

➤ **The amount of insurance claim activity after the Northridge and Loma Prieta earthquakes had lasting effects.**

After the 1989 Loma Prieta earthquake, approximately \$570 million was paid in 45,000 insurance claims on single-family residences (65% of all insurance claims related to the earthquake). The average claim was valued between \$9,000 and \$18,000. Three years after the Northridge earthquake in 1994, 195,000 residential insurance claims had been reported. The average claim was \$35,000 and the total paid was \$7.8 billion. The total of all paid claims for the Northridge event was \$12.5 billion. More than 80 percent of San Fernando Valley homeowners carried earthquake insurance, and most filed claims; but afterwards, insurance companies refused to offer earthquake policies as part of regular homeowner insurance. The state created the California Earthquake Authority for this purpose.

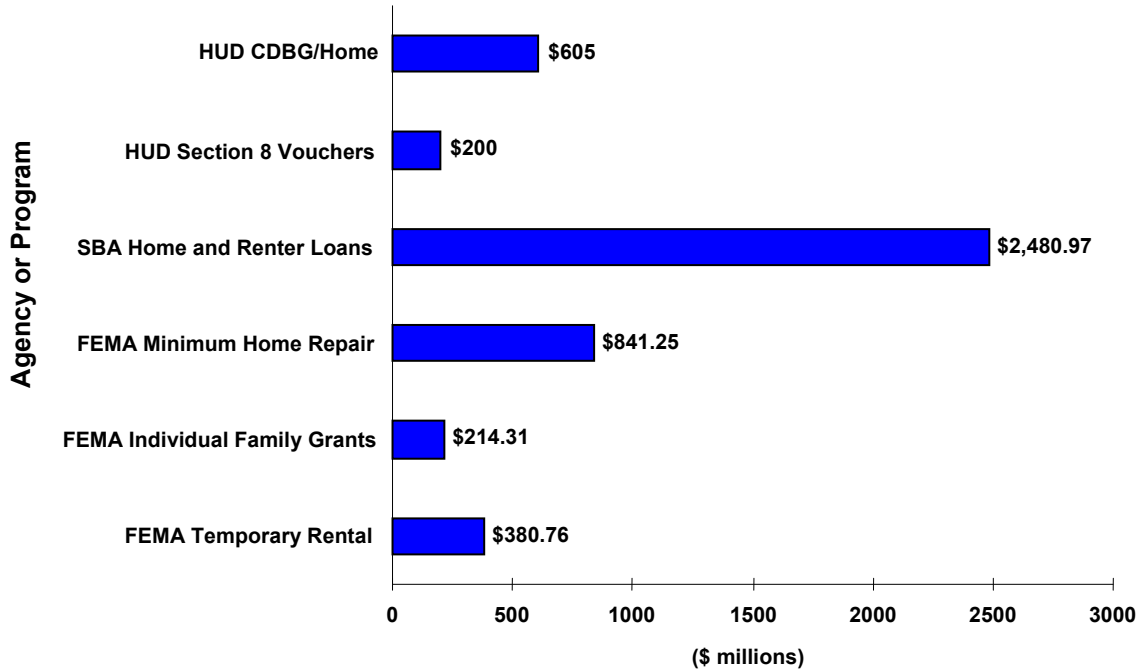
➤ **Charitable organizations were a key element of Loma Prieta recovery.**

Federal and state government programs as well as religious groups and volunteer organizations provided assistance to individual victims and to the Loma Prieta rebuilding effort. Low-income homeowners (particularly the Hispanic population in Watsonville) and owner-builders in the Santa Cruz mountains did not have insurance and were aided by small donations and by volunteer, non-profit, and religious organizations. A lawsuit brought by local governments and housing advocates resulted in a settlement providing \$23 million divided among Alameda, San Francisco, and Santa Cruz Counties in proportion to the number of single-room-occupancy (SRO) units destroyed in each county. The California Disaster Assistance Program (CALDAP) provided \$44 million in loans to owners of rental property and \$43 million to homeowners for repairs and rebuilding. In addition, the Red Cross made a one-time donation of \$13 million to a low-income housing recovery program.

