



Good Neighbors

San Diego  
Housing Commission

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# REPORT

**DATE:** For the Agenda of March 2, 2001 **Item 108**

**REPORT NO.:** HCR01-031

**SUBJECT:** Review of the Lead-Based Paint Reduction Pilot Program (Citywide)

## SUMMARY

**Issue:** Should the Housing Commission review implementation of the Lead-Based Paint Reduction Program after six months of operation and consider continued implementation of the program as previously approved?

**Recommendation:** Continue implementation of the previously approved Pilot Program to fund the costs of lead paint testing and reduction activities consistent with the recommendations outlined in the body of this report and continue to use certified consultants for lead paint testing.

**Fiscal Impact:** Incidence of lead-based paint has been lower than anticipated, so costs have likewise been lower. Portions of FY2001 funds budgeted for housing programs were set aside to cover the costs of lead-based paint testing and have been adequate to cover such costs. It is anticipated that for future fiscal years, lead reduction costs will continue to be incorporated into the pertinent housing program funding costs. Additional funding sources will be sought to continue funding mandated lead-based paint testing and reduction activities on an ongoing basis, including clearance test cost reimbursement by HUD.

**Previous Related Actions:** On October 20, 2000, the Housing Commission approved the implementation of a Lead-Based Paint Reduction Program. The report recommended a February 2001 Housing Commission review of the Pilot Program, with special focus on a feasibility analysis of lead paint testing performed by Commission staff versus certified fee consultants.

## BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) issued federal regulations implementing sections of Title X of the Housing and Community Development Act of 1992 (Residential Lead-Based Paint Hazard Reduction Act of 1992) that became effective September

15, 2000. Those regulations apply to all federally funded residential housing activities, which include most of the programs administered by the Housing Commission.

The regulations are triggered when pre-1978 constructed housing involved in certain activities has deteriorated painted surfaces and, in the case of Section 8, when a child under six years of age occupies such property. Occupant notification of the hazards of lead-based paint, visual inspections, paint testing, if needed, lead reduction by certified personnel and on-going maintenance of rental properties are required by the regulations.

## DISCUSSION

The Lead-Based Paint Reduction Program, which was approved by the Housing Commission on October 20, 2000, provided, in summary:

- Housing Commission funding of lead tests for participants in the Section 8 Rental Assistance, First Time Homebuyer, Housing Rehabilitation, and Special Needs Housing Programs. Lead test costs for Housing Development program participants are incorporated into the predevelopment grant or loan.
- Costs of lead reduction or abatement for participants in the Section 8 Rental Assistance and Housing Rehabilitation Programs can be covered by No Interest Deferred Payment Loans up to \$5,000 per unit to a maximum of \$15,000 per project. Such costs are incorporated into the development loans or grants for participants of Special Needs Housing and Housing Development Programs. Conditionally forgivable grants up to \$5,000 are offered to cover such costs for participants in the First Time Homebuyer Programs.

From September 15, 2000, through January 31, 2001, staff compiled the following statistics to determine the effects of the lead-based paint regulation:

Housing Program:	Section 8 Rental Asst	Hsg Dev Acq/Rehab	First Time Homebuyer	Special Need Housing	Housing Rehabilitation	All Progm Totals
Deteriorated Paint found:	68	360	0	0	55	483
Exempt from Lead tests:	48	81	0	0	49	178
Tested for Lead Paint:	20	279	0	0	6	305
Lead Paint Found:	6	3	0	0	4	13
Used HC Lead Paint funds:	0	3	0	0	2	5
Owner Canceled due to Lead Pt:	0	0	0	0	2	2

These data cover a relatively short time period of four and one-half months, however, the actual cases requiring lead testing are far below projected estimates. In addition, the costs of lead testing are less than costs originally quoted, in many cases due to only partial testing being required. Experience to date indicates the lead paint regulations are having less impact on housing programs and budgets than originally anticipated.

#### Staff/Outside Consultant Test Comparison

Commission staff also performed a cost/benefit analysis of performing lead and clearance tests using Housing Commission staff versus certified lead consultants. The following are projected costs for performing lead tests by Commission staff:

Initial staff training, testing and application for certification:	\$15,000.
Initial purchase of XRF Test Equipment and supplies:	<u>\$13,400.</u>
<u>Start up costs:</u>	\$28,400.
 <u>Recurring Annual Expenses:</u>	
Liability insurance:	\$25,600.
Radioactive material licensing:	\$ 1,200.
XRF machine servicing, recalibration:	\$ 2,300.
Staff recertification costs:	\$ 750.
Miscellaneous testing supplies:	<u>\$ 500.</u>
Total Annual expenses:	\$30,350.

Lead tests and clearance testing by outside certified lead consultants result in the following per-unit costs:

Lead Paint tests:	Average:	\$ 400.
Clearance test (when lead paint is found):		<u>\$ 495.</u>
Per-unit cost where lead paint exists:		\$ 895.

Some projects only require partial lead testing which may only cost \$100 per unit, and if no lead paint is discovered, the clearance tests are not necessary, thus resulting in considerably less costs for testing. The combination of fewer properties needing testing and lower testing costs than originally projected, in addition to the relatively high cost of liability insurance, purchase and ongoing maintenance cost of testing equipment appears to favor continuation of contracting with certified lead consultants rather than testing by Commission staff.

#### **RECOMMENDATION**

Continue to cover costs of lead paint testing and reduction/abatement for each Housing Program as approved in the original Pilot Program approved by the Commission on October 20, 2000, and continue to contract out lead paint tests and clearance inspections to certified fee consultants.

**ALTERNATIVE**

Place the responsibility for the costs of lead paint testing and reduction activities on the program participants.

Respectfully submitted,

Patricia Duplechan  
Director, Housing Programs

JF/lmk

**Signature on File  
With Original Document**

Approved by,

Elizabeth C. Morris  
Chief Executive Officer

Attachment: Housing Commission Report 00-100 (without Attachments)