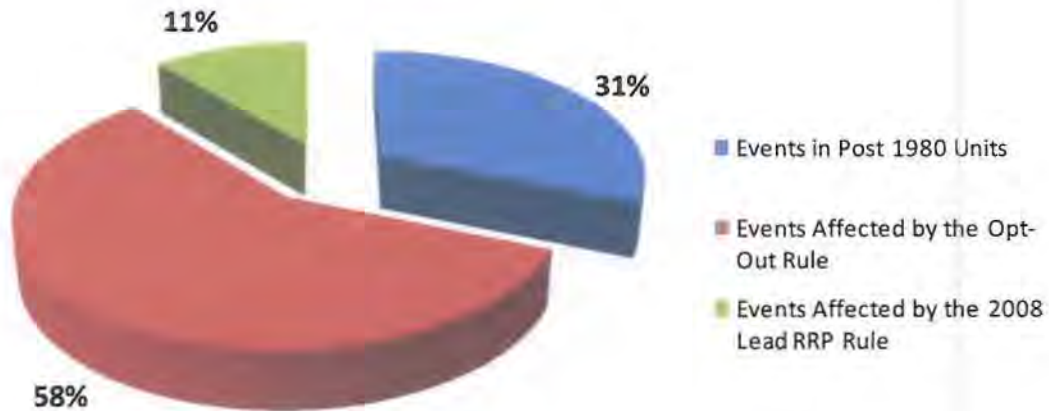


Costs and Benefits of the 2008 Lead RRP Rule and 2010 Opt-out Removal Rule

According to the EPA estimates of the 2003 American Housing Survey (AHS) the 2008 Lead Rule affects 1.5 million professional remodeling events in owner-occupied pre-1978 housing units. The removal of the opt-out will affect additional 7.2 million events.

Professional Remodeling Events in Owner-Occupied Units



Source: American Housing Survey 2007

The EPA Economic Analysis estimates that the 2008 Lead RRP rule will cost \$758 million during the first year and \$404 million per year after that and generate \$681-1,670 million worth of benefits to 1.4 million children under 6, thus generating net benefits of \$277-1,266 million per year (using a 3% discount rate).

The Economic Analysis of the Opt-out Rule does not provide a net benefits estimate. However, it estimates that the removal of the opt-out rule will cost \$507 million during the first year and \$295 million per year after that (using a 3% discount rule) and generate from \$90.5 to \$315.6 million in benefits to children under 6. Thus, following the EPA methodology outlined in the Economic Analysis of the 2008 Lead RRP Rule, ***the net benefits of the Opt-out Rule can possibly range from -\$204.5 million to \$20.6 million (using a 3% discount rule).***

There are several reasons why NAHB believes the net benefits of the Opt-out removal are overestimated (even though they are largely negative):

- The upper bound of the number of children moving into housing where LBP is disturbed (206,150) is unrealistic. It is based on the assumption that **ALL** remodeling events in pre-1978 units disturb lead-based paint (even if there is no lead-based paint present). Contradictory, the cost analysis assumes that only 35 percent of remodeling

events disturb lead-based paint (p. 5-14). Using the 35 percent assumption reduces the net benefits by \$205 million per year under a 3% discount rule (p. ES-9).

- The EPA Economic Analysis does not consider installing wall-to-wall carpeting, adding other types of flooring, and adding/replacing insulation in home as events affected by the Lead rule. NAHB remodelers argue that these events will qualify as those subject to the regulation. According to the NAHB estimates of the 2007 AHS, these events account for additional 3.7 million events thus significantly increasing the cost of the opt-out removal.

- There is no peer-reviewed research that estimates a level of lead exposure of children or adults moving into houses renovated under opt-out provisions or living contiguous to attached house renovated under opt-out provision. Consequently, the average benefits for children under 6 have not been modified to reflect any differences in exposure between children living in units where remodeling events take place and children moving into renovated units or living contiguous to attached house renovated under opt-out provisions (p. ES-8).