

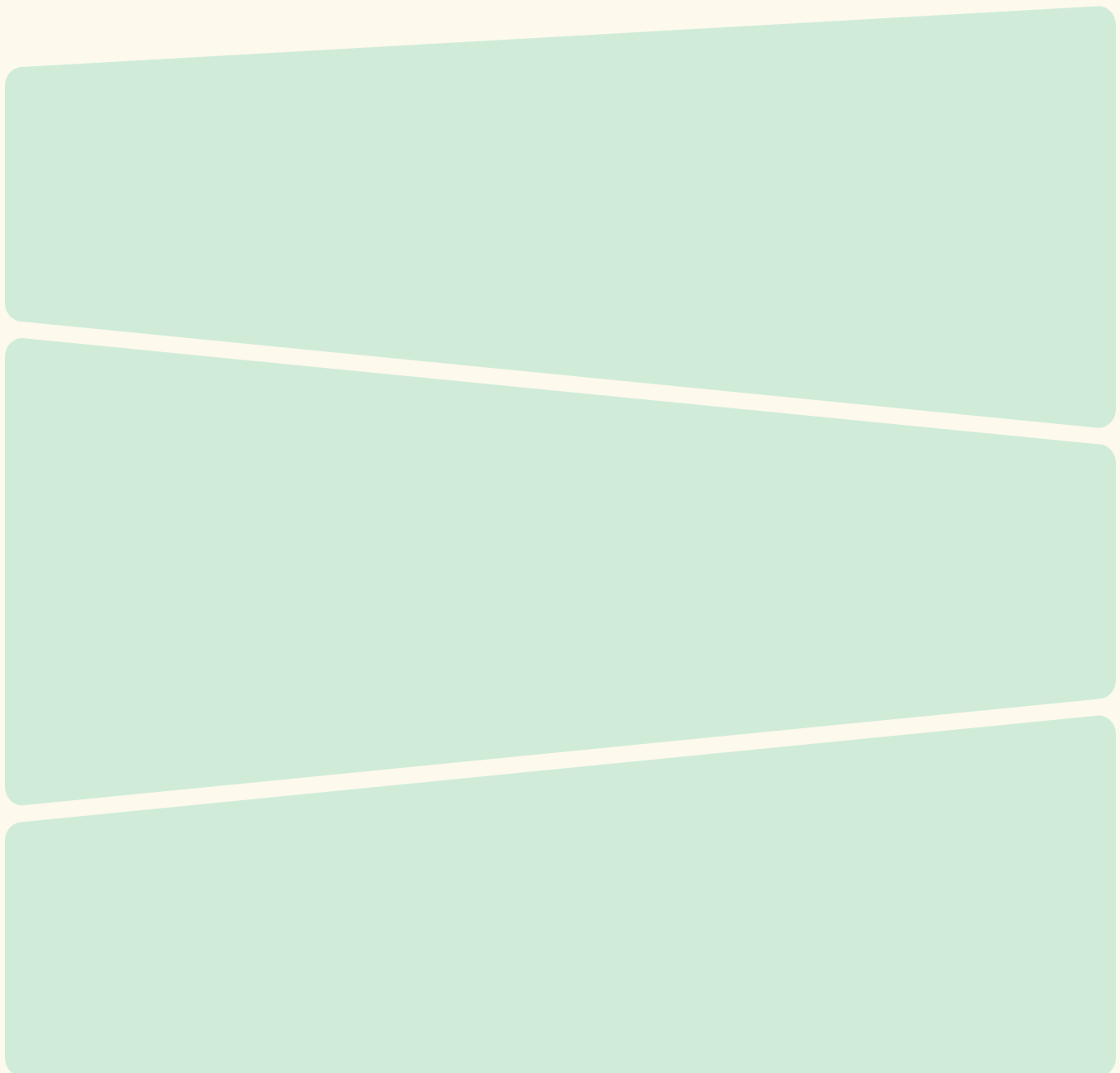


RECO

Real Estate Council of Ontario

Innovative & Progressive

Strategic Plan 2024–2027*



*The Board of Directors has approved an extension of the strategic plan's term, revising the timeframe from 2024–2026 to 2024–2027.

