



B-283667

September 29, 1999

The Honorable Phil Gramm
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Jim Leach
Chairman
The Honorable John J. LaFalce
Ranking Minority Member
Committee on Banking and Financial Services
House of Representatives

Subject: Department of Housing and Urban Development: Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Housing and Urban Development (HUD), entitled "Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance" (RIN: 2501-AB57). We received the rule on September 15, 1999. It was published in the Federal Register as a final rule on September 15, 1999. 64 Fed. Reg. 50140.

The final rule implements sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992. The purpose of the rule is to ensure that housing receiving federal assistance and federally owned housing that is to be sold do not pose lead-based paint hazards to young children.

Enclosed is our assessment of the HUD's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that HUD complied with the applicable requirements.

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Judy England-Joseph, Director, Housing and Community Development Issues. Ms. England-Joseph can be reached at (202) 512-7631.

Sincerely yours,

Robert P. Murphy
General Counsel

Enclosure

cc: Ms. Camille E. Acevedo
Assistant General Counsel for Regulations
Department of Housing and Urban
Development

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ENTITLED
"REQUIREMENTS FOR NOTIFICATION, EVALUATION AND REDUCTION OF
LEAD-BASED PAINT HAZARDS IN FEDERALLY OWNED RESIDENTIAL
PROPERTY AND HOUSING RECEIVING FEDERAL ASSISTANCE"
(RIN: 2501-AB57)

(i) Cost-benefit analysis

HUD conducted a cost-benefit analysis of the final rule.

HUD estimates the costs associated with the rule to be \$253.2 million for the first year and the benefits to be \$1,143.3 million using a 3-percent discount rate for increased lifetime earnings and \$324.2 million using a 7-percent discount rate.

The primary monetized benefit of childhood lead poisoning prevention is increased lifetime earnings associated with the higher cognitive abilities of people who were not lead poisoned as children.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

When the proposed rule was published on June 7, 1996, HUD certified that it would not have a significant economic impact on a substantial number of small entities.

On October 9, 1998 (63 Fed. Reg. 54422), HUD published a Notice containing additional information about its certification that it concluded could reasonably be questioned. Therefore, HUD has performed a Final Regulatory Flexibility Analysis that complies with the requirements of the Regulatory Flexibility Act and is included in the preamble to the final rule.

HUD requests comments on the analysis since the rule does not take effect for a year. While HUD continues to believe its initial certification was reasonable and justified, the degree of uncertainty as to what constitutes a "significant" impact and a "substantial" number of small entities, has led HUD not to finalize the certification at this time. Upon review of the comments, HUD will make a final decision as to its required action under the Act.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not impose any federal mandates on any state, local, or tribal governments or the private sector within the meaning of the Unfunded Mandates Act of 1995.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

The final rule was issued using the notice and comment procedures found at 5 U.S.C. 553. On June 7, 1996, HUD published a Notice of Proposed Rulemaking in the Federal Register. 61 Fed. Reg. 29170. HUD received 93 comments in response to the notice and the comments are responded to in the preamble to the final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The final rule contains information collections which have been reviewed and approved by the Office of Management and Budget under the Paperwork Reduction Act and assigned OMB control number 2539-0009.

Statutory authorization for the rule

The final rule was issued pursuant to the authority of Section 302 of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4822(a)), as amended by Sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992.

Executive Order No. 12866

The final rule was reviewed by the Office of Management and Budget as an “economically significant” regulatory action and found to comply with the requirements of the Order.