

THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE

110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
(212) 442-0632 • FAX (212) 442-0350 • EMAIL: ibo@ibo.nyc.ny.us
<http://www.ibo.nyc.ny.us>

**Getting the Lead Out:
The Fiscal Impact of Intro 101A,
The New York City Childhood Lead Poisoning Prevention Act of 2003**

Executive Summary

Childhood lead poisoning, although in sharp decline in recent years, remains a serious childhood health hazard in New York City. Although the city banned the use of lead-based paint in residential buildings in 1960, high concentrations of lead-based paint in older buildings can still be found in certain parts of the city. Intro 101A, the New York City Childhood Lead Poisoning Prevention Act of 2003, proposes to reduce the risk of lead poisoning in children.

Intro 101A would make a number of substantial changes to current law that would have fiscal impacts. IBO estimates that these changes would cost the city \$8.2 million annually, including hiring an additional 60 housing and health inspectors and related support and supervisory personnel, plus the cost of emergency repairs of lead-hazard violations. This is about 35 percent more than current Expense Budget spending levels by the city's Departments of Housing Preservation and Development (HPD) and Health and Mental Hygiene (DOHMH). About one-third of current spending is city funded, with the rest supported by federal and state grants, including federal community development funds.

The scope of our analysis was limited to direct city agency costs. We did not estimate the cost to the private sector. For certain provisions, while we believe that there would be costs under Intro 101A, we lacked sufficient data to allow us to make an informed estimate.

THE COST OF INTRO 101A

IBO used data from the 1999 Housing and Vacancy Survey and HPD reports to the City Council to estimate the cost of 10 key provisions in Intro 101A that would have a fiscal impact. The costs would arise predominantly from two sources: an increase in the number of inspections that city housing and health inspectors would have to undertake, and an increase in the number of emergency repairs that HPD would have to make. The latter would be driven by both a larger universe of dwelling units that are likely to be affected by the legislation, as well as by the bill's accelerated timeline for action in response to a complaint or discovery of a lead-hazard condition.

ASSUMPTIONS AND SENSITIVITY OF THE ANALYSIS

Several assumptions that we employed in making our baseline estimate were key. First, drawing on information in HPD’s annual report on implementation of Local Law 38, we assumed that 62.5 percent of building owners will correct lead-paint violations themselves; the rest would be performed by HPD’s Emergency Repair Program. Second, we based our estimate of the average cost of remediation work on HPD’s experience to date under Local Law 38 making emergency repairs in privately owned units—about \$3,000 per job on average. Third, we assumed that HPD would continue to find that about one-quarter of units inspected for lead-hazard conditions actually have lead-based paint.

Estimated Annual Fiscal Impact of Key Provisions of Intro 101A	
<i>Dollars in thousands</i>	
Increase Child Age to 7	\$269.7
Lower Lead Content Threshold	913.5
Lower Blood-Lead-Level Inspections	666.7
Common Space Inspections	76.4
Turnover Inspections	1,018.7
Inspections Prior to Complaint	3,987.8
Work Practices	308.6
311 Call Center Expansion	198.8
J-51 Tax Benefits Expansion	759.7
Accelerated Timeline	<u>2,260.1</u>
Total	\$10,460.2
Less Emergency Repair Collections	(\$2,262.6)
TOTAL NET COST	\$ 8,197.7
Additional Inspections	24,275
Additional Inspectors and other Personnel	58
SOURCE: IBO.	

We also sought to take into account the accelerated timeline contained in Intro 101A that would require HPD to respond more quickly than under current law to lead-hazard complaints, and landlords to act more quickly to remediate lead-hazard conditions.

In order to get some sense of the range in cost that would be possible if Intro 101A became law, we considered alternative values for these key variables that seemed to us to be within a plausible range. Our low cost estimate was \$3.4 million annually, and under our more pessimistic assumptions, implementing Intro 101A would cost \$18.6 million per year.

ALTERNATIVE INTERPRETATIONS

These cost estimates reflect essentially similar interpretations of the meaning of various provisions of Intro 101A. However, there are some provisions of the bill that are open to alternative readings, which could significantly affect the cost of implementation.

In particular, potentially the most costly provision of Intro 101A—the requirement that DOHMH and HPD conduct proactive inspections—could be read broadly to mean that the city must inspect all at-risk units each year. If this is the case, the cost of Intro 101A could theoretically rise to as high as \$150 million a year. It seems to us unlikely that the administration would interpret the provision this way in practice, but if it did, or if the courts were to interpret it thus, then the city would need as many as 360 more housing inspectors in order to carry out the required number of inspections—more than twice the current number.

SOME COSTS NOT ESTIMATED

IBO did not estimate the added cost of the administrative provisions in Intro 101A. It is possible that some of these provisions—such as setting up registration systems for private abatement work—could be expensive.

Intro 101A also contains provisions relating to the protection of children in other settings, including schools, daycare centers, and playgrounds. We did not have enough information available to estimate the cost of implementing these provisions. We believe that for playgrounds the scope of work—and the added city cost—would be limited. In contrast, extensive work could be needed for schools and daycare centers, requiring further city spending.

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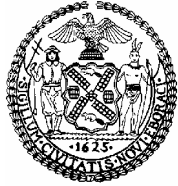
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INTRODUCTION

In 1960, New York City became one of the first jurisdictions in the country to respond to childhood lead poisoning by banning the use of lead-based paint. Childhood lead poisoning is linked to brain damage, learning disabilities, behavioral problems, and in severe cases, comas, convulsions, kidney damage, and death. The overall incidence of childhood lead poisoning in New York City declined from 53.4 per 1,000 children tested in 1995 to 19.4 per 1,000 in 2000, but remains higher in poor neighborhoods with deteriorated housing—often neighborhoods with significant minority populations. In Brooklyn, the neighborhoods of East New York, Bedford-Stuyvesant, Bushwick, and Flatbush each have a disproportionate number of children with high blood lead levels. In Jamaica and sections of Southwest Queens there also are much higher rates of lead poisoning than the citywide average.¹ The numbers are dropping, but many children do not receive timely blood lead level testing as required by state law and undiagnosed cases of lead poisoning likely exist, especially among very young children.

Over the last 40 years, the City Council and New York courts have written and rewritten the city's lead laws, trying to reduce—or eliminate—the incidence of lead poisoning in New York. As of January 1, 1960, the Board of Health banned the use of lead paint in homes, schools, and day care facilities, and in 1970, required the Department of Health to investigate and order the removal of lead paint when a person was lead poisoned. In 1972, the City Council enacted Local Law 50, which, among other things, required the Department of Health to investigate when children were lead poisoned and the Department of Housing Preservation and Development (HPD) to correct the conditions when the owner failed to do so.

In 1982, the City Council passed Local Law 1, which mandated that building owners remove all lead-based paint in units occupied by children under the age of 7. The New York City Coalition to End Lead Poisoning brought suit against the city, charging that the city was failing to implement the law. In 1990, the city was ordered to enforce Local Law 1.