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Board Chair's Message

I am thrilled to present to you the Real Estate Council of Ontario's (RECO) strategic plan titled Innovative and Progressive for the period of 2024–2027.

Our previous strategic plan — Modern Regulation for a Dynamic Marketplace 2019–2023 — has served us well through five years of significant change in market and environmental conditions, and I am sure that the new plan will build upon our successes and provide us with the roadmap to continue to make more strides in the future.

As I continue my tenure with the Board of Directors, now as Chair, I have seen firsthand RECO's strong strategic focus in how it delivers to all stakeholders in an exemplary manner. This is thanks to the great work undertaken by our RECO staff, under the leadership and tireless dedication of the CEO, Michael Beard; the Registrar, Joseph Richer; and the Chief Operations Officer, Brenda Buchanan.

During the span of the current strategic plan, we have;

- evolved toward being more data-driven and analytical on our journey to becoming more risk-based;
- contributed to the implementation of significant changes to the laws that protect consumers in Ontario's real estate market;
- become more efficient by expanding our online services, tools and processes;
- broadened our outreach to consumers and registrants through enhanced campaigns and social media;
- taken huge strides to enhance education at the front end for incoming registrants as well as continuing education for all registrants;
- continued to optimize costs for registrants, including maintaining a significant one-time fee reduction that began in 2023; and
- adapted to extraordinary change through the COVID-19 pandemic that had significant implications for registrants and consumers.

Additionally, through this period, the Board has become more strategically focused. We have done so by strengthening our governance responsibilities through enhancements to committee structure and establishing clear policies that govern the manner in which the Board oversees the work of the regulator.

I am grateful to the RECO Board of Directors, staff, and stakeholders in the real estate industry who have contributed to the development of this strategic plan. Their input and feedback has been instrumental in creating a plan that will enable us to effectively regulate the real estate industry in this province to benefit consumers and registrants alike.

I invite you to read our new strategic plan and join us in working towards a better, more modern real estate regulatory framework in Ontario.

Sincerely,

Katie Steinfeld
Chair of the Board
Real Estate Council of Ontario

Context

The previous strategic plan has served us well in directing our organization towards the goal of becoming a modern and effective regulator in the real estate industry. Five years later, we are proud of our accomplishments to date. Yet, more is still left to be done. Building on the progress of our previous plan, the 2024–27 strategy includes some updates to our objectives as we adapt to the evolving demands of society and the market.

Our Environment

As the external environment changes, RECO must adapt and act. Considering the most appropriate response is a key facet of strategic planning. Below is a summary of some external factors and their implications for RECO and the Ontario real estate industry.

Economy

Ontario's economic outlook remains uncertain, with the possibility of a recession in the near future. The economy is facing some risks due to interest rate hikes, including higher default rates on loans, shrinking liquidity and a slowdown of economic activity or possible recession.

Given the strong linkage of the Ontario real estate market to the country's gross domestic product, a slowdown of the housing market has implications for the health of the broader economy.

Political Focus

Home affordability continues to be a key political focus of the province. The Ontario government has introduced More Homes for Everyone Act and More Homes Built Faster Act to address the housing crisis in the province.

To further improve consumer protection and professional standards in the real estate sector, the Ontario Government has introduced the Trust in Real Estate Services Act, 2002 (TRESA) to update the Real Estate and Business Brokers Act, 2002 (REBBA). The new legislation will update RECO's regulatory powers and assist the organization in its journey to continually modernize its approach to regulation of the sector.

Technology

The digital revolution has disrupted almost every industry, which requires a faster response from regulators, and traditional regulatory interventions may no longer be suitable. Regulators, especially in financial services, are responding to a market shift and taking steps to modernize regulatory infrastructure to adapt to fin-tech disruption.

Evolution of Regulation

The COVID-19 pandemic has accelerated the need for regulators to modernize and change their operating practices to become more agile. A key component to this has been adopting data-driven decision-making and greater use of technology to manage the way they regulate.

