



# STATE OF ALASKA PLAN FOR DISASTER RECOVERY #4413:

2018 Cook Inlet Earthquake  
(POINT MACKENZIE EARTHQUAKE)

## Abstract

The Supplemental Appropriations for Disaster Requirements (Pub. L. 116-20)  
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## I. Introduction and Background

The following information was extracted and summarized from Governor Michael J. Dunleavy, “Request for Major Disaster Declaration, January 3, 2019”, State of Alaska Letter, Available: <https://gov.alaska.gov/wp-content/uploads/sites/2/Request-for-Presidential-Disaster-Declaration.pdf>. (Reference 1)

On November 30, 2018, at 8:29 am, Alaska Standard Time, a 7.1 magnitude earthquake located seven miles north of Anchorage near Point MacKenzie produced very strong seismic shaking that caused widespread and severe damage primarily within the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough. (Reference 2) The earthquake, and the subsequent aftershocks, caused damage to major highways and important public roads, bridges, and other transportation infrastructure; undermining of road embankments and railroad tracks, and loss of track base; widespread power, water, and communication disruption; structural collapse and resulting fires to several buildings; and severe damage to private homes, personal property, and businesses.

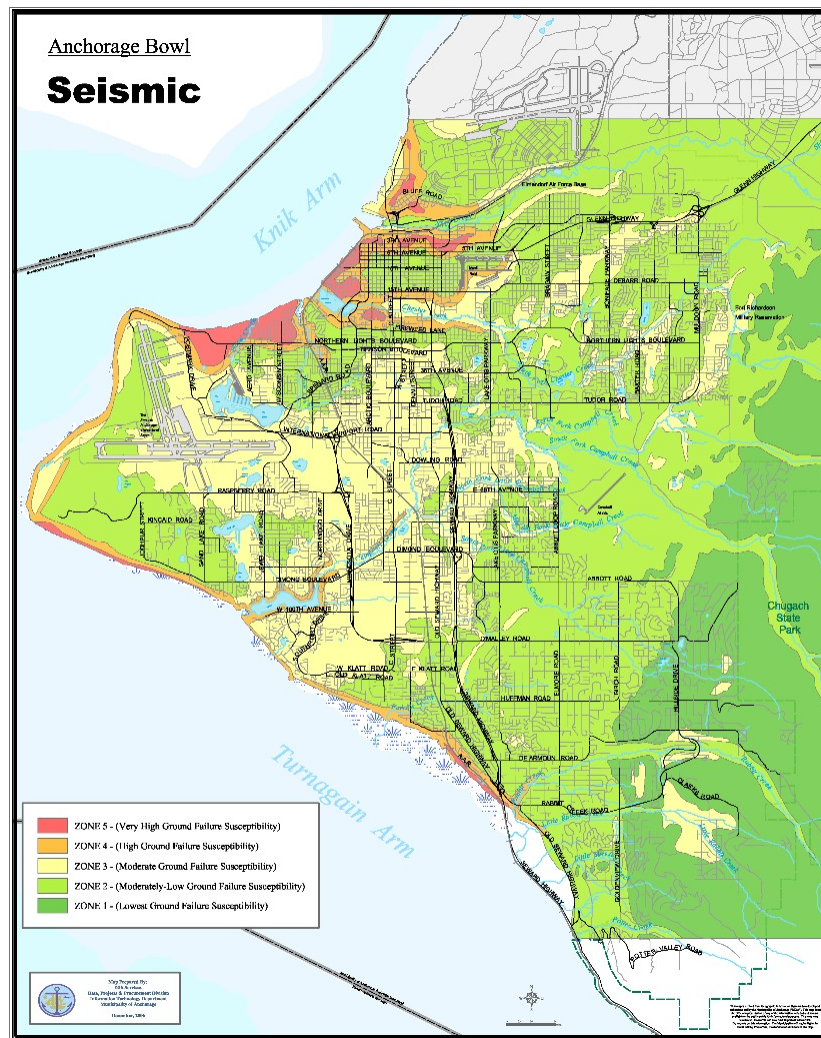
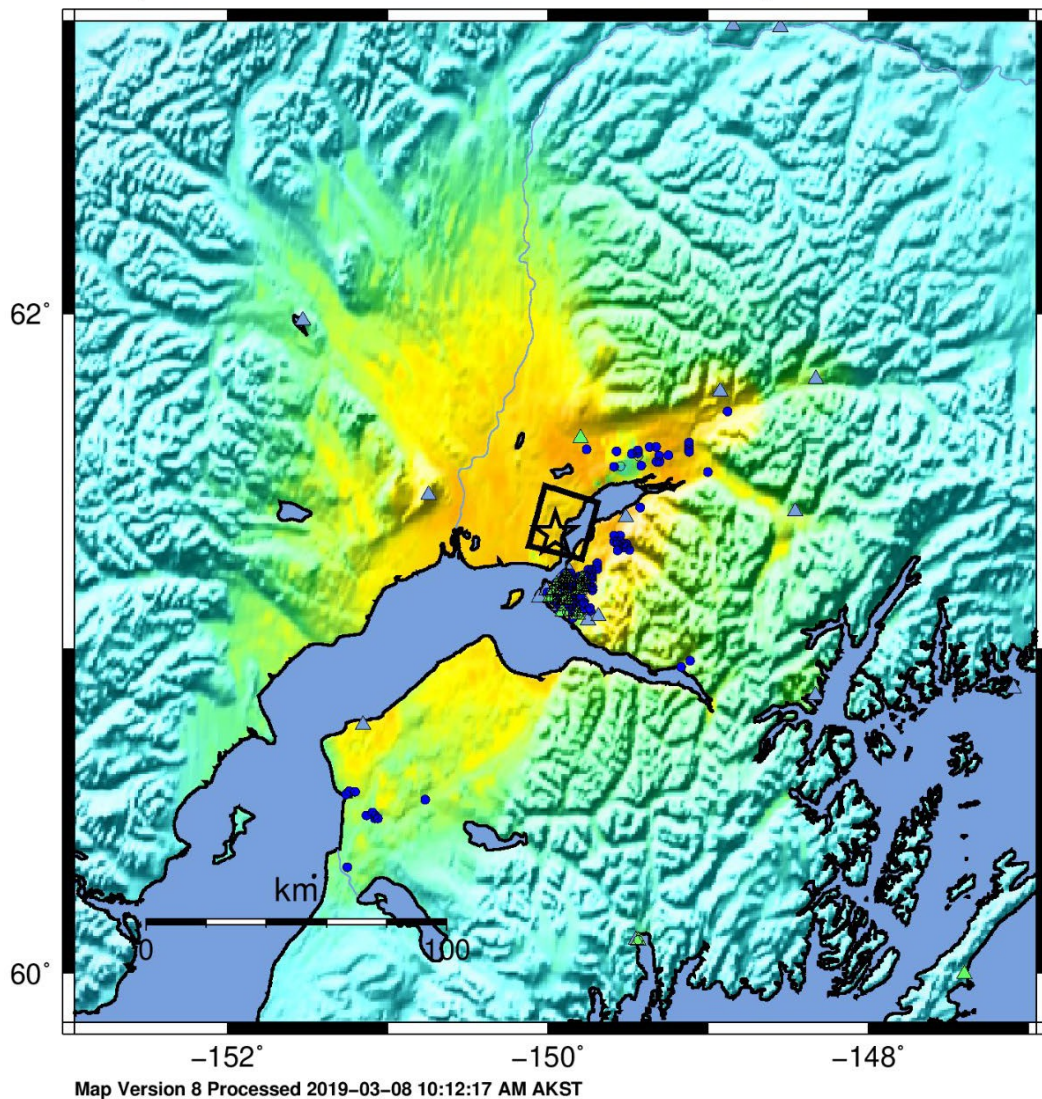


Figure 1



AEC ShakeMap : 7 miles NW of Elmendorf AFB  
 Nov 30, 2018 08:29:29 AM AKST M 7.1 N61.35 W149.96 Depth: 46.7km ID:20419010



PERCEIVED SHAKING	Not felt	Weak	Light	Moderate	Strong	Very strong	Severe	Violent	Extreme
POTENTIAL DAMAGE	none	none	none	Very light	Light	Moderate	Mod./Heavy	Heavy	Very Heavy
PEAK ACC.(%g)	<0.05	0.3	2.8	6.2	12	22	40	75	>139
PEAK VEL.(cm/s)	<0.02	0.1	1.4	4.7	9.6	20	41	86	>178
INSTRUMENTAL INTENSITY	I	II-III	IV	V	VI	VII	VIII	IX	X+

Scale based upon Worden et al. (2012)

Figure 2

The concentration of the shaking was primarily limited to three jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough, which are represented in Figure 2.

These conditions required local emergency protective measures to protect life and property, including activation of emergency operation centers, emergency debris clearance and temporary repairs to highways, public roads, and railroad tracks to protect critical infrastructure and maintain access, placement of road barricades to protect roads and bridges, operation of mass shelters for affected residents, and school, business and government office closures.

All affected communities are located around Cook Inlet in Southcentral Alaska. The Municipality of Anchorage is the largest metropolitan area in the State of Alaska with a 2018 population of 295,365. The Matanuska-Susitna Borough is located approximately 30 miles north of Anchorage, encompasses 24,682 square miles (slightly larger than the State of West Virginia) and in 2018 had a population 105,743. The Kenai Peninsula Borough is located across the Turnagain Arm, about 40 miles south of Anchorage and in 2018 had a population of 58,471. (Reference 4) The three contiguous jurisdictions affected by the earthquake comprise over 60 percent of the State's total population and a substantial portion of Alaska's economic base.

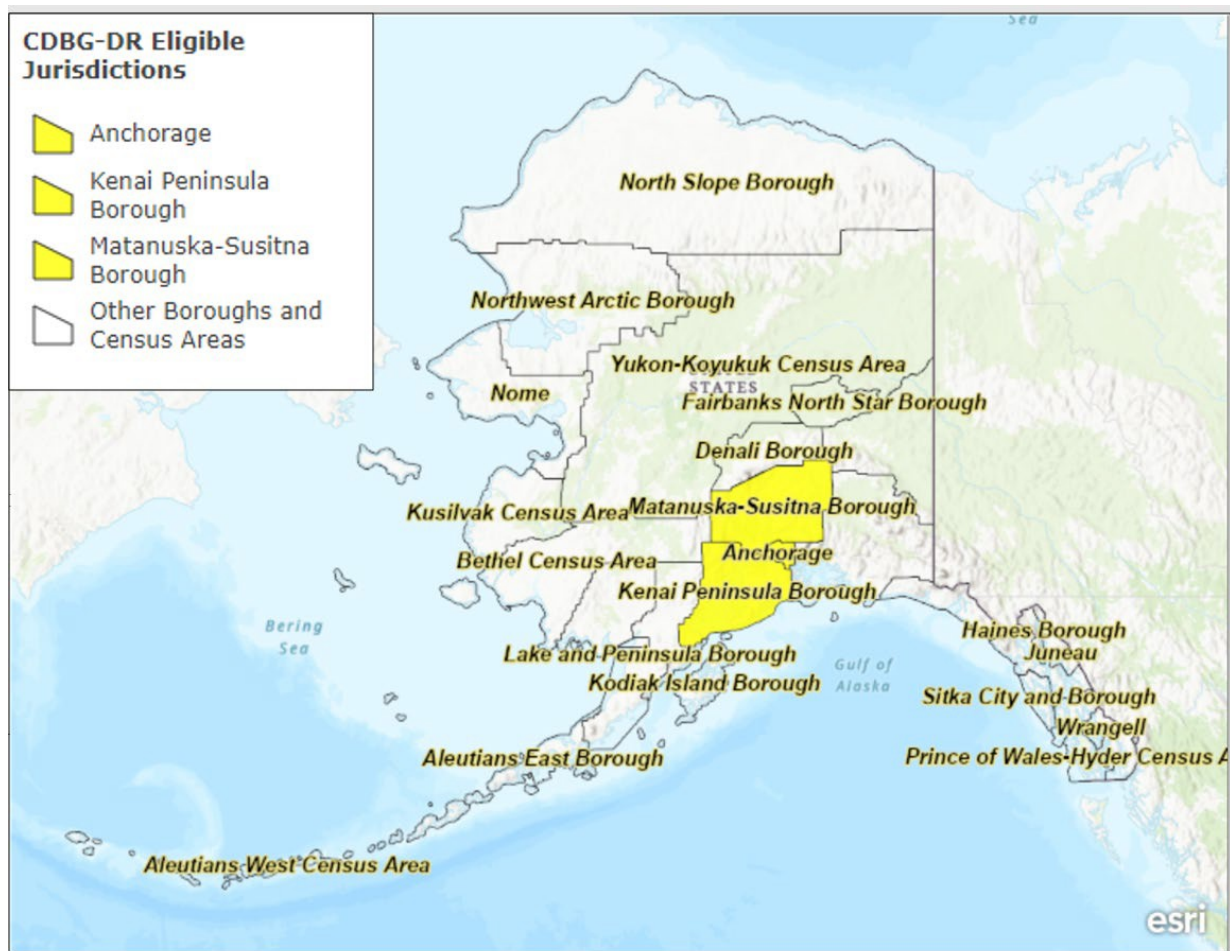


Figure 3

The Municipality of Anchorage is the predominant economic center of the State, and is comprised of the City of Anchorage, and suburban areas to the north and south. The 2010 Census found a population of 34,982 in Eagle River and smaller settlements further north of Anchorage -- Chugiak, Birchwood, Peters Creek, Thunderbird Falls, and Eklutna, an Alaska Native village of about 70 residents. These communities were annexed into the Municipality of Anchorage in 1975 and remain major suburban centers. The search for affordable housing and property encouraged Anchorage residents to move further north to the cities of Palmer, Wasilla, Houston, Sutton, and other communities of the Matanuska-Susitna Borough. Over 52,000 vehicles use the Glenn Highway that connects Anchorage and the Matanuska-Susitna Borough every day, serving commuters, visitors and commercial traffic.

