

Office of Regulatory Management
Economic Review Form

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| Agency name | Department of Housing and Community Development/Commission on Local Government |
| Virginia Administrative Code (VAC) Chapter citation(s) | 1 VAC 50-20 |
| VAC Chapter title(s) | Organization of Regulations and Procedure |
| Action title | Amendments to Accomplish Regulatory Reduction |
| Date this document prepared | 6/4/24 |
| Regulatory Stage (including Issuance of Guidance Documents) | Proposed |

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

| | | |
|--|---|---|
| (1) Direct & Indirect Costs & Benefits (Monetized) | <p>Direct Costs: Compliance with the filing and notification requirements as written are estimated at \$2000 in the first year for each party per case filed with the Commission. Between 1 and 2 cases have been filed with the Commission each calendar year over the past 4 years.</p> <p>Indirect Costs: This regulatory change will increase staff workload to deal with FOIA and other information requests from local governments and the public.</p> <p>Direct Benefits: This regulatory change will result in decreased costs related to overhead (paper and postage) and administrative staff time for localities and the law firms that represent them in cases before the Commission. This reduction is estimated at \$500 savings (a reduction to a total of \$1,500 from \$2,000) in the first year for each party per case filed with the Commission. Between 1 and 2 cases have been filed with the Commission each calendar year over the past 4 years.</p> <p>Indirect Benefits: This regulatory change will result in time savings for the Commissioners and parties that appear before it by reducing the length of filings. This will not result in changes to staffing, and as such, cannot be monetized.</p> | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| <p>Baseline of \$30,588 in compliance costs over four years.</p> <p>\$7,647 in benefit (reduced costs) four years.</p> | <p>(a) \$2,000 x 2 parties x 1.5 cases = \$6,000 in the first year. Cost of overhead saved is subject to inflation and wage growth, estimated at 4% for each year. Total costs of compliance over four years are therefore estimated at \$32,498.</p> | <p>(b) \$500 x 2 parties x 1.5 cases = \$1500 in the first year. Cost of overhead saved is subject to inflation and wage growth, estimated at 4% for each year. Total savings over four years are therefore estimated at \$8,124.</p> |
| (3) Net Monetized Benefit | \$-22,941 | |
| (4) Other Costs & Benefits (Non-Monetized) | None | |
| (5) Information Sources | Informal survey of law firms with previous cases before the Commission. | |

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

| | | |
|---|---|---------------------------------------|
| <p>(1) Direct & Indirect Costs & Benefits (Monetized)</p> | <p>Direct Costs: Requirements for staff time and overhead for local governments and law firms will not change and continue to rise with wage growth and inflation at an estimated rate of 4%. Compliance with filing requirements is currently estimated at \$2000 in the first year for each party per case filed with the Commission. Between 1 and 2 cases have been filed with the Commission each calendar year over the past 4 years.</p> <p>Indirect Costs: Indirect costs of the Commission continuing its current work under the baseline procedures will not lead to increase in staff, and as such, cannot be monetized.</p> <p>Direct Benefits: The benefits of the Commission continuing its current work under the baseline procedures are not easily monetized.</p> <p>Indirect Benefits: The benefits of the Commission continuing its current work under the baseline procedures are not easily monetized.</p> | |
| <p>(2) Present Monetized Values</p> | <p>Direct & Indirect Costs</p> | <p>Direct & Indirect Benefits</p> |
| <p>\$30,588 in compliance costs over four years.</p> | <p>(a) \$2,000 x 2 parties x 1.5 cases = \$6,000 in the first year. Cost of overhead saved is subject to inflation and wage growth, estimated at 4% for each year. Total costs of compliance over four years are therefore estimated at \$32,498.</p> | <p>(b) No monetary value</p> |
| <p>(3) Net Monetized Benefit</p> | <p>\$-30,588 over four years.</p> | |
| <p>(4) Other Costs & Benefits (Non-Monetized)</p> | <p>None.</p> | |
| <p>(5) Information Sources</p> | <p>Informal survey of law firms with previous cases before the Commission.</p> | |

Table 1c: Costs and Benefits under Alternative Approach(es)

Because the changes will reduce filings to the minimum required by statute and due to the need for standardized procedures for filings and hearings before the Commission, no viable alternative approaches were identified. The Commission believes that this proposal represents the minimum amount of notification and paperwork requirements that can be sustained while meeting the requirements of Executive Directive 1 and not causing an unacceptable amount of confusion and potential dysfunction in the proceedings before it. Therefore, this section has been left blank.