The court order coincided with a growing recognition that full removal of lead-based paint—as mandated in Local Law 1—may actually be harmful, if in the process lead dust and paint chips are released into the apartment. Instead, it may be safer to contain intact lead-based paint, and to remove intact lead-based paint only where it is likely to release lead dust, such as friction surfaces (e.g. moving parts on windows and doors), impact

surfaces (such as door frames or chair rails), or surfaces that teething children may chew on.

In 1998, City Council members introduced a bill (Intro 205) to change New York City's lead law to require the removal of peeling or otherwise deteriorated lead-based paint. In June of 1999 a competing measure—now known as Local Law 38—was introduced and enacted. Local Law 38 requires the removal of only peeling paint, but differs from Intro 205 in key ways, such as shifting the burden of identifying units with children from the building owner to the tenant.²

The City Council is now considering an alternative to Local Law 38, the New York City Childhood Lead Poisoning Prevention Act of 2003, or Intro 101A. Intro 101A shares many features of Intro 205 from 1998, as described in greater detail below.

This report begins by reviewing the implementation of Local Law 38 and current city spending to meet its requirements. The second part of the report reviews key changes that would occur under the proposed new legislation and assess the fiscal impact on the city.

The scope of this report is limited to city costs only. Also, the estimate of the fiscal impact is of additional spending required above current levels to implement the law with no reduction of other agency services. We did not identify any provision of Intro 101A that would result in lower spending than under current law. We assume that current spending levels represent full implementation of the requirements of Local Law 38, and that no further resources would need to be devoted to implementation of Local Law 38 if it were to remain in force. Finally, there are aspects of both Local Law 38 and Intro 101A that while important from a policy perspective and potentially costly to building owners have limited or no city budgetary effects. For example, Local Law 38 places the burden of identifying units inhabited by a child under 6 on tenants; Intro 101A would shift the legal burden to building owners. These are important policy issues, but because they have essentially no impact on city spending, IBO will not address them in this analysis. In addition, we were not able to estimate the cost of some of the bill's provisions, such as administrative provisions and the requirements for schools and day care centers, because the data to do so were not available.

Intro 101A could have significant indirect cost effects. If the bill leads to reductions in lead poisoning, it could subsequently reduce special education expenditures. On the other hand, if the bill proved to be a major burden for private building owners, it could adversely affect real estate investment in the city. These secondary savings and costs are speculative, and will not be addressed in this analysis.

LOCAL LAW 38

Local Law 38 mandates requirements for lead-based paint remediation in units in multifamily dwellings built prior to 1960, in which children under the age of 6 are living. Lead-based paint is presumed to exist in these units unless the owner can provide evidence to the contrary.

If a tenant in such a unit complains about peeling paint, the Department of Housing Preservation and Development visually inspects the unit, and if necessary, issues a violation.³ A lead-paint violation is a Class C, or emergency violation, and the law stipulates strict timelines for action. If the owner certifies that the violation has been corrected within the legal deadlines, HPD re-inspects the unit to confirm that the lead hazard has been remediated.

In cases where the owner incorrectly certifies that the hazard has been remediated, HPD is responsible for correcting the violation. HPD’s first step is to confirm the presence of lead-based paint. In those units in which lead is present, HPD removes peeling paint and repairs any deteriorated sub-surfaces. The owner is billed for the cost of the repair, and a lien is placed on the building.

CURRENT SPENDING

Two city agencies are charged with enforcement of Local Law 38 and hence are responsible for current spending on lead paint hazard reduction programs, both within and outside the scope of Local Law 38: HPD and the Department of Health and Mental Hygiene (DOHMH).

HPD Expense Budget. In fiscal year 2002, HPD spent \$13.1 million on lead-hazard reduction programs. This included \$4.6 million for lead-hazard reduction in city-owned (*in rem*) units, and about \$4.9 million on emergency repairs in privately owned buildings. HPD spent another \$3.6 million on other lead hazard-related programs, including testing, housing litigation division lead cases, outreach, and other functions.

Current City Spending on Lead-Paint Hazard Reduction			
<i>Dollars in millions</i>			
	2001	2002	2003 ^a
HPD Expense Budget			
Emergency Repair Bureau	\$5.7	\$4.9	\$13.0
In Rem	\$4.9	\$4.6	\$6.1
All Other Lead Hazard-related	<u>\$3.2</u>	<u>\$3.6</u>	<u>\$5.6</u>
Subtotal, HPD Expense Budget ^b	\$13.8	\$13.1	\$24.8
DOHMH Expense Budget ^c	\$9.6	\$10.1	\$8.7
HPD Capital Commitments	<u>\$14.4</u>	<u>\$3.9</u>	<u>\$1.1</u>
TOTAL	\$37.8	\$27.1	\$34.6
SOURCES: IBO; Department of Housing Preservation and Development; Department of Health and Mental Hygiene. NOTES: ^a Budgeted. ^b The 2001 spending total reported in HPD’s Dec. 31, 2001 letter to the City Council was incorrectly stated as \$12.4 million. ^c All years are budgeted figures; includes fringe benefit costs.			

In both 2001 and 2002, the amount originally budgeted for lead programs was considerably higher than actual spending, by around \$10 million. Similarly, the 2003 modified budget for lead-hazard abatement is \$24.8 million. HPD had based its budget projections on the assumption that it would remediate all units with violations in which

the building owner failed to certify correction. In mid-2001, the department began using x-ray fluorescence (XRF) technology to test for the presence of lead. In units in which no lead is detected, HPD reissues the violation as a simple peeling paint violation, and does not perform repairs. As many as three-quarters of the units with peeling paint turn out not to have lead. As a result, HPD has not had to spend as much as expected. If past experience holds true, fiscal year 2003 spending will in all likelihood be similar to previous years' levels.

Funding. In 2002, 78 percent of HPD's expense budget lead program—\$10.2 million—was financed by federal Community Development Block Grant funds. City funds paid for about 15 percent, or \$1.9 million. Another source of funds has been federal Department of Housing and Urban Development grants under the Federal Lead Based Paint Hazard Reduction Grant program. HPD, in collaboration with DOHMH, uses the lead grant funds for its Primary Prevention Program, which targets buildings in geographic areas considered at-risk for lead poisoning, such as East New York in Brooklyn and Washington Heights in Manhattan. Grant funds are used for remediation work in privately owned housing units occupied by low-income families with a pregnant woman or child under the age of 6 months. The money is given to building owners as a forgivable loan, and may be used for a variety of treatment measures such as wet scraping and treatment of friction surfaces.

Since the program was established in 1992, New York City has received three grants: \$6.75 million in 1994, \$1.6 million in 1996, and most recently \$3 million in October of 2000. The grant period spans four city fiscal years. HPD spent \$86,000 in lead grant funds in 2001, and \$263,000 in 2002. The 2003 budget calls for spending \$2.1 million, but again, budgeted amounts have consistently exceeded expenditures.

