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**LEAD-BASED PAINT HAZARD CONTROL IN PRIVATELY-OWNED HOUSING**

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**Federal Project/Program: LEAD-BASED PAINT HAZARD CONTROL IN PRIVATELY-OWNED HOUSING**

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**U. S. Department of Housing and Urban Development**

**Federal Authorization: Office of Healthy Homes and Lead Hazard Control**

**NC Department of Environment and Natural Resources  
Children’s Environmental Health Branch Section**

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**Agency Contact Person – Program**

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**The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.**

**The grantor agency may elect to review audit working papers to determine that audit tests are adequate.**

**Auditors may request documentation of monitoring visits by the State Agencies**

**I. PROGRAM OBJECTIVES**

The Goals and Objectives of the North Carolina Department of Environment and Natural Resource (DENR) Children’s Environmental Health Branch (CEHB) Lead Hazard Control Program: 1) The elimination and/or the control of all identified lead hazards in two hundred and two (202)-housing units involving low to very-low income families with children under six years of age; 2) conduct recruitment and training of minority and low-income Section 3 lead contractors and workers; 3) conduct outreach programs; 4) implement programs which will effectively increase the number of children screened for lead poisoning; 5) develop and implement a primary prevention program which identifies children under six years of age who have blood lead levels of 5 ug/dL < 9 ug/dL involving interventions and health educators; 6) implementation of a Preventative Maintenance Program; 7) develop a comprehensive fair housing training initiative by conducting workshops and training seminars to housing providers, civic and community-based organizations, as well as elected and appointed officials; and 8) provide lead training and awareness not only in the Raleigh/Durham and the 13 targeted eastern county areas, but also statewide.

**II. PROGRAM PROCEDURES**

The amount of the Lead Hazard Control Grant is \$3,000,000.00, which will be used in combination with cash and in-kind matching contributions of over \$2,700,000.00.

Lead hazards will be eliminated in two hundred and two (202)-housing units. These will receive a combination of interim controls and abatement techniques. An average of \$7,948.02 per unit of lead

hazard control funds will be expended for the combination of interim controls and abatement technique approach.

The Program will be administered and monitored by the Program Director and the Acting Program Manager. The first 120 days (grant start date 11/1/06) will consist of the environmental review process and release of funds, capacity building meetings with DENR CEHB departments, preparation of Working Partner contracts and Ad Hoc Committee meetings, where Working Partners have already been established regarding lead issues.

The operational procedures will include the following components: (1) Application for grant or matching funds - the applicant will first complete a questionnaire form along with any other appropriate paperwork that the Working Partner agency provides. The program guidelines and available financial assistance will be reviewed with the interviewer and explained to the applicant. The applicant will then be given a packet of information containing guidelines, grievance procedures and information on the dangers of lead-based paint. The applicant will sign a form acknowledging receipt of packet and will complete and sign all necessary verification forms. Current blood lead testing will be strongly encouraged for the parent to provide for all children under six years of age and will be kept in a separate file to fulfill HIPAA requirements. (2) Verification and work preparation - the Working Partner staff will send out verification forms, verify ownership of property, inspect houses and write-up specifications. If the Working Partner agency cannot write the lead work specifications, the Monitor/Spec Writer will perform this task. The owner must then approve the specifications. A written estimate of the lead hazard costs will be made and the bid package will be prepared. (3) Continuing administrative functions- Working Partner's staff will record applicant and contractor EEO information, maintain case records for all loans and grants, complete periodic status reports on all active cases, and keep a log on each contractor as to the number of current jobs, satisfactorily completed jobs, complaints, resolution of complaints and performance within allowed time period. Also, relocation files will be maintained for each applicant documenting his/her relocation. Monthly meetings with the CEHB Program Director will be scheduled to review the progress of each unit. (4) Each contractor must have submitted proof of liability insurance, vehicle insurance and workman's compensation. In addition, proof of licensure by the State for lead abatement work must be on file. DENR CEHB Grant Program will offer training courses for lead abatement contractor/supervisors, lead workers, lead inspector/risk assessors and other courses involving lead-safe work practices. The number of persons to be trained to perform lead hazard control activities is estimated to be 125. A minimum of 35 educational programs will be presented and the estimated number of persons to be served by these programs is 2,700. (5) Bidding - an invitation to bid will be advertised according to each Working Partner's procurement policies. Written estimates for each lead hazard control job will be maintained in the case file. Please note that a contractor awarded a bid for a lead hazard job must follow all State regulations and must follow all HUD, OSHA and EPA Guidelines. (6) Bid acceptance- the Working Partner's staff will notify contractors and owners of successful bids as well as notify DENR CEHB Grant Program. The owner will then sign acceptance of the successful bidder's form. (7) Processing of funds- a purchase order will be completed and approved for the lead hazard work for each housing unit per each Working Partner Contract. (8) Matching funds settlement- both the contractor and the owner must sign the lead hazard agreement. A notice-to-proceed order will be issued. (9) Construction work- no change orders will be valid unless approved by the inspector and the administrator of the grant program, or other contracting officials. Estimates for additional work must be done independently of the contractor and prior to any approved change order. The monitor along with the local Housing Inspector will conduct periodic inspections of contractor's lead hazard control work, including the setting up of containment, and certifying that at final cleaning the affected areas are free of visible dust and debris and ready for clearance testing. The Program Manager will approve for payment all work that is completed in a professional and timely manner, and according to the standards set out in the specifications. If a dispute should arise between parties involved (owner, contractor or staff), resolution will be