Additionally, regulators are shifting from rules- and principles-based practices to a more insight-driven model.

Consumer Expectations

Ontario's population is both growing and changing. Due to COVID-19 and the subsequent transition to remote work, many people have chosen to move from high-cost areas such as the Greater Toronto Area (GTA) to other parts of the province and country. Ontario is also diversifying as the province continues to welcome newcomers. Because of this, RECO will need to ensure that the information we share is accessible and comprehensive, and we may consider additional language requirements.

A History of Change

We have not been a static organization in recent years; we have developed and grown, as has the Ontario real estate market that we regulate. We are not the same organization we were even three years ago.

With the number of registrants continuing to increase, we have also expanded our scope. This includes taking an increasingly more active role in education, and we are assessing how to best achieve our objectives.

For context, by the end of 2022, more than 109,600 registrants were registered in good standing with RECO. That is an increase of five per cent compared to the previous year, representing growth in all individual and brokerage registration categories in 2022.

Total registrants (2020–22)

2020

93,948

2021

104,339

2022

▲5%

109,627

Education

After each course, RECO asked learners to complete a short survey. In 2022 the results remained extremely positive, with no changes over the previous year.

98% indicated the content in this course was relevant to their real estate practice.

97% indicated the activities in this course gave them the opportunity to apply their knowledge of the topics.

97% indicated the content covered in this course was interesting and easy to follow.

97% enjoyed that online learning allowed the flexibility of learning at their own convenience and pace.

96% indicated this course was easy to navigate and understand.

92% liked the pace of this course and indicated that it covered the right amount of content.

