



Improving Consumer Confidence in Home Inspections

***Responses to the Intentions Paper:
A New Regulatory Model for Home
Inspectors***

June 11, 2020

Executive Summary

Home inspectors provide important services for British Columbians. Often used to determine the condition of a residential home or property, a home inspection consists of a visual examination and assessment of key structures, systems and components. A home inspector's report can play a determining factor in the sale and purchase of real estate in the province.

Home inspectors are provincially regulated. A person must meet qualifications and licensing requirements to conduct home inspections. These are set out in the *Business Practices and Consumer Protection Act* and the Home Inspector Licensing Regulation. Consumer Protection BC is responsible for licensing and investigating complaints about business practices. Home inspectors may belong to an industry association or professional body, but membership is voluntary.

In January 2020, the Province requested input from home inspectors on potential changes to how the industry is regulated. Current licensees were sent an Intentions Paper proposing a move from the existing licensing model under Consumer Protection BC to a new professional governance model under the *Professional Governance Act* (PGA). Such a change could be possible once enabling provisions in the PGA are brought into force later this year.

Home inspectors were asked to share their views on the proposal, including how it might impact the quality and consistency of home inspections in the province. The two main associations representing home inspectors in British Columbia, Home Inspector Association BC (HIABC) and the Applied Science Technologists & Technicians of British Columbia (ASTTBC), were also notified of the consultation and invited to participate. This report summarizes the results of the consultation and the input received.

About the Consultation

The purpose of the consultation was to invite input from British Columbia home inspectors on the proposal. It was important for Government to hear directly from licensees as the changes would affect how home inspectors are regulated and provide services. The consultation was not a scientific survey, but rather provided participants an opportunity to comment on the proposal and to identify issues for consideration.

On January 8, 2020, an Intentions Paper titled [Improving Consumer Confidence in Home Inspections](#) was sent to all of the approximately 450 licensed home inspectors in British Columbia. It asked for input on three questions:

1. What are your views on a move to a professional governance model for home inspectors, under the *Professional Governance Act*?
2. How would a shift to a professional governance model affect your home inspection business?
3. What steps would you recommend to ensure a smooth transition to a professional governance model?

Space was also provided for additional comments or questions about the proposal.

A copy of the Intentions Paper was posted on the British Columbia Government website. Responses to questions could be filed until January 31, 2020. A total of 120 responses were received from individual licensees. Submissions were also received from the HIABC and ASTTBC.

About the Proposal

The Provincial Government is considering changes that would affect how home inspectors are licensed and regulated. The proposed changes seek to address known issues, such as the lack of industry-wide standards for home inspections, the absence of a mandatory code of ethics and the need for greater authority to oversee and hold licensees accountable. Concerns have also been raised about the cost and financial sustainability of the current licensing regime.

The main goal of the proposal is to improve the quality and consistency of home inspections, while ensuring that the regulatory framework is effective, sustainable and cost efficient. Key outcomes include:

- Consumer confidence in the quality and standard of home inspections
- Consumer protection from unethical practices
- Knowledgeable and professional home inspectors

Professional Governance Model

The Intentions Paper proposed that British Columbia home inspectors move to a professional governance model to achieve these goals. Professional governance is an agreement between a profession and the government to regulate the activities of practising members in accordance with the public interest. It provides for a profession to be regulated by a designated body and reduces the risk of incompetent and unethical practices by enabling professionals to use their expertise to set and enforce appropriate requirements for the sector.

Professional governance allows regulatory bodies to establish protected titles for their professions as well as reserved or protected areas of practice. Examples of vocations that use professional governance are lawyers, engineers and foresters.

British Columbia passed the *Professional Governance Act* in 2018. The PGA provides a modern harmonized legislative and governance framework for regulated bodies that are subject to the Act. The PGA provides for a new office to provide oversight, the Office of the Superintendent of Professional Governance.

Once the Act is fully brought into force, regulatory bodies may be designated for other professions. Once this occurs, home inspectors could move to a professional governance model.

The Intentions Paper outlined five potential actions to enable such a transition:

- Establishing or designating a professional regulatory body under the PGA
- The Superintendent of Professional Governance consulting with interested parties on whether to establish a right to title or a right to practice for home inspectors
- The professional regulatory body consulting with interested parties on qualifications, professional development requirements, and inspection standards
- The professional regulatory body offering transition options to assist inspectors meet the eligibility criteria that is established
- Consumer Protection BC continuing to licence home inspectors during the transition while they apply to be registered with the professional regulatory body.

Key Finding 1: There is strong support among home inspectors to move to a professional governance model

Most respondents voiced support for home inspectors moving to a professional governance model. Licensees described how such a change would increase stability, uniformity, reliability and consumer trust in home inspections.

In addition, responses described how professional governance would allow for improvements to hold home inspectors more accountable for how they perform their business, not only for their clients but also for other parties involved in the home inspection industry. These changes would give greater credibility to the industry and raise consumer confidence in the quality and consistency of home inspections.

Responses pointed out issues with the current licensing model overseen by Consumer Protection BC. They described how the system is ineffective in meeting the needs of licensees and consumers, and does not allow enough industry involvement in decision making. Many also stated that licensing fees are too high for the level of services provided in return, and that regulation of home inspectors was not a proper “fit” within an agency mandated to uphold consumer protection in the province.

