

U.S. Environmental Protection Agency Lead Safety Partnership (LSP) Voluntary Initiative

Briefing for the Deputy Administrator
May 19, 2004



Purpose

- To inform you and receive direction on our recommended approach to addressing the risks from renovation and remodeling activities.

Background

- Problem
 - Renovation and Remodeling (R&R) activities, where lead paint is present, can produce large amounts of lead contaminated dust.
 - Traditional cleaning methods are likely to leave hazardous quantities of lead dust.
 - Associated with an increased risk of an elevated blood lead levels in children.
- The use of lead safe work practices can reduce or eliminate these lead hazards. Lead safe work practices (LSWPs) control hazards by...
 - containing the work space
 - minimizing dust generation
 - cleaning the work space
- Statutory obligations

Background

- As a follow-up to our last meeting on the regulatory options for R&R, we examined regulatory, voluntary and combined approaches.
- Regulatory approach is costly
- Voluntary approach the most cost-effective
 - Anticipate significant results
- Benefits of voluntary approach
 - **Results** - A highly decentralized industry is difficult to regulate
 - **Time** - Quicker implementation than a regulatory program
 - **Resources** - Implementation and enforcement of regulations is very resource intensive
 - **Flexibility** - Regulatory programs have difficulty responding quickly to market changes and technology advances
 - **Market Penetration** - Difficult to motivate change in substandard housing with a regulatory program.

Background -- Voluntary Program Fundamentals

- The program is collaborative and market based
 - Collaborative
 - Partner with national organizations to leverage support
 - Enroll and train contractors (LSWPs)
 - Conduct education & outreach to generate demand for LSWPs
 - Continually evaluate the program
 - Market based
 - Offer incentives and marketing aids
 - Allow members to use program logo

Discussions to Date with Stakeholders

- December 2002 scoping study
 - Interviewed 20+ individuals representing a range of stakeholders
 - Stakeholder perspective
 - Few contractors use lead-safe work practices
 - Little public demand
 - Need to maintain capacity
 - Bottom line: A voluntary R&R program is feasible, valuable, and timely
- Stakeholders suggested a number of activities that EPA could take
- Challenges: insurance liability, differing state requirements, etc.
- Timeframe: 1-2 years to get the program started, and 4-5 years before it takes on its own momentum

Discussions to Date with Stakeholders

- March 2003 PDCA Focus Group
 - Conducted 1-hour focus group with 5 participants on variables that could impact LSWP marketing
- May-June 2003 Stakeholder Discussions
 - Industry overwhelmingly in favor of a voluntary approach over regulatory framework changes
 - State & local reps. cautiously optimistic about a voluntary approach
 - Both groups raise insurance liability as an issue

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Characteristics of Successful Voluntary Programs

- Win-win situation
- Solid business plan that presents goals, strategies and tactics
 - Clear & measurable goals, w/ quantitative targets
 - Participation of key, visible partners
 - Use of pilots to get up & running and show early success
 - Flexibility
- Building on the success and best practices from other Agency initiatives

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Win-win for the R&R Voluntary Program

- Provide independent, unbiased information to contractors and consumers
- Be financially feasible in a very price-competitive field (e.g., overcome or offset financial barriers to choosing LSWPs, "level the playing field")
- Help connect trained contractors to interested consumers
- Motivate a change in behavior for contractors and consumers

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Overview of 4-Prong Strategy

- Technical support
- Communications & outreach
 - Brand differentiation
 - Increase demand
 - Leverage partners
- Recruiting
- Account management

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Program Costs

- Program Design Costs (\$120,000)
 - Business plan and documents (\$66,000)
 - Communications plan and materials (\$39,000)
 - Evaluation plan (\$16,000)
- Pilot Costs (2 cities, \$420,000)
 - Set-Up (\$26,000)
 - Launch (\$58,000)
 - Operations (\$308,000)
 - Evaluation (\$24,000)