HPD Capital Budget. In 2001, the city spent \$14.4 million in capital funds on lead-paint remediation. About \$6.1 million was used for hazard abatement directly related to Local Law 38. HPD spent \$1.4 million in city capital funds on the Primary Prevention Program; these funds met federal requirements for matching funds for the lead grant program. The department spent about \$6.1 million on lead-hazard abatement in the city-owned housing stock, and finally, used roughly \$680,000 to implement a new computer system to track lead-based paint violations. In fiscal year 2002, HPD committed \$3.9 million in capital funds to lead programs. The January 2003 capital commitment plan included \$1.1 million for lead-paint remediation in 2003, and the April 2003 Capital Commitment Plan scheduled \$8.0 million in 2004, \$3.0 million in 2005, and \$1.5 million in 2006.

Department of Health and Mental Hygiene Expense Budget. The DOHMH Lead Poisoning Prevention Program inspects homes of children with high blood lead levels, provides care coordination services, sends "Orders to Abate" to owners of buildings where lead-based paint hazards are found, re-inspects homes to determine if violations have been abated, and monitors safe work practices during repairs ordered by DOHMH, or HPD-ordered repairs that are not completed within 21 days of the issuance of the violation. The program also provides educational outreach to families and medical providers about lead poisoning prevention, monitors rates of blood lead testing and

poisonings, targets high-risk populations for intervention efforts, and educates contractors, building owners, and maintenance staff about safe lead practices.

The Lead Poison Prevention Program budget increased from \$9.6 million in 2001 to \$10.1 million in 2002. The fiscal year 2003 budget totals \$8.7 million.

FISCAL IMPACT OF INTRO 101A

On March 25, 2002 the City Council introduced a bill that would replace Local Law 38 with a new law to govern how the city addresses lead-based paint hazards. Over the next year, this bill was amended, and was reintroduced as the New York City Childhood Lead Poisoning Prevention Act of 2003, or Intro 101A. Some of the changes in Intro 101A would impose new responsibilities on building owners: for example, the legal burden for determining whether a child lives in an apartment would be shifted to the building owner, rather than falling on the tenant as under current law. Building owners would also be held to stricter work standards. Other changes would impose additional responsibilities on the city, such as a requirement that DOHMH and HPD establish a schedule for inspecting units proactively, in addition to responding to tenant complaints. In addition, Intro 101A would also establish rules and timeframes for inspection and correction of violations in nonresidential spaces occupied by children, such as schools, day care centers, and playgrounds.

In order to assess the impact of Intro 101A on the city's budget, IBO has estimated the cost of elements of the bill that represent a major change from policy under Local Law 38. The key provisions that we examined are:

- Raise the age threshold to 7 years from 6 years (§27-2056.6);
- Lower the concentration of lead that constitutes a hazard, from 1.0 milligrams per square centimeter, to 0.7 (§27-2056.2(7));
- Institute mandatory inspections for dwelling units occupied by children under 18 and pregnant women with blood lead levels of 15 micrograms per deciliter or higher (§27-2056.14);
- Inspect and issue violations for lead hazards in common space areas (§27-2056.7);
- Inspect and issue violations associated with unit turnover (§27-2056.8);
- Require DOHMH and HPD to conduct proactive (not complaint-initiated) inspections of dwelling units (§17-188);
- Respond to complaints regarding hazardous conditions in residential work sites (§17-187);
- Expand the 311 Call Center to handle additional complaints (various provisions);
- Expand the J-51 property-tax abatement to include lead-paint inspections and testing, and hazard remediation work by building owners who have not received an Order to Abate (§11-243);
- Accelerate the timeline for inspecting complaints and conducting remediation work when necessary (various provisions).

The fiscal estimate presented here represents additional city spending, above current levels that would be required to implement the bill with no reduction in other city

services. The table below summarizes IBO’s best estimate of the costs associated with Intro 101A.

Estimated Annual Cost of Intro 101A <i>(Selected Provisions)</i>	
<i>Dollars in thousands</i>	
Increase Child Age to 7	\$269.7
New Lead Content Threshold	913.5
Lower Blood Lead Level for Inspections	666.7
Common Space Inspections	76.4
Turnover Inspections	1,018.7
Inspections Prior to Complaint	3,987.8
Work Practices	308.6
311 Call Center Expansion	198.8
J-51 Expansion	759.7
Accelerated Timeline	<u>2,260.1</u>
Total New Spending	\$10,460.2
Less: ERP Collections	(\$2,262.6)
TOTAL NET COST	\$8,197.7
Additional Inspections Required	24,275
Additional Inspectors and Other Personnel	58
SOURCES: IBO; Department of Housing Preservation and Development October 30, 2002 letter to the City Council on the implementation of Local Law 38; 1999 Housing and Vacancy Survey; Mayor’s Management Report, various years; Department of Finance Open Balance File. NOTE: Certain provisions of Intro 101A would likely result in new city spending, but could not be estimated. See text.	

This analysis does not include any spending on *in rem* units. Although there are certainly *in rem* units with lead-paint hazards, HPD already has a capital plan for rehabilitating the city-owned housing stock, which includes correction of lead hazards. Although tenant complaints could result in some additional spending requirements under the proposed legislation, it is not likely to be significantly greater than current *in rem* lead-hazard spending.

These estimates are for city budget costs only. If Intro 101A becomes law, it will place new requirements on private building owners, but private costs are not included in this analysis.

KEY ISSUES AND ASSUMPTIONS FOR ESTIMATING THE FISCAL IMPACT

The assumptions used in this analysis reflect current HPD experience and practice in implementing Local Law 38. Three assumptions in particular are key. First, HPD has found that building owners fail to correct about 37.5 percent of lead-based paint violations, and we assume that this will continue to be the case. Second, HPD only corrects violations in units in which tests confirm the presence of lead. In its October 30, 2002 report to the City Council, HPD reported that 76 percent of violations were later determined not to contain lead (under the Local Law 38 definition). In short, about 9 percent of complaints are expected to result in HPD remediation (.375*.24 = .09).

Another key assumption is the percentage of units in which tenants actually call to file a complaint about a lead hazard. In practice, it appears that about 7.4 percent of units with both a lead hazard and a child are inspected each year (see the methodological appendix for details). This analysis is therefore predicated on the supposition that HPD and DOHMH will have to serve only a small fraction of the total universe of apartments and families that potentially qualify for treatment under Intro 101A. There is some anecdotal evidence that the 311 Call Center, which makes it easier for citizens to communicate with government, has increased complaint rates. If the percentage of households filing complaints increases, the cost of implementing the bill will also rise.

New personnel needs under Intro 101A would include additional housing inspectors as well as supervisory and support staff. IBO estimates that HPD would require 32 new inspectors plus about 30 additional supervisory and support personnel.⁴

Most provisions of Intro 101A can be interpreted in different ways, leading to different cost estimates. The estimates presented here reflect interpretations and assumptions that IBO feels are plausible and conservative. Where appropriate, we discuss alternative readings of the law and their effect on cost. See Appendix Three for details on different estimates.

In the analysis of key provisions that follows, estimates are based on per inspection costs and average remediation costs, as detailed in the Methodological Appendix.