Immediately following the earthquake, the State of Alaska activated the Emergency Operations Plan (EOP) and staffed the State Emergency Operations Center (SEOC) to Level three (actual event). The Municipality of Anchorage and the Matanuska-Susitna Borough each activated their EOCs to coordinate the response and all three jurisdictions declared local states of emergency.

Due to the scope of the earthquake damage and associated response efforts, Governor Walker verbally declared a State Disaster Emergency for the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough on November 30, 2018. This verbal declaration was followed by an official written declaration on December 2, 2018. This declaration authorized funds be made available from the State's public assistance, individual assistance, and temporary housing assistance programs, as well as, necessary administrative and disaster management expenses.

The cost and scope of the disaster was sufficient to warrant immediate federal disaster assistance; thus, in consultation with the Federal Emergency Management Agency (FEMA), Governor Walker requested and received an Emergency Declaration (EM-3410-AK) for direct federal assistance on November 30, 2018.

On January 3, 2019, under the provisions of Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (Stafford Act) and implemented by 44 CFR 206.36, Governor Dunleavy requested a Declaration of Major Disaster for the State of Alaska to include the full suite of individual and public assistance, and temporary housing programs, as well as, necessary administrative and disaster management expenses, for the State of Alaska as a result of a major earthquake on November 30, 2018. He specifically requested supplemental federal disaster assistance programs available under the Individual and Households Program, Disaster Legal Services, Disaster Unemployment Assistance, Disaster Case Management, and Crisis Counseling Program. Governor Dunleavy also requested an Agency Declaration from the U.S. Small Business Administration (SBA), which was critical to the initial recovery.

The Presidential declaration of a major disaster for the State of Alaska (FEMA-4413-DR) was issued on January 31, 2019, which authorized \$28,052,842.61 in Individual & Households Program; \$27,717,950.97 in Housing Assistance; \$334,891.64 for Other Needs Assistance; and \$1,144,688 for the Hazard Mitigation Grant Program. (Reference 5)



In the *Federal Register* notice published on January 27, 2020 at 85 FR 4681, the State of Alaska received an allocation of \$35,856,000 from the U.S. Housing and Urban Development (HUD) under Public Law 116-20 for FEMA Disaster No. 4413, the 2018 Cook Inlet Earthquake. (Reference 6) This was further sub-allocated with \$16,659,276 for Serious Unmet Housing Needs; \$7,623,884 for Serious Unmet Business Needs, and \$11,572,840 for Serious Unmet Local Infrastructure. HUD identified the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough as the only Community Development Block Grant-Disaster Recovery (CDBG-DR) eligible jurisdictions, in their entirety, and identified the Municipality of Anchorage as the “most impacted and distressed” area, which will receive 80% of the funding.

The State of Alaska has a FEMA approved Hazard Mitigation Plan. (Reference 7) The Municipality of Anchorage also has a FEMA approved All Hazards Mitigation Plan. (Reference 8) The Matanuska-Susitna Borough has submitted their Hazard Mitigation Plan to FEMA for review and the Kenai Peninsula Borough is finalizing their Hazard Mitigation Plan.

The State of Alaska has developed the CDBG-DR #4413, the 2018 Cook Inlet Earthquake, Action Plan as described in the *Federal Register* notices published on February 9, 2018 at 83 FR 5844, August 14, 2018 at 83 FR 40314, February 19, 2019 at 84 FR 4836, June 20, 2019 at 84 FR 28836 and 28848, and August 14, 2020 at 85 FR 50041 (References 9-14) and the guidelines set forth by the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant-Disaster Recovery Program. This Action Plan is in alignment with the State of Alaska Hazard Mitigation Plan 2018 prepared and maintained by the Department of Military and Veterans Affairs/Division of Homeland Security and Emergency Management (DMVA/DHS&EM).

This Action Plan is in alignment with the draft Alaska Housing Finance Corporation’s Consolidated Housing and Community Development Plan for the State of Alaska Five-Year Plan & Action Plan for State Fiscal Years 2021-2025 (Federal Fiscal Years 2020-2024), dated May 30, 2020, which was previously submitted to the U.S. Housing and Urban Development for the Community Development Block Grant Program. (Reference 15) The Municipality of Anchorage also has a Consolidated Housing and Community Development Plan for State Fiscal Years 2018-2022, dated October 4, 2018. The Municipality of Anchorage has two amendments to their plan. The first amendment was unsubstantial and incorporated the Housing Trust Fund, dated June 3, 2019, and the second amendment was substantial, dated January 10, 2020. (Reference 16)

## II. General Action Plan Requirements

### A. Needs Assessment

The State of Alaska/Department of Commerce, Community, and Economic Development (DCCED) has completed the following Needs Assessment to evaluate the three core areas of recovery – housing, infrastructure, and economic revitalization and plan recovery activities within the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough.

The Assessment of housing needs addressed interim and permanent; owner and rental; single family (1-4 dwelling units) and multi-family (5+ dwelling units); affordable, and market rate; and housing to meet the needs of pre-earthquake homeless persons.

The Needs Assessment considered the various forms of assistance available to, or likely to be available to, the three CDBG-DR eligible jurisdictions for earthquake repairs, seismic and structural analysis, as well as, seismic and structural upgrades to public infrastructure.

The State of Alaska produced estimates of Serious Unmet Housing Need, Serious Unmet Business Need, and Serious Unmet Local Infrastructure Need by estimating the portion of need likely to be addressed by insurance proceeds, other federal assistance, or any other funding source by using the most recent available data. The State of Alaska/DCCED has the data set from the DMVA/DHS&EM, FEMA, and the SBA.

The Needs Assessment considered whether public services are necessary to complement activities intended to address housing and economic revitalization. The State of Alaska addressed how these services are to be made accessible to individuals with wide-ranging disabilities including mobility, sensory, developmental, emotional, and other impairments.

The State of Alaska described how the planning activities will benefit the HUD-identified “most impacted and distressed” area, the Municipality of Anchorage.

The State of Alaska described the impact of the 2018 Cook Inlet Earthquake on housing, local infrastructure, and the local economy, within the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough, using the most recent available data.

This assessment considered the costs of incorporating mitigation and resiliency measures to protect against future earthquakes, landslides, ground failure, tsunamis, and flooding where applicable and other hazards.

The State of Alaska understands that as additional information becomes available or is updated, this Needs Assessment will be amended.

## 1. Housing

### a. Pre-Earthquake Housing

Prior to the 2018 Cook Inlet Earthquake, Alaska housing challenges included an aging housing stock, a growing senior population, high housing costs and overcrowding. The Alaska Housing Finance Corporation completed the “Alaska Housing Assessment, Statewide Housing Summary” in January of 2018. (Reference 17) This assessment highlighted challenges related to housing, affordability, energy use and structural conditions from a statewide, regional and community perspective. The primary needs outlined in the report were the housing gap, affordable housing, senior housing and retrofits. It also forecasted future housing need based on estimated population changes, including aging Alaskans. In the Cook Inlet Region, Inc (CIRI) area, which encompasses the Municipality of Anchorage, the Matanuska-Susitna Borough and the Kenai Peninsula Borough, there was an estimated housing gap of 25,781 housing units by 2025.

### b. Post-Earthquake Damage Assessment & Special Populations Damage Assessment

The extensive damage to residential homes in the impacted area of the disaster resulted in almost 300 uninhabitable homes due to major damage or destruction. Alaska has an abbreviated building season with most of the work accomplished during the longer-than-normal daylight in the summer months. Winter brings extreme temperatures that regularly drop to subzero with severe wind chills. Since the 2018 Cook Inlet Earthquake, there have been two winters, and a third winter is near. The extremely cold temperatures and the heavy snowload have only exacerbated the earthquake damage.

Figures 4 through 6, show where the concentration of damage within the three CDBG-DR eligible jurisdictions.

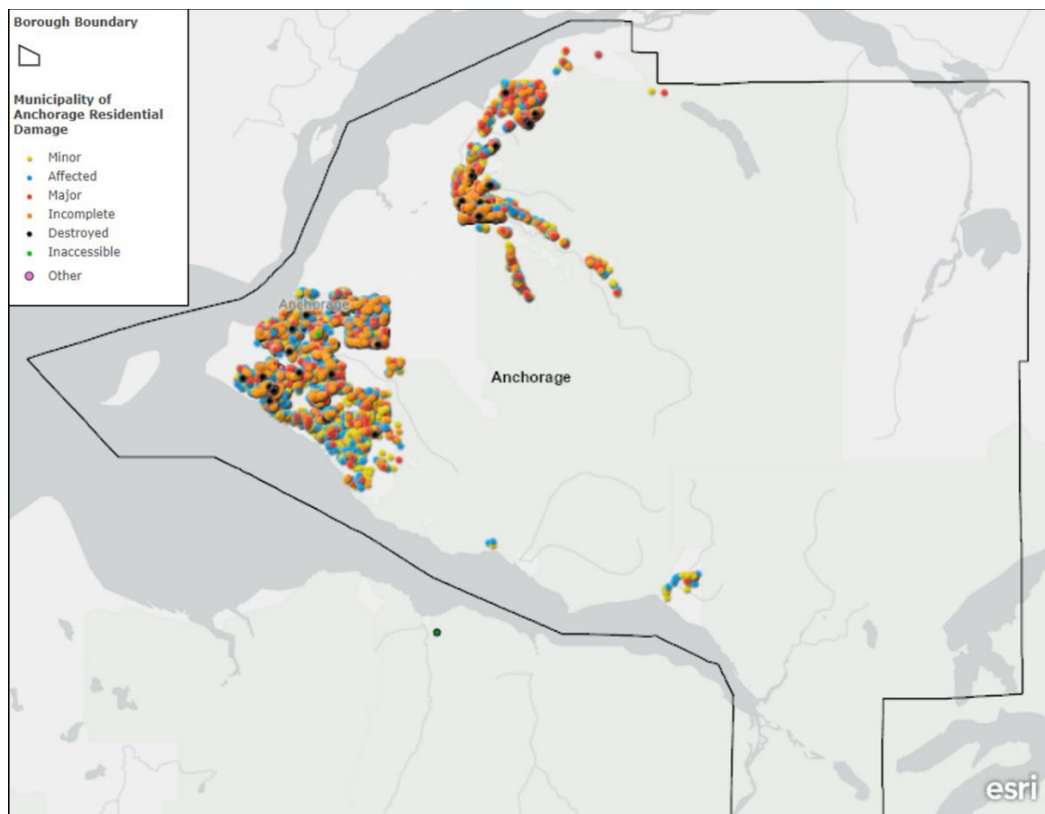


Figure 4

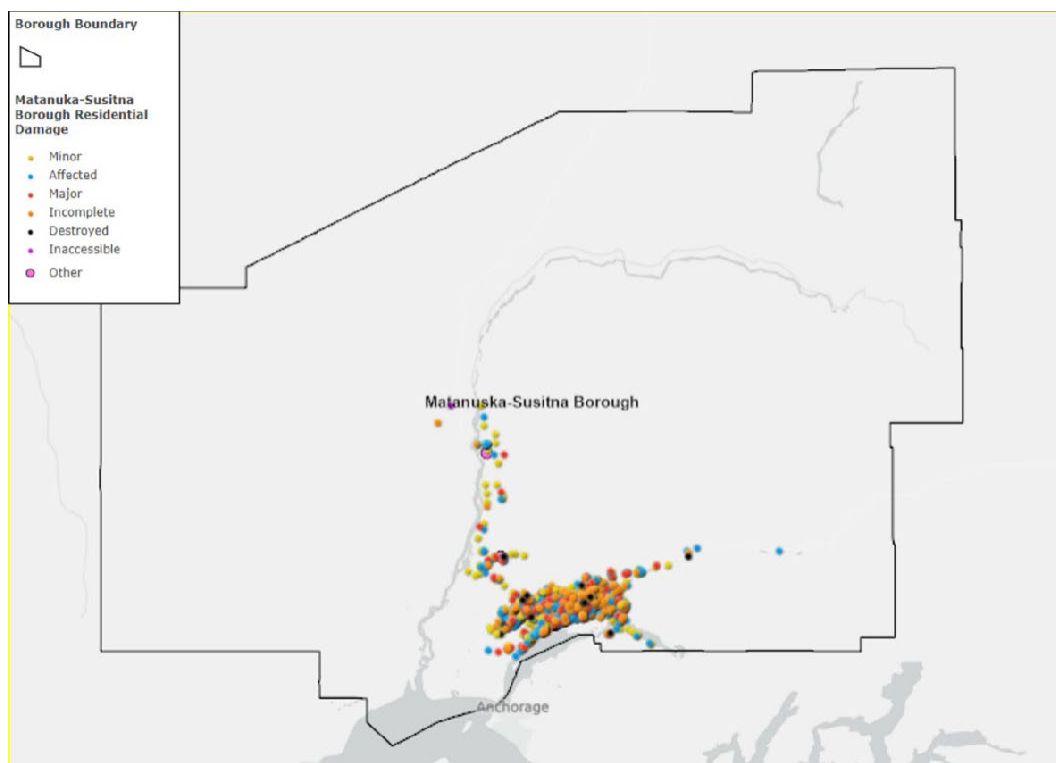


Figure 5

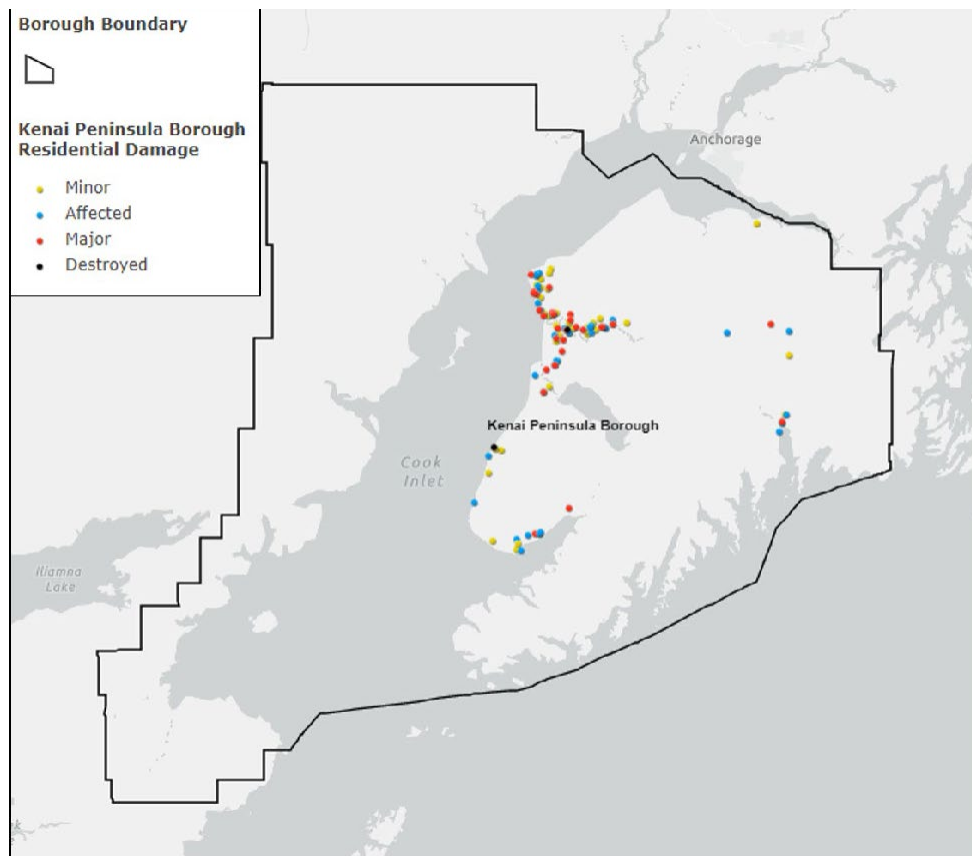


Figure 6

### Special Populations

The following information was extracted and summarized from Governor Michael J. Dunleavy, “Request for Major Disaster Declaration, January 3, 2019”, State of Alaska Letter. The Preliminary Damage Assessments suggested that a large percentage of those surveyed in the area may be considered low income. This indicated that the homes most affected were likely owned by those with the least ability to recover on their own. Many of the affected residents were elderly or have special needs that preclude them from taking the necessary recovery actions. Poverty rates were near the State and/or national average, but applications for assistance revealed many residents lacked the capabilities and resources to recover without outside assistance.