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Annual Program Costs

- Annual Program Costs (\$1 million)
 - Ongoing program design/evaluation (\$50,000)
 - Training (\$125,000)
 - Communication (\$375,000)
 - Recruiting (\$325,000)
 - Account management (\$150,000)
 - Beginning in FY 06, depending on progress of pilots

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Attachment A—

Statutory Obligations

- Statutory obligations (TSCA 402(C))
 - Conduct a study of the extent to which persons engaged in various types of R&R activities are exposed to lead, or disturb lead and create a LBP hazard.
Finding: R&R activities produce hazardous quantities of lead dust, traditional cleaning methods do not eliminate the hazard, and there is an association between R&R and increase risk of elevated blood lead levels in children.
 - Use the results of the study and consultation with stakeholders to determine which contractors are engaged in activities which produce LBP hazards.
Finding: All contractors who disturb lead painted surfaces during the course of the work will likely produce lead hazards using standard work practices.
 - Revise the LBP training and certification regulations to apply them to R&R activities that create LBP hazards.
 - If we determine that any category of contractor does not require certification, publish an explanation for the basis of that determination.

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Attachment B—

Data Trends

- New housing data indicate that fewer homes contain leaded paint

– 2001 HUD Housing Survey vs. 1995 Housing Data

Homes w/ LPB	1995 Data	2001 Data
All homes before 1979	67 % or 64 million	40% or 38 million
1960-1979	62 %	24 %
1940-1959	80 %	69 %
Before 1940	90 %	87 %

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Attachment B—

Data Trends

- Children's blood lead levels continue to decline

Year	Geometric mean BLL (ages 1-5)
1976	18 µg/dL
1980	9.3 µg/dL
1988-91	3.6 µg/dL
1991-1994	2.7 µg/dL
1999	2.0 µg/dL

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Attachment C—

Key Stakeholders Interviewed for Scoping Study

- Contractors
- Training firms
- Retailers
- National housing industry organizations
- Realtors, home inspectors & insurers
- Property owners
- Community-based organizations
- State & local agencies

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Attachment D—

Proposed Considerations for Pilot Sites

- R&R voluntary program not prohibited by state or local law
- Good supply of target housing across a range of income levels
- Presence of potential local partners
- Moderate to high housing density
- EPA Regional office interest
- Geographic diversity (between the two pilot cities)
- Availability of data about EBLs and causes of cases
- Climate (particularly for first pilot which will start in the fall)
- Cost (e.g. cost of getting out the message is higher in bigger media market than in a smaller town)

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Attachment E—

Renovation Statistics

- Business statistics
 - Number of businesses – 250,000
 - Number of employees – 1.7 million
 - Average size – 7 employees/business
- Renovation events
 - 20 million professional renovation events annually in pre-1978 homes
 - About 1/3 of the pre-1978 housing stock affected annually
 - Average median cost per renovation \$1,200

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Attachment F—

Cost of Voluntary Approach

• Approximate Unit Costs for Lead Safety Partnership Member Contractors

• (Note: It is expected that Members will pass 100% of costs to consumers)

- Training
 - Formal supervisor training - \$122/supervisor
 - Employer training of workers - \$43/worker
 - Total training costs - \$3/event
- Work practice
 - Work practices - \$68/event
 - Visual clearance testing - \$7/event
- Average total unit cost/event - \$76

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Attachment G—

Cost of Regulatory Approach

• Approximate Annual costs for an R&R Regulatory Program (in millions of dollars)

- Limited Regulatory
 - Training cost - \$50
 - Work practice compliance cost - \$1,340
 - Clearance testing - \$135
 - Accreditation, Certification & Start-up - \$30
 - Inspection and Enforcement - \$29
 - Total annual cost - \$1,584
- Full Regulatory
 - Training cost - \$30
 - Work practice compliance cost - \$1,910
 - Clearance testing - \$920
 - Accreditation, Certification & Start-up - \$55
 - Inspection and Enforcement - \$29
 - Total annual cost - \$3,004

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