ANALYSIS OF KEY PROVISIONS

Changing Child Age (§27-2056.6). Under Local Law 38, a lead-paint violation exists if there is peeling paint in a unit built prior to 1960 and occupied by a child under the age of 6. Intro 101A would raise this threshold to a child under 7. This will increase city costs because HPD will be responsible for inspecting and, when necessary, correcting violations in units occupied by 6 year olds.

Raising the Child Age Ceiling	
<i>Dollars in thousands</i>	
Cost of Inspections	\$123.9
Cost of Remediation	\$145.9
Total	\$269.7
Additional Inspections	988
SOURCE: IBO.	

Based on the 1999 Housing and Vacancy Survey, we estimated that about 6,700 units would have a lead-hazard condition and be occupied by a child 6 years of age. IBO estimates that HPD inspects roughly 7.4 percent of the universe of eligible buildings for lead in any given year, based on tenant complaints or HPD inspector “line-of-sight” observations (see Appendix One)—for a total of about 500 apartments. About 62 percent of these units will be corrected by the building owner, with HPD inspecting the remaining units and finding that 26.4 percent of them contain lead-based paint (the 24 percent containing lead under current law plus a 10 percent increase under Intro 101A’s

more stringent standard). The total annual cost of inspecting these units and remediating an estimated 49 additional units would be about \$270,000.

New Lead Content Standards (§27-2056.2(7)). Under Local Law 38, paint is considered lead based if there is 1.0 milligram of lead per square centimeter of paint. Intro 101A would lower this threshold to 0.7 mg/cm². It also adds lead dust and soil in the definition of a lead paint hazard, both excluded under Local Law 38. More buildings would require remediation under these tighter standards, thus raising the cost to the city.

The new standards would not require any additional inspections beyond current practice, because the precise lead concentration can only be identified once a complaint has moved through the visual inspection stage, and has been tested using XRF or paint chip analysis. But violations under the new, tighter standards that would not require action under the Local Law 38 would require remediation under Intro 101A. HPD estimates that this will increase the number of units requiring emergency repair by 10 percent, or about 300 private units per year. The total additional cost of remediating those units would be about \$913,000 per year.

New Lead Content Standards	
<i>Dollars in thousands</i>	
Cost of Inspections	NA
Cost of Remediation	<u>\$913.5</u>
Total	\$913.5
SOURCE: IBO.	
NOTE: NA: not applicable.	

Elevated Blood Lead Level Inspections (§27-2056.14). Intro 101A would require DOHMH to inspect apartments occupied by pregnant women or children under the age of 18 who have been diagnosed with a blood lead level of 15 micrograms per deciliter or higher. Current law requires the department to do such inspections for children with a blood lead level of at least 20 micrograms per deciliter. Inspections at lower blood lead levels are left to the agency’s discretion, and there is no provision in current law for pregnant women.

DOHMH estimates that this provision of Intro 101A will entail an additional 500 inspections per year. IBO estimates that the cost will be about \$667,000 annually, and will result in an additional 188 remediation jobs.

Elevated Blood Lead Level Inspections	
<i>Dollars in thousands</i>	
Cost of Inspections	\$107.6
Cost of Remediation	<u>\$559.1</u>
Total	\$666.7
SOURCE: IBO.	

Common Space Inspections (§27-2056.7). Intro 101A defines peeling or deteriorated paint in building common spaces, such as stairwells, as a Class C hazardous violation.

However, the bill also limits HPD’s responsibility for follow-up inspections and emergency abatement work to lead violations *inside* apartments occupied by children under 7. Therefore the city is only required to conduct initial inspections for common space violations. IBO has assumed that these inspections are more expensive than dwelling unit inspections, since it will take longer to inspect a full building, but because there are no follow-up inspections or remediation work required from HPD, the cost is relatively modest.

Common Space Inspections	
<i>Dollars in thousands</i>	
Cost of Inspections	\$76.4
Cost of Remediation	NA
Total	\$76.4
Additional Inspections	521
SOURCE: IBO.	
NOTE: NA: not applicable.	

Turnover Inspections (§27-2056.8). Intro 101A requires building owners to meet a number of rigorous cleanliness and safety standards when a unit is vacated before it is re-occupied. Failure to do so constitutes a Class C hazardous violation. However, like common space violations, the city is only required to conduct initial inspections for failure to meet turnover requirements. Just under 200,000 private, pre-1960 rental units turn over each year. IBO has assumed that tenants have a one-year window to file a complaint (i.e. HPD is not required to inspect if a tenant complains that his/her building owner did not sufficiently clean the unit when he/she moved in three years ago). It is not clear what percent of these tenants will complain; IBO assumes that HPD must inspect 5 percent of the units that turn over in response to tenant complaints.

Turnover Inspections	
<i>Dollars in thousands</i>	
Cost of Inspections	\$1,018.7
Cost of Remediation	NA
Total	\$1,018.7
Additional Inspections	9,740
SOURCE: IBO.	
NOTE: NA: not applicable.	

Inspections Prior to Complaint (§17-188). Most of the inspections and remediation work carried out under current law results either from tenant complaints or from violations identified by HPD inspectors investigating other, non-lead paint complaints.⁵ Although HPD currently looks for lead hazard conditions in any unit it inspects, no matter what the original complaint was about, Intro 101A would require DOHMH to develop a program whereby HPD inspectors would actively seek out units in which children are at risk of lead poisoning, and take action to eliminate the risk of lead poisoning.

This provision lists a number of criteria for identifying dwellings with children at risk for lead poisoning, such as the relative prevalence of lead poisoning in the neighborhood. IBO has totaled the number of dwelling units—including one- and two-family homes—in

zip codes where the rate of children with elevated blood lead levels was greater than 25 per 1,000 children tested in 2000 based on a DOHMH survey.⁶ IBO’s analysis assumes that 5 percent of these approximately 890,000 units would be inspected annually. Lead is assumed to be more common in these units than citywide.

Proactive Inspections	
<i>Dollars in thousands</i>	
Cost of Inspections	\$1,566.0
Cost of Remediation	\$2,421.8
Total	\$3,987.8
Additional Inspections	9,764
SOURCE: IBO.	

In order to do proactive inspections, HPD would have to determine which units are occupied by children. The majority of units that an inspector would visit would not have a child in residence. IBO estimates that inspectors would have to visit more than five units without children for every at-risk unit with a child identified and inspected—or more than 37,000 units. This process of seeking out units with children would reduce the number of inspections an inspection team could perform. We have assumed the number of full inspections that a team could perform in a day would be half the normal rate.

Intro 101A does not specify what proportion of apartments identified by DOHMH as at risk must be inspected annually. We have assumed that 5 percent of at-risk units could be inspected each year. HPD expressed its concern to us that the bill’s language could be interpreted to require the city inspect every unit every year. It seems unlikely to us that DOHMH and HPD would actually set out to inspect every high-risk unit each year. If they were required to do so, the cost of this provision could be well over \$100 million annually.