Over a month after the 2018 Cook Inlet Earthquake, there were 111 residents being sheltered in temporary facilities or hotels; as their homes were uninhabitable, and they lacked access to other housing resources. Transient housing was needed to provide safe shelter for hundreds of residents. Numerous families also stayed with relatives, friends, or in hotels. These forms of temporary housing are historically short-lived, and many of these families required alternate housing assistance.

Compounding the sheltering problem, the Brother Francis Shelter, one of the largest homeless facilities in Anchorage, was filled prior to the earthquake. This shelter regularly served 400 of the estimated 1,000 homeless persons living in Anchorage.



## 2. Summary Data of Special Populations

Table 1

	Percent of Persons Below Poverty Level	Median Household Income, 2018 dollars	Percent Elderly*	American Indian/ Alaska Native	Percent Disabled	Percent Pre- Disaster Unemployment
National Average	12.3%	\$57,652	15.6%	1.3%	8.7%	3.5%
State Average	10.8%	\$76,715	10.6%	15.1%	12%	6.4%
Municipality of Anchorage	9.2%	\$83,280	9.9%	7.4%	11.1%	4.9%
Matanuska - Susitna Borough	10.3%	\$75,905	10.4%	5.6%	13.2%	6.5%
Kenai Peninsula Borough	12%	\$66,684	14.2%	6.7%	15.2%	No Data

\*U.S. Bureau of Census American Community Survey, 2013-2018.

\*\*U.S. Bureau of Labor Statistics (Oct 2018 data) at [https://www.bls.gov/regions/west/summary/blssummary\\_anchorage.pdf](https://www.bls.gov/regions/west/summary/blssummary_anchorage.pdf)

### a. Current Housing

The following information was extracted from the Alaska Economic Trends, August 2020.  
(Reference 18)

Table 2

	Percent of Rental Units	Vacancy Rates	Average Adjusted Rent (2 Bedroom)	Average Adjusted Rent (3 Bedroom)
Municipality of Anchorage	39.1%	5.7%	\$1,140	\$2,058
Matanuska- Susitna Borough	23.1%	4.9%	\$1,050	\$1,668
Kenai Peninsula Borough	26.7%	10.6%	\$1,009	\$1,518

According to the draft Alaska Housing Finance Corporation's Consolidated Housing and Community Development Plan for the State of Alaska Five-Year Plan & Action Plan for State Fiscal Years 2021-2025 (Federal Fiscal Years 2020-2024), dated May 30, 2020, (Reference 15), the two biggest housing related issues moving forward into the next five years are in-state migration from rural areas to urban areas and the growth in the senior population. Affordable housing is still a primary need across the State of Alaska and in the Municipality of Anchorage. Homelessness remains an important concern, as well, for both the State of Alaska and the Municipality of Anchorage. Appropriate and affordable housing must be in place for the Municipality of Anchorage to assist individuals and families with preventing and ending homelessness. Finally, the availability of housing accessible for persons with a disability remains a barrier for many households.

#### b. Public Housing

The following information was extracted and summarized from the Municipality of Anchorage Housing and Community Development Plan with Amendments, dated January 10, 2020. (Reference 16) The Alaska Housing Finance Corporation (AHFC) is the public housing agency for the State of Alaska and the Municipality of Anchorage. It is a self-supporting corporation with a mission to provide Alaskans with access to safe, quality, affordable housing. They provide a variety of affordable housing programs and tools, including the operation of public housing, housing choice vouchers, and multifamily project-based assistance. They also finance housing developments through the Low-Income Housing Tax Credit program, tax-exempt multifamily loans, and the distribution of Federal and State housing grants. In addition, a variety of home loan programs for low- and moderate-income residents are offered by the Corporation.

AHFC promotes self-sufficiency and well-being for people in the State of Alaska and in the Municipality of Anchorage by providing:

- After-school programs for children in public housing developments;
- Jumpstart – a program that offers family self-sufficiency and educational resources;
- Service coordinators at senior/disabled housing locations to provide tenants with counseling and access to community resources;
- Meals on Wheels program at elderly/disabled buildings;
- Educational scholarships;
- Summer camp scholarships for children in the Housing Choice Voucher program and residing in Public Housing units;
- Set-aside vouchers for families under the following programs:
  - o Veterans Affairs Supportive Housing (178 vouchers in Anchorage)
  - o Empowering Choice Housing Program (families displaced due to domestic violence, 83 vouchers in Anchorage);
  - o Moving Home Program (families transitioning into housing from homelessness or institutional settings; must be eligible to receive services and apply through

their community-based service organization to the State of Alaska Department of Health and Social Services, Division of Behavioral Services; 70 vouchers in Anchorage);

- o Returning Home Program targeting probationers/parolees through a partnership with the State of Alaska Department of Corrections (30 coupons in Anchorage);
- o Making A Home Program targeted to youth aging out of foster care through a partnership with the State of Alaska Office of Children's Services (15 coupons in Anchorage);

In Anchorage, AHFC operates:

- 490 Public Housing Program units, of which 120 serve elderly/disabled populations exclusively
- 137 Section 8 Multifamily Housing Program units, of which 120 serve elderly/disabled populations exclusively
- 52 affordable housing units which accept individuals with vouchers
- 2,435 Housing Choice Vouchers
- 145 project-based voucher units (1248 East 9<sup>th</sup> Ave, Alpine Terrace, Loussac Place, Main Tree Apartments, Susitna Square, and Ridgeline Terrace)

In Anchorage, AHFC operates the following programs under a partnership agreement:

- 70 Section 8 Moderate Rehabilitation Program single-room occupancy units serving individuals who qualify as homeless under the McKinney-Vento Act
- The equivalent of 46 project-based vouchers for persons at Karluk Manor, a Housing First development targeting chronically homeless individuals with substance abuse and alcohol addictions
- The equivalent of 25, a sponsored-based assistance program for homeless youths at the Dena'ina House.

In the Matanuska Susitna Borough, AHFC operates:

- 32 Public Housing Program units, in Palmer, which serve elderly/disabled populations exclusively
- Housing Choice Vouchers

In the Kenai Peninsula Borough, AHFC operates:

- Public Housing Program units, in Seward, which serve elderly populations exclusively
- Housing Choice Vouchers available in Homer and Soldotna.

As of March 25, 2020, there were 2,570 families on the waiting list for AHFC Public Housing. At the same time, there were 2,577 families in Anchorage, 346 families in the Matanuska-Susitna Borough, and 399 families in the Kenai Peninsula Borough, on the Housing Choice Voucher waiting list. As of March 25, 2020, there were 661 seniors/disabled persons in Anchorage and 86 seniors in the Matanuska-Susitna Borough on the AHFC Public Housing-Senior Waiting List.

The Anchorage Housing Choice Voucher waiting list has gone to a lottery system, and periodically, the waiting list opens to applicants for a month. Those applicants are then worked for the next 2-3 years, until the waiting list is nearly exhausted, at which point another lottery is held. The lottery process has streamlined the application process and provided a more efficient and effective way for applicants to manage their housing needs. Most qualified applicants receive assistance in less than 2.5 years.

### 3. Public Infrastructure

#### a. Post-Earthquake Damage Assessment

Immediately following the earthquake, a joint Public Assistance Preliminary Damage Assessment (PA PDA) was conducted to estimate the cost of recovery. The PA PDA was conducted by local, State, and FEMA staff in the Municipality of Anchorage and the Matanuska-Susitna Borough between December 17 - 21, 2018. A subsequent PA PDA in the Kenai Peninsula Borough was conducted by State of Alaska staff December 20 - 21, 2018.

Due to the worsening winter weather conditions in the latter half of December 2018, the PA PDA focused on potential applicants reporting \$100,000 or greater in damages. There were likely a significant number of damaged buildings and facilities with damages below \$100,000 that were not included in the PA PDA, but will be eligible for public assistance.

At the time of assessment, the PA PDA validated the following public assistance damages:

- Category A (Debris Removal) \_\_\_\_\_ \$20,000. (0.04%)
  - Category B (Emergency Protective Measures) \_\_\_\_\_ \$1,801,040. (3.74%)
  - Category C (Roads & Bridges) \_\_\_\_\_ \$3,085,685. (6.41 %)
  - Category D (Water Control Facilities) \_\_\_\_\_ 0. (0.00%)
  - Category E (Buildings & Equipment) \_\_\_\_\_ 41,411,160. (86.07%)
  - Category F (Utilities) \_\_\_\_\_ \$50,000. (2.77%)
  - Category G (Other, Parks, Recreational Facilities, Fish Hatcheries) \_\_\_\_\_ \$463,000. (0.96%)
- Total Estimated Cost: \_\_\_\_\_ \$48,112,398.

Category C estimates did not include an estimated \$50 million in response and recovery costs eligible under the Federal Highways Administration (FHWA) Emergency Relief to Federal Roads program. Category E costs did not include costs covered by insurance.

As of December 24, 2018, the State of Alaska had expended \$326,394.73 in personnel, \$90,219.34 in temporary sheltering, and \$1,469,377.14 for contract support and other costs for a total of \$1,885,991.21.

Based on preliminary damage assessments, the State of Alaska determined the total estimated eligible expenses associated with the 2018 Cook Inlet Earthquake was \$48,112,398.

b. FEMA Public Assistance

Alaska's Division of Homeland Security and Emergency Management has managed the FEMA Public Assistance (PA) funds related to the 2018 Cook Inlet Earthquake. These funds include a 75% federal cost share. The PA unmet need is calculated from the 25% state share plus a 25% resiliency factor on the unmet need.

The table below indicates an unmet need of just under \$13 million for public facilities, including resiliency factors. Two-thirds of the unmet need is for Buildings and Equipment (34 percent) and Roads and Bridges (32 percent). Utilities (16 percent) and Emergency Protective Measures (12 percent) comprise most of the remaining PA unmet need.

Table 3

**Estimated Total Cost and Need by PA Category**

Category	Approved Amount	25% State Share	25% Resiliency Factor	Unmet Need
A - Debris Removal	\$1,015,049	\$253,762	\$63,441	\$317,203
B - Emergency Protective Measures	\$4,914,207	\$1,228,552	\$307,138	\$1,535,690
C - Roads and Bridges	\$13,438,444	\$3,359,611	\$839,903	\$4,199,514
E - Buildings and Equipment	\$13,996,187	\$3,499,047	\$874,762	\$4,373,808
F - Utilities	\$6,675,073	\$1,668,768	\$417,192	\$2,085,960
G - Parks, Recreation, and Other	\$959,204	\$239,801	\$59,950	\$299,751
Z - Direct Administrative Costs	\$397,674	\$99,418	\$24,855	\$124,273
<b>Total</b>	<b>\$41,395,838</b>	<b>\$10,348,959</b>	<b>\$2,587,240</b>	<b>\$12,936,199</b>

This estimate was based on information gathered through May 2019.

c. Current FEMA Public Assistance

According to the DR-4413 FEMA Emmie/Portal, as of September 10, 2020, the Best Available Cost is over \$174 million for public infrastructure, which includes resiliency factors. The remaining PA unmet need is in Category E – Buildings [including public schools] and Equipment (69 percent), and Category G – Parks, Recreational, and Other (4 percent).



Table 4

**Current Best Available Cost by PA Category**

Category	FEMA Obligated	CRC Gross Cost	Best Available Cost
A - Debris Removal	\$1,000,725	\$1,001,926	\$63,441
B - Emergency Protective Measures	\$5,211,162	\$15,684,385	\$307,138
C - Roads and Bridges	\$14,061,203	\$16,316,544	\$839,903
D - Water Control Facilities	\$0	\$404,550	\$404,550
E - Buildings and Equipment	\$15,630,892	\$75,541,017	\$121,745,704
F - Utilities	\$8,109,728	\$8,340,736	\$8,946,045
G - Parks, Recreation, and Other	\$2,171,389	\$7,569,967	\$7,640,967
<b>Total</b>	<b>\$46,185,098</b>	<b>\$124,859,125</b>	<b>\$174,392,888</b>

**4. Economy****a. Pre-Earthquake Economic Forecast**

The following information was extracted from the 2018 Anchorage Economic Development Corporation (AEDC) Economic Forecast Report. (Reference 19) Consistent with AEDC's January 2017 forecast, Anchorage employment dipped 1.4 percent in 2017, a decline of about 2,100 jobs. In terms of employment, 2017 was a repeat performance of 2016, with oil and gas, construction, professional services, and state government all experiencing job loss. Once again, healthcare was the shining star, adding 800 jobs, continuing a decade of uninterrupted growth.

