

Adverse impact notification sent to Joint Commission on Administrative Rules, House Committee on Appropriations, and Senate Committee on Finance (COV § 2.2-4007.04.C): Yes  Not Needed

If/when this economic impact analysis (EIA) is published in the *Virginia Register of Regulations*, notification will be sent to each member of the General Assembly (COV § 2.2-4007.04.B).



## Virginia Department of Planning and Budget Economic Impact Analysis

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**18 VAC 48-70 – Common Interest Community Ombudsman Regulations**  
**Department of Professional and Occupational Regulation**  
**Town Hall Action/Stage: 4441/7494**  
June 2, 2016

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### **Summary of the Proposed Amendments to Regulation**

The Common Interest Community Board (Board) proposes to amend its ombudsman regulations to clarify that new co-op associations, condominium associations and property owner associations have to establish and adopt complaint procedures within 90 days of filing with the Board but that existing associations must have complaint procedures in place when they register with the Board.

### **Result of Analysis**

Benefits likely outweigh costs for these proposed changes.

### **Estimated Economic Impact**

Current regulation requires that associations “filing an initial application for registration must certify that an association complaint procedure has been, or will be, established and adopted by the governing board within 90 days of such filing.” Board staff reports that the intent of the Board was that only new associations would have 90 days after filing to adopt complaint procedures but that existing associations would already have adopted complaint procedures and would not need an extra 90 days.

To clarify this language for regulated entities, the Board now proposes to split this requirement into two parts and only include the 90 day allowance in the part that addresses new

associations. As this is not a substantive change, no entities are likely to incur costs on account of the proposed regulation. To the extent that these changes make the requirements of the Board more clear, interested parties will benefit from having a regulation that is more easily understood.

### **Businesses and Entities Affected**

Board staff estimates that there are approximately 5,900 community associations registered with the Board. All of these entities, as well as any future registrants, will be affected by this proposed regulation.

### **Localities Particularly Affected**

No locality will be particularly affected by this regulatory change.

### **Projected Impact on Employment**

This proposed regulation is unlikely to have any impact on employment in the Commonwealth.

### **Effects on the Use and Value of Private Property**

This proposed regulation is unlikely to have any impact on the use or value of private property.

### **Real Estate Development Costs**

This proposed regulation is unlikely to affect real estate development costs.

### **Small Businesses:**

#### **Definition**

Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

#### **Costs and Other Effects**

Small businesses in the Commonwealth are unlikely to incur any costs on account of this proposed regulation.

### **Alternative Method that Minimizes Adverse Impact**

Small businesses in the Commonwealth are unlikely to incur any costs on account of this proposed regulation.

#### **Adverse Impacts:**

##### **Businesses:**

Businesses in the Commonwealth are unlikely to incur any costs on account of this proposed regulation.

##### **Localities:**

Localities in the Commonwealth are unlikely to see any adverse impacts on account of this proposed regulatory change.

##### **Other Entities:**

No other entities are likely to suffer any adverse impact on account of this proposed regulation.

#### **Legal Mandates**

**General:** The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order Number 17 (2014). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

**Adverse impacts:** Pursuant to Code § 2.2-4007.04(C): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.

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