Work Practices (§17-187). Under current New York City law, there are two sets of safety standards governing lead-hazard abatements. Building owners who have not received an HPD or DOHMH violation notice, or building owners who are doing repair work required by HPD within 21 days of receiving a violation can use what are known as “interim control rules” to guide their work practices. Owners who have received an “Order to Abate” from DOHMH, or who are correcting an HPD violation more than 21 days after receiving the violation notice are held to more stringent standards in the Health Code.

Intro 101A also has a two-tier work practice standard, but it is based on the size of the abatement job, not the receipt of a violation. Building owners treating paint that is less than two square feet or 10 percent of the surface area of a window sill, door frame, or other “component” can use looser work standards. Although they would be specified by DOHMH after the passage of Intro 101A, we assumed that these standards would resemble the current interim control rules. Building owners doing bigger jobs must adhere to stricter work practice standards. Again, DOHMH is charged with formulating the rules after the bill passes, but they cannot be less strict than current rules for building

owners who have received a DOHMH Order to Abate. Similar rules would apply in cases when building owners did work that was not specifically related to lead-hazard abatement, but which would disturb paint of unknown lead content.

HPD already adheres to these strict work practices when it abates lead hazards. Therefore these provisions of Intro 101A will not affect HPD repair costs. However, Intro 101A also charges DOHMH with responding to complaints regarding work practices, and with relocating tenants when necessary to safeguard their health. Tenants already have the right to complain to DOHMH about work practices; in 2002, 107 complaints were received, which suggests a complaint rate of about 0.2 percent. Because Intro 101A broadens the scope of repair jobs where strict work practice rules apply, IBO assumes that more complaints will be received. In 2002, the Department of Buildings issued approximately 58,000 building permits for relatively small alterations. (Presumably tenants are not present during more major rehabilitation jobs, so complaints will not be an issue.) We assumed that a complaint will be filed in 1 percent of cases. DOHMH found work practice violations in about 19 percent sites it inspected, and IBO has assumed that in 15 percent of these cases, the tenants will have to be relocated in order to protect their health and safety. This translates into about 66 households a year requiring relocation, for three nights per household at \$100 per night. The cost of responding to work practice complaints is therefore about \$309,000.

Work Practices	
<i>Dollars in thousands</i>	
Cost of Inspections	\$288.8
Cost of Relocation	\$19.8
Total	\$308.6
Additional Inspections	2,761
SOURCE: IBO.	

311 Call Center Expansion. Raising the child age, defining peeling paint in common space as a violation, turnover violations, and expanding DOHMH inspections of work sites would all result in more complaints. The 311 Call Center will have to be expanded to meet this added demand. The average call center employee handles 3,333 calls per year, and IBO estimates that Intro 101A will result in an additional 13,000 calls. Therefore the call center would need four additional full-time people, for a total cost (including fringe benefits) of about \$200,000.

J-51 Benefits (§11-243). The J-51 tax benefit program allows building owners to take property-tax exemptions or abatements for the value of certain capital improvements such as window upgrades or boiler replacements.

Building owners already are eligible for tax benefits when they remove or contain lead paint if they have received a city Order to Abate. Intro 101A would extend the benefits to include the value of inspections or risk assessments, as well as abatement work done by building owners who have not been ordered to do so. There are about 229,000 private units in multifamily buildings occupied by children under 7. The owners of any of these units could potentially receive J-51 tax benefits for lead-related work. IBO assumes that 5

percent of eligible buildings will claim tax benefits for an inspection or a risk assessment in any given year. A smaller number—where lead paint is actually found—will receive benefits for remediation work.

In 2002, HPD spent an average of \$4,835 per *in rem* unit requiring lead hazard remediation. This is higher than what HPD spent in private units, because in the *in rem* units, HPD also corrected the underlying condition causing the hazard. IBO assumed that private building owners were more likely to do the more extensive work, and therefore used \$4,835 as an estimate of the cost of the lead hazard remediation work receiving a J-51 tax benefit. The average cost of an inspection is about \$211, and a risk assessment is about \$400. In a single year, the tax benefit is worth 8.33 percent of the cost of the work, or \$355 for remediation, and \$18 and \$33, respectively for the inspection and assessment. The total annual cost of these expanded property tax benefits is therefore \$760,000.

J-51 Abatements	
<i>Dollars in thousands</i>	
Total Cost	\$759.7
SOURCE: IBO.	

Inspection and Correction Deadlines. Both current law and Intro 101A specify how much time may elapse between issuance of a violation, correction by the owner, HPD remediation, and so on. Intro 101A would require that most steps happen significantly faster than under current law, as shown in the table below.

Statutory Deadlines to Inspect and Correct Lead Hazards		
<i>Number of Days ...</i>	Current Law	Intro 101A
... for HPD to respond to complaint	10 or 15	5
... for HPD to issue a violation	20	5
... for building owner to correct violation	21	14
... for building owner to mail certification, after date set for correction	5	3
... for HPD to re-inspect	30	10
... for HPD to correct, if necessary	60	14
SOURCE: IBO.		
NOTES: Local Law 38 specifies that HPD may take 15 days to respond to a complaint in heat season. Both Local Law 38 and Intro 101A allow for extensions of the building owner correction period in some circumstances. Local Law 38 only specifies a timeframe for HPD re-inspection for jobs which have been certified as corrected by the building owner.		

Speeding up the inspection and correction process would likely add to the cost of addressing lead hazards. HPD would have to have more inspectors and emergency repair contractors available in order to ensure that the statutory deadlines were met, and would likely encounter a higher rate of owners' failing to correct violations within the statutory timeframe. It is difficult to estimate how much impact this acceleration of the timeline would have. We assumed that emergency repair costs will increase by 25 percent. The Emergency Repair Program currently costs about \$5.0 million a year (for lead-related repairs), and Intro 101A would add another \$4.0 million. A 25 percent increase is therefore approximately \$2.3 million.

POTENTIAL REVENUE OFFSETS

Intro 101A would levy fines and penalties on building owners who fail to comply with inspection and remediation requirements. In addition, if HPD's Emergency Repair Program corrects any code violation, the building owner is billed for the cost of the work. If the building owner fails to pay the bill, a lien is placed on the building. HPD collects on average about 56 percent of billed Emergency Repair Program costs within three years. IBO assumed that the 56 percent collection rate continues to hold true, leading to annual collections of \$2.3 million.

Intro 101A would raise some of the penalties for noncompliance. For example, the bill would add a fine of up to \$500 and a civil penalty of up to \$1,500 in cases where building owners fail to determine if a child under 7 is in residence, and if necessary, conduct adequate lead inspections. In other cases, however, Intro 101A would lower the fines imposed on building owners. Under Local Law 38, a building owner who files a false certification of correction is subject to a civil penalty between \$10,000 and \$25,000. Intro 101A would reduce this penalty to between \$1,000 and \$3,000. We were unable to estimate the amount of fine revenues HPD might collect, but based on the department's past experience and practice, we would not expect significant fine revenue.⁷

OTHER INTRO 101A ISSUES FOR HPD AND DOHMH

There are some aspects of Intro 101A that we have not discussed above, either because they will not have budgetary effects, or because the cost is not measurable. Although these provisions cannot be easily included in the fiscal impact analysis, they do merit discussion.