AEDC anticipated further employment decline in 2018, though fewer losses than experienced in 2016 and 2017. Overall, the economy was expected to shed another 1,000 jobs (0.7 percent) in 2018. Much of that decline was expected in the support sector, as the multiplier effects of previous years' losses rippled through the economy. While job losses were anticipated in retail and in the leisure and hospitality sector, the oil and gas and construction industries were expected to show strength compared to 2016 and 2017. Healthcare sector growth was expected to continue into 2018.

Beyond 2018, AEDC predicted a return to growth. Increasing natural resource values, a robust visitor industry, and other forces noted below boded well for Alaska. With Anchorage accounting for more than half of Alaska's total GDP of \$50 billion, what's good for Alaska was good for Anchorage, and vice versa. While AEDC believed 2018 was going to mark the bottom of the recession, without a long-term solution to Alaska's budget deficit, full recovery was going to remain elusive. The absence of State budget and taxation certainty promised to unnecessarily sideline investment.

#### b. Post-Earthquake Economic Forecast

The following information was extracted from the 2019 Anchorage Economic Development Corporation Economic Forecast Report. (Reference 20) AEDC predicted Anchorage would lose another 1,000 jobs in 2018, mainly in the support sector, as the multiplier effects of previous years' losses rippled through the economy. The final accounting of Anchorage employment in 2018 would likely place the loss at about 1,200 jobs, including 600 jobs in the retail sector. Anchorage also saw further losses in the professional and business services sector (down 600 jobs) and government (down about 500 jobs). Yet again health care was there to ease the pain, adding another 500 jobs to a remarkable period of growth that totaled 3,000 new jobs over the past five years and more than 5,000 new jobs over the past ten years. There was also good news from the construction sector, which turned a corner in 2018, adding jobs for the first time since 2015, mainly due to the 2018 Cook Inlet Earthquake. The sector showed a 3 percent uptick (about 200 jobs) in employment in 2018.

The loss of 1,200 jobs in 2018 was not good news, but it was an improvement from 2017, when Anchorage lost 2,100 jobs, and from 2016, when the local economy shed 2,900 jobs. The trajectory of employment was in the right direction and 2019 was expected to reflect continuing improvement. As described in the AEDC forecast, further decline was likely in some sectors, but another strong year for the visitor industry, still more health care-related growth, a bump in construction employment, and other forces should have tipped the scales into positive territory, if only slightly.

AEDC expected Anchorage employment to trend up slightly in 2019, with a net increase of 300 jobs. While this employment forecast reflected some optimism for 2019, the state's \$1.6 billion budget deficit loomed large. The AEDC employment forecast began with an overview of a few key indicators, including population, unemployment rate, and rate of inflation. Then the 2019 employment outlook was described for each key sector of the local economy. The forecast concluded with a few big-picture thoughts about the outlook for Anchorage's economy.

#### c. Current Economic Forecast

The following information was extracted from the 2020 3-Year Economic Outlook prepared by the Anchorage Economic Development Corporation. (Reference 21) Uncertainty is inherent in economic forecasting, but recent events illustrate how quickly things can change. Today it's difficult to predict with any degree of confidence what the next six months might hold, let alone two or three years from now. Lapses in COVID-19 containment in Alaska and elsewhere in the U.S., the timing of vaccine development and distribution, the outcome of November elections, international tensions, and other forces are sure to affect economic activity and investor confidence.

AEDC remains focused on mitigating and repairing the immediate economic damage caused by COVID-19, assisting in any way it can the businesses and residents at greatest risk. It is difficult to know where Anchorage will land after the inevitable decline in federal funding that has been crucial to keeping many businesses and households afloat. Anchorage must be prepared for more difficulty ahead as the breadth and depth of the pandemic-induced recession becomes clearer.

Charting a course ahead for the Anchorage economy requires an understanding of the forces driving long-term population decline and a shrinking labor force. Population is down 10,000 since 2013, including the loss of 2,600 residents in 2019. The Anchorage labor force has been declining steadily, down 12,000 workers since 2014. If the employment estimate for 2020 holds true (down 11,000 jobs from 2019), Anchorage employment will have declined by 18,000 jobs from its peak in 2015 and dropped back to its lowest level in 20 years.

In last year's 3-year forecast, AEDC noted that Anchorage's economy had strength in its diversity, with important contributions from the military, transportation, health care, tourism, education, professional services, oil and gas, and other sectors. In early 2020, AEDC was mainly concerned about the prospect of state fiscal policies pushing Alaska deeper into recession. While state fiscal policy remains a significant unresolved issue, AEDC's current concerns are much broader as the still-unfolding negative impacts of COVID-19 grip the Anchorage economy. But the message still holds true — our economic diversity gives AEDC confidence in the future.

The path toward economic recovery will be difficult. The hard work that lies ahead is daunting. Alaskans can start by recognizing that the days of easy state (oil) money are behind us and can re-learn the importance of shopping locally and supporting local businesses. Alaskans can avoid the self-inflicted wounds that result from the threat of ever-changing tax rates on the oil industry. Alaska can finally establish a stable state fiscal plan, one that gives confidence to investors and all Alaskans who rely on the essential public services government provides. Finally, though perhaps difficult to see today, Alaskans must view this as an opportunity to rebuild a more resilient economy, to reskill for a 21st century workforce, and better leverage Alaska's natural advantages in the global marketplace.

## 5. Post-Earthquake Financial Assistance for Home-Owners & Business-Owners

After the 2018 Cook Inlet Earthquake, there were various forms of financial assistance available for individuals, families, home-owners, and business-owners.

### a. Home Insurance

Preliminary Damage Assessments illustrated that while many residents had basic home-owner's insurance, a very low percentage (6% to 10%) of residents had specific earthquake insurance coverage on their homes. In addition, the earthquake and seismic shaking may have caused foundation settling, loss of porosity and permeability, and other uninsurable non-visible damage to wells, septic tanks, and leach fields.

Many residents who were financially capable and had insurance were told the damages from the earthquake were not an insurable loss. Those residents with the best insurance coverage were the most financially resilient and could afford the repair or replacement costs on their own. Those residents who were financially fragile, and most in need of assistance from outside sources, were the least likely to have insurance coverage.

While detailed data is still incomplete, a reasonable assumption is that while many residents may have had sufficient property insurance, they typically did not have specific coverage for earthquake damages. Earthquake insurance typically costs over \$1,000 per year and contains substantial deductibles ranging from 10 to 20 percent depending on the carrier, location, and value of the home. For example, a modest \$300,000 home would have a deductible of \$30,000 - \$60,000; a substantial amount of non-covered loss for most low-income to moderate income residents before insurance proceeds. Even if only minor damage was discovered, the average cost for a home inspection to rule out the necessity for an insurance claim ranged from \$250 - \$400.

**b. FEMA Individual Assistance**

Individual Assistance (IA) data received from FEMA on May 8, 2020 was used to quantify all housing applicants affected by the 2018 Cook Inlet Earthquake. More than 10,000 applications were received. Over 8,000 applicants were determined to have a FEMA Verified Loss (FVL) of more than \$0, either upon initial inspection or following an agent adjustment.

Fifty-seven percent of the applicants determined to have an FVL of more than \$0 still have an unmet need of more than \$0. Notably, owner-occupied units account for all the remaining unmet need.

*Table 5*

<b>Total IA Applications</b>			
<b>Occupancy Type</b>	<b>Total Applications</b>	<b>FVL Over \$0</b>	<b>Unmet Need Over \$0</b>
Owner	9,992	7,760	4,571
Renter	457	158	0
Not Specified	63	1	0
<b>Total</b>	<b>10,512</b>	<b>7,919</b>	<b>4,571</b>

The following tables provide a breakout of remaining unmet need for owner-occupied units. While 41 percent of owner-occupied units with a FEMA Verified Loss have been made whole, only six percent of owners whose homes received severe damage have received enough funding to meet identified needs.

*Table 6*

<b>IA Owner-Occupied Units with Unmet Need</b>				
<b>Damage Category</b>	<b>Range</b>	<b>Owner Occupied Units with FVL &gt; \$0</b>	<b>Owner Occupied Units with Unmet Need &gt; \$0</b>	<b>Percent FVL &gt; \$0 with Unmet Need &gt; \$0</b>
Severe	\$45,525 and up	215	214	99%
Major-High	\$41,776 - \$45,524	45	45	100%
Major-Low	\$27,265 - \$41,775	167	142	85%
Minor	\$1 - \$27,264	7,333	4,171	57%
<b>Total</b>		<b>7,760</b>	<b>4,572</b>	<b>59%</b>

Overall, the remaining unmet need of IA applicants, including resiliency costs, totals \$12.8 million. Houses that were severely damaged are responsible for three-quarters (77%) of the remaining IA unmet need.

Table 7

#### IA Remaining Unmet Need

Damage Category	Range	Owner Unmet Need	25% Resiliency Factor	Unmet Need + Resiliency
Severe	\$45,525 and up	\$7,107,713	\$1,776,928	\$8,884,641
Major-High	\$41,776 - \$45,524	\$316,480	\$79,200	\$395,680
Major-Low	\$27,265 - \$41,775	\$517,860	\$129,465	\$647,325
Minor-Low	\$1 - \$27,264	\$2,316,869	\$579,217	\$2,896,086
<b>Total</b>		<b>\$10,258,921</b>	<b>\$2,564,730</b>	<b>\$12,823,651</b>

Nearly 80% of the remaining IA unmet need (\$10.1 million) is in the Municipality of Anchorage.

The Matanuska-Susitna Borough has an IA unmet need of \$2.5 million, while the Kenai Peninsula Borough has \$225 thousand.

Table 8

#### IA Remaining Unmet Need by Jurisdiction

Jurisdiction	Applicants with Unmet Need	Owner Unmet Need	25% Resiliency Factor	Unmet Need + Resiliency
Municipality of Anchorage	3,565	\$8,100,024	\$2,025,006	\$10,125,030
Matanuska-Susitna Borough	946	\$1,978,262	\$494,566	\$2,472,828
Kenai Peninsula Borough	60	\$180,635	\$45,159	\$225,793
<b>Total</b>	<b>4,571</b>	<b>\$10,258,921</b>	<b>\$2,564,730</b>	<b>\$12,823,651</b>

HUD requirements specify that the State of Alaska must expend a minimum of 70 percent to benefit LMI populations. Using self-reported applicant data, 30 percent of the applicants with a remaining IA unmet need are in LMI populations. Twenty-one percent of the remaining identified IA unmet need can be attributed to LMI populations.

Table 9

#### IA Unmet Need by Income Category

Income Category	Count	Unmet Need	25% Resiliency Factor	Unmet Need + Resiliency	Percent Count	Percent Need
0-30%	371	\$633,065	\$158,266	\$791,331	8%	6%
31-50%	374	\$664,710	\$166,177	\$830,887	8%	6%
51-80%	654	\$922,174	\$230,544	\$1,152,718	14%	9%
Not LMI	2,848	\$6,999,443	\$1,749,861	\$8,749,304	62%	68%
Not Reported	325	\$1,039,530	\$259,882	\$1,299,412	7%	10%
<b>Total</b>	<b>4,572</b>	<b>\$10,258,921</b>	<b>\$2,564,730</b>	<b>\$12,823,651</b>	<b>100%</b>	<b>100%</b>



This Housing Needs Assessment does not include damage to public housing owned and managed by the Alaska Housing Finance Corporation in the three eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough.

#### c. Small Business Administration (SBA) Disaster Home Loans

One source of relief for home-owners whose properties suffered damage during the 2018 Cook Inlet Earthquake was the Small Business Administration's (SBA) Disaster Home Loans (DHL) program. These loans provided bridge relief for home-owners whose insurance did not fully cover damages suffered during a declared disaster.

Home-owners were eligible to borrow up to \$200,000 to repair or replace their primary residence. Either home-owners or renters were eligible to borrow up to \$40,000 to replace damaged or destroyed personal property. Interest rates for these loans have been issued at either two percent or four percent.

Loans totaling \$64.2 million have been approved by the SBA. Nearly eighty percent (\$50.5 million, 79 percent) of the total loan amounts have been used to repair properties in the Municipality of Anchorage. Twenty one percent (\$13.3 million) have been used to repair properties in the Matanuska-Susitna Borough. Less than one percent (\$0.4 million) of loan funds were dedicated to properties in the Kenai Peninsula Borough.

The Total Verified Loss (TVL) identified by the DHL program was \$117.2 million. Subtracting the loans issued from the TVL leaves an identified unmet need of \$53 million. After factoring in 25% resiliency costs, the total remaining DHL unmet need is \$66.2 million.

Table 10

**All Approved Homes Loans (including cancelled and withdrawn)**

Jurisdiction	Number of Loans	Total Verified Loss	Loan Amount	Unmet Need	25% Resiliency Factor	Need + Resiliency
Municipality of Anchorage	1,805	\$91,662,450	\$50,498,200	\$41,164,250	\$10,291,063	\$51,455,313
Matanuska-Susitna Borough	505	\$24,820,412	\$13,336,733	\$11,483,679	\$2,870,920	\$14,354,599
Kenai Peninsula Borough	24	\$738,612	\$393,800	\$344,812	\$86,203	\$431,015
<b>Total</b>	<b>2,334</b>	<b>\$117,221,474</b>	<b>\$64,228,733</b>	<b>\$52,992,741</b>	<b>\$13,248,185</b>	<b>\$66,240,926</b>

Federal Emergency Management Administration. February 21, 2019. "FACT SHEET: Applying for Disaster Assistance After the Alaska Earthquake, Release Number: FS 001."

