



# Common Sense Initiative

Mike DeWine, Governor  
Jon Husted, Lt. Governor

Joseph Baker, Director

## MEMORANDUM

**TO:** Regina Hanshaw, Ohio Board of Building Standards

**FROM:** Jacob Ritzenthaler, Business Advocate

**DATE:** August 27, 2024

**RE:** **CSI Review – Industrialized Unit Rules (OAC 4101:10-1-01, 4101:10-2-01, 4101:10-3-01, 4101:10-4-01, 4101:10-4-02, 4101:10-5-01, 4101:10-6-01, 4101:10-7-01, 4101:10-8-01, 4101:10-9-01)**

On behalf of Lt. Governor Jon Husted, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Board as provided for in ORC 107.54.

### Analysis

This rule package consists of ten new rules proposed by the Ohio Board of Building Standards (Board). This rule package was submitted to the CSI Office on March 8, 2024, and the public comment period was held open through April 5, 2024. Following discussions with stakeholders, the Board introduced a new rule, OAC 4101:10-4-02. The rule package was then resubmitted on July 2, 2024, and the public comment period was held open through July 12, 2024. Unless otherwise noted below, this recommendation reflects the version of the proposed rules filed with the CSI Office on July 2, 2024.

The rules in this package set forth requirements concerning industrialized units (IUs), which are components or systems of a building produced off-site. Previously, IUs were regulated under the Ohio Building Code (OBC), but related provisions were removed from the 2024 iteration of the OBC to provide additional clarification and requirements surrounding IUs through the rules proposed in this package. OAC 4101:10-1-01 establishes the purpose and scope of the rules and is updated to

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identify additional types of structures that are exempt from compliance, including floating structures with a hull identification number, vehicles with a vehicle identification number, and compliant mobile computing units. The rule also includes updates that clarify that closed construction delivered to a site without authorization or approval from BBS is not an industrialized unit. OAC 4101:10-2-01 lists relevant definitions and is updated to introduce a definition for “equipment units,” which are industrialized units that are used to separate plumbing, mechanical, electrical, or fire protection systems from the other portions of the building, when access to the unit is limited and the assembly is not listed with a referenced standard. OAC 4101:10-3-01 establishes requirements for manufacturers participating in the IU program, including requirements for program registration, plant inspection and evaluation, BBS authorization, insignias, adjudications, and appeals. The rule includes changes that clarify the types of content evaluated and the frequency of evaluations that will occur when a manufacturer receives a new authorization, the IU is assembled at a different plant location, following an alteration of the manufacturing plant, or other events. The rule also includes updates to the requirements that provide an overlap of one year between the effective date of a new referenced building code and the last day an IU may be constructed under previous codes. The rule also now includes language that allows a manufacturer to self-perform day-to-day inspections with auditing performed by a third party.

OAC 4101:10-4-01 establishes requirements for obtaining authorization for IU design and placement, including requirements for construction documents, authorization, and inspections. OAC 4101:10-4-02 introduces new requirements that establish an alternative review process, allowing certified building departments or the Division of Industrial Compliance to request designation to review construction documents for IUs placed within their jurisdiction. OAC 4101:10-5-01 concerns construction documents, which include information on the design criteria, installation, horizontal and vertical sections, structures, and systems. OAC 4101:10-6-01 establishes requirements for the transport of IUs, including requirements to protect the IU from damage, documentation of shipping reports, and submission of construction documents to the owner. OAC 4101:10-7-01 concerns the relocation, replacement, or reauthorization of an IU. OAC 4101:10-8-01 sets forth the fees associated with applications, construction document evaluations, plant evaluations and inspections, insignias, and tests. OAC 4101:10-9-01 establishes requirements for the certification of third-party inspectors, as well as the duties of third-party inspectors and requirements for inspectors to prevent conflicts of interest.

During early stakeholder outreach, the Board sent the proposed rules to industry stakeholders for feedback, including building department personnel, contractors, designers, and professional associations. No comments were received during that time. During the CSI public comment period, the Board received comments from two stakeholders. The Ohio Manufactured Homes Association (OMHA) expressed concern regarding additional bureaucratic oversight of the industrialized unit manufacturing and installation process. The Board explained that the requirements of the rules have

been in effect in the OBC. Another stakeholder submitted a comment that addressed the number of subsequent reduced inspections, certification requirement clarity, and time demands on staff. In response to this comment, the Board revised the language of OAC 4101:10-9-01 to provide clarification regarding the types of qualified inspectors. The Board did not make changes to the number or frequency of inspections, clarifying that the requirements are unchanged from current practice. During this time, discussions between the Board, Intel, and local building departments prompted the creation of OAC 4101:10-4-02, which allows the Board to designate certified building departments to review IU construction documents. During the second comment period, one comment was received that supported the new rule. The Board stated during discussions with CSI that businesses that did not wish to have plans reviewed through the alternative review method would have the chance to submit comments and feedback to the Board during the approval process.

The business community impacted by the rules includes design professionals and IU manufacturers. The adverse impacts created by the rules include the cost of completing and submitting construction documents for review, ensuring proper transportation and relocation of IU materials, inspections and evaluations, and certification of inspectors. Application fees cost \$135 and review authorization costs include charges of \$100 per hour for reviews that exceed one hour, charged in half-hour increments. The costs of plant evaluations and inspections are paid by the manufacturer of the IU. Insignias used for IUs cost \$50 per module or equipment unit and \$1 per every twenty square feet of surface area for panelized units. The Board notes that the updates to the rule requirements represent a reduction in the adverse impacts on businesses, including the introduction of additional exempt structures, an extended overlap period for code authorization, and the ability for manufacturers to perform day-to-day inspections under the audit of a third-party inspector. The Board states that the adverse impacts created by the rules are necessary to provide consistent standards for manufacturing and construction to produce safe and sanitary structures.

### **Recommendations**

Based on the information above, the CSI Office has no recommendations on this rule package.

### **Conclusion**

The CSI Office concludes that the Board should proceed in filing the proposed rules with the Joint Committee on Agency Rule Review.