Line-of-Sight Inspections. Whenever HPD enters an apartment for any purpose, Intro 101A would require the agency to look for evidence of a child, and if it appears that a child is in residence, to conduct an inspection for lead paint. These line-of-sight inspections are not required under Local Law 38, but according to HPD's October 30, 2002 report to the City Council, HPD inspectors do seek out lead violations when conducting other types of inspections. According to HPD, these inspections, rather than tenant complaints, are the department's primary means of identifying lead violations. In short, HPD is already conducting line-of-sight inspections in apartments.

HPD believes that line-of-sight inspections would also be required in common spaces under Intro 101A, which would add a cost, but because the section specifies that inspections must be done when entering a "dwelling unit," IBO does not anticipate a cost associated with the line-of-sight requirement in Intro 101A.

Administrative Costs. Intro 101A would create new administrative and reporting requirements. There is substantial disagreement as to the precise meaning of several administrative requirements, including what constitutes a lead hazard and when a formal abatement is required (see Appendix Two for more detail).

Intro 101A's new reporting requirements would apply to HPD, DOHMH, the Department of Education, and the Department of Parks and Recreation. Each agency would have to report to the City Council on their lead-abatement activities. HPD would be required to make records of lead inspections available to the public electronically. HPD and DOHMH would both be required to draft new implementing regulations. HPD would be required to record intact—as well as peeling—paint when it does inspections, which the department estimates could reduce productivity of inspectors by up to 40 percent. Although some of these requirements overlap those of Local Law 38, but there would likely be an increase in administrative costs if Intro 101A were signed into law. IBO has not estimated these added costs, although they could be significant.

Performance Benchmarking. Intro 101A requires DOHMH to make recommendations to amend the law if the city does not meet a series of performance benchmarks, such as reducing the prevalence of children with blood lead levels of 10 micrograms per deciliter to fewer than 4,000 by 2004. In 2001, there were 5,638 children with blood lead levels that exceeded this threshold, so the standards in Intro 101A represent a significant (30 percent) reduction. It is not clear whether the city will be able to meet these standards, but because it is equally unclear what amendments DOHMH would propose, IBO has not estimated any costs associated with these performance standards.

Housing Litigation. In 2002, HPD brought civil action against building owners to compel correction of 2,135 lead violations. Because Intro 101A expands the universe of lead violations, it is likely that the number of Housing Litigation Division cases would also increase. IBO was not able to determine the fiscal impact of this increase.

2007 Deadline. Intro 101A would require HPD and DOHMH to establish a schedule to ensure that all multiple dwelling units occupied by a child under 7 meet turnover cleanup standards by 2007, regardless of whether the units actually turn over. Failure to meet these standards would be a Class C immediately hazardous violation. IBO has not associated any cost with this provision, because HPD is not required to inspect or remediate these violations. HPD feels that this provision remains open to interpretation, and could be costly.

“Maximum Extent Possible” Clause. The statement of findings included in Intro 101A requires HPD and DOHMH to eliminate lead hazards “to the maximum extent possible.” Similarly, the bill states that if the definitions included in Intro 101A conflict with definitions in federal law, “the term that is most protective of public health shall govern.” Both these phrases are subjective, and could lead to much broader statutory interpretations than are reflected in this analysis.

INTRO 101A ISSUES FOR OTHER CITY AGENCIES

Schools. Intro 101A would mandate immediate abatement of peeling lead-based paint in any school facility where children in special education, pre-kindergarten, kindergarten, or first grade regularly spend time. By September 1, 2006, Intro 101A would require

abatement of all lead-based paint on window surfaces. Intro 101A would also give the city two years to conduct a risk assessment for soil lead hazards, and to remediate hazards when found.

The education department's lead policy is already similar to that set out in Intro 101A. The department currently targets classrooms used by pre-kindergarten, kindergarten, first grade, and special education students, and does necessary abatement work when school is not in session to avoid disrupting classrooms and exposing children to additional lead hazards. Between January 1993 and April 2002, the education department remediated 4,465 classrooms.

There are some differences between current policy and Intro 101A. Intro 101A would require the education department to contain lead hazards on the inside and outside of windows, while the department currently only addresses lead hazards on window surfaces inside classrooms. The education department does not do risk assessments for soil lead hazards, nor does it meet the variety of reporting requirements that Intro 101A would impose.

There is not enough information available to estimate the cost to the education department of implementing Intro 101A. For example, the cost of a soil lead test is about \$20. But the remediation costs would vary, depending on the level of contamination, the type of the soil, and the eventual use for the land. IBO had no basis for estimating average values for these variables, and therefore could not estimate the cost of Intro 101A for the education department.

Day Care Centers. The Intro 101A provision for day care centers is similar to that for schools. We did not have data on the number and physical condition of private day care centers around the city that could be affected by the legislation, and so we were not able to estimate the cost to the city of this provision of Intro 101.

Moreover, agency responsibilities with respect to day care centers is not clear in the legislation: For example, in instances in which DOHMH serves a day care center with an order to correct a violation, and the owner fails to do so, Intro 101A mandates that "an agency"—without further specification—take action to abate the lead hazard.

Playgrounds. Intro 101A would require the city to replace all public playground equipment built prior to March 1, 1978—which is presumed to have lead paint—by September 1, 2008. According to the parks department, all playground equipment was replaced in the 1990s in the course of park upgrades and to reduce city liability for accidents occurring on playgrounds. As a result, IBO does not anticipate any costs associated with this provision of Intro 101A.

Appendix One: Methodology

IBO used a variety of data sources to develop the estimates in this report; the methodology and data used for each estimate are described below.

Housing Units. All measures of housing units which would be affected by Intro 101A are taken from the 1999 Housing and Vacancy Survey (HVS), a Census Bureau survey of housing units in New York City. Because the HVS is a survey, sampling error is likely to occur—that is, the estimated occurrence of certain conditions derived from the survey is likely to differ from its actual occurrence in the total population, by a measurable amount.

HVS Unit Counts	
All units*	1,443,295
Units with a lead hazard	435,982
Units with a child under 7	228,792
Units with child under 7 and lead hazard	87,757
Units with a 6 year old	23,204
Units with 6 year old and lead hazard	6,676
SOURCE: IBO; U.S. Census Bureau, 1999 New York City Housing Vacancy Survey.	
NOTE: *Units in privately owned, multifamily dwellings built prior to 1960.	

Presence of Lead. A unit was defined as having a lead hazard if, according to the HVS, it had cracks or holes in interior walls, broken plaster or peeling paint on inside walls, or water leakage inside the apartment. Not all units with lead hazards actually contain lead-based paint, however. The presence of lead cannot be confirmed without x-ray or paint chip analysis. In a report that HPD submitted to the City Council in October of 2002, the agency reported that 24 percent of violations tested had lead present. So, for example, of the 87,757 units occupied by a child under 7 and with a lead hazard (as shown in the table above), IBO estimates that 21,062 actually have lead-based paint, under the current definition of lead.

