



National Center for Healthy Housing

September 14, 2006

Mr. Jon Gant
Director
Office of Healthy Homes and Lead Hazard Control
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Jon:

It was a pleasure to meet you last month. It goes without saying that your leadership and commitment to the mission of the Office of Healthy Homes and Lead Hazard Control (OHHLHC) are critical and will help to rebuild both external and internal confidence in the important programs of the OHHLHC.

Thank you for your prompt response to so many of the items we discussed during that meeting. During our discussion, I also pledged to help think about ways to address the current under-subscription to the lead hazard demonstration program. As follow-up, I contacted several other national organizations and local lead grantees to gain a better understanding of the key barriers faced by grantees in applying for the Lead Hazard Reduction Demonstration program. The Coalition to End Childhood Lead Poisoning, the Children's Health Forum, the Coalition for Environmentally Safe Communities, the National Healthy Homes Grantees Association, and several cities were particularly helpful in analyzing the current situation and drafting the recommendations below. This letter represents our collective recommendations and although we did not carry out a comprehensive survey of grantees, we believe that the opinions of those we canvassed are largely representative of their counterparts.

The jurisdictions that are eligible for the Lead Hazard Reduction Demonstration funding have the highest needs and continue to have lead poisoning rates that are several times the national average. We are committed to ensuring that eligible localities take full advantage of these valuable HUD resources. As such, this letter is to share with you insights about why the response rate may be low and to make recommendations regarding ways to stimulate a greater number of applications.

At the outset, it is important to consider the primary intent behind the program—to provide a large infusion of resources to areas that present the greatest lead poisoning risk. We support the original intent of this program and would encourage HUD to consider raising the funding cap for the demonstration program to \$6 million, to ensure that the resources are allocated, even with a smaller pool of applicants. There is precedence for \$6 million grants, which were awarded in the early 1990s. Concurrently, HUD should

strongly encourage grantees located in areas with high levels of childhood lead poisoning that have not received previous lead hazard control funding to apply. HUD should augment this effort by offering technical assistance and/or planning grants to help grantees develop successful programs and proposals.

In short, we believe the best way to proceed is to increase the award amount and encourage those who have not applied previously to do so. The above changes would be the simplest and most rapid ways of addressing the program's under-subscription.

Grantees have identified these barriers to applying for HUD Lead Demonstration Funds:

- 1) Unable to meet the 25% match requirement
- 2) Difficulty administering a program with the 10% limit on administrative costs
- 3) Ineligible due to a recent lead hazard control or lead demonstration grant
- 4) Application process unnecessarily onerous

In addition, we have also heard from some grantees that there are instances where lead hazard control costs exceed the demonstration NOFA cap of \$24,000. For example, in many older cities, due to the need to replace old (historic) windows and porches coated with lead-based paint, lead hazard control costs can exceed \$30,000.

Recommendations pertaining to these four areas of concern are detailed below.

Meeting the 25% match requirement.

- Allow grantees to count CDBG lead paint related rehab toward their match dollars. For example, many cities and participating jurisdictions are already committing significant resources to lead hazard control in housing receiving federal assistance as a result of the lead-safe housing rule. These resources should be counted toward the match even if they are not spent in conjunction with the lead demonstration grant.
 - Rationale: provides HUD with information about compliance with 1012 since the city would have to document the number of units and amount of CDBG funding dedicated to complying with 1012; and provides more flexibility to grantees in meeting the 25% requirement.
- Educate grantees that owner or other private sector contributions to lead hazard control count toward the 25% match requirement. Also, ensure that grantees are aware that if they fund projects that also receive CDBG funding, they may count the CDBG funds used in the project toward their match.
 - Rationale: Many grantees are not fully informed of what counts toward the 25% match.

Distinguishing direct remediation and administrative cost categories.

- Educate grantees about what can be included in the 90% program costs through a technical bulletin and/or conference call opportunity.
 - Rationale: Some grantees are not aware of how to properly allocate their costs to administrative and program categories despite HUD's

guidance distributed as part of the NOFA. For example, a program coordinator who is responsible for reviewing bids for lead hazard control or hiring contractors to perform work could be appropriately categorized as a program expense. Some grantees believe all program management and coordination is considered “administrative.”

Rewarding high-performing grantees.

- Set up a fast track program to enable grantees who demonstrate significant progress on previous grants or a significant pipeline of owners seeking lead hazard control to apply for a demonstration grant, regardless of whether they received an award in the previous year.
 - Rationale: Many cities have a large pipeline of housing stock in need of lead hazard control. Operational efficiencies would be enhanced if grantees could have resources in hand to continue to accept applications for identified housing if they were able to apply annually, even if current funds are not yet fully expended. Cities would have a better opportunity to attain the 2010 goal by: 1) setting up a fast track program to immediately address houses with lead poisoned children and 2) planning hazard control in units that have identified hazards and pregnant women/young children. In the end, programs would be able to operate efficiently without the inefficiencies of stops and starts.

Streamlined application process.

- Consider a two-stage application process that enables a grantee to submit a more limited proposal (e.g. without the federal forms) to “qualify” for submitting a full proposal. Once they have been accepted, their award would be contingent upon their successful submission of all of the required forms to meet the HUD Reform Act requirements.
 - Rationale: We are cognizant that the HUD Reform Act sets up specific requirements for HUD’s procurement process. However, the extensiveness of the current NOFA requirements is a true barrier to full and open competition. Smaller high-risk cities lack the internal resources to prepare a proposal in the amount of time provided by HUD. From our own experience, writing a HUD proposal can cost \$10,000-\$15,000 – more than three times the cost of writing an EPA or CDC proposal.
- Make the NOFA less prescriptive and enable grantees to respond to broader evaluation criteria. Examine current scoring system to ensure that evaluations are not unnecessarily rigid and provide helpful debriefs for unsuccessful applicants.
 - Rationale: The number of criteria for scoring the applications should be reduced to those elements that are most essential for success. HUD could enable an incumbent grantee with a high performing program to skip certain aspects of the NOFA, if the program will remain the same under its renewal grant. Debriefs are the primary mechanism for a grantee to understand how to better meet HUD’s requirements. The

more specific and informative the debrief is, the more likely the grantee will be successful in future rounds.

Provide discretion to local programs regarding the \$24,000 cap on lead hazard control costs.

- HUD personnel should more readily grant exceptions to the cap, which has not been changed since the inception of the program and does not account for inflation. These costs may also increase since funding for other HUD rehabilitation programs, which in earlier years may have paid for such costs, may now no longer be able to do so. Furthermore, the cap should reflect regional costs, size of unit, and types of housing.
 - Rationale: When working in large, old (historic) homes, costs can sometimes exceed \$30,000. Window replacement and addressing lead-paint hazards on porches contribute to the higher costs. Replacing historic components with appropriate lead-free “like” components is also costly. An inappropriately low cap prevents programs from tackling the most egregious hazards in properties most in need of repair.

We hope that these suggestions are helpful as you consider ways to improve the response rate to the lead demonstration funding. It is of utmost importance to the undersigned that these programs be used to their fullest potential. In order to meet the 2010 goal, progress must be accelerated and appropriations need to increase, not contract.

Kind Regards,



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Executive Director
National Center for Healthy Housing

Cc: Melanie Hudson, Executive Director, Children’s Health Forum
Ruth Ann Norton, Executive Director, Coalition to End Childhood Lead Poisoning
Janet Phoenix, Coalition for Environmentally Safe Communities
Gary Singer, President, Lead and Healthy Homes Grantees Association