A shift to a professional governance model, it was noted, would address these issues and allow for home inspectors to have greater input and oversight over the sector. It would also have benefits for consumers by providing a uniform and stable structure that will produce more reliable home inspections.

Sample comments:

“Regulation is required in the industry and governance under a professional governance model would improve not only the experience of consumers but also the operation and performance of inspectors in the province.”

“A professional governance model will provide a uniform structure that will result in more reliable home inspections for consumers. Also, professional governance will support professional growth within the home inspection industry which of course will be to the benefit of those who seek our services.”

“A move to a professional governance model would give us designation and more guidelines and professional development requirements that would be defined and more regulated. We would have clearer guidelines to follow and this would allow for more uniformity in what home inspectors are required to provide.”

Key Finding 2: Most home inspectors see professional governance as positively impacting their business

Licensees generally agreed that a professional governance model would have benefits for their home inspection business. It was noted how professional governance would enable province-wide standards to be established for the industry, which would ensure greater professionalism and consistency in home inspections across the sector.

Respondents indicated that the establishment of a mandatory code of ethics and requirements for professional development would raise industry standards and provide a system for identifying and removing unqualified individuals from performing home inspections. Others stated that a transition to professional governance would be easy for home inspectors that already have professional memberships, insurance and the required education, training and experience.

Furthermore, some respondents pointed to potential benefits for new home inspectors starting their career. A professional governance model, they stated, would enable greater information sharing and knowledge transfer from more experienced home inspectors to new licensees. All of these things were described as having positive impacts for home inspection businesses.

Some respondents expressed concerns over the potential cost of licensing under a new regulatory model. A significant number of licensees were of the view that current fees are too high and that any increases to these costs, whether under a new model or otherwise, will have a negative impact on the industry.

Sample comments:

“A province-wide regulatory environment puts all home inspectors on a level playing field and will ensure regulatory enforcement standards are met.”

“I truly believe [a shift to a professional governance model] would benefit in a positive and prosperous way. Having every provincial inspector adhere to the same code will promote consumer confidence and ween out “shady” inspectors.”

“A clearly defined regulatory environment will provide province-wide standards that home inspectors must meet and regulatory enforcement to ensure those standards are met. This will create a more stable competitive environment that makes professional development a more effective tool to grow my business. I would be much happier knowing my professional growth will provide positive benefits rather than an irretrievable cost to my business.”

Key Finding 3: An effective plan is needed to enable a smooth transition to a professional governance model

Home inspectors were asked what steps could be taken to ensure a smooth transition to a professional governance model. A range of suggestions were given, the most common of which supported the five potential steps listed in the Intentions Paper. Key actions under that plan would include establishing or designating a regulatory body under the PGA and working with the Office of the Superintendent of Professional Governance to determine whether a right to title or a right to practice should be created.

Other recommendations were made to further engage industry stakeholders on any future changes, to provide clear communication to affected parties and to afford sufficient time and flexibility for industry to adapt. It was stressed that transitional steps be designed to minimize potential disruptions to business and consumer confidence in the sector.

Sample comments:

“I would ask for adequate time to make the shift, that the requirements would be clear and attainable so that we are not impeded from continuing to work with reasonable yearly fees.”

“Hopefully, the transition would be gradual and some consideration given to practicing home inspectors who are dedicated to their profession, but may not have kept up with current standards, for a variety of reasons.”

“The transition needs to be as smooth as possible to avoid business disruptions and to avoid shaking consumer confidence.”

Additional Comments

Respondents were able to provide additional comments about the proposal. A variety of comments were made, many of which reaffirmed the need for changes to improve how the industry is regulated. Others called for the establishment of new criteria for training and evaluating home inspectors which would allow trainers to assess a candidate’s experience and education rather than the number of inspections performed by the person.

Recommendations were made on whether a new or existing body should regulate the sector, although this information was not requested as part of the consultation. It is important to note that the Superintendent of Professional Governance will be responsible for making determinations about new regulatory bodies under the PGA once enabling provisions in the Act are brought into force.

Other suggestions were made in comments to ensure there is public education of any potential changes; to adopt national standards for home inspections; to create new structures for reporting and accountability; and to enact other measures to help ensure ethical practices within the sector.

While some comments pertained to issues not contemplated in the Intentions Paper, they provide useful insights for consideration as part of a transition process to a new regulatory model.

Conclusion

The consultation process provided an important opportunity for British Columbia home inspectors to provide input on potential changes that would affect their industry. A strong message was conveyed that there is a need for improvements to the regulatory model for British Columbia home inspectors.

Participants expressed significant support for the proposed move to a professional governance model and see such a change as having positive benefits for both industry and consumers. Respondents also made it apparent that any next steps must provide for a smooth and effective transition, one that minimizes impacts to businesses and consumer services.

The written submissions by the HIABC and ASTTBC also voiced support for the proposed changes. Their submissions pointed out issues with the current regulatory model, described the benefits that would result from a strengthened regulatory model and provided their perspectives on what role their organization could play going forward.

The Provincial Government thanks all participants for sharing their views and will continue to engage with stakeholders on any potential changes that could affect the industry. The results of the consultation will be shared with the Superintendent of Professional Governance so that further consideration can be given to the proposal. A potential move to a professional governance model may be possible after enabling provisions in the PGA are fully brought into force, which is expected to occur in fall 2020.