



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

13 VAC 5-95 Virginia Manufactured Home Safety Regulations
Department of Housing and Community Development
Town Hall Action/Stage: 5248/8851
February 21, 2020

Summary of the Proposed Amendments to Regulation

The Board of Housing and Community Development (Board) proposes to amend 13 VAC 5-95 *Virginia Manufactured Home Safety Regulations* to make it consistent with federal Housing and Urban Development (HUD) Manufactured Home Installation Standards.¹ Specifically, the proposed amendments would add a definition for “certificate of installation,” update the definition of “installer” and require installers to provide a copy of the certificate of installation to homeowners and/or local building officials.

Background

The Board proposes to define “Certificate of installation” as “the certificate provided by the Virginia Department of Professional and Occupational Regulation (DPOR) licensed installer, under the Virginia Manufactured Home Safety Regulations, indicating that a manufactured home has been installed in compliance with the federal installation standards.” To mirror this, the Board would also modify the current definition of “installer,” which is “the person or entity who is retained to engage in or who engages in the business of directing, supervising, controlling, or correcting the initial installation of a manufactured home.” The new definition would add the requirement that the installer be “licensed through the Virginia Department of Professional and Occupational Regulation, with the Manufactured Home Contractor (MHC) license designation.” The Board of Contractors created the MHC license designation as a distinct specialty

¹ See 24 CFR Part 3285: <https://www.law.cornell.edu/cfr/text/24/part-3285>

classification as part of a periodic review in 2012.² Therefore, this change in definition does not actually affect installers by imposing any new burden associated with licensing. Finally, the Board seeks to amend section 13 VAC 5-95-60 *Installations* to add the requirement that installers “shall provide a copy of the certificate of installation to the homeowner and when requested, to the local building official, prior to issuance of the certificate of occupancy.”

Estimated Benefits and Costs

The proposed amendments align the language in the regulation with federal requirements. To the extent that the federal requirements promote the protection of buyers and owners of manufactured housing, the proposed amendments would benefit buyers and owners of manufactured housing in Virginia by ensuring that these protections are extended to them.

Installers of manufactured housing may face a small increase in costs from having to provide a certificate of installation, especially if local building officials start to require it prior to issuing a certificate of occupancy. However, such costs are likely to be nominal when compared with the installer’s overall cost of doing business.

Businesses and Other Entities Affected

Installers of manufactured housing would be affected. Applicants for the MHC license designation are required to complete manufactured home installer training that is offered by the Department of Housing and Community Development.³ Based on the number of individuals who have completed this training, the Board estimates that up to 856 individuals would be affected by the requirement to provide a certificate of installation to the homeowner and local building official.⁴

Adverse impact is indicated if there is any increase in net cost or reduction in net revenue for any entity, even if the benefits exceed the costs for all entities combined. While the benefits of increased protection of buyers and owners of manufactured housing may be substantial, there may be a small increase in costs for installers that is not directly offset. Thus, adverse impact is indicated for this action.

² See <https://townhall.virginia.gov/L/ViewAction.cfm?actionid=2664>

³ See <https://www.dhcd.virginia.gov/sites/default/files/Docx/manufactured-housing/how-to-mh-licensed-installer-2019.pdf> for current requirements

⁴ Only 300 of these identified as installers; the rest are manufacturers, brokers, dealers and salespersons. See https://townhall.virginia.gov/L/GetFile.cfm?File=61\5248\8851\AgencyStatement_DHCD_8851_v1.pdf

Small Businesses⁵ Affected

The proposed amendments would affect small businesses that belong to or employ manufactured home installers. However, the cost of providing a certificate of installation is likely to be small and unlikely to have a disproportionate impact on small businesses.

Localities⁶ Affected⁷

The proposed amendments potentially affect installers of manufactured homes in all localities. The proposed amendments are unlikely to introduce new costs for local governments.

Projected Impact on Employment

The proposed amendments are unlikely to cause any changes to total employment in the manufacturing, retail, or installation of manufactured housing.

Effects on the Use and Value of Private Property

The proposed amendments are unlikely to affect the use or value of private property. Real estate development costs are unlikely to be affected.

Legal Mandates

General: The Department of Planning and Budget has analyzed the economic impact of this proposed regulation in accordance with § 2.2-4007.04 of the Code of Virginia (Code) and Executive Order 14 (as amended, July 16, 2018). Code § 2.2-4007.04 requires that such economic impact analyses determine the public benefits and costs of the proposed amendments. Further the report should include but not be limited to: (1) the projected number of businesses or other entities to whom the proposed regulatory action would apply, (2) the identity of any localities and types of businesses or other entities particularly affected, (3) the projected number of persons and employment positions to be affected, (4) the projected costs to affected businesses or entities to implement or comply with the regulation, and (5) the impact on the use and value of private property.

Adverse impacts: Pursuant to Code § 2.2-4007.04(D): In the event this economic impact analysis reveals that the proposed regulation would have an adverse economic impact on businesses or would impose a significant adverse economic impact on a locality, business, or entity particularly affected, the Department of Planning and Budget shall advise the Joint Commission on Administrative Rules, the House Committee on Appropriations, and the Senate Committee on Finance within the 45-day period.

If the proposed regulatory action may have an adverse effect on small businesses, Code § 2.2-4007.04 requires that such economic impact analyses include: (1) an identification and estimate of the number of small businesses subject to the proposed regulation, (2) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the proposed regulation, including the type of professional skills necessary for preparing required reports and other documents, (3) a statement of the probable effect of the proposed regulation on

⁵ Pursuant to § 2.2-4007.04 of the Code of Virginia, small business is defined as “a business entity, including its affiliates, that (i) is independently owned and operated and (ii) employs fewer than 500 full-time employees or has gross annual sales of less than \$6 million.”

⁶ “Locality” can refer to either local governments or the locations in the Commonwealth where the activities relevant to the regulatory change are most likely to occur.

⁷ § 2.2-4007.04 defines “particularly affected” as bearing disproportionate material impact.

affected small businesses, and (4) a description of any less intrusive or less costly alternative methods of achieving the purpose of the proposed regulation. Additionally, pursuant to Code § 2.2-4007.1, if there is a finding that a proposed regulation may have an adverse impact on small business, the Joint Commission on Administrative Rules shall be notified.