attempted at the following levels: a) meeting of owner, contractor, and appropriate staff members, and b) filing of grievance with Grievance Committee. All necessary zoning and building permits must be submitted before a notice-to-proceed order will be issued. (10) Close out of contract- the Working Partner's staff will conduct final inspections of all completed work and obtain owner's signature on final inspection form. Also, obtained will be a letter of guarantee from the contractor. Before payment is made to contractor, the owner must sign a certification of satisfaction. The Working Partner staff will then send the owner a closing packet. (11) Closing case file - A Closing Packet will be given to each applicant when the lead hazard control work is completed on his or her unit. The Closing Packet includes but is not limited to the following items: a copy of the Contractor's Report; a copy of the Certificate of Post-Abatement Clearance, a copy of the specifications; and a copy of the Preventive Maintenance Program Certificate of Compliance Form. The above operational procedures make it possible to administer and monitor a grant and matching funds program. Without this step-by-step process clearly defined, control would be difficult. Processing forms, which will be used to process the grant and matching funds program from the intake process to closeout, will be utilized.

Depending upon the estimated value of the lead hazard control work, the lead-based paint contractor selection process for the lead hazard control work will be done either by Invitation-to-Bid which will be advertised in the local newspaper or by Quotation. Each Working Partner will record the names of contractors who receive a bid packet. Written estimates for each lead hazard control job will be maintained in the case file. Any contract awarding a bid for lead hazard control work must have a contractor and workers licensed by the State and must follow all applicable HUD, OSHA and EPA guidelines.

DENR CEHB Grant Program will reimburse each Provider on a cost reimbursement basis. The Providers will submit billing statements on a monthly basis. Only those costs, which are determined to be allowable, allocable and reasonable in accordance with the cost principles of OMB Circular A-87, and OMB Circular A-122 will be reimbursed to the Provider. Licensed lead-based paint contractors will enter into contracts with the owners of the units scheduled for lead hazard control work. Request for Payment forms will be submitted to the Program Manager of the DENR CEHB Grant Program. The Housing Inspector and the Monitor must approve all work before any payment is made. Absolutely no funding will be advanced to a contractor for labor or materials.