#### d. DHS&EM Individual and Family Grants

The Individual and Family Grant (IFG) program is operated by Alaska's Division of Homeland Security and Emergency Management (DHS&EM). IFG program funds are only issued after individuals have applied for FEMA and SBA funding. IFG funds are generally used to help repair and replace disaster-related damages to owner-occupied properties, essential personal property, and/or primary transportation.

To date, over \$860 thousand has been paid out either upon acceptance of the initial application or upon appeal. The IFG remaining unmet need, including resiliency costs, totals nearly \$260 thousand. Overall, 82 percent of the IFG unmet need is within the Municipality of Anchorage and the remaining 18 percent within the Matanuska-Susitna Borough.

Table 11

**IFG Unmet Need by Jurisdiction**

<b>Jurisdiction</b>	<b>Amount Requested</b>	<b>Amount Paid</b>	<b>Unmet Need</b>	<b>25% Resiliency Factor</b>	<b>Unmet Need + Resiliency</b>
Municipality of Anchorage	\$838,844	\$669,107	\$169,737	\$42,434	\$212,172
Matanuska-Susitna Borough	\$227,843	\$191,337	\$36,506	\$9,127	\$45,633
<b>Total</b>	<b>\$1,066,687</b>	<b>\$860,444</b>	<b>\$206,243</b>	<b>\$51,561</b>	<b>\$257,805</b>

**e. Commercial Property Insurance**

The Division of Insurance (DOI), located within DCCED, surveyed commercial property insurers regarding claims filed in response to the 2018 Cook Inlet Earthquake. DOI reports that 71% of commercial property insurers completed its survey. While the results of this survey cannot be used to extrapolate values of non-respondents, what is known is still of value.

Statewide, commercial insurers reported processing 346 claims. Three-quarters (76%) of the claims were for property damage in the Municipality of Anchorage, 14 percent were for damage in the Matanuska-Susitna Borough, and 11 percent were for damage in other parts of the state. There were no commercial property insurance claims reported in the Kenai Peninsula Borough.

Of the 346 claims, 79 percent (273 claims) were closed without payment, likely reflective of the high deductibles typical of earthquake insurance premiums. Of the remainder, 13 percent (44 claims) were closed with payment, and eight percent (29 claims) remain open. Notably, 35 percent of claims outside the declared disaster area are still open, as compared to five percent of the claims in the Municipality of Anchorage and six percent of the claims in the Matanuska-Susitna Borough.

Table 12

**Commercial Earthquake Policy Status**

<b>Jurisdiction</b>	<b>Policies in force</b>	<b>Claims Reported</b>	<b>Closed with Payment</b>	<b>Closed Without Payment</b>	<b>Open</b>
Municipality of Anchorage	7,420	262	33	216	13
Matanuska-Susitna Borough	2,288	47	6	38	3
Kenai Peninsula Borough	2,202	0	0	0	0
All Other	6,888	37	5	19	13
<b>Total</b>	<b>18,798</b>	<b>346</b>	<b>44</b>	<b>273</b>	<b>29</b>

There has been a total payout of \$34 million for the 44 claims that were reported as closed with payment. There is an additional \$7.8 million in Case Reserves set aside for the 29 open claims. Case Reserves are defined as a reflection of the best estimate of future amounts payable for an open claim.

While the majority of claims were for damage in the Municipality of Anchorage, the largest individual paid claim (\$15 million) and the largest Case Reserve for an open claim (\$6.5 million) were for damage in the Matanuska-Susitna Borough. These two claims account for over half (52 percent) of all incurred damage reported as paid claims or Case Reserves.

Table 13

#### Commercial Earthquake Policy Losses and Case Reserves

Jurisdiction	Closed with Payment	Paid Losses	Open	Case Reserves
Municipality of Anchorage	33	\$17,087,554	13	\$1,004,886
Matanuska-Susitna Borough	6	\$15,267,662	3	\$6,500,000.00
Kenai Peninsula Borough	0	\$0.00	0	\$0.00
All Other	5	\$1,599,911	13	\$284,558.00
<b>Total</b>	<b>44</b>	<b>\$33,955,127</b>	<b>29</b>	<b>\$7,789,444</b>

Again, these figures are not a complete reflection of commercial property insurance claims relating to the 2018 Cook Inlet Earthquake, just the 71% of insurers who responded to the DOI survey. Because the individual outliers make up such a high percentage of the overall damage, there is no responsible means for extrapolating this data into a statewide estimate.

#### f. Small Business Administration (SBA) Business Disaster Loans

The SBA offered Business Physical Disaster Loans (BPDL) and Economic Injury Disaster Loans (EIDL). Funds of up to \$2 million were available upon request to repair or replace damaged or destroyed real estate, machinery and equipment, inventory, and other business assets. Funds were also available to help with the cost of improvements to protect, prevent, or minimize the same type of disaster damage in the future. Small businesses and many private nonprofit organizations were also eligible for funds to help meet working capital needs caused by the 2018 Cook Inlet Earthquake, regardless of property damage.<sup>1</sup>

The SBA has approved \$14.2 million in BPDL and EIDL funds to cover an unmet need of \$22 million. The remaining unmet need is \$8 million.<sup>2</sup> Factoring in resiliency costs of 25%, the total SBA BPDL and EIDL unmet need is identified as roughly \$9.8 million.

<sup>1</sup> Small Business Administration. January 31, 2019. "SBA Stands Ready to Assist Alaska Businesses and Residents Affected by the Earthquake, Release Number: AK 15859-01."

<sup>2</sup> Unmet Need does not precisely equal Verified Loss minus Loan Amount. The reason for this is that when more money was loaned than losses incurred in a given category, a negative need was identified. These negative needs occurred in the cancelled loans category in the Matanuska-Susitna Borough and the approved (not cancelled or withdrawn) category in the Kenai Peninsula Borough. Since actual need cannot be less than zero, these values were reset to \$0.

The majority (95%) of the unmet BPD/L/EIDL need is in the Municipality of Anchorage. With the remaining unmet need (5%) in the Matanuska-Susitna Borough. There is less than \$10,000 in unmet need in the Kenai Peninsula Borough.

Table 14

**All Approved SBA BPD/L/EIDL Loan Amounts (including cancelled and withdrawn)**

Jurisdiction	Number of Loans	Verified Loss	Loan Amount	Unmet Need <sup>3</sup>	25% Resiliency Factor	Need + Resiliency
Municipality of Anchorage	178	\$19,449,953	\$12,002,900	\$7,629,488	\$1,907,372	\$9,536,860
Matanuska-Susitna Borough	34	\$1,492,783	\$1,122,800	\$370,163	\$92,541	\$462,704
Kenai Peninsula Borough	7	\$1,062,519	\$1,079,600	\$7,996	\$1,999	\$9,995
<b>Totals</b>	<b>219</b>	<b>\$22,005,255</b>	<b>\$14,205,300</b>	<b>\$8,007,647</b>	<b>\$2,001,912</b>	<b>\$10,009,559</b>

**g. Non-Profits & Faith-Based Organizations**

While the federal agencies of FEMA and SBA provided the highest amount of funding to both residential home-owners and public facilities to address damage after the earthquake, several non-profit and faith-based organizations also mobilized to provide support to individuals and facilities. The following table shows the type of assistance and amount as supplied from non-profit agencies.

Table 15

**Non-Profits & Faith-Based Organizations**

Organization	Assistance Type	Amount of Funding
Rasmuson Foundation	Public	\$162,200
Lutheran Social Services	Individual	\$35,000
Anchorage and Eagle River Earthquake Recovery Group	Public and Individual	\$90,000
<b>Total</b>		<b>\$287,200</b>

## 6. Summary of Unmet Needs and Allocation of Funds & Proposed Budget

Despite having data, the State of Alaska/DCCED is unable to accurately estimate the remaining unmet need for affected housing and businesses. DCCED knows the number of houses and businesses damaged and the amount of funds received through FEMA and SBA for housing and business repairs. However, the amounts paid to homeowners and business-owners for repairs through insurance or other sources of funding are unknown. When DCCED begins implementing the proposed programs in this Action Plan, DCCED will be diligent in its efforts to ensure that there are no duplication of benefits when determining the calculation of a homeowner's or business-owner's unmet need.

A summary of the State of Alaska unmet need is identified in the table below.

Table 16

Summary of Unmet Needs and Allocation of Funds				
Category	Unmet Needs	% of Unmet Needs	State Program Allocation Amount	% of State Program Allocation
Housing*	\$14,823,651	39%	\$16,659,276	46%
Public Infrastructure	\$12,936,199	34%	\$11,572,840	33%
Economic Revitalization	\$10,009,559	27%	\$7,623,884	21%
Total	\$37,769,409	100%	\$35,856,000	100%

\*The Housing Unmet Need includes an estimate of \$2 million for the AHFC Public Housing.

As required, the Needs Assessment was completed to identify long-term needs and priorities for CDBG-DR funding allocated for the 2018 Cook Inlet Earthquake Disaster Recovery. The Needs Assessment considered a comprehensive set of data sources from the DMVA/DHS&EM, FEMA, SBA, and other sources. The State of Alaska expects to amend the Needs Assessment as additional information becomes available.



The State of Alaska CDBG-DR Proposed Budget is identified in the table below and in Appendix A.

Table 17

**CDBG-DR Proposed Budget**

State Programs		
Housing	AHFC Public Housing	\$2,000,000
	Homeowner's Reimbursement Program	\$11,875,000
	Local Buyout Program	\$1,951,312
Local Infrastructure	Reimbursements	\$10,994,198
Economic Revitalization	Business Owners Reimbursement Program	\$7,242,690
	State Administration*	\$1,792,800
<b>Total</b>		<b>\$35,856,000</b>

*\*5% is allowed for State of Alaska Grant Administration & Planning*

A minimum of \$28,685,000 must be expended for disaster recovery within the Municipality of Anchorage.

#### 7. Rehabilitation/Reconstruction of Public Housing, Affordable Housing and other forms of Assisted Housing

The State of Alaska/DCCED, in conjunction with the Alaska Housing Finance Corporation (AHFC), will identify and address the rehabilitation and reconstruction of the following types of housing affected by the 2018 Cook Inlet Earthquake: public housing (including administrative offices), HUD-assisted housing, affordable housing, McKinney-Vento Homeless Assistance Act funded shelters and housing for the homeless, including emergency shelters and transitional and permanent housing for the homeless; and private market units receiving project-based assistance, or with tenants that participate in the Section 8 Housing Choice Voucher Program.

All proposed projects must meet Affirmatively Furthering Fair Housing (AFFH) requirements.

As required by the Stafford Act, the State of Alaska/DCCED will require AHFC to certify there is not a duplication of benefits on each proposed project.

#### 8. Housing for Vulnerable Populations

The State of Alaska/DCCED, in conjunction with AHFC and homeless service providers within the three CDBG-DR eligible jurisdictions, will promote housing for vulnerable populations, including a description of activities that will address the following: the transitional housing, permanent supportive housing, and permanent housing needs of individuals and families with children (especially those with incomes below 30 percent of the area median) that were homeless and/or became homeless after the 2018 Cook Inlet Earthquake; the special needs of persons who were not homeless but required supportive housing prior the 2018 Cook Inlet Earthquake (e.g., elderly, persons with disabilities, persons with alcohol/drug addictions, persons with HIV/AIDS and their families, and public housing residents, as identified in 24 CFR 91.315(e)).

## 9. Displacement of Persons and/or Entities

To minimize the displacement of persons and/or entities that may be affected by the activities outlined in this Action Plan, the State of Alaska/DCCED will coordinate with the AHFC to ensure minimal displacement. However, should any proposed projects cause the displacement of people, the State of Alaska/DCCED and AHFC will ensure the requirements set forth under the Uniform Relocation Assistance and Real Property Acquisition Policies Act, as waived, are met.

## 10. Maximum Assistance & Reasonable Cost Assurance

As required, the maximum amount of assistance will be expended within the Municipality of Anchorage, which HUD designated as the “most impacted and distressed area” as a result of the 2018 Cook Inlet Earthquake.

DCCED will use the RS Means data and the FEMA Benefit Cost Analysis Process (Reference 23) to determine whether a project is cost reasonable and cost effective.

## 11. Planning and Coordination

The State of Alaska’s recovery projects will be developed in a manner that considers an integrated approach to address long-term recovery and restoration of public infrastructure, housing, and economic revitalization in the most impacted and distressed area, the Municipality of Anchorage.

The State of Alaska/DCCED will continue to work with state and local jurisdictions to provide guidance on promoting sound short- and long-term recovery plans in the affected areas by coordinating available resources to help in the restoration and recovery of damaged communities. Disaster recovery presents affected communities with unique opportunities to examine a wide range of issues such as drainage and flood control, housing quality and availability, road and rail networks, environmental issues, and the adequacy of existing infrastructure. DCCED will support long-term plans put in place by local and regional jurisdictions that promote sound, sustainable, long-term recovery planning informed by a post-disaster evaluation of hazard risks due to earthquakes, landslides, ground failure, tsunamis, and flooding where applicable, especially land-use decisions that reflect responsible floodplain management in seismic hazard zones 4 and 5.

The State of Alaska/DCCED will coordinate as much as possible with local and regional planning efforts to ensure consistency, to promote community-level and/or regional jurisdictions post-earthquake disaster recovery and mitigation, and to leverage those efforts. As detailed later in this Action Plan, DCCED will utilize partnerships with vendors (term which shall include, but not limited to, governmental entities, non-profit and for profit firms, entities, and organizations) to further coordinate planning, studies and data analysis.

## 12. Floodplains, Wetlands, & Seismic Hazard Zones 4 & 5

The State of Alaska/DCCED does not intend to rebuild any structures located in an area delineated as a flood hazard area or equivalent in FEMA's data source identified in 24 CFR 55.2(b)(1) and in a Seismic Hazard Zone 4 or 5. All structures, as defined under 44 CFR 59.1, designed principally for residential use and located in the 100-year (or 1 percent annual chance) floodplain and in a Seismic Hazard Zone 4 or 5 will be eligible for the AHFC Local Buyout Program, which is a voluntary program. Upon acquisition, AHFC will plan for de-construction and/or demolition, remediation, as necessary, re-vegetation, and salmon habitat restoration, if adjacent to a salmon stream. Prior to de-construction and/or demolition, AHFC may arrange for an Environmental Site Assessment Phase I to be conducted by a professional engineering firm licensed and registered in the State of Alaska. Upon completion of the project, AHFC will transfer the property to the local jurisdiction, designated as "greenspace", in perpetuity.

