the licensing programs. The LU is undergoing a transformation to foster a more robust, blended learning environment with formative assessments. While the impact of these changes has yet to be seen, the evaluation identified challenges that RECBC can address to further bolster regulatory education. The evaluation is aware of the development of a communications plan that would offer RECBC an opportunity to fortify messaging, enhance access to information, and promote the resources already available with an updated website. The evaluation is also aware that OSRE may be in the process of establishing a Code of Ethics and Professional Conduct for licensees, which could provide the content of a first special topics course. The development of additional course requirements would present RECBC with the opportunity to move away from partnering with industry associations for the delivery of regulatory education, a recommendation that aligns with recent changes made by comparable organizations in Alberta, Ontario, and Saskatchewan. As regulatory changes continue, there may be value in building a minimum number of annual course credits into the rolling REP and exploring the feasibility of an apprentice model.