Grants with a ceiling of \$8,000.00 of Lead Hazard Control Grant funds will be available to owner-occupants for lead hazard control work in conjunction with Community Development Block Grant Funds (CDBG) or HOME funds in collaboration with the Grant Program's Working Partners. The eligible income level for these grants is at or below the 80% of median income, with adjustments for household size (Section 8 Income Limits). If the total family income falls at or below the 80% level, the applicant will be eligible for a grant up to \$8,000.00 or the actual cost of the lead hazard control work. All owner-occupants would have to meet and agree to the following stipulations (a) the assisted unit must be the principle residence of the family; (b) the property taxes on the unit assisted must be either paid up-to-date; (c) the owner-occupant will have to comply with the lead hazard control strategy. Under the existing Section 8 Housing Choice Voucher Program, a match of 75/25 will be utilized for landlords whose units fail an HQS audit. Housing Assistance Payments (HAP) will be terminated until the lead hazards are remediated. These units will be referred to the DENR CEHB Grant Program for processing. The maximum amount of the grant provided by the Grant Program is \$7,500.00 per unit on a 75/25-match basis. The match is based on a ceiling of \$10,000.00 per unit, and involves only lead hazard control work identified by a combination paint inspection/risk assessment. DENR CEHB may approve on a case-by-case basis, provide a 0% loan to landlords, whose personal income is at or below 80% of the median income level, for their 25% matching share. This loan would be payable in full when the property is sold or transferred. In partnership with other housing agencies, the DENR CEHB Lead Hazard Control Program will approve per unit up to \$8,000.00 of grant funds for lead hazard control work. The housing agencies will provide matching

funds for other lead hazard control work, healthy homes work and to bring the housing unit up to code. There is a “pilot program” with the Durham Affordable Housing Coalition on up to 50 units to perform interim controls only on pre-1978 housing units. DAHC will try to keep the cost of each interim control unit less than \$5,000.00 per unit. Each of these units will undergo a paint inspection/risk assessment and will have to pass clearance. In addition, PEACH, a grass-roots organization, will meet with each owner-occupant and/or tenant to teach that family to clean lead-safe. Furthermore, these units will be enrolled in the Preventive Maintenance Program, which has yearly clearance inspections.

Site-specific paint inspections/risk assessments and clearance examinations will be conducted by a licensed Environmental Specialist to determine the nature and scope of the lead hazards and the types of lead hazard controls needed. Upon completion of the lead hazard control work, he/she will determine if the unit has met clearance standards. The overall goals of the lead strategy are to reduce immediate lead hazards such as lead-contaminated dust, lead-contaminated bare soil, and loose, peeling, or flaking lead-based paint to clearance levels; to slow recontamination by treating bare soil and high risk lead-paint surfaces; to make repairs to prevent paint failure; to facilitate clean-up of recontamination by creating cleanable floors and window wells; and to educate owners and occupants on lead safety and in-place management of lead hazards, particularly regarding the slowing and cleaning of recontamination.

The DENR CEHB Grant Program Strategy will focus on the control of lead dust by limiting the generation of lead dust, containing lead dust within work areas, ensuring daily and final cleanings and by clearance testing. Also, the strategy prohibits abrasive blasting, power sanding, open flame burning, and methylene chloride strippers. HUD/EPA thresholds of 1.0 mg/sq. cm for lead in paint and 40, 250, 400-mcg/sq ft for lead in dust on floors, sills and troughs, respectively, will be used. The exterior treatments will consist of the following: 1) Siding and carpentry repairs - any damage contributing to lead-based paint failure such as nonfunctional gutters will be repaired. All gutters and downspouts will be made functional. Staff will ensure that flow is away from foundation. Siding will be wet scraped and painted. However, if the siding is highly deteriorated and the cost for enclosure is within budget, it will be enclosed with vinyl siding. 2) Porch repairs -components that are damaged and contribute to exterior lead-based paint failure will be repaired. If the substrate and paint of the deck is sound, then it will be repainted. If the substrate is sound and the paint deteriorated, it will be necessary to stabilize and then repaint. If the substrate is deteriorated, then repair or replacement will be necessary. Ceilings should be stabilized or enclosed. Also, other components will be stabilized, enclosed, or replaced as needed. 3) Garage repairs - if the substrate is good it will be stabilized and repainted. Repair, replace, or remove components that are deteriorated. If the freestanding garage is too deteriorated to paint or repair, then it will be demolished. 4) Strong consideration will be made while writing specifications for lead hazard control work that the rehabilitation work contains items to make the house a “healthy home.”