Applicable state, local, and tribal codes and standards for floodplain management that exceed these requirements will be followed.

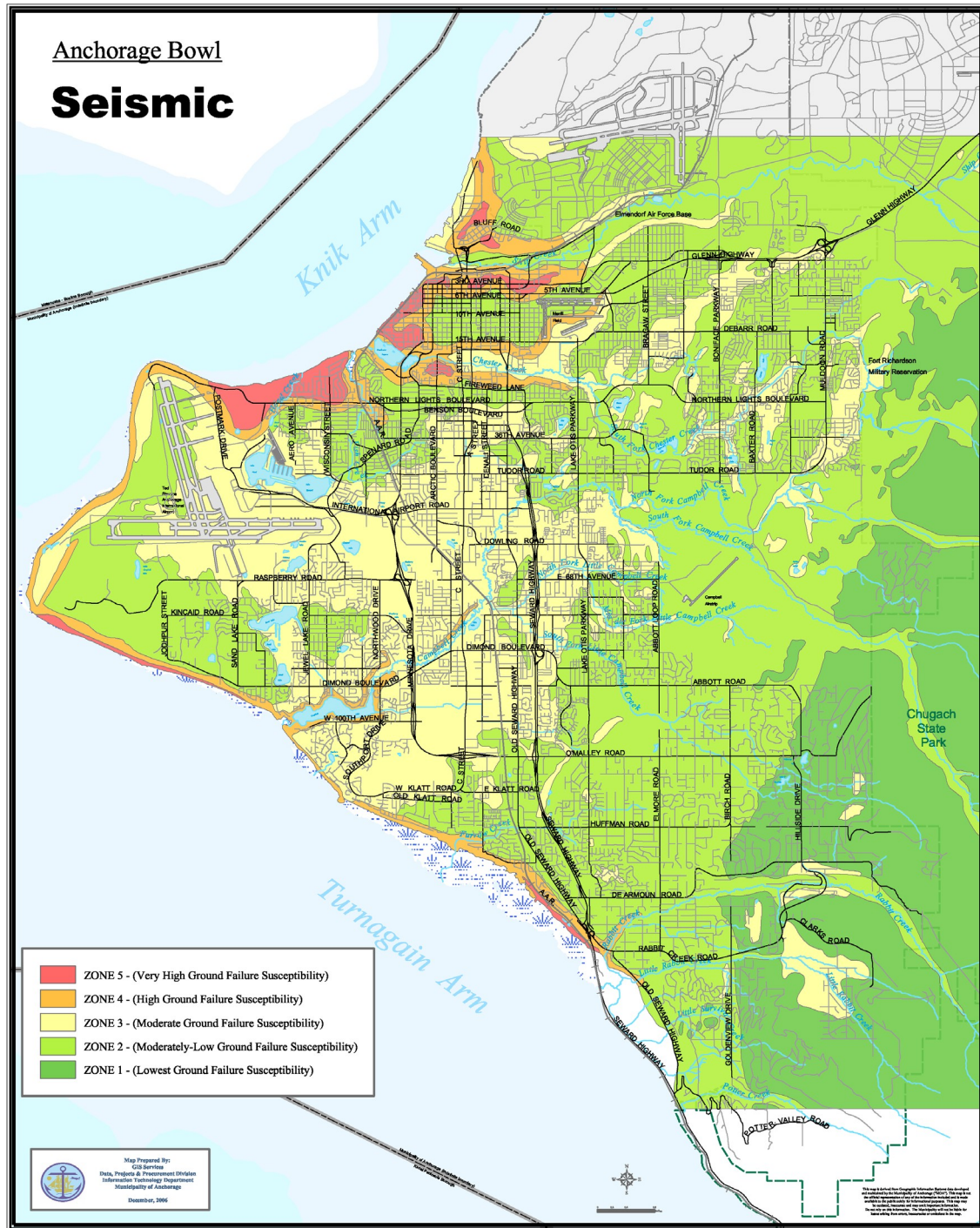


Figure 7

### 13. Protection of People and Property

#### a. Quality Construction Standards

The State of Alaska/DCCED will require both quality inspections and code compliance inspections on all projects. Current State of Alaska Building Energy Efficiency Standards (BEES), a minimum of a 5 Star Rating, will be required. Site inspections will be required on all projects to ensure quality and compliance with applicable zoning and building codes. DCCED will encourage the three jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough to establish and enforce local building codes throughout their jurisdictions to mitigate natural hazard risks.

#### b. General Contractors Standards

The State of Alaska/DCCED has partially set aside the CDBG-DR program for the State of Alaska Disadvantaged Business Enterprise. DCCED will require subrecipients to have established procedures and standards for the request for qualifications to ensure full and open competition. All subrecipients are required to follow federal procurement and contract requirements outlined in 2 CFR 200.318 – 200.326.

### 14. Public Infrastructure Activities

The State of Alaska/DCCED will require subrecipients (the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough) to mitigate hazard risks due to earthquakes, landslides, ground failure, tsunamis, and flooding where applicable, into their rebuilding activities of public infrastructure. DCCED's goal is to ensure better coordination of projects between jurisdictions to address recovery and mitigation more holistically.

The State of Alaska/DCCED will require subrecipients to use the FEMA Benefit Cost Analysis Process to determine whether a public infrastructure project is cost effective when selecting CDBG-DR eligible projects. (Reference 23) Each public infrastructure activity must demonstrate how it will contribute to the long-term recovery and restoration of housing.

The State of Alaska/DCCED will seek to ensure that public infrastructure activities will avoid disproportionate impact on vulnerable communities and will create, to the extent practical, opportunities to address economic inequities facing local communities. All proposed projects must meet Affirmatively Furthering Fair Housing (AFFH) requirements.

The State of Alaska/DCCED will coordinate with federal, state, local, private, and nonprofit sources to assist subrecipients to align investments with other planned state or local capital improvements and public infrastructure development efforts. DCCED will also work with subrecipients to foster the potential for additional infrastructure funding from multiple sources, including existing state and local capital improvement projects in planning and the potential for private investment.

## 15. Resilience to Natural Hazards

The State of Alaska/DCCED has worked closely with the Department of Military and Veterans Affairs (DMVA)/Division of Homeland Security & Emergency Management (DHS&EM) on the development and maintenance of the State of Alaska Hazard Mitigation Plan 2018. (Reference7) Chapter 9, Mitigation Strategy, addresses resiliency. The Municipality of Anchorage has a FEMA approved All Hazards Mitigation Plan. (Reference 8) Chapter 5, Mitigation Strategy, addresses resiliency. The Matanuska-Susitna Borough has submitted their Hazard Mitigation Plan to FEMA for review and the Kenai Peninsula Borough is finalizing their Hazard Mitigation Plan. As required by FEMA, each of these plans address resilience to natural hazards within their jurisdiction.

## 16. Disaster Recovery and Response Plan

The State of Alaska/DCCED consulted with the Department of Military and Veterans Affairs (DMVA)/Division of Homeland Security & Emergency Management (DHS&EM) on the development of this Action Plan. DCCED will encourage the three jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough to develop a comprehensive disaster recovery and response plan for the 2018 Cook Inlet Earthquake that addresses long-term recovery within their jurisdiction. The DMVA is administering the Community Development Block Grant-Hazard Mitigation Program, which addresses the pre-and post-disaster hazard mitigation from natural hazards.

## 17. Leveraging Funds

The State of Alaska/DCCED will encourage subrecipients to leverage CDBG-DR funds with funding provided by other federal, state, local, private, and non-profit sources to fully utilize the limited CDBG-DR funds. DCCED will report on leverage funds in the DRGR system. DCCED also intends to collaborate with local governments, local long-term recovery groups, local non-profit organizations, and vulnerable populations advocacy groups. The CDBG-DR Public Infrastructure funds may be used for matching requirements, share, or contribution for any other Federal program when used to carry out an eligible CDBG-DR activity. This includes programs or activities administered by FEMA or USACE.

As required by the Stafford Act, the State of Alaska/DCCED will require all subrecipients to certify there is not a duplication of benefits on each proposed project.

## 18. Construction Standards

The State of Alaska/DCCED will encourage the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough to establish standards for housing and small business contractors performing work within their jurisdictions.



## B. Projects and Activities

### 1. Overview

The State of Alaska/DCCED will adapt the policies and procedures used for the DCCED Community Development Block Grant (CDBG) program for the Community Development Block Grant-Disaster Recovery (CDBG-DR) program.

As required by the Federal Register, Vol. 85, No. 17, Monday, January 27, 2020, the State of Alaska/DCCED must describe the method of distribution of funds and the descriptions of specific programs and/or activities. DCCED consulted with the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough, as well as, the Department of Military & Veterans Affairs, the Alaska Housing Finance Corporation, and the Anchorage Economic Development Corporation.

This Action Plan outlines the following: the subrecipients; criteria for eligibility; the methodology used to reimburse those subrecipients; activities for which funding may be used; and program requirements, including non-duplication of benefits. The Action Plan also defines how the uses of this allocation address necessary expenses related to disaster relief, long-term recovery and restoration of infrastructure and housing, as well as, economic revitalization.

### 2. Basis for Allocations

The State of Alaska/DCCED will use the same methodology used by HUD to determine the \$35,856,00 allocation to the State for housing, public infrastructure and economic revitalization. DCCED does not intend to make any direct allocations/distribution of funds to any CDBG-DR eligible jurisdiction. DCCED will reimburse each of the three jurisdictions for inspection/re-inspections of earthquake damaged structures, as well as, earthquake repairs, seismic and structural analysis, as well as, seismic and structural upgrades to public infrastructure. (Appendix A, CDBG-DR Budget)

The State of Alaska/DCCED will execute Subrecipient Agreements with the three CDBG-DR eligible jurisdictions and the three Rural Electric Cooperatives serving the three jurisdictions within the Municipality of Anchorage, the Matanuska-Susitna Borough and the Kenai Peninsula Borough, as well as, the Alaska Housing Finance Corporation.

### 3. DCCED Use of Funds

The State of Alaska/DCCED, in conjunction with the AHFC, will implement the Public Housing Earthquake Repair & Seismic Analysis/Upgrade Program, the Local Buyout Program, and the Homeowner's Reimbursement Program and the Business Owner's Reimbursement Program under the Economic Revitalization Program.

The State of Alaska/DCCED will implement the Local Infrastructure Reimbursement Programs with the three CDBG-DR eligible jurisdictions and the three rural electric cooperatives.



a. **Public Housing Earthquake Repair, Seismic/Structural Analysis, and Seismic/Structural Upgrade Program**

The Public Housing Earthquake Repair, Seismic/Structural Analysis, and Seismic/Structural Upgrade Program is an opportunity for the State of Alaska/DCCED to provide financial assistance to the Alaska Housing Finance Corporation to evaluate all public housing facilities for rehabilitation and/or reconstruction within the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough and the Kenai Peninsula Borough. Additionally, this is an opportunity for AHFC to conduct a seismic/structural analysis by professional engineering firms licensed and registered in the State of Alaska on all public housing facilities within the three CDBG-DR eligible jurisdictions. If necessary, AHFC may arrange for additional testing, such as lead-based paint, asbestos, mold and mildew, as well as, radon. A Home Energy Rating System (HERS) test will be required. Upon receipt of the seismic/structural analysis, the cost estimate for the seismic/structural upgrades, and any additional reports, AHFC will use RS Means data to determine cost reasonableness and use the FEMA Benefit Cost Analysis Process to determine whether a public housing rehabilitation/reconstruction project is cost effective. (Reference 23) If a rehabilitation/reconstruction project is not cost effective, then the property will be demolished. (Otherwise, the property will not be eligible for any CDBG-DR reimbursement.)

As required by the Stafford Act, the State of Alaska/DCCED will require AHFC to certify there is not a duplication of benefits on each proposed project.

Under the Public Housing Earthquake Repair, Seismic/Structural Analysis and Seismic/Structural Upgrade Program:

- 1) Allocation Amount: \$2,000,000.
- 2) At least eighty (80) percent of funds must address unmet need in the Municipality of Anchorage.
- 3) Up to twenty (20) percent of funds may address unmet need in the Matanuska-Susitna Borough and the Kenai Peninsula Borough.
- 4) DCCED Requirements:
  - i) Establish objective criteria for the rehabilitation and reconstruction;
  - ii) Develop a citizen participation plan;
  - iii) Conduct a "Public Planning Meeting;"
  - iv) Ensure a public comment period of at least 30 days.
  - v) Ensure a minimum percentage of funds 80% are allocated for public housing within the Municipality of Anchorage; (Appendix A, CDBG-DR Budget)
- 5) Eligible Entities: Alaska Housing Finance Corporation within the Municipality of Anchorage, Matanuska-Susitna Borough and Kenai Peninsula Borough
- 6) Authority: Housing Community Development Act of 1974.

- 7) Ineligible Activities: Other Housing Authorities.
- 8) Program Guidelines: DCCED, in conjunction with AHFC, will adapt and revise the current policies and procedures used for the CDBG to the CDBG-DR program for the Public Housing Earthquake Repair, Seismic/Structural Analysis, and Seismic/Structural Upgrade Program. DCCED will post the revised Guidelines for public comment. The criteria for a rehabilitation/reconstruction project is:
  - i) The public housing must have been damaged or destroyed by the Presidentially declared disaster (the 2018 Cook Inlet Earthquake);
  - ii) The public housing must be within one of the three CDBG-DR jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough
- 9) National Objectives: Low- and moderate-income.
- 10) Must meet Affirmatively Furthering Fair Housing (AFFH) requirements.

**b. Homeowner Reimbursement Program**

The State of Alaska/DCCED, in conjunction with AHFC, will administer the Homeowner Reimbursement Program (HRP) for eligible expenses and Small Business Administration (SBA) disaster home loans incurred by homeowners for repairs to a primary residence prior to application for these funds. This is a voluntary program. Up to \$62,500 per household may be reimbursed.

