



Economic Impact Analysis Virginia Department of Planning and Budget

13 VAC 5-21 – Virginia Certification Standards and Virginia Standards for Individual and Regional Code Academies **Board of Housing and Community Development** November 10, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G 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. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The General Assembly mandates in §36-137 (5) of the Code of Virginia that the Virginia Board of Housing and Community Development (BHCD) issue certificates of competence concerning the content, application, and intent of specified subject areas of the building and fire prevention regulations to any persons seeking to be qualified to perform inspections pursuant to Chapter 6 (§36-137 et seq.) of Title 36 of the Code of Virginia and any regulations adopted thereunder.

The proposed regulation (1) deletes the list of categories of BHCD certificates and the list of approved testing agencies and examinations and puts them in a training and certification guidance document to be developed and maintained by the Department of Housing and Community Development (DHCD), (2) deletes the maximum amount of levy funds that may be carried over from the previous fiscal year by building code academies, (3) establishes specific

circumstances under which BHCD can issue provisional certificates, and (4) requires that all certificate holders meet continuing education requirements as specified by the DHCD.

The proposed regulation also repeals unnecessary adoptions from and makes clarifications to the existing regulation.

Estimated Economic Impact

For private testing agencies and examination administrators and individuals seeking to be certified to enforce or perform inspections and reviews under the Uniform Statewide Building Code (USBC), the Virginia Amusement Device Regulations (VADR), and the Statewide Fire Prevention Code (SFPC), the current regulation includes a list with the following information: (a) approved testing agencies and examinations and (b) categories of BHCD certificates. The proposed change deletes the list from the text of the current regulation and puts it into a guidance document to be developed and maintained by DHCD. This allows DHCD to update the list without going through the 18-month regulatory process.

(a) Moving the list of approved testing agencies and examinations to a guidance document is likely to have a positive economic impact, especially given the increase in the number of private testing agencies and examination administrators in the last few years. An accurate and up-to-date list will make it easier for individuals seeking to get certified and for private operators seeking to set up new testing agencies and administer examinations.

(b) Economic impact of moving the list of categories of DHCD certificates to a guidance document remains unclear. On one hand, updating the list of certificates in a timely manner might make it easier for someone seeking to get certified to do so. On the other hand, changes made in an arbitrary manner could increase the uncertainty and hence the cost associated with getting certified. The net economic impact will depend on the specific changes made to the list of DHCD certificate categories.

Under the current policy, local building departments levy 1% on fees charged for building permits and remit it to the DHCD to support training programs of the Virginia Building Code Academy. However, localities that maintain certified individual or regional training academies (Fairfax and Prince William counties) can retain the levy. Annual collection of the

levy in excess of \$500,000 and any unspent balance greater than one-third of the levy collected that fiscal year is credited against levy to be collected the next fiscal year. The cap on the amount of levy retained by building code academies was repealed by Chapter 555 of the Acts of Assembly for 2002. The proposed regulation incorporates the change. In fiscal year 2001, the Virginia Building Code Academy collected \$577,000 through the levy. Thus, \$77,000 was credited against levy to be collected by the localities in fiscal year 2002. The amount collected and credited back by the individual and regional code academies is not known. Under the proposed regulation, the building code academies would be allowed to retain the full amount of the levy. According to DHCD, the extra funds are to be used to provide contractors, architects, and tradesmen additional training, especially as it relates to the new building and fire prevention code regulations being proposed by the BHCD. The economic impact of the change would depend on the impact the additional training will have in the application and enforcement of building regulations.

The proposed regulation establishes circumstances under which a BHCD provisional certificate can be issued. This change is likely to have a slight positive economic impact. The circumstances under which a provisional certificate can be issued as established by the proposed regulation are consistent with the current practice of the DHCD and are not expected to significantly change the way these certificates are issued. To the extent that the regulation clearly specifies the circumstances for the issuance of these certificates, it is likely to reduce uncertainty and make the decision-making process more consistent and uniform.

The proposed regulation adds language that requires that all certificate holders attend continuing education training as specified by the DHCD. According to current policy, certificate holders under the USBC, VADR, and SFPC are already required to meet continuing education requirements as determined by the DHCD. Thus, the proposed change is stating what is already required under the building and fire prevention codes and is not likely to have any economic impact.

Businesses and Entities Affected

The proposed changes to the regulation affect private testing agencies and examination administrators and all individuals seeking to be certified to enforce or perform inspections and reviews under the USBC, VADR, and SFPC. The regulation also affects the Virginia Building

Code Academy and the regional code academies operating in Fairfax and Prince William counties.

Localities Particularly Affected

The proposed changes to the regulation affect localities throughout the Commonwealth.

Projected Impact on Employment

The proposed regulation's impact on employment is likely to be very small. An accurate and up-to-date list of DHCD certificate categories and approved testing agencies and examinations could potentially make it easier for individuals to get certified. It could also make it easier for individuals to operate private testing agencies and administer examinations. However, arbitrary changes to the list of DHCD certificate categories could increase uncertainty and make it harder to get certified. Clearly specified circumstances for the issuance of provisional certificates will reduce uncertainty and hence costs associated with getting a provisional certificate.

Effects on the Use and Value of Private Property

The proposed regulation will not have any significant effect on the use and value of private property.