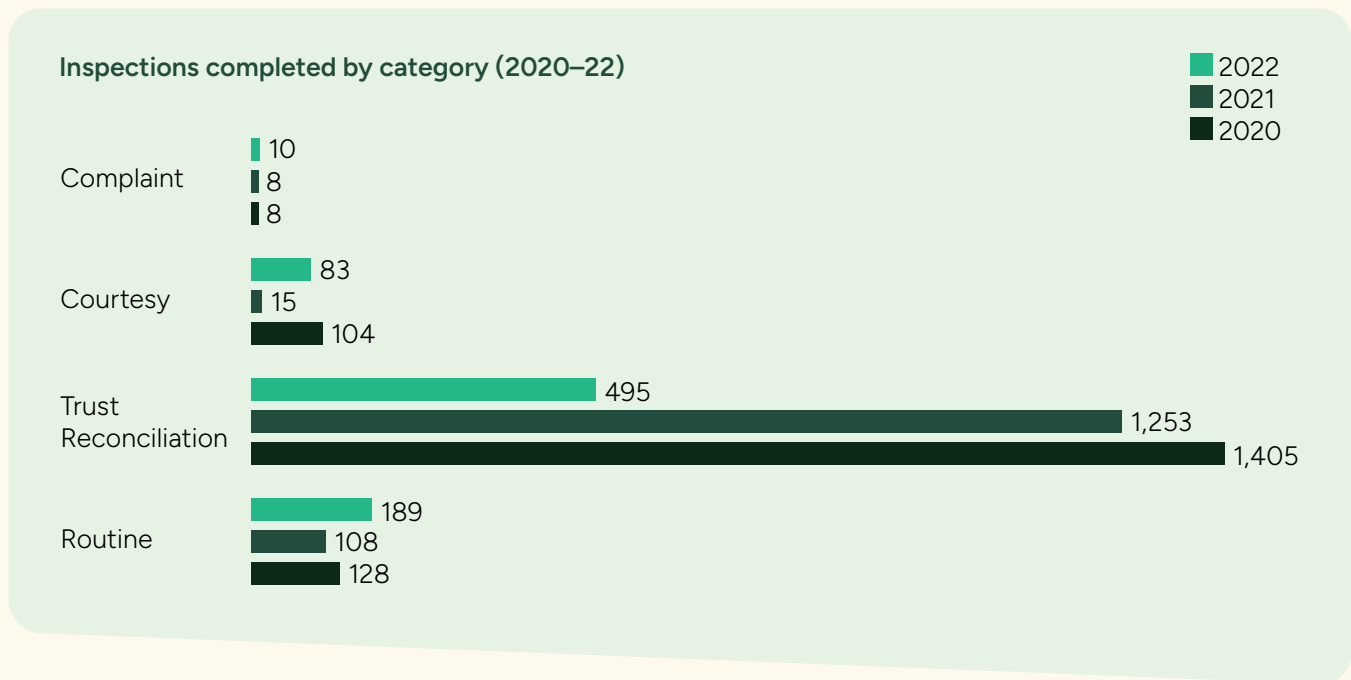
Complaints, Compliance and Discipline

In 2022 we opened 2,106 complaints, 17 per cent fewer than in 2021, and closed nine per cent fewer complaints than in 2021. More complaints were closed than opened in 2022.

	2020	2021	2022
Opened	2,465	2,524	2,106
Closed	2,251	2,674	2,445

Inspections

Because of COVID-19, starting 2020, there was a significant decrease in routine inspections and an increase in trust-reconciliation inspections.



Investigations

The table below shows the number of investigations conducted (opened and closed) by investigators appointed under REBBA. Typically, these are matters that are escalated for further investigation from an inspection, complaint or registration issue.

In 2022, investigations were primarily conducted remotely, and hearings were attended virtually. The investigations led to 10 prosecutions in the Provincial Offences Court.

With this second strategic plan, we are revising our direction for RECO — one that will see us change even more to lead in this dynamic environment.

	2020	2021	2022
Opened	122	121	109
Closed	112	134	73

Mission/Vision/Values

A strong strategy begins with clear statements of purpose. Our mandate is established by legislation and commits us to administering TRESA on behalf of the government and to serving the public interest through a safe and informed marketplace. This is the very reason RECO exists, and we remain committed to that mandate in everything we do.

Our vision and mission statements further define our purpose and direct the work within the parameters of our mandate.

RECO's vision is our "North Star," describing the future we strive to attain through the work we do. Our mission outlines what we will do every day to get there.

While developing the second strategic plan, we challenged ourselves to revisit our current vision and mission statements to ensure they were still relevant. While times have changed, the consensus was that they remain largely true to this day.

We know that to achieve the vision and be an effective regulator, we must lead and be progressive in our approach. We also know that the primary consideration in all our decisions must be serving the public interest and aiming to increase the safety and knowledge of the marketplace.



Mission

To promote a safe and informed real estate market for consumers in Ontario through effective and innovative regulation of the services offered by those who trade in real estate.



Vision

A real estate marketplace in Ontario where buyers and sellers are well informed, protected, and where transactions are conducted fairly.



Values

Model empathy and choose inclusivity

We act with respect, commitment and courage, engage with people empathically and consider their backgrounds and perspectives.

Be intentional in all actions

We act consciously and deliberately in our actions to achieve the most appropriate outcome.

Act with integrity

We act honestly and consistently, displaying fairness and equity in decision-making.

Embrace curiosity

We are inquisitive, taking an interest in ideas and perspectives of others, and are committed to continual improvement.

Be strategically agile

We make responsiveness a priority by monitoring our changing environment and being ready to act and modernize as needed.

Strategic Goals

Strategy is about making choices and establishing priorities. Our strategic goals inform the direction and priorities we will follow for the duration of this plan.

We have identified these goals to further progress our organization towards our vision and mission. They are building blocks that we are confident will serve RECO well on its path to be an innovative and progressive regulator.

One or more of these goals may inform our next strategic plan, and others may be achieved during the life of this plan. Many of the actions we describe here are about building capacity and capability, which, once established, will become part of our day-to-day operations and no longer part of the strategic plan.

STRATEGIC GOAL 1

Deliver Innovative, Progressive Regulation

This means:

- Gather and analyze greater amounts of data to better inform RECO's decision-making.
- Integrate risk-based analysis in everything RECO does.
- Proactively advise government on the state of real estate regulation and the need for continuous innovation in regulatory controls.
- Enhance the communication of RECO's professional standards.
- Reaffirm a clear identity, and use that identity to assist in the accomplishment of RECO's mission.