- 1) Allocation Amount: \$11,875,000.
- 2) At least eighty (80) percent of funds must address unmet need in the Municipality of Anchorage.
- 3) Up to twenty (20) percent of funds may address unmet need in the Matanuska- Susitna Borough and the Kenai Peninsula Borough.
- 4) The program will first be available to “Seniors/Disabled” households for 1 month, followed by LMI households for 1 month, and then all other households for 1 month.
- 5) Reallocation: Any remaining funds within the Matanuska-Susitna Borough and the Kenai Peninsula Boroughs will be reallocated to the Municipality of Anchorage.
- 6) Maximum Award: \$62,500.
- 7) Eligible Activities, HCDA Section 105(a)(4):
  - i) Expenses incurred by homeowners for repairs to a primary residence prior to application for these funds.
  - ii) SBA disaster home loans by homeowners for repairs to a primary residence prior to application for these funds.
- 8) Ineligible Activities:
  - i) Forced mortgage payoff.

- vi) Incentive payments to households that move to disaster-impacted floodplains.
- vii) Properties that served as second homes at the time of the disaster, or following the disaster, are not eligible for rehabilitation assistance or housing incentives.
- viii) Rehabilitation/reconstruction of a home located in a floodplain.
- ix) Rehabilitation/reconstruction of a house in which the combined household income is greater than 120 percent AMI or the national median;

9) Eligibility Criteria for Assistance:

- i) Home must have been owner-occupied at the time of the disaster.
- ii) Home must have served as primary residence.
- iii) Home must be located in a CDBG-DR eligible jurisdiction.
- iv) Home must have sustained damage from the 2018 Cook Inlet Earthquake (DR- 4413) and/or during the 10,000 subsequent aftershocks.
- v) Duplication of benefits review.
- vi) All applicants and co-applicants must be current on payments for child support.
- vii) Applicant must furnish evidence that property taxes are current, have an approved payment plan, or qualify for an exemption under current laws.
- viii) Home must be environmentally cleared.
- ix) Subrogation Agreement: Assisted homeowners must agree to a limited subrogation of any future awards related to the 2018 Cook Inlet Earthquake to ensure duplication of benefits compliance. Assisted homeowners must agree to repay any duplicative assistance if they later receive other disaster assistance for the same purpose.
- x) Unsecured Forgivable Promissory Note:
  - a) Assisted homeowners are required to maintain principal residency in the assisted property for one year. Cash-out refinancing, home equity loans or any loans utilizing the assisted residence as collateral are not allowed for one year. A violation of this policy will activate the repayment terms of the Note.
  - b) Taxes are to be paid and in good standing for the properties assisted. Homeowners may be on a payment plan, but it needs to be submitted to AHFC.
  - c) Insurance must be maintained at the assisted property. Hazard, and windstorm (if applicable) will be monitored for

the one-year period.

10) Eligibility Criteria, SBA Loan Reimbursement:

- i) All SBA loans must have been used toward a loss suffered as a result of the 2018 Cook Inlet Earthquake and/or during the 10,000 subsequent aftershocks.
- ii) Applicants must continue to make payments on their current SBA loan even if they have applied for CDBG-DR assistance.
- iii) Applicants must comply with any requirements in the loan documents that the applicant use amounts received for reimbursement to repay the loan's outstanding principal and interest.
- iv) Applicants with income exceeding 120 percent of AMI must meet one of the following hardship exceptions:
  - a) *Hardship due to housing cost burden.* Households who spend more than 30 percent of their monthly gross income on housing costs are expected to experience hardship in recovery due to having limited financial resources;
  - b) *Hardship due to SBA loan repayment.* Households who spend more than 15 percent of their monthly discretionary income on SBA loan repayment are expected to experience hardship in recovery due to having limited financial resources;
  - c) *Hardship due to healthcare expenses.* Households who spend more than 20 percent of their income on healthcare expenses as a result of a disability or illness have long-term financial commitments to consider when contemplating incurring additional debt. Additional debt would be a burden and limit available resources needed to pay for these costs;
  - d) *Hardship due to cost of caring for dependents.* Homeowners who spend more than 20 percent of their income on dependent or other care related expenses as a result of being responsible for providing care to parents, children, grandchildren, and other dependents; or
  - e) *Hardship due to Due to Age or Disability.* Households that include a household member who is over the age of 65 or who is disabled (and surviving spouses) who have received a property tax payment waiver or exemption from the local jurisdiction.

11) Ineligible Activities, SBA Loan Reimbursement:

- i) Reimbursing costs that are not otherwise eligible for CDBG-DR assistance such as paying late fees.
- ii) Portion of interest attributable to activities that are ineligible for reimbursement.

iii) Reimbursement is not permitted if payment of the cost with CDBG-DR funds will cause a duplication of benefits because an exception does not apply or violate the requirement that CDBG-DR funds shall not be used for activities reimbursable by or for which funds are made available by FEMA or the Army Corps of Engineers.

12) National Objective: Low-and moderate-income (LMI). At least 70 percent of these program funds must be spent on LMI eligible projects.

13) AFFH review: All proposed projects will undergo AFFH review by AHFC before approval. Such review will include assessments of (1) a proposed project's area demography, (2) socioeconomic characteristics, (3) housing configuration and needs, (4) educational, transportation, and health care opportunities, (5) environmental hazards or concerns, and (6) all other factors material to the AFFH determination. Applications should show that projects are likely to lessen area racial, ethnic, and low-income concentrations, and/or promote affordable housing in low-poverty, nonminority areas in response to natural hazard-related impacts.

14) Timeline: The proposed program start date is immediately after HUD's approval of this Action Plan. The proposed end date is 3 years from the start date of the program.

#### c. Local Buyout Program

The AHFC Local Buyout Program will remove all "Red-Tagged/Uninhabitable" and "Yellow-Tagged/Restricted Use" residences (with 1-4 dwelling units) which were destroyed or severely damaged during the 2018 Cook Inlet Earthquake and/or during the 10,000 subsequent aftershocks; located in a floodplain; and located in Seismic Hazard Zone 4 or 5. The State of Alaska/DCCED does not intend to rehabilitate, reconstruct, rebuild, or replace any residence located in a floodplain and Seismic Hazard Zone 4 or 5. **This is a voluntary program.** This program will be administered by the Alaska Housing Finance Corporation (AHFC). Each of the three jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough, will identify and prioritize "Red-Tagged/Uninhabitable" and "Yellow-Tagged/Restricted Use" residences for acquisition and de-construction and/or demolition, beginning with houses belonging to "Senior" and "Disabled" residents. Buyouts may be used strategically, as a means of acquiring contiguous parcels of land in Disaster Risk Reduction Areas, especially in Floodplains and Seismic Hazard Zones 4 and 5, for uses compatible with open space, recreational, natural floodplain functions, salmon habitat restoration, or wetlands management practices.

The term "buyouts" as referenced in the Federal Register notice refers to acquisition of properties that is intended to reduce risk from future natural hazards, i.e. earthquakes, landslides, ground failure, tsunamis, and flooding where applicable in Disaster Risk Reduction Areas as designated by the State of Alaska.

The Post-Disaster Fair Market Valuation (FMV) method will be used to determine and provide post-disaster FMV to buyout applicants. Thus, the seller is not considered a beneficiary of CDBG-DR assistance.

Regardless of purchase price, all buyout activities are a type of acquisition of real property (as permitted by 42 U.S.C. 5305(a)(1)). However, only acquisitions that meet the definition of a “buyout” are subject to the post-acquisition land use restrictions. The key factor in determining whether the acquisition is a buyout is whether the intent of the purchase is to reduce risk of property damage in a floodplain and Seismic Hazard Zone 4 or 5, or in a Disaster Risk Reduction Area.

Upon acquisition, a plan will be prepared for de-construction and/or demolition, remediation, as necessary, re-vegetation, and salmon habitat restoration, if adjacent to a salmon stream. An Environmental Site Assessment Phase I, conducted by a professional engineering firm licensed and registered in the State of Alaska, may be required. Upon completion of the project, the property will be transferred to the local jurisdiction (if applicable, the Home Owners Association), designated as “greenspace”, in perpetuity.

Under the Local Buyout Program:

- 1) Allocation Amount: \$1,951,312.
  - i) At least eighty (80) percent of funds must address unmet need in the Municipality of Anchorage.
  - ii) Up to twenty (20) percent of funds may address unmet need in the Matanuska- Susitna Borough and the Kenai Peninsula Borough.
  - iii) Maximum Award: \$250,000.
  - iv) DCCED Requirements:
- 2) Establish objective criteria for the buyouts;
- 3) Develop a citizen participation plan;
- 4) Conduct a “Public Planning Meeting;”
- 5) Ensure a public comment period of at least 30 days.
  - i) Eligible Entities: Home-Owners/Property-Owners of residential structures (1-4 dwelling units) within the Municipality of Anchorage, Matanuska-Susitna Borough and Kenai Peninsula Borough. For example, residential properties in the Ship, Chester, Fish, Hood, Campbell, Indian, Bird and Winner Creeks, may be eligible.
  - ii) Authority: HCDA Section 105(a)(1), 105(a)(7-8) 105(a)(24-25), Buyouts;
  - iii) Ineligible Activities: Multi-family structures (5+ dwelling units) and commercial structures.
  - iv) Program Guidelines: DCCED, in conjunction with AHFC, will adapt and revise the current policies and procedures used for the CDBG to the CDBG-DR program for the AHFC Local Buyout Program. DCCED will post the revised Guidelines for public comment. The criteria for a buyout is:
- 6) The residence (1-4 dwelling units) must have been destroyed or severely damaged by the Presidentially declared disaster (the 2018 Cook Inlet Earthquake);
- 7) The residence must be in a floodplain (FEMA Floodplain map);

- 8) The Disaster Risk Reduction Area (Seismic Hazard Zones 4 and 5) must be clearly delineated so that HUD and the public may easily determine which properties are located within the designated area.

- i) National Objectives: Elimination of slum/blight.
- ii) Must meet Affirmatively Furthering Fair Housing (AFFH) requirements.

d. Local Infrastructure Program

The State of Alaska/DCCED recognizes that as part of a comprehensive long-term recovery program, the repair and enhancements of local infrastructure and mitigation efforts are crucial components. Infrastructure activities are vital not only for the long-term recovery and restoration of housing but for the long-term recovery and viability of communities. The local infrastructure program will provide disaster relief, long-term recovery, and restoration of infrastructure for local communities impacted by the 2018 Cook Inlet Earthquake. Each infrastructure activity must demonstrate how it will contribute to the long-term recovery and restoration of housing and viable neighborhoods.

DCCED will administer this program in conjunction with the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough and the Kenai Peninsula Borough, as subrecipients. This may be expanded to include the State of Alaska Department of Transportation and Public Facilities and the Department of Natural Resources. This may be expanded to include Anchorage Water and Wastewater Utility and the three rural electric cooperatives; Chugach Electric Association, Matanuska Electric Association, and the Homer Electric Association. This may also include local, established real estate developers.

The State of Alaska/DCCED encourages the prioritization of infrastructure for direct repair of earthquake damaged facilities, FEMA cost share and mitigation including seismic and structural analysis, as well as, seismic and structural upgrades, streets and sidewalks, water and wastewater facilities, and electrical power facilities due to the limitations of funds available in this allocation.

- 1) Allocation Amount: \$10,994,198 (Appendix A, CDBG-DR Budget)
- 2) Eligible Entities: Municipality of Anchorage, Matanuska-Susitna Borough, Kenai Peninsula Borough, Anchorage Water and Wastewater Utility and three Rural Electric Cooperatives; Chugach Electric Association, Matanuska Electric Association, and Homer Electric Association, and local established real estate developers.
- 3) Eligible Activities: Local infrastructure activities must contribute to the long-term recovery and restoration of housing and viable neighborhoods. All activities allowed under CDBG-DR; HCDA Section 105(a)(1-5), 105(a)(7-9), and 105(a)(11), including but not limited to:
  - i) Flood control and drainage repair and improvements, including the construction or rehabilitation of storm water management system;
  - ii) Restoration of infrastructure (such as streets and sidewalks, water and sewer facilities, electrical power facilities, provision of generators, removal of debris, burying electrical distribution lines, etc.);
  - iii) De-construction and/or demolition, rehabilitation of publicly-owned



buildings, and code enforcement;

4) Ineligible Activities:

- i) CDBG–DR funds may not be used to enlarge a dam or levee beyond the original footprint of the structure that existed prior to the 2018 Cook Inlet Earthquake.
- ii) Funds may not be used to assist a privately-owned utility for any purpose;
- iii) Buildings and facilities used for the general conduct of government (e.g., city halls, courthouses, and emergency operation centers);
- iv) No disaster recovery assistance will be considered with respect to any part of a disaster loss that is reimbursable by the Federal Emergency Management Agency (FEMA), the Army Corps of Engineers (USACE), insurance, or another source due in part to the restrictions against duplication of benefits outlined in this Action Plan. An activity underway prior to the Presidential Disaster Declaration will not qualify unless the disaster directly impacted said project.
- v) By law, (codified in the HCD Act as a note to 105(a)), the amount of CDBG–DR funds that may be contributed to a USACE project is \$250,000 or less.

5) National Objectives: Low- and moderate-income, elimination of slum/blight.

6) All proposed projects must meet Affirmatively Furthering Fair Housing (AFFH) requirements.

e. **Economic Revitalization**

The State of Alaska/DCCED recognizes that as part of a comprehensive long-term recovery program, economic revitalization is a crucial component. Economic revitalization creates new opportunities for business investment and job creation. Each economic revitalization activity must demonstrate how it will contribute to the long-term recovery and restoration of housing.

The State of Alaska/DCCED, in conjunction with AHFC, will administer the Business Owner Reimbursement Program (BRP) for eligible expenses and Small Business Administration (SBA) Business Physical Disaster Loans (BPD) incurred by business owners for repairs to a business prior to application for these funds. **This is a voluntary program.** Up to \$250,000 per business may be reimbursed.

