



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 48-20 and 18 VAC 48-30 Condominium Regulations
Department of Professional and Occupational Regulation
August 22, 2012

Summary of the Proposed Amendments to Regulation

The Condominium Regulations have not undergone substantial revision since 1988. Since then the General Assembly has made numerous changes to the Condominium Act. The Common Interest Community Board (Board) thus proposes many changes in language to reflect the statutory changes and for clarification. Additionally, the Board proposes to specify that several items not referenced in the current regulations be included in the declarant's¹ public offering statement. The Board proposes to make these changes via repealing 18 VAC 48-20 and promulgating 18 VAC 48-30 with the same name, Condominium Regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Adding or changing language to the regulations to reflect current statutes in the Code of Virginia (Condominium Act) will have no impact beyond improving clarity as toward the law for the public since if there is ever any conflict between the Code of Virginia and Virginia regulations, the Code prevails. Thus the Board's proposal to change language to reflect the

¹ The Condominium Act (§ 55-79.41) defines "declarant" as any person, or group of persons acting in concert, that (i) offers to dispose of his or its interest in a condominium unit not previously disposed of, including an institutional lender which may not have succeeded to or accepted any special declarant rights pursuant to § [55-79.74:3](#); (ii) reserves or succeeds to any special declarant right; or (iii) applies for registration of the condominium. However, for the purposes of clauses (i) and (iii), the term "declarant" shall not include an institutional lender which acquires title by foreclosure or deed in lieu thereof unless such lender offers to dispose of its interest in a condominium unit not previously disposed of to anyone not in the business of selling real estate for his own account, except as otherwise provided in § [55-79.74:3](#). The term "declarant" shall not include an individual who acquires title to a condominium unit at a foreclosure sale.

statutory changes will only be beneficial. Other proposed changes by the Board for clarity are similarly beneficial.

The Board proposes to specify that several items not referenced in the current regulations be included in the declarant's public offering statement. According to the Department of Professional and Occupational Regulation, in practice most condominium public offering statements already include all of the items specified in the proposed amendments. Thus this proposal will not affect most declarants or potential purchasers. Adding the proposed language to the regulations will be beneficial in that ensuring that this standard information is included in public offering statements will help reduce the risk of potential purchasers not understanding all the relevant information associated with their potential purchase.

Businesses and Entities Affected

The proposed changes affect condominium projects registered with the Board as well as declarants who offer to dispose of condominium units. As of July 1, 2012, there were approximately 470 condominium projects registered with the Board.²

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendments are unlikely to significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendments are unlikely to significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments are unlikely to significantly adversely affect small businesses.

² Source: Department of Professional and Occupational Regulation

Real Estate Development Costs

The proposed amendments are unlikely to significantly affect real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.