



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 48-20 – Common Interest Community Manager Regulations
Department of Professional and Occupational Regulation
September 4, 2010

Summary of the Proposed Amendments to Regulation

Pursuant to Chapters 851 and 871 of the 2008 Acts of Assembly, the Common Interest Community Board (Board) is proposing to amend its regulations to establish certification requirements for supervisory and principal employees of common interest community managers. Additionally, the Board proposes to amend the experience and training requirements for common interest community managers so as to be more flexible.

Result of Analysis

The benefits likely exceed the costs for one or more proposed changes. There is insufficient data to accurately compare the magnitude of the benefits versus the costs for other changes.

Estimated Economic Impact

The current regulations include requirements for licensure as a common interest community manager. Common interest community managers are firms that provide common interest community management services. The regulations do not currently provide for licensure or certification for the employees of common interest community managers.

Chapters 851 and 871 of the 2008 Acts of Assembly state that

On or after July 1, 2011, it shall be a condition of the issuance or renewal of the license of a common interest community manager that all employees of the common interest community manager who have principal responsibility for management services provided to a common interest community or who have supervisory responsibility for employees who participate directly in the provision of management services to a common interest community shall, within two years after employment with the

common interest community manager, hold a certificate issued by the Board certifying the person possesses the character and minimum skills to engage properly in the provision of management services to a common interest community or shall be under the direct supervision of a certified employee of such common interest community manager.

Consequently the Board proposes to establish in these regulations certification requirements for supervisory and principal employees of common interest community managers.

The proposed certification requirements include a fee of \$75 for each two-year period of certification. Additionally, for both initial certification and again every two years for certification renewal, individuals must complete 1) two hours of Virginia common interest community law and regulation training and 2) two hours of fair housing training as it relates to the management of common interest communities in Virginia. According to the Department of Professional and Occupational Regulation (Department) law firms currently offer training along the lines of the training requirement for Virginia common interest community law and regulation. The Department believes it is likely, though not certain, that the Community Association Institute will offer via webinar qualifying Virginia common interest community law and regulation training. This would allow certificate applicants and holders to avoid travel costs in obtaining the required training. Currently the Department offers free fair housing law training that is not specific to the management of common interest communities in Virginia. The Department expects that law firms will offer qualifying fair housing training as it relates to the management of common interest communities in Virginia, and that the Community Association Institute may also offer such qualifying training via webinar. The fee again would likely be approximately \$50.

According to the Department, several firms have been unable to meet the existing qualifications for licensure and many provisional licensees have informed the board that they will likely be unable to fulfill the current requirements prior to the June 30, 2011 expiration date of the provisional license. As a result, the board is proposing tiered qualifications to allow for more qualifying experience and less hours of approved training as well as provisions requiring more hours of approved training and less experience for licensure. The increased flexibility will likely reduce costs for common interest community managers.

Businesses and Entities Affected

The proposed amendments affect principal and supervisory employees of common interest community managers. Community managers may be impacted by the certification requirements for their employees; homeowners and unit-owners within common interest communities may be indirectly affected. The number of employees required to be certified under these proposed regulations is not known. However, there are approximately 200 licensed common interest community managers, who may have only one employee, or up to ten employees or more. Assuming an average of about 5 employees per community manager, it is estimated that about 1,000 people would become certified.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect total employment.

Effects on the Use and Value of Private Property

The proposed amendments will moderately increase costs for common interest community firms through certification required fees for employees. Those firms whose employees do not already meet the requirements for certification beyond the fees will encounter additional costs. On the other hand, the increased flexibility in meeting manager licensure requirements will reduce costs for some firms.

Small Businesses: Costs and Other Effects

The proposed amendments will moderately increase costs for small common interest community firms through certification required fees for employees. Those firms whose employees do not already meet the requirements for certification beyond the fees will encounter additional costs. On the other hand, the increased flexibility in meeting manager licensure requirements will reduce costs for some small firms.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There are no obvious alternatives that would significantly reduce adverse impact to small businesses and still meet the requirements of Chapters 851 and 871 of the 2008 Acts of Assembly.

Real Estate Development Costs

The proposed amendments are unlikely to have a large impact on 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.