| | | |
|--|--|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: Describe the direct costs of this proposed change here. Indirect Costs: Describe the indirect costs of the proposed change. Direct Benefits: Describe the direct benefits of this proposed change here. Indirect Benefits: Describe the indirect benefits of the proposed change. | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) | (b) |
| (3) Net Monetized Benefit | | |
| (4) Other Costs & Benefits (Non-Monetized) | | |
| (5) Information Sources | | |

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

Almost all of costs and benefits of this regulation are born by local governments who appear before the Commission. Historically, very few parties that are not local governments (i.e, citizens with specific property rights) file before the Commission, and none have done so in the past 4 years. Therefore the analysis for table 2 is the same as the analysis above for the general impact of the regulation.

| | | |
|--|--|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: Describe the direct costs of this proposed change here. Indirect Costs: Describe the indirect costs of the proposed change. Direct Benefits: Describe the direct benefits of this proposed change here. Indirect Benefits: Describe the indirect benefits of the proposed change. | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) | (b) |
| (3) Other Costs & Benefits (Non-Monetized) | | |
| (4) Assistance | | |
| (5) Information Sources | | |

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

This regulation does not have any impact on families.

| | | |
|--|--|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: Describe the direct costs of this proposed change here. Indirect Costs: Describe the indirect costs of the proposed change. Direct Benefits: Describe the direct benefits of this proposed change here. Indirect Benefits: Describe the indirect benefits of the proposed change. | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |

| | | |
|--|-----|-----|
| | (a) | (b) |
| (3) Other Costs & Benefits (Non-Monetized) | | |
| (4) Information Sources | | |

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

It is unknown whether a particular law firm will qualify as a small business representing a local government before the Commission. However, the changes to this regulation benefit all businesses (i.e. law firms) equally. If a law firm is a small business (less than 500 employees, which is not common with firms that represent local governments), the benefit will be similar to a larger firm because the regulations reduce costs that are fixed across the economy—administrative billable hours, paper, and postage. Therefore the analysis for table 4 would be the same as the analysis above for the general impact of the regulation if a small business were affected.

| | | |
|--|--|----------------------------|
| (1) Direct & Indirect Costs & Benefits (Monetized) | Direct Costs: Describe the direct costs of this proposed change here. Indirect Costs: Describe the indirect costs of the proposed change. Direct Benefits: Describe the direct benefits of this proposed change here. Indirect Benefits: Describe the indirect benefits of the proposed change. | |
| (2) Present Monetized Values | Direct & Indirect Costs | Direct & Indirect Benefits |
| | (a) | (b) |
| (3) Other Costs & Benefits (Non-Monetized) | | |

| | |
|-------------------------|--|
| (4) Alternatives | |
| (5) Information Sources | |

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

| VAC Section(s) Involved* | Authority of Change | Initial Count | Additions | Subtractions | Net Change |
|---|-----------------------|---------------|-----------|--|------------|
| 1VAC50-20 (See table below for additional details) | Statutory: | 64 | 0 | 1 | 1 |
| | Discretionary: | 191 | 0 | 48 | 48 |
| | | | | Total Net Change of Statutory Requirements: | 49 |
| | | | | Total Net Change of Discretionary Requirements: | 48 |

| Regulatory Section | Discretionary Regulations eliminated or reduced by proposed changes |
|--------------------|---|
| 150 | Partial (FOIA) |
| 180 | 13* |
| 230 | 5* |
| 270 | 4* |
| 310 | 7* + partial (increase number of days for a response, reduce documents required to be submitted by interpleaders) |
| 350 | 8 + partial (reduce documents required to be submitted by interpleaders) |
| 382 | 6* + partial (reduce documents required to be submitted by interpleaders) |
| 390 | 3 |
| 620 | 1 |

*changes where lengthy submissions were replaced with requirement to provide staff contact information were counted as full reductions. All partials were counted together as a total of 1 additional reduction.

Cost Reductions or Increases (if applicable)

| VAC Section(s) Involved* | Description of Regulatory Requirement | Initial Cost | New Cost | Overall Cost Savings/Increases |
|---------------------------------|--|---------------------|-----------------|---------------------------------------|
| | | | | |
| | | | | |

Other Decreases or Increases in Regulatory Stringency (if applicable)

| VAC Section(s) Involved* | Description of Regulatory Change | Overview of How It Reduces or Increases Regulatory Burden |
|---------------------------------|---|--|
| | | |
| | | |

Length of Guidance Documents (only applicable if guidance document is being revised)

| Title of Guidance Document | Original Length | New Length | Net Change in Length |
|-----------------------------------|------------------------|-------------------|-----------------------------|
| | | | |
| | | | |

*If the agency is modifying a guidance document that has regulatory requirements, it should report any change in requirements in the appropriate chart(s).