The treatment of soil will address bare soil that contains total lead equal to or exceeding 400 parts per million (PPM) in a play area or an average of 1,200 PPM of bare soil in the rest of the yard based on soil samples. Each site may involve a mix of these two different treatment areas. If required by terrain, perimeters will be boxed-in to prevent erosion of covering material.

The interior treatment will consist of the following: **(1)** Initial and daily cleaning- prior to set-up of containment, debris will be removed and a HEPA vacuum will be used on the floors and furniture. On a daily basis, wall areas and trim adjacent to treated surfaces will be wet washed. Also, on a daily basis, large debris will be removed, and a HEPA vacuum will be used on the floors. **(2)** Repairs and component replacement- damaged substrate that is causing paint failure will be replaced. All roof leaks, plumbing leaks, and other moisture problems causing paint failure will also be repaired. The extent of the repairs or replacements will be based on site-specific risk assessments, taking into

account budget constraints. **(3)** Paint stabilization - all loose, flaking, and peeling interior painted surfaces not otherwise treated will be stabilized (wet scraped/wet scoured and primed). **(4)** Windows- if the substrate of the window trough is sound, paint stabilize. However, if it is deteriorated, the trough will be enclosed with coil stock or replaced. The windowsill, if chewed, will be replaced or covered. Other surfaces such as the sash, stop, un-chewed sill, or glazing will be stabilized or replaced. **(5)** Doors/jambes - if the door and its components are ill fitting, they will be adjusted, cut, re-hung, or replaced as needed. If the substrate of the thresholds is sound, then stabilize and paint. If the thresholds are deteriorated, replace them with metal or wood. **(6)** Stairs- if the paint is peeling or in ill repair, the stringers and other components will be painted stabilized and primed. They will be repaired or replaced as needed along with covering the treads with rubber treads and bull nose. **(7)** Walls and ceilings- if the substrate is sound and paint is loose, flaking, or peeling then patching and priming of small sections that are damaged will be performed. Items will be enclosed or replaced where damage is too much to patch. Where there is a drop ceiling with lead-based paint above, the tiles will be replaced and the ceiling above will be treated the same as a wall. **(8)** Hard surface floor- if the floor is not painted with lead-based paint and the substrate and finish is in good condition, then the floor will be washed. However, if the finish is poor, the floor will be sealed. Repair or enclosure is recommended, if the substrate is poor. If a kitchen or bathroom floor is involved, then cover with tile. If a floor is painted with lead-based paint, stabilized and seal or else enclose. **(9)** Carpets - if the carpet is not too contaminated (as determined by dust test) or too deteriorated, vacuum until it meets clearance. If it's too contaminated, the carpet should be removed and the floor treated. **(10)** Basement floors- will be stabilized and sealed if floors contain lead-based paint. However, if the floor is not leaded, but other basement lead work is being done, then the accessible areas will have the following treatment: HEPA vacuum/wet clean/HEPA vacuum. If the floor is not leaded and no other lead work is being done in the basement, then clean as indicated by usage. **(11)** Radiators- will be stabilized and painted with heat-rated paint or enclosed with covers. **(12)** Final cleaning- (at the end of interior work)-HEPA vacuum/wet clean/HEPA vacuum all horizontal surfaces such as floors, sills, troughs, countertops, and trim in all rooms will be performed. Furniture will be wiped and vacuumed. Walls and ceilings will not be cleaned unless there is evidence of dust from repairs, renovation, or repainting; or unless dust tests indicate high levels.