Inspections Performed. HPD performs lead inspections when they receive a complaint from a tenant, or when HPD personnel in the building for other reasons see a lead hazard. Only a fraction of existing lead hazards, as estimated from the HVS, are inspected in a given year. According to HPD’s report to the City Council from October of 2002, the agency did 6,001 inspections in privately owned buildings in 2001. According to the HVS, there are 81,081 privately owned multifamily units with lead hazards and children under the age of 6, so HPD inspected 7.4 percent of the eligible universe of buildings in 2002.

HPD Emergency Repairs. In HPD’s October 2002 report to the City Council, the department reported that they issued 17,235 lead violations in fiscal year 2002. Of this total, 9,066 were determined not to have lead. Thus in 2002, HPD issued 8,169 valid lead violations. HPD performed some form of emergency repair work in 3,066 cases, or roughly 37.5 percent of the time.

Cost of Inspections. There are two general types of lead inspections—visual inspections, and x-ray or paint chip analysis inspections. The cost of visual inspections primarily reflects personnel costs. IBO used an HPD list of staff titles involved in lead inspections generated in 1998, updated salary information using data from the city’s financial management system, and adjusted the number of inspections performed annually to reflect current practice. Using this information, IBO calculated a per-inspection cost for each staff line, and added these costs to estimate the total salary costs associated with an inspection.

The cost of a visual inspection also includes transportation and medical testing for inspectors. Car maintenance and gas costs were estimated from HPD’s 1998 report. Medical testing costs were taken from the report that HPD submitted to the City Council in December of 2001 and adjusted for inflation. IBO’s estimate of the cost of a visual inspection is the sum of the personnel costs and the per-inspection transportation and medical costs.

The more detailed inspections not only require personnel, transportation, and medical testing, but also x-ray and paint chip analysis. HPD already owns X-Ray Fluorescence machines, but will have to maintain this equipment. IBO took HPD’s 1998 estimates of maintenance costs, adjusted them for inflation, and used these figures to calculate a per-inspection maintenance cost of about \$36. IBO used commercial prices for paint chip lead analysis to approximate the cost to the city, approximately \$75 per inspection. The total cost of the detailed inspection is therefore the sum of the personnel costs, travel costs, medical testing, XRF machine maintenance, and paint chip analysis.

Cost of an Inspection	
<u>Visual Inspection</u>	
Personnel	\$85.32
OTPS:	
Staff Medical Testing	\$1.95
Travel Costs	<u>\$17.32</u>
Total, Visual Inspection Cost	\$104.59
<u>XRF/Paint Chip Inspection</u>	
Personnel	\$85.32
OTPS:	
Staff Medical Testing	\$1.95
Travel Costs	\$17.32
Paint Chip Analysis	\$75.00
XRF Machine Maintenance	<u>\$35.66</u>
Total, XRF/Paint Chip Inspection Cost	\$215.25
SOURCES: IBO; Department of Housing Preservation and Development; commercial paint chip analysis price lists.	

The cost of a DOHMH work site inspection was assumed to be the same as an HPD visual inspection.

Cost of Remediation. In its October 2002 report to the City Council, HPD stated that the average amount spent to remediate lead hazards in a privately owned unit was \$2,982.

The average cost for an *in rem* unit was \$4,835. The *in rem* cost is significantly higher because the city does more work in the units it owns, including looking for and repairing the underlying cause of the violation. Unless otherwise noted, IBO used the \$2,982 figure as its estimate of the cost of remediation. However, HPD asserts that Intro 101A would require the city to correct underlying causes of violations in all circumstances, which would raise the average cost to \$4,835 per unit.

Summary of Key Assumptions. This analysis is heavily dependent on the assumptions outlined above, as well as on interpretations of the law. The table below summarizes these key assumptions.

Key Assumptions Used in Baseline Estimate		
Variable	Value	Source
General:		
* Percent of units with a lead hazard that are inspected annually (based on current trends)	7.4%	Oct. 02 letter, HVS
* Percent of inspected units that have lead-based paint, according to the Intro 101A definition	26.4%	Oct. 02 letter; HPD
* Percent of lead violations that HPD repairs	37.5%	Oct. 02 letter
* HPD remediation cost	\$2,982	Oct. 02 letter
Proactive Inspections:		
* Targeted to high risk zip codes	Yes	IBO assumption
* Identify units with children prior to inspection	No	IBO assumption
* Percent of units to inspect annually	5%	IBO assumption
* Percent of units with a hazard that have lead	80%	IBO assumption
Turnover		
* Percent of units turning over where complaint is filed	5%	IBO assumption
Work Practices		
* Percent of renovated units where complaint filed	1.0%	IBO assumption
* Percent of units where safety violation is detected	19%	MMR
* Percent of tenants requiring relocation	15%	IBO assumption
J-51 Abatements:		
* Percent of potentially eligible units receiving benefits (annual)	5%	IBO assumption
311 Call Center:		
* Calls handled per staff person (annually)	3,333	HPD
Accelerated Timeline		
* Percentage increase in ERP costs	25%	HPD
ERP Revenue:		
* Percent of expenditures eventually paid by building owners	56%	Open Balance File
SOURCES: As noted.		
NOTES: October 2002 letter is HPD report to the City Council on the implementation of LL38. HVS is the 1999 Housing and Vacancy Survey. MMR is the Mayor's Management Report. The Open Balance File is a record of revenue collection maintained by the Department of Finance.		

Appendix Two: Safety and Registration Requirements

Intro 101A requires that “an owner shall abate all lead-based paint hazards and shall correct all conditions that may give rise to lead-based paint hazards” following specified safety standards (§27-2056.11). When performing abatement work, owners must register with HPD. Similarly, §17-186 requires that owners follow safe work practices and register with DOHMH when doing more general repair work. On its face, these are relatively straightforward provisions, but discussions with advocates, DOHMH and HPD suggest that these clauses are likely to be a major point of contention, because it is not entirely clear what constitutes a lead hazard, and when a formal abatement is required.

Broad Interpretation. The definition of abatement in Intro 101A is potentially broad enough to include virtually all routine repair work. HPD and DOHMH argue that even routine paint jobs generally involve some sanding. If lead is present, sanding could cause “exposure to lead from lead-contaminated dust,” one element of a lead hazard. And if a lead hazard exists, the owner must do an abatement, thereby triggering the work practice and registration requirements noted above. According to HPD, this section of Intro 101A could apply to every unit in the city, regardless of whether a child is present.

Narrow Interpretation. Conversely, Intro 101A supporters argue that because the bill limits an owner’s duty to correct to multiple dwellings with a child under the age of 7, the universe of buildings affected by this provision is much smaller. Furthermore, according to the advocates, repainting by itself does not require an abatement, and abatement procedures are only required when lead is actually present or when the lead content is unknown. As a result, only a relatively small number of building owners would be required to register with HPD or DOHMH.