STRATEGIC GOAL 2

Advance an Informed Real Estate Market in Ontario

This means:

- Enhance RECO's initiatives to educate the Ontario consumer.
- Reinforce RECO's role as the regulator.
- Engage registrants to promote consumer protection.
- Design a program of continual engagement with consumers to build knowledge and awareness.
- Ensure the public can easily access essential regulatory information.
- Actively monitor the market and adapt to changing conditions.

STRATEGIC GOAL 3

Enhance the Organization's Resilience and Agility

This means:

- Maintain organizational sustainability, particularly in terms of staffing, facilities and capital.
- Inspire staff to embrace RECO's vision, execute our mission and uphold a set of shared values.
- Modernize RECO's system of governance.
- Adapt to change in all aspects of the real estate market and leading regulatory practices.
- Leverage emerging technology to adapt to change and ensure systems are secure and modernized.

STRATEGIC GOAL #1

Deliver Innovative, Progressive Regulation

Objectives

- Modernize the way RECO operates using data to drive decisions.
- Review and assess RECO's customer service standards.
- Be bold in the regulation of industry, while respecting the boundaries of the administrative agreement.
- Have a more consultative approach with the government, and make suggestions on how to better protect consumers.
- Leverage the change in legislation to optimize RECO's new authority to gain access to data.

The real estate market in Ontario — inventory, technology, business models — has changed in recent years and will continue to do so in the coming years. In order for RECO to become an effective, modern regulator, we want RECO to be a leader and have the capability to forecast, be proactive and create change.

We need to build systems and capabilities that allow us to behave this way — and to foster a culture of continually seeking approaches that help us to improve in fulfilling our mandate. It is our responsibility to consider the adequacy of existing legislation, something we will actively do. The current review of REBBA gives us a very structured opportunity to contribute to change by collaborating with the government to create legislation that is fit for the 21st century.

Additionally, we will:

- Gather and analyze data, as well as information from various sources, to inform us on how consumers, registrants and our organization are impacted by changes in the real estate market.
- Take a risk-based approach to regulation to better protect the public and allocate resources in a way that's guided by our evidence-based analysis.
- Actively advise government on changes in the real estate market that may leave consumers vulnerable, and propose ways to enhance consumer protection.

Success Indicators

- RECO is more data-driven in its delivery of risk-based regulatory services.

STRATEGIC GOAL #2

Advance an Informed Real Estate Market in Ontario

Objectives

- Enhance consumer outreach to build public confidence.
- Develop a communication strategy with organized real estate to increase confidence in RECO as a regulator.
- Advocate on adjustments to forms and language to help enhance consumer protection.
- Improve transparency by increasing the information that is available on the register so consumers can search registrants and their information.

To create this awareness, we will:

- Reinforce the attributes of RECO's identity that emphasize our role as a regulator.
- Redesign stakeholder engagement and communications to build knowledge and awareness.

Success Indicators

- Increased awareness that improves consumer protection.
- Increased RECO brand awareness among the public.

Real estate, like any market, is dynamic and always evolving. However, most people will be involved in that market only a few times in their lives.

The first line of protection for consumers in a real estate transaction is knowledge. Creating a well-informed real estate market is one of our most important levers to support this.

A significant component of what consumers know about their rights should be where to get the information they need. We should not expect consumers to know all their rights during a transaction — but we can strive for them to know who we are and what we can do for them.

STRATEGIC GOAL #3

Enhance the Organization's Resilience and Agility

Objectives

- Enhance RECO's performance measure dashboard to measure and track progress.
- Work with the Ministry of Public and Business Service Delivery to support a recommendation of the Office of the Auditor General of Ontario regarding Board of Director composition.
- Leverage technology to modernize systems and processes and to enhance security posture.
- Foster a culture of innovation and continuous improvement.

Our focus will be to:

- Create structures and systems within the organization so we can be more agile in our delivery services.
- Measure our resiliency and ability to adapt to change.

Success Indicators

- Create a dashboard to gain awareness of our performance and continuously improve.
- Minimize system downtime and security incidents.

