



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**13 VAC 5-21 – Virginia Certification Standards**  
**Department of Housing and Community Development**  
July 24, 2013

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

The Board of Housing and Community Development (Board) proposes to amend the Virginia Certification Standards to: 1) require applicants for certification to have completed qualifying examinations and education not more than six years before submitting their applications, 2) remove a partial list of training modules from these regulations, 3) specify that the Board will consider allowing alternates to training requirements listed in these regulations and 4) require nongovernmental certificate holders to meet the same continuing education requirements as are laid out in the Universal Statewide Building Code (USBC) for governmental certificate holders.

### **Result of Analysis**

There is insufficient information to ascertain if benefits will outweigh costs for several of these proposed changes. For other proposed changes, benefits will likely outweigh costs.

### **Estimated Economic Impact**

Current regulations require applicants for USBC certifications to provide proof of successful completion of an approved examination for each certificate sought but they do not place limitations on when exams can be completed in order to count toward meeting certification requirements. Board staff reports that certifying someone who has completed a qualifying exam too far in the past can be problematic because that individual will not have shown mastery of current USBC requirements. The Board proposes to add a time limit and require that applicants pass their qualifying exam within six years (or two code cycles) of applying for certification unless they also hold a current International Code Council (ICC) certification. To the extent that

major changes are made fairly frequently to the USBC, this proposed change is one way to try and ensure that individuals seeking certification are knowledgeable about the current rules in the USBC. The Board might also, however, require that applicants read and understand USBC changes before certification or require that they take a code class offered by the Department of Housing and Community Development (DHCD) before certification rather than disallowing older certification exams altogether. Both of these options would present challenges (the USBC is proprietary and can be read online but may not be printed for reading offline, for instance). These options would however eliminate the need for applicants to pay \$150-\$180 and spend the time needed to retake a qualifying exam. Without knowing how many individuals would be affected by this change, and how many of those individuals have kept up on USBC changes by means other than studying for a qualifying exam, there is insufficient information to measure the magnitude of costs and benefits for this proposal.

Current regulations include a partial list of certifications offered by DHCD but the full list is maintained by the DHCD outside of these regulations. The Board proposes to eliminate the partial list in these regulations and, instead, include language that informs interested parties that a list of certifications is maintained by the department<sup>1</sup>. No entity is likely to incur costs on account of this change. Interested parties are likely to benefit from this change as it is likely to forestall confusion as to what certifications are available.

Currently, these regulations specify that alternatives to the training requirements in these regulations (13 VAC 5-21-45) “shall be permitted”. The Board proposes to amend this language so that alternatives “shall be considered”. This new language, on its face at least, appears to be more restrictive for applicants who have completed training other than what is in section 45 of these regulations. Without knowing what education would be disallowed by DHCD under proposed regulations that they would allow under current regulations, and whether the potentially disallowed education actually would make applicants able to competently work under the certification sought, there is insufficient information to know whether costs will outweigh benefits for this proposed change.

Currently, the USBC requires that governmental certificate holders complete 16 hours of continuing education every biennium and these regulations state that certificates will be in

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<sup>1</sup> The list is accessible online at DHCD’s website under “The Training and Certification Matrix”.

inactive status if continuing education is not completed. This means that nongovernmental certificate holders are not currently required to complete continuing education by the USBC but, in these regulations, they cannot hold an active certificate that allows them to work at the tasks certified if they don't. As this has the potential to cause confusion, the Board now proposes to amend the certification standards to make it clear that all certificate holders are required to complete 16 hour of training every biennium. No entity is likely to incur costs on account of this change. To the extent that current regulatory requirements are somewhat disjointed and opaque, certificate holders are likely to benefit from the additional clarity that this change offers.

### **Businesses and Entities Affected**

DHCD reports that up to approximately 3,500 Board certificate holders in the Commonwealth and that it is likely that no more than 15% (or 525 individuals) of these certificate holders are nongovernmental entities. All of these entities will be affected by these proposed regulations.

### **Localities Particularly Affected**

No localities will be particularly affected by these proposed regulations.

### **Projected Impact on Employment**

This regulatory action will likely have no impact on employment in the Commonwealth.

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

These proposed regulatory changes are unlikely to affect the use or value of private property in the Commonwealth.

### **Small Businesses: Costs and Other Effects**

DHCD does not know how many small businesses will be affected by these proposed regulations but the probable upper bound for the possible number of affected small businesses would be the estimated number of nongovernmental certificate holders (approximately 525 individuals). To the extent that they are not already completing the continuing education hours that will be required, these entities will likely incur some implicit costs for their time spent completing 16 hours of training every biennium. These entities may also incur explicit costs for fees for continuing education if they cannot or do not complete all required hours using no cost options approved by the Board. Other private small business entities who are not currently

certified might also incur costs for retaking a qualifying exam if their exam scores are more than six years old.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

There are likely no alternative methods that will both meet the goals of the Board and be less costly.

### **Real Estate Development Costs**

This regulatory action will likely have no effect on real estate development costs in the Commonwealth.

### **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, a determination of the public benefit, 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 an 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.