Furthermore, the requirements in §17-186 are limited to cases where at least 200 square feet of lead-based paint is to be demolished or removed, which is considerably more specific than general painting.

Ambiguities. IBO identified both legal and practical uncertainties that make it difficult to interpret §27-2056.11.

First, from a legal standpoint, it is not clear if the provision outlining an owner’s duty to correct (§27-2056.3) applies to the safety and registration requirements. Advocates assert that this clause limits abatement work to units occupied by a child under 7, but a literal reading of §27-2056.11 suggests otherwise. Whether the latter section should be read independently, as written, or in the broader context of the prior section is unclear. Limiting this provision to units occupied by children under 7 significantly reduces the scope of the requirements: less than 16 percent of all private, pre-1960 units are occupied by a child.

Section 17-186 begins by stating that DOHMH “shall promulgate rules to require the use of safe work practices whenever lead-based paint or paint of unknown lead content is disturbed during the course of a repair, renovation, or demolition, when such work may

create a lead-based paint hazard and such work is for a purpose other than an abatement of lead-based paint.” This sounds very broad, and lends support to the idea that virtually any maintenance job is covered by this provision. However, the detailed registration and oversight requirements are limited to paragraph b of this section, which, as noted above, is limited to relatively large demolition jobs.

Second, from a practical standpoint, it is not clear what proportion of painting jobs are going to include sanding, thus creating a lead hazard. It is unlikely that owners will sand intact paint, which arguably exempts units without pre-existing lead hazards from compliance with this section. Furthermore, anecdotal evidence suggests that many rental apartments are painted infrequently—despite requirements that painting occur ever three years—and that when painting does occur, it is done quickly and cheaply, often without sanding.

Like the other administrative provisions of Intro 101A, the cost of the registration requirements has not been estimated by IBO. We have separated discussion of §27-2056.11 and §17-186 into its own appendix because the provisions are marked by significant legal and practical ambiguities, and because they were the topic of substantial debate during our analysis.

Appendix Three: Sensitivity Analysis

Varying assumptions about building owner behavior and different interpretations of the meaning of Intro 101A lead to substantially different cost estimates. IBO created high and low cost estimates to reflect these different assumptions and interpretations. The table below summarizes the range of potential costs:

Estimated Annual Cost of Intro 101A <i>(Selected Provisions)</i>			
<i>Dollars in thousands</i>			
	Baseline	Low Cost	High Cost
Increase Child Age to 7	\$269.7	\$190.7	\$904.1
New Lead Content Threshold	913.5	609.0	1,974.9
Lower Blood Lead Level for Inspections	666.7	480.4	1,316.4
Common Space Inspections	76.4	76.4	155.0
Turnover Inspections	1,018.7	509.4	2,037.5
Inspections Prior to Complaint	3,987.8	2,710.7	6,624.6
Work Practices	308.6	144.7	676.2
311 Call Center Expansion	198.8	107.1	402.7
J-51 Expansion	759.7	379.9	1,519.5
Accelerated Timeline	2,260.1	-	6,953.4
Total New Spending	\$10,460.2	\$5,208.3	\$22,564.2
Less: ERP Collections	(\$2,262.6)	(\$1,495.2)	(\$4,008.0)
TOTAL NET COST	\$8,197.7	\$3,713.1	\$18,556.2
Additional Inspections Required	24,275	17,978	37,307
Additional Inspectors and Other Personnel	58	45	79
SOURCES: IBO; HPD October 30, 2002 letter to the City Council on the implementation of Local Law 38; 1999 Housing and Vacancy Survey; Mayor's Management Report, various years; Department of Finance Open Balance File. NOTE: Certain provisions of Intro 101A would likely result in new city spending, but could not be estimated. See text.			

One of the primary factors driving the difference between the baseline and high cost estimates is the cost of remediation work. Intro 101A lays out an owner's duty to correct not only lead hazards, but the underlying conditions—such as leaks—causing paint to peel or chip. According to HPD, when the city does repairs through emergency program, it is acting in place of the building owner, and therefore is also bound to correct underlying conditions. This raises the average remediation cost substantially. Other potential points of variation include the proportion of violations corrected by the building owner, the proportion of buildings in which lead is actually found, and the extent to which the accelerated timelines for inspection and correction increase Emergency Repair Program costs.

Key Assumptions, Alternative Scenarios			
	<u>Baseline</u>	<u>Low Cost</u>	<u>High Cost</u>
General:			
* Percent of units with a lead hazard that are inspected annually (based on current trends)	7.4%	7.4%	15.0%
* Percent of inspected units that have lead-based paint, According to the Intro 101A definition	26.4%	20.0%	26.4%
* Percent of lead violations that HPD repairs	37.5%	25.0%	50.0%
* HPD remediation cost	\$2,982	\$2,982	\$4,835
Proactive Inspections:			
* Targeted to high risk zip codes	Yes	Yes	Yes
* Identify units with children prior to inspection	No	Yes	No
* Percent of units to inspect annually	5%	5%	5%
* Percent of units with a hazard that have lead	80%	80%	80%
Turnover			
* Percent of units turning over where complaint is filed	5%	2.5%	10%
Work Practices			
* Percent of renovated units where complaint filed	1.0%	0.5%	2.0%
* Percent of units where safety violation is detected	19%	15%	25%
* Percent of tenants requiring relocation	15%	10%	20%
J-51 Abatements:			
* Percent of potentially eligible units receiving benefits (annually)	5.0%	2.5%	10.0%
311 Call Center:			
* Calls handled per staff person (annually)	3,333	3,333	3,333
Accelerated Timeline			
* Percentage increase in ERP costs	25%	0%	50%
ERP Revenue:			
* Percent of expenditures eventually paid by building owners	56%	56%	45%
SOURCES: As noted in table on page 18.			

END NOTES

¹ New York City Department of Health and Mental Hygiene: *Surveillance of Childhood Blood Lead Levels in New York City* (2002).

² Although Local Law 38 did not include a provision requiring the identification of units with children, the requirement has been established through case law.

³ Because of the legal presumption that paint in units built prior to 1960 contains lead, any condition that could expose a child to the paint, such as peeling paint on walls or other surfaces, constitutes a violation. The building owner can then remove the violation in one of two ways: by submitting test results that show the paint is not lead based, or by correcting the violation.

⁴ In addition to inspectors, HPD would need additional compliance staff, radiation inspectors and radiation safety officers, clerical staff, and perhaps additional supervisory personnel. HPD hires contractors to perform remediation work where necessary—using its own staff of lead workers generally only for small jobs.

⁵ According to HPD's October 30, 2002 report to the City Council, HPD inspectors do seek out lead violations when conducting other types of inspections. According to HPD, these inspections, rather than tenant complaints, are the department's primary means of identifying lead violations.

⁶ New York City Department of Health and Mental Hygiene; *op.cit.* These zip codes represent the top quintile of lead poisoned children.

⁷ See IBO's Fiscal Brief *Is Everything Going to be Fine(d)? An Overview of New York City Fine Revenue and Collection* (May 29, 2003).