- 1) Allocation Amount: \$7,242,690.
- 2) At least eighty (80) percent of funds must address unmet need in the Municipality of Anchorage.
- 3) Up to twenty (20) percent of funds may address unmet need in the Matanuska- Susitna Borough and the Kenai Peninsula Borough.
- 4) The program will first be available to businesses and private non-profits operating “Assisted Living Facilities”, “Group Homes”, or “Shelters” for 1 month, followed by

businesses operating tenant-based properties, which accept Housing Choice Vouchers for the elderly and disabled, for 1 month, followed by businesses operating tenant based properties, which accept Housing Choice Vouchers for LMI households.

- 5) Reallocation: Any remaining funds within the Matanuska-Susitna Borough and the Kenai Peninsula Boroughs will be reallocated to the Municipality of Anchorage.
- 6) Maximum Award: \$250,000.
- 7) Eligible Activities, HCDA Section 105(a)(4):
  - i) Expenses incurred by business owners and non-profits for repairs to a business property prior to application for these funds.
  - ii) SBA disaster home loans by business owners for repairs to a business property prior to application for these funds.
- 8) Ineligible Activities:
  - i) Forced mortgage payoff.
  - ii) Incentive payments to businesses that move to disaster-impacted floodplains.
  - iii) Rehabilitation/reconstruction of a business located in a floodplain.
- 9) Eligibility Criteria for Assistance:
  - i) Business or private non-profit must have been operating at the time of the disaster.
  - ii) Business or private non-profit must have served the elderly, disabled, homeless, or LMI households.
  - iii) Business or private non-profit must be located in a CDBG-DR eligible jurisdiction.
  - iv) Business or private non-profit must have sustained damage from the 2018 Cook Inlet Earthquake (DR-4413) and/or during the 10,000 subsequent aftershocks.
  - v) Duplication of benefits review.
  - vi) Applicant must furnish evidence that property taxes are current, have an approved payment plan, or qualify for an exemption under current laws.
  - vii) Business property must be environmentally cleared.
  - viii) Subrogation Agreement: Assisted business owners and non-profits must agree to a limited subrogation of any future awards related to the 2018 Cook Inlet Earthquake to ensure duplication of benefits compliance. Assisted business owners and private non-profits must agree to repay any duplicative assistance if they later receive other disaster assistance for the same purpose.

10) Unsecured Forgivable Promissory Note:

- i) Assisted business owners and non-profits are required to operate in the assisted property for one year. Cash-out refinancing, or any loans utilizing the assisted residence as collateral are not allowed for one year. A violation of this policy will activate the repayment terms of the Note.
- ii) Taxes are to be paid and in good standing for the properties assisted. Business owners and non-profits may be on a payment plan, but it needs to be submitted to AHFC.
- iii) Insurance must be maintained at the assisted property. Hazard, and windstorm (if applicable) will be monitored for the one-year period.

11) Eligibility Criteria, SBA Loan Reimbursement:

- i) All SBA loans must have been used toward a loss suffered as a result of the 2018 Cook Inlet Earthquake and/or during the 10,000 subsequent aftershocks.
- ii) Applicants must continue to make payments on their current SBA loan even if they have applied for CDBG-DR assistance.
- iii) Applicants must comply with any requirements in the loan documents that the applicant use amounts received for reimbursement to repay the loan's outstanding principal and interest.

12) Ineligible Activities, SBA Loan Reimbursement:

- i) Reimbursing costs that are not otherwise eligible for CDBG-DR assistance such as paying late fees.
- ii) Portion of interest attributable to activities that are ineligible for reimbursement.
- iii) Reimbursement is not permitted if payment of the cost with CDBG-DR funds will cause a duplication of benefits because an exception does not apply or violate the requirement that CDBG-DR funds shall not be used for activities reimbursable by or for which funds are made available by FEMA or the Army Corps of Engineers.

13) National Objective: Low-and moderate-income (LMI). At least 70 percent of these program funds must be spent on LMI eligible properties.

- 14) AFFH review: All proposed projects will undergo AFFH review by AHFC before approval. Such review will include assessments of (1) a proposed project's area demography, (2) socioeconomic characteristics, (3) housing configuration and needs, (4) educational, transportation, and health care opportunities, (5) environmental hazards or concerns, and (6) all other factors material to the AFFH determination. Applications should show that projects are likely to lessen area racial, ethnic, and low-income concentrations, and/or promote affordable housing in low-poverty, nonminority areas in response to natural hazard-related impacts.
- 15) Timeline: The proposed program start date is immediately after HUD's approval of this Action Plan. The proposed end date is 3 years from the start date of the program.

f. **Administrative Funds**

The State of Alaska/DCCED will retain the full 5% allocated for administrative costs associated with the CDBG-DR allocation for purposes of oversight, management, and reporting. State administrative costs including subrecipient administration costs will not exceed five (5) percent, \$1,792,800. Pursuant to 24 CFR§58.34(a)(3), except for applicable requirements of 24 CFR §58.6, administrative and management activities are exempt activities under this Action Plan. Once contracted, DCCED will allow the drawdown of pre-agreement costs associated with eligible disaster recovery activities dating back to the date of the disaster (November 30, 2018) for subrecipients and DCCED with appropriate documentation.

### III. **Citizen Participation – State Action Plan**

The primary goal of this Action Plan is to provide Alaskans with definitive opportunities to involve themselves in the three core areas of recovery – housing, infrastructure, and economic revitalization and participate in the planning process within the three CDBG-DR eligible jurisdictions; the Municipality of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough.

The State of Alaska/Department of Commerce, Community, and Economic Development (DCCED) Citizen Participation Plan for the 2018 Cook Inlet Earthquake is based on the requirements outlined in the *Federal Register* notice published on February 9, 2018 at 83 FR 5844.

According to the *Federal Register* notice published on August 14, 2018 at 83 FR 40314, "To permit a more streamlined process, and ensure disaster recovery grants are awarded in a timely manner, provisions of 42 U.S.C. 5304(a)(2) and (3), 42 U.S.C. 12707, 24 CFR 570.486, 24 CFR 1003.604, and 24 CFR 91.115(b) and (c), with respect to citizen participation requirements, are waived and replaced by the requirements below. The streamlined requirements do not mandate public hearings but do require the grantee to provide a reasonable opportunity (at least 30 days) for citizen comment and ongoing citizen access to information about the use of grant funds."

The most current version of the State of Alaska Department of Commerce, Community, and Economic Development Citizen Participation Plan for the 2018 Cook Inlet Earthquake will be placed on the official DCCED website at

<https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR>.

The State of Alaska Action Plan for the 2018 Cook Inlet Earthquake identifies the earthquake related physical damage to housing and public infrastructure and the unmet needs in the three core areas of recovery. The Action Plan outlines the eligible use of CDBG-DR funds and specific programs that will be allowable by DCCED.

#### **A. Publication**

Before DCCED adopts the Action Plan for this grant or any substantial amendment to this grant, DCCED will publish the proposed plan or amendment on the DCCED's main website at

<https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR>.

The State of Alaska/DCCED and/or subrecipients will notify affected citizens through electronic mailings, press releases, statements by public officials, media advertisements, public service announcements, newsletters, contacts with neighborhood organizations, and/or through social media. DCCED may allow other means as necessary.

The State of Alaska/DCCED will ensure that all citizens have equal access to information about the programs, including persons with disabilities and limited English proficiency (LEP). DCCED will ensure that program information is available in the appropriate languages for the three CDBG-DR eligible jurisdictions.

After publication of the Action Plan or Substantial Amendment, DCCED will provide a reasonable opportunity of at least 30 days and have a method(s) for receiving comments.

DCCED will take comments via USPS mail, fax, email, or through the DCCED's website:

Department of Commerce, Community & Economic Development Division  
of Community & Regional Affairs

550 West 7<sup>th</sup> Ave, Ste 1650

Anchorage, AK 99501

Fax: 907-269-4563

Email: [anita.baker@alaska.gov](mailto:anita.baker@alaska.gov)

Online Form: <https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR>.

#### **B. Consideration of Public Comments**

DCCED will consider all written comments regarding the Action Plan or any substantial amendment. A summary of the comments and DCCED's response to each will be located in the Appendix Section and will be submitted to HUD with the Action Plan or substantial amendment.

### C. Citizen Complaints

DCCED will provide a timely written response to every citizen complaint. The response will be provided within fifteen (15) working days of the receipt of the complaint, when practicable.

### D. Substantial Amendment

As additional information and funding becomes available through the grant administration process, amendments to this Action Plan are expected. Prior to adopting any substantial amendment to this Action Plan, DCCED will publish the proposed plan or amendment on the DCCED's official website and will afford citizens, affected local jurisdictions, and other interested parties a reasonable opportunity to examine the plan or amendment's contents. At a minimum, the following modifications will constitute a substantial amendment:

- A change in program benefit or eligibility criteria;
- The allocation or reallocation of more than \$1 million; or
- The addition or deletion of an activity.

### E. Non-Substantial Amendment

The State of Alaska will notify HUD when it makes any plan amendment that is not substantial. HUD will be notified at least five (5) business days before the amendment becomes effective. HUD will acknowledge receipt of the notification of non-substantial amendments via email within five (5) business days.

### F. Community Consultation

The Disaster Assistance Section of the Division of Homeland Security and Emergency Management accepted more than 13,800 applications for the State of Alaska Individual and Family Grant Program and the Temporary Housing Program to provide emergency sheltering, hotel stays and rental assistance. Applications were accepted from November 30, 2018 through February 28, 2019. DCCED has access to the data collected from these applications.

On January 31, 2019, a federal disaster declaration was approved for the Municipality of Anchorage, Matanuska-Susitna Borough and the Kenai Peninsula Borough. The Federal Emergency Management Agency accepted disaster assistance applications from more than 10,500 individuals and households in those jurisdictions through May 31, 2019. DCCED has access to the data collected from these applications.

Additionally, the U.S. Small Business Administration accepted low-interest disaster loan applications from 1,772 homeowners and renters, as well as, 112 businesses. DCCED has access to the data collected from these applications.

Those sources include; individuals, state agencies, local jurisdictions, non-profit organizations, and the private sector.

## G. Public Website

DCCED will maintain a public website that provides information accounting for how all grant funds are used and managed/administered, including: links to all Action Plans; Action Plan Amendments; CDBG-DR program policies and procedures; performance reports; citizen participation requirements; and activity/program information for activities described in its Action Plan, including details of all contracts and ongoing procurement policies. DCCED will make the following items available at

[https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG- DR](https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR).

- (1) The Action Plan (including all amendments); each Quarterly Performance Report (QPR) as created using the Disaster Recovery Grant Reporting (DRGR) system;
- (2) Procurement, policies, and procedures;
- (3) Executed CDBG-DR contracts;
- (4) Status of services or goods currently being procured by DCCED (e.g. phase of procurement, requirements for proposals, etc.)

In addition to the specific items listed above, the DCCED will maintain a comprehensive website regarding all disaster recovery activities assisted with these funds.

This includes reporting information on the official DCCED website at

<https://www.commerce.alaska.gov/web/dcra/GrantsSection/CDBG-DR>. The website will be updated on a timely manner to reflect the most up-to-date information about the use of these funds and any changes in policies and procedures, as necessary. At a minimum, DCCED will make monthly updates.

## H. Waivers

The Appropriations Act authorizes the Secretary of HUD to waive or specify alternative requirements for any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary, or use by the recipient, of these funds and guarantees, except for requirements related to fair housing, nondiscrimination, labor standards, and the environment (including requirements concerning lead-based paint), upon: (1) A request by the grantee explaining why such a waiver is required to facilitate the use of such funds or guarantees; and (2) a finding by the Secretary that such a waiver would not be inconsistent with the overall purpose of HCDA. Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5.



## IV. References

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## V. Appendix A - Budget

CDBG-DR 2018 Cook Inlet Earthquake Total Allocation Budget Estimate							
Programs	HUD Most Impacted Area (80%)	State Most Impacted Areas (20%)	LMI Amount (70%) of Total Allocation	Total	% of Total Allocation by Program	% of Total Allocation	Total
State Programs							
AHFC Public Housing	\$1,600,000	\$400,000		\$2,000,000			
Homeowner's Reimbursement Program	\$9,500,000	\$2,375,000		\$11,875,000			
Local Buyout Program	\$1,561,050	\$390,262		\$1,951,312			
<b>Housing Assistance Total</b>	<b>\$12,661,050</b>	<b>\$3,165,262</b>	<b>\$11,078,502</b>	<b>\$15,826,312</b>	<b>44.14%</b>		<b>\$15,826,312</b>
State Infrastructure and Economic Revitalization	Category C (Roads & Bridges)						
	Category D (Water Control Facilities)						
	Category E (Buildings & Equipment)						
	Category F (Utilities)						
	Category G (Other, Parks, Recreational Facilities, Fish Hatcheries)						
	<b>Local Infrastructure Program Total</b>	<b>\$8,795,358</b>	<b>\$2,198,840</b>	<b>\$7,695,939</b>	<b>\$10,994,198</b>	<b>30.66%</b>	
	<b>Economic Revitalization Program</b>	<b>\$5,794,152</b>	<b>\$1,448,538</b>	<b>\$5,069,883</b>	<b>\$7,242,690</b>	<b>20.20%</b>	
State Planning and Administration	State Planning		N/A				
	State Administration	\$1,434,440	\$358,360	N/A	\$1,792,800	5.00%	\$1,792,800
State Allocation Subtotal							
<b>Grand Total Allocation</b>		<b>\$28,685,000</b>	<b>\$7,171,000</b>	<b>\$23,844,324</b>	<b>\$35,856,000</b>	<b>100%</b>	<b>\$35,856,000</b>

Revised by Anita Baker on 10/12/2020

(70% of \$34,063,200)

No less than \$28,685,000 must be expended for recovery in MOA.

\$35,856,000 X 95%=\$34,063,200

From Table 5a. 2018 Serious Housing Unmet Needs (Data from 7-17-2019): \$16,659,402

From Table 6a. 2018 Serious Unmet Business Need (Data from 7/19/2019): \$7,623,884

From Table 7a. 2018 Infrastructure Need (Data 7/19/2019): \$11,572,840

Estimated cost share requirement for FEMA Public Assistance Categories C to G

In the future, additional funds may be requested/allocated.