The sequence and scheduling for lead hazard control dust-wipe testing will occur during the paint inspection/risk assessment as described in the HUD guidelines. The program will combine both a risk assessment and paint inspection for the identified housing units. This method will enable the program to collect data for the surface-by-surface inspection as well as the data for the analysis of dust, deteriorated paint and soil. The State Laboratory of Public Health will be used and is an approved Environmental Lead Laboratory, for paint, soil, and dust. The Laboratory is recognized under EPA's National Lead Laboratory Accreditation Program (NLLAP). The combined analysis of these activities will allow the program to address the lead-based paint hazards in a comprehensive manner in order to combine interim control and abatement strategies. Post-hazard control and clearance testing will be scheduled in a timely manner to hold relocation costs to a minimum, and will be provided by the Environmental Specialist. According to HUD guidelines clearance testing can be conducted one hour after the project is cleaned and completed. The Environmental Specialist along with the project monitor will then schedule and perform a visual examination of the project to determine if the work was completed as recommended and if there is visible dust, paint chips or debris left from the construction. If the visual examination determines that these areas are clear, then the post-clearance dust sampling of floors, windowsills and window troughs will occur. The samples will be sent to the laboratory and the results should be returned within 24 hours. If the areas are not determined to be in compliance, the Environmental Specialist will notify the contractor to correct the non-compliant areas and notify the program when they have been completed. Clearance will be repeated until all areas are within the HUD and EPA Standards. The schedule for dust wipes for post-abatement and for clearance testing will follow the recommended minimum number and location of single surface dust samples from HUD and EPA guidelines. Clearance testing and examination, post-

hazard and follow-up testing will be conducted according to the HUD guidelines and State Statute. To ensure compliance, an independent monitor will certify that all-Statutory Requirements; Regulatory Requirements, HUD Guideline Recommendations, and other applicable rules and regulations are followed.

Once the lead hazards are identified, the Working Partner will be notified. Working Partner's Inspector or the CEHB Monitor/Spec Writer will write working specifications to be included in the bid proposals. The Monitor/Spec Writer/Housing Inspector will be a state-licensed contractor and designer and thus able to write lead hazard control specifications. These proposals will be advertised, and bids will be received from state licensed lead contractors. All occupants will be temporarily relocated during the lead hazard control work process.

To ensure the cost effectiveness of the lead hazard control methods used, meetings will be scheduled by the Program Manager, with the Environmental Specialists, the Program Monitor, and other relevant partners to review the lead hazard control process. One of the topics will be to monitor the cost of each lead hazard control method and discuss ways to increase the cost-effectiveness of the methods used. In addition, quarterly meetings will be held with the licensed lead contractors and with our Working Partners.

### III. COMPLIANCE REQUIREMENTS

#### A. Activities Allowed or Unallowed

##### **Compliance Requirements**

Compliance is thoroughly checked by the U.S. Department of Housing and Urban Development during the application process and during the disbursement process. There is no need for the CPA to do further testing.

#### B. Allowable Costs/Cost Principles

##### **Compliance Requirements**

Allowable project costs are limited to the actual costs of the works described in the project application. Unallowable costs are expenditures for more than \$5,000.00 or to obtain real property. Only those costs, which are determined to be allowable, allocable and reasonable in accordance with the cost principles of OMB Circular A-87, and OMB Circular A-122 will be reimbursed to the Provider.

#### N. Special Tests and Provisions

##### **Compliance Requirements**

All projects to which grant funds have been committed will be audited in accordance with all appropriate OMB Circulars. A copy of the audit must be filed with the Department of Environment and Natural Resources-Controller's Office

##### **Audit Objectives**

Ensure audits are prepared and project expenditures tie to DENR's records.

##### **Suggested Audit Procedures**

Since the State maintains records on a project-to-date basis, a schedule of project-to-date revenues and project-to-date expenditures should be included in the audit report. Please see attachment A for suggested format. Verify that project-to-date expenditures tie to audited numbers.



ATTACHMENT A

Audit Report

Project Description (Ex: Municipal Water Facility)

Project No. \_\_\_\_\_

Municipality

For the Period 11/1/2006 to 1/12/2007

Statement of Revenues

Source of Funds:	\$0.00
Local (Cash)	
Bond Sale Proceeds	
State Funds	
Federal Funds	
Identify Fed. Program	
(grant or loan?)	
Other Sources	
Identify	
	_____
	\$0.00
	=====

Statement of Expenditures

Construction Cost	\$0.00
1. Contract I	
2. Contract II	
Engineering Fee	
Administrative Expense	
1. Identify	
Legal Fees	
1. Identify	
Other	
1. Land	
2. Interest, etc.	
	_____
	\$0.00
	=====