With a more resilient organization established since our last strategic plan, our focus now is on becoming more agile.

The theme of this second strategic plan is progressiveness, and the foundation for any business is its people. Unless our staff have the necessary tools and structures and are able to adapt to change, RECO will become static.

The Life of the Plan

While this document serves as the primary tool for orienting RECO towards its vision, we must keep in mind that nothing is static. Our organization, consumer expectations, the industry and its stakeholders will all undergo changes in the years ahead, and our plan must be appropriately adaptable.

Therefore, there will be processes in place to ensure this document's direction and priorities are updated as needed and remain current and relevant to our operating context.

Planning Cycle

The Board provides strategic direction, and the organization executes on that direction through day-to-day operations. The diagram below outlines the planning cycle we will engage in every year to assess and review progress and update the plan as required, including the respective roles of the Board and management in this process.

April

Board Strategic Planning

- Review achievement of objectives to date.
- Provide input on changes that could affect the relevance of the plan.
- Conduct initial planning for coming year.



August

Management Review

- Assess progress against strategy.
- Identify environmental changes that affect priorities.
- Finalize planning for coming year.



September (subsequent year)

Management Update

- Update strategy to better address any environmental changes.

December

Board Review

- Present updated strategy and progress to date to the Board.
- Review and approve business plan.



Dynamic Management

In keeping with our commitment to be effective and agile, we consider adjustment to the direction and priorities on a regular basis throughout the year.

Any time an event prompts us to review our current operations or initiatives, consideration will be given to how it relates to this Strategic Plan and its objectives. We will maintain awareness in our management discussions of how our day-to-day work aligns with and supports the strategic plan. While any material changes will be presented to the Board, adjustments to priorities and acceleration or delay of initiatives are among the tools available to help us ensure we are an agile organization with an agile strategy.

Business Planning

As required in our Administrative Agreement and aligned to this schedule, we will develop a business plan annually that identifies a coordinated set of activities to advance our strategic goals in the coming year. The business plan will describe a set of initiatives to be undertaken in the fiscal year, as well as identify resources required.

Additionally, the business plan will identify targeted metrics to measure the progress of each of the initiatives and their impact on the achievement of the strategic goals.

Scheduling

The objectives identified within this strategic plan span the duration of the plan. Some have specific dependencies that will dictate when they can be started, others will take longer than one year to complete, and others may be dependent on the activities of external stakeholders.

As such, we will develop the specific scheduling of the objectives through the business planning and budgeting processes that the Board participates in each year.

Conclusion

Our Board and staff are excited about this new Strategic Plan as well as its long-term vision for the organization and real estate regulation in Ontario at large. While the plan is bold and ambitious, we are confident that it can be achieved with the support of RECO's dedicated team members.

The commitment and passion that went into devising this plan is matched by the commitment and passion needed to execute it. Fuelled by our continued dedication to consumer protection and serving the public interest, we look forward to travelling this road to more modern regulation of a dynamic marketplace.

RECO's Commitment to Environmental, Social and Governance Responsibility

We see environmental, social and governance (ESG) responsibility as a lens that applies to all aspects of the services our organization provides. In 2022 we underwent a comprehensive ESG assessment. An ad-hoc committee was created to review the assessment and make recommendations to the Board. The results

of the assessment indicate that there are no major ESG deficiencies in the approach being taken, but RECO has created a roadmap for consideration in the future, if necessary. Some of the past and present initiatives that relate to ESG are as follows:

Environmental

- Operate in a Leadership in Energy and Environmental Design (LEED) certified building.
- Move services, such as hearings, to remote settings to reduce carbon footprint.
- Adopt a hybrid work environment to reduce travel and carbon footprint.
- Reduce office footprint, power and other resource requirements.
- Switch from paper-based systems to electronic.

Social

- Develop a diversity, equity and inclusion strategy.
- Adhere to accessibility standards.
- Develop a policy and train staff on respect in the workplace, human rights, etc.

Governance

- Review corporate governance.
- Enhance corporate culture.
- Maintain ethical business conduct.
- Manage integrated enterprise risk.



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