



Massachusetts' Get the Lead Out Loan Program

Financing Source: State appropriation

Financing Amount: Cumulatively \$86 million in revolving funds

Focus: Lead

The [Get the Lead Out Loan Program](#) of Massachusetts healthcare reform legislation ([Section 197E of Chapter 111 of the Acts of 1993](#)) seeks to “assist residential property owners in financing the abatement and containment of lead paint hazards throughout the commonwealth.” Through MassHousing, the administrative agency, low-cost deferred financing is available for one-to-four-family homes to address lead-based paint hazards either owned by a low- to moderate-income owner-occupant or in which low- or moderate-income tenants reside. The loans are managed by local rehabilitation agencies (LRA). One hundred percent of the financing available under this program must be used for lead-based paint abatement activities.

Financing Mechanism

After a Boston Housing Authority court case, in which local housing authorities administering the Section 8 Housing Assistance Payments Program were ruled to be potentially liable if a child were to be poisoned by lead in housing they controlled, property owners and local housing associations led advocacy efforts for state appropriations to fund lead intervention. Their efforts resulted in the original establishment of the revolving 0% deferred loan program, which was then codified through statute a few years later and was provided initially with an appropriation to support it. State appropriations began in the 1980s; in 1993, Chapter 111 Section 197E incorporated the lead abatement loan program into the statute.

Since its inception, the Get the Lead Out program has provided over \$85 million in revolving loan funds. There are approximately \$2.1 million remaining from the initial \$5 million funding from the state, but the program has been self-sustaining since 2002.

The funding for the Get the Lead Out Loan program was originally provided by state appropriation and participating agencies, including the Department of Housing and Community Development, Department of Public Health, and the Childhood Lead Poisoning Prevention Program. Through MassHousing, the administrative agency, low-cost deferred financing is available for one- to four-family homes to address lead-based paint hazards either owned by a low- to moderate-income owner-occupant or in which low- or moderate-income tenants reside.¹

Loan Limits:

- Single-Family Home \$30,000
- Two-Family Home \$35,000
- Three-Family Home \$40,000
- Four-Family Home \$45,000

Borrowers may apply for financing through the approved local rehabilitation agency. These agencies will determine borrower eligibility, provide assistance on the lead abatement process, and assist the borrowers in completing a loan package to be submitted to participating lenders that will underwrite and approve the loan.

No state appropriation has been required in over 10 years. Continued sustainability of the loan fund is anticipated if banks are not subject to cumbersome requirements.

<https://nchh.org/tools-and-data/financing-and-funding/sustainable-financing-mechanisms/>

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Program Overview

The Get the Lead Out Loan Program has been designed to provide low-cost financing to owners of one-to-four-family properties to remove lead paint from their homes and reduce the possibilities of lead poisoning in children. Lead inspections occur at the request of a property owner or as a result of a child with an elevated blood-lead level (EBLL) being in a dwelling unit. One hundred percent of the financing available under this program must be used for lead-based paint abatement activities. Since 2017, MassHousing pays for the title search, inspection, and closing costs. The loan funds are applied to abatement costs. The limited loan funds each year for the program are served on a first-come, first-served basis. On average, homeowners repay their loans in seven or more years.

Program Operations

Through a partnership with the Department of Public Health and the Department of Housing and Community Development, MassHousing offers an affordable way for eligible participants to remove hazardous lead-based paint from their homes. Borrowers must meet income guidelines to participate in the Get the Lead Out program. Funds provided under this program may be used in tandem with other programs that provide funds for rehabilitation activities; (e.g., CDBG, HOME, conventional home improvement funds). Any deleading that has been started prior to loan closing is ineligible to be covered by the loan.

Eligible Population Served

Eligible borrowers include income-eligible families in owner-occupied homes, nonprofit organizations who rent to income-eligible tenants, and investor-owners who rent to income-eligible tenants.

Interest Rates and Loan Terms for Owner-Occupants²:

- For owner-occupied properties, a 0% deferred interest rates is available. There are no closing costs with a 0% deferred loan, and the loan is deferred until sale or refinance of the property. There are flexible underwriting guidelines for owner-occupant families of one-to-four family properties in which a child under the age of six resides or owner-occupants who are court ordered to delead (the property must be child's permanent residence). Owner-occupants without a child under the age of six residing on the property who opt for preventative lead abatement to increase the livability of their property must meet standard underwriting guidelines to take advantage of the 0% deferred rate.
- A 3% interest rate is available for investor-owners renting to income-eligible tenants. The 5- to 15-year loan terms are based on the loan amount and borrower qualifications. All loans are fully amortizable.

Interest Rates and Loan Terms for Non-Owner-Occupants:

- Nonprofit organizations that rent to income-eligible tenants receive a 0% interest rate and are fully amortizable.
- Other non-owner occupants receive five- to 15-year loan terms, based on the loan amount and borrower qualifications. All loans are fully amortizable.
- Non-occupant owners wishing to delead their homes for preventative reasons with incomes up to 100% of area median income meeting MassHousing income limits qualify for an amortizing loan with a 3% interest rate.

Staffing (Lead Paint Abatement Oversight)

Only state-licensed lead paint inspectors may conduct inspections, which will be used as the basis for undertaking lead paint abatement work. Only state-licensed lead paint abatement contractors can perform high-risk work and may undertake all of the deleading activity. New regulations allow moderate-risk work to be performed by lead-safe renovators (contractors), who are licensed by the Department of Labor and Workforce Development (DLWD).

Homeowners who receive a certificate from the Childhood Lead Poisoning Prevention Program (CLPPP) may undertake moderate-risk abatement and may be eligible to receive reimbursement for materials and expenses. Upon submission of certificate of compliance to a local rehabilitation agency (LRA), homeowners may receive reimbursement.

Billing for Services

Loans must be repaid upon the sale, transfer, or refinance of the property; third parties may not assume loan payments whether incidental to sale or otherwise. Loans are due upon refinancing of the existing first mortgage unless a subordination agreement has been signed by the agency.

Outcomes and Evaluation

Cumulatively, the program has served 4,399 units. In 2018, 108 units requested inspected and services from the program. In 2018, the Massachusetts Childhood Lead Poisoning Prevention Program referred an additional 621 families, and all received loans for repairs.

Return on Investment

There is no reported return-on-investment evaluation.

Lessons Learned

For long-term success and sustainability, it is helpful to combine incentives (such as removing liability from certain organizations) with enforcement that requires property owners to delead subsidized housing. As a prevention strategy currently incorporated into statute and state housing code, a code inspector is mandated to test for lead whenever housing code inspection is being performed in a home with a child. It is advisable not to burden program providers with excessive costs. The revolving deferred loan account self-replenishes but should be subsidized periodically with state funding.

For More Information

www.masshousing.com/portal/server.pt/community/home/217

¹ Massachusetts Housing Finance Agency. (2017, July). Get the Lead Out. Retrieved from <https://www.masshousing.com/portal/server.pt?open=512&objID=228&&PageID=305&mode=2#>

² HAP Housing. (n.d.). Get the Lead Out: Easing the cost of lead paint abatement. Retrieved from <http://haphousing-org.securec7.ezhostingserver.com/default/index.cfm/landlords/lead-paint/>