





## **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 December 13, 1999**

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The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.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**

This regulation establishes the requirements for obtaining certificates of competence to be issued by the Virginia Board of Housing and Community Development (Board) concerning the content, application and intent of specified subject areas of the building and fire regulations promulgated by the board to present or prospective personnel of local governments and to any other persons seeking to be qualified to perform inspections pursuant to Chapter 6 (§36-97 et seq.) of Title 36 of the Code of Virginia and any regulations adopted thereunder. The Board proposes to amend the current regulation so that it can impose sanctions upon individuals that hold certificates of competence when warranted.

### **Estimated Economic Impact**

The Board proposes new language that would enable it to impose sanctions on certificate holders under certain specified conditions. Possible sanctions include a warning letter, mandatory attendance at a special training session, and suspension or revocation of certification. The

warning letter could be issued if the certificate holder were found to have committed any act prohibited by this regulation. The Board may require attendance at a special training session if the certificate holder were found inadequately knowledgeable or trained to practice in the specific area of certification. A probationary period could be imposed upon completion of the training.

A certificate could be revoked or suspended by the Board if it is determined that the certificate holder has committed any of the following acts: failed to maintain a minimally acceptable level of competence; engaged in any conduct, which demonstrates incompetence or dishonesty; obtained or renewed a certificate by fraud or misrepresentation; aided or abetted a non-certified person to practice as a certificate holder; fraudulently or deceitfully practiced as a certificate holder; been grossly negligent or engaged in misconduct in the performance of any duties under the Board's regulations; failed to report an offer of a bribe; failed to comply with any order issued by the Board, the Department of Housing and Community Development (Department), or the State Building Code Technical Review Board (TRB); made a false or misleading written statement to the Board, Department, or TRB; violated or failed to enforce the provisions of the Board's regulations; or been convicted of a crime or an offense concerning his performance as a certificate holder.

If the Board uses the proposed new power to assess sanctions judiciously, then there is potential for some net economic benefit. The imposition of sanctions allowed under this proposed regulation could potentially result in the termination of incompetent or unscrupulous certificate holders and hopefully, their replacement with competent and scrupulous certificate holders. The certificate holders are employed by localities. Thus, the Board is not directly involved in hiring or firing decisions. But, localities would likely terminate employment for individuals that have their certification revoked when the certification is necessary for their job. Sanctions less severe than certification revocation could also potentially affect employment decisions by localities. Additionally, the mandatory re-education of current certificate holders could result in their more properly enforcing the relevant regulations. For example, if an incompetent building official has been improperly delaying or denying the issuance of building permits, then the replacement or re-education of that official may put an end to improper delays or denials in building permits within that locality. The cost of building would be reduced and the value of builders' businesses may increase. If on the other hand, an incompetent or unscrupulous

building official has been improperly issuing permits when the construction is faulty or unsafe, then their replacement or re-education could reduce faulty and unsafe construction within the locality. The cost of building would be increased, but the value and safety of the buildings would increase as well.

## **Businesses and Entities Affected**

The proposed changes to the regulation potentially affect the following certificate holders: 282 amusement device inspectors, 768 building inspectors (1&2 family), 556 building inspectors (general), 2,804 building officials, 294 building plan examiners, 182 certified building officials, 245 building maintenance code officials, 512 code officials, 97 combination general inspectors, 460 combination inspectors, 582 electrical inspectors (1&2 family), 324 electrical inspectors (general), 187 electrical plan examiners, 154 elevator inspectors (general), 424 fire inspectors (general), 1,177 fire officials, 237 fire plan examiners, 189 fire prevention inspectors, 654 mechanical inspectors (1&2 family), 398 mechanical inspectors (general), 92 mechanical plan examiners, 637 plumbing inspectors (1&2 family), 370 plumbing inspectors (general), 174 plumbing plan examiners, 203 professional code administrators, 27 solid fuel inspectors, and 115 VACT fire officials. Building owners and individuals involved in the construction industry could also be affected.

## **Localities Particularly Affected**

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

## **Projected Impact on Employment**

As mentioned earlier, some incompetent or unscrupulous certificate holders may lose their jobs due to the imposition of sanctions that the Board can issue under this proposed regulation.

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

Since the imposition of sanctions allowed under this proposed regulation could potentially result in the termination of incompetent or unscrupulous certificate holders, and hopefully, their replacement with competent and scrupulous certificate holders, then there could potentially be some impact on the use and value of private property. Also, the re-education of

current certificate holders could result in more effective and consistent enforcement of the relevant regulations. The cost of building could potentially be reduced and the value of builders' businesses may increase. The amount of building could also increase. If on the other hand, an incompetent or unscrupulous building official has been improperly issuing permits when the construction is faulty or unsafe, then their replacement or re-education could delay and reduce construction within the locality. The cost of building would be increased, but the value and safety of the buildings would increase as well.