

SECTION A: JUSTIFICATION

A.1 Circumstances That Make Information Collection Necessary

On January 17, 1994, a severe earthquake struck the Los Angeles metropolitan area, causing considerable damage to area housing. Reconstruction presented a major challenge for local, state and federal housing officials, especially reconstruction of low-income rental housing, a segment of the market particularly vulnerable to loss. This study will provide the U.S. Department of Housing and Urban Development (HUD) systematic information about the impact of the Northridge earthquake on low-income rental housing.

Several factors exacerbate the problems related to reconstruction in the low-income segment of the rental market. In some instances it may not be economically viable to rebuild low-income rental properties because the return on investment is too small; in others it may be profitable to rebuild low-income housing, but for a higher income clientele. Although assistance programs can mitigate some of these exacerbating factors, experience in the aftermath of the Loma Prieta earthquake suggests it may be more difficult to use public assistance to reconstruct multifamily as opposed to single-family buildings, and therefore more difficult to rebuild low-income rental housing.¹ This study's ultimate goal is to insure that HUD policy-makers learn as much as possible from the recent earthquake experience in Los Angeles so that the multifamily rebuilding process occurs efficiently and so that loss of low-income rental housing can be minimized when the next large-scale disaster strikes.

Specifically, the study's objectives are as follows:

- To estimate the extent of damage to Los Angeles area low-income rental housing.
- To document the financial, physical and other characteristics of damaged low-income properties, before and after the earthquake.
- To estimate the extent to which damaged low-income rental properties are being rebuilt and retained for low-income occupancy.
- To document the financial resources low-income rental property-owners employ for reconstruction, including federal, state and local disaster assistance.
- And, finally, to assess housing and emergency relief programs and recommend potential improvements so that the supply of low-income housing is preserved and restored as efficiently as possible after future disasters.

To meet these objectives, the study will employ a multifaceted information-gathering approach. To the extent possible, the study will rely on analysis of existing automated datasets

¹ See Comerio, Mary, John Landis, and Yodan Rolfe. 1994. *Post-Disaster Residential Building*. Draft Report, Institute of Urban and Regional Development, University of California at Berkeley.