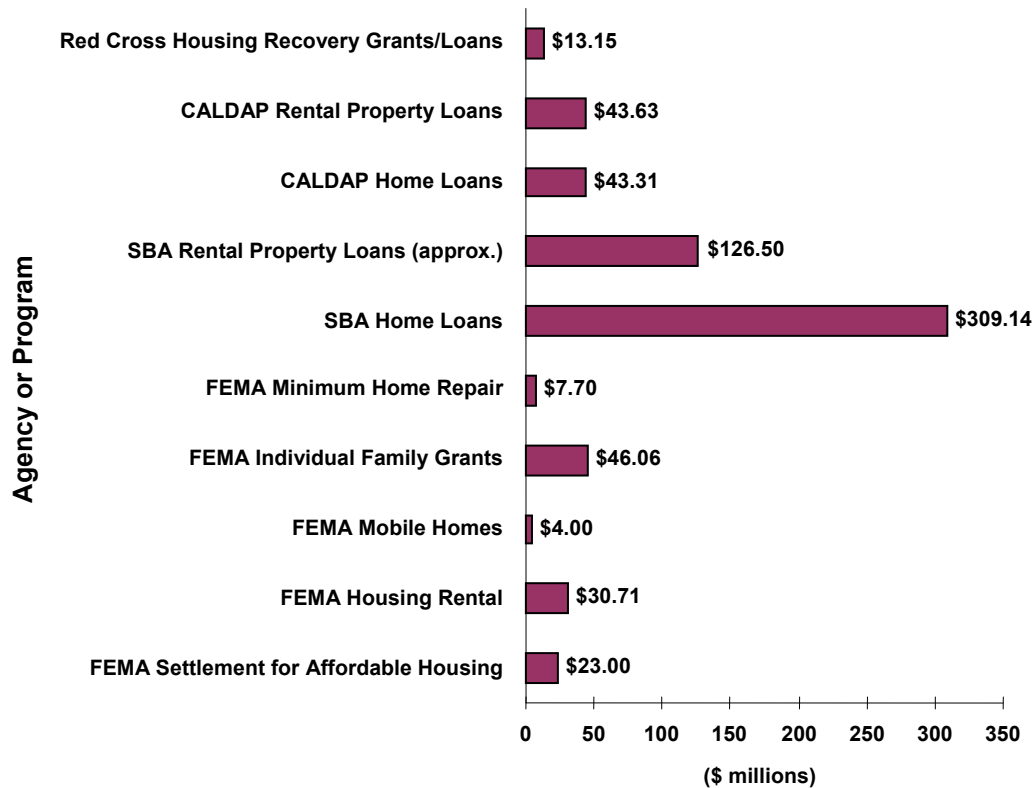
➤ **Northridge recovery efforts were aided by local government agencies.**

The Los Angeles region was in recession at the time of the earthquake, and the multifamily housing vacancy rate stood at about 9 percent. With so many undamaged units available, and an infusion of housing assistance from FEMA and HUD, it was relatively easy to re-house disaster victims. Most were placed in comparable units in their own zip codes within three to four weeks. The City of Los Angeles coordinated a successful effort to win \$321 million of supplemental disaster relief funding from HUD to assist property owners whose requests for SBA loans or FEMA grants were denied. In addition, city officials worked with HUD for advance allocations of community development block grant funds targeted toward the acquisition and rehabilitation of damaged multifamily properties, for loans to condominium associations, and for special assistance to mobile home parks. While these special funds were targeted toward replacing low-income and multifamily units, the SBA loaned almost \$2.5 billion to 99,000 homeowners. FEMA provided 120,000 individuals and families with temporary rental assistance and gave \$10,000 grants to 214,000 households.

Public Expenditures for Housing Recovery After Northridge Earthquake (\$4.7 billion total)



Public Expenditures for Housing Recovery after Loma Prieta (\$647.2 million total)



Source: *Disaster Hits Home: New Policy for Urban Housing Recovery* (University of California Press, 1998), by Mary C. Comerio, Professor of Architecture and Chair, Department of Architecture, University of California, Berkeley.