

Office of Regulatory Management  
Economic Review Form

<b>Agency name</b>	Department of Housing and Community Development
<b>Virginia Administrative Code (VAC) Chapter citation(s)</b>	Guidance Document
<b>VAC Chapter title(s)</b>	Virginia Make Ready Initiative Guidelines and Criteria
<b>Action title</b>	Guidance Document
<b>Date this document prepared</b>	July 3, 2024
<b>Regulatory Stage (including Issuance of Guidance Documents)</b>	Newly Established Program – New Guidance Document

### **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.

**Agency Note: The guidance document being issued is a program manual outlining the criteria and implementation of the Virginia Make Ready Initiative (VMRI), which provides supplemental funding to Virginia Telecommunication Initiative (VATI) grant projects for “make ready” costs. The VMRI program and subsequent requirements were established by [Item 103.L](#) of the 2024 Appropriation Act (HB6001).**

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

<p>(1) Direct &amp; Indirect Costs &amp; Benefits (Monetized)</p>	<p>Direct Costs: Describe the direct costs of this proposed change here.  <b>None expected.</b></p> <p>Indirect Costs: Describe the indirect costs of the proposed change.  <b>None expected.</b></p> <p>Direct Benefits: Describe the direct benefits of this proposed change here.  <b>This program will assist currently awarded broadband deployment projects with higher than anticipated costs to prepare existing electric poles for fiber attachments in the course of broadband deployment projects (“make-ready”). This program was adopted in budget language and included a prescribed structure and considerations of the program. DHCD has developed these guidelines in accordance with this budget language and included necessary provisions to reduce risk of ‘gaming the system’ by requiring demonstration of need above previously planned costs of broadband deployment. The monetary benefits here are reduced cost of these ‘make-ready’ expenses via the program assisting with the cost of pole replacement or moving infrastructure underground. \$30 million in funding is available for this program.</b></p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change.  <b>None expected.</b></p>	
<p>(2) Present Monetized Values</p>	<p>Direct &amp; Indirect Costs</p>	<p>Direct &amp; Indirect Benefits</p>
	<p>(a)</p>	<p>(b) <b>(\$30,000,000)</b></p>
<p>(3) Net Monetized Benefit</p>	<p><b>Savings of \$30 million for broadband deployment projects</b></p>	
<p>(4) Other Costs &amp; Benefits (Non-Monetized)</p>	<p><b>The program will produce marginal acceleration of project delivery by allowing pole attachment negotiations to proceed, or via moving previously planned aerial construction to underground and avoiding the pole attachment process</b></p>	
<p>(5) Information Sources</p>		

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

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here.  <b>Internet service providers (ISPs) would be required to pay the entire cost of pole attachments and replacements above their current budget. This cost raises the risk of on time and on budget delivery of broadband deployment projects.</b></p> <p>Indirect Costs: Describe the indirect costs of the proposed change.  <b>None expected.</b></p> <p>Direct Benefits: Describe the direct benefits of this proposed change here.  <b>Under status quo, no new benefits.</b></p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change.  <b>Under status quo, no new benefits.</b></p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)	<p><b>DHCD would risk being out of compliance with the program requirements established by Item 103.L. of the 2024 Appropriations Act (HB6001).</b></p>	
(5) Information Sources		

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

**Agency Note: An alternative approach would be to solely establish the program based on current budget language and not take advantage of any DHCD-provided flexibility in the budget language.**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here.  <b>This alternative approach may lead to broadband providers ‘gaming the system’ by not requiring demonstration of need above previously planned costs of broadband deployment and not capping project expenditures by other reasonable standards used in government funded infrastructure projects, such as a prohibition on profits and fees, and 10% cap on</b></p>
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		<p><b>allowable funding per project based on the previously issued award.</b></p> <p>Indirect Costs: Describe the indirect costs of the proposed change. <b>None expected.</b></p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. <b>None expected.</b></p> <p>Indirect Benefits: Describe the indirect benefits of the proposed change. <b>None expected.</b></p>
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a)	(b)
(3) Net Monetized Benefit		
(4) Other Costs & Benefits (Non-Monetized)	<b>None expected.</b>	
(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**

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>Direct Costs: Describe the direct costs of this proposed change here. <b>None expected.</b></p> <p>Indirect Costs: Describe the indirect costs of the proposed change. <b>None expected.</b></p> <p>Direct Benefits: Describe the direct benefits of this proposed change here. <b>Local partners will see cost savings and potentially accelerated delivery of projects impacted by increased make ready expenses.</b></p>
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	Indirect Benefits: Describe the indirect benefits of the proposed change. <b>None expected.</b>	
(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**

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Describe the direct costs of this proposed change here. <b>None expected</b>  Indirect Costs: Describe the indirect costs of the proposed change. <b>None expected.</b>  Direct Benefits: Describe the direct benefits of this proposed change here. <b>Families included in broadband projects affected by increased make-ready expenses may see accelerated project deliver.</b>  Indirect Benefits: Describe the indirect benefits of the proposed change. <b>None expected.</b>	
(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**

(1) Direct & Indirect Costs & Benefits (Monetized)	Direct Costs: Describe the direct costs of this proposed change here. <b>None expected.</b>  Indirect Costs: Describe the indirect costs of the proposed change. <b>None expected.</b>  Direct Benefits: Describe the direct benefits of this proposed change here. <b>None expected.</b>  Indirect Benefits: Describe the indirect benefits of the proposed change. <b>None expected.</b>	
(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	Total Net Change in Requirements
	(M/A):				
	(D/A):				
	(M/R):				
	(D/R):				
<b>Grand Total of Changes in Requirements:</b>					(M/A):
					(D/A):
					(M/R):
					(D/R):

**Key:**

*Please use the following coding if change is mandatory or discretionary and whether it affects externally regulated parties or only the agency itself:*

**(M/A):** Mandatory requirements mandated by federal and/or state statute affecting the agency itself

**(D/A):** Discretionary requirements affecting agency itself

**(M/R):** Mandatory requirements mandated by federal and/or state statute affecting external parties, including other agencies

**(D/R):** Discretionary requirements affecting external parties, including other agencies

*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)*

<b>Title of Guidance Document</b>	<b>Original Word Count</b>	<b>New Word Count</b>	<b>Net Change in Word Count</b>
Virginia Make Ready Initiative Guidelines and Criteria	2,812	<i>This is a new program manual for a grant program.</i>	

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