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The Palisades and Eaton Fires: Neighborhood Data and Potential Housing Market Effects

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White Paper

The Palisades and Eaton Fires: Neighborhood Data and Potential Housing Market Effects

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Key Takeaways

- » The Palisades and Eaton fires started in Los Angeles County on Jan. 7, 2025, centered on the Pacific Palisades neighborhood of Los Angeles and the unincorporated community of Altadena. Together, they killed at least 28 people and destroyed more than 16,000 structures. The fires displaced thousands of households to surrounding communities, raising questions about their effects on the housing market.
- » In this white paper, I review previous research on how earlier California wildfires impacted housing prices and migration, contribute my own analysis of long-term rent and home price effects of the 2018 Camp Fire, and describe the neighborhoods affected by the L.A. fires. I conclude with lessons we can draw from these data.
- » The 2018 Camp Fire, centered on the town of Paradise in Northern California, caused destruction and displacement on a scale comparable to the Paradise and Eaton fires. Within six weeks, prices increased 13% for homes within 25 miles of the fire perimeter, with effects persisting for at least 10 months (the study period). Among people whose relocation could be tracked, the overwhelming majority ended up within 100 miles.
- » Using Zillow rent and home value estimates, I find that prices in Butte County (where Paradise is located) rose sharply within one year, but that elevated prices dissipated over several years. In 2019, rent and home value growth was higher in Butte County than any other California county. However, over a two- to four-year period, *cumulative* price growth was similar to other counties.
- » Another set of smaller fires in Southern California in the 1990s changed risk perceptions for people living near the fires. Researchers found that sale prices fell by 10% for homes within 1.75 miles of one fire and by 23% within 1.75 miles of two fires in relatively quick succession. In a later study, the authors found that higher-priced homes declined in value more than lower-priced homes.
- » Whereas the households displaced by the Camp Fire were, on average, poorer than residents in the largest nearby city (Chico), those in the Pacific Palisades and Altadena tend to be wealthier than their neighbors, though there is considerable tract- and household-level variation. It is challenging to predict whether this difference will increase or decrease the effects of displaced households on the surrounding housing market.
- » Before the fires, Los Angeles County in 2025 had a much worse housing shortage than Paradise in 2018, reflected by consistently lower vacancy rates in L.A. This is likely to exacerbate the effect of fires on rents and prices. On the other hand, compared to Butte County, Los Angeles's housing stock is much larger relative to the homes lost to fires, potentially moderating upward pressure on prices.
- » The homes lost to the L.A. fires, and the threat of future wildfire destruction, increases the urgency of increasing homebuilding in denser, more central, lower-risk communities throughout the region. Where appropriate, policies to streamline rebuilding should encourage increased density, diversity, and affordability.

Introduction

In lives lost and structures burned, Los Angeles County's Palisades and Eaton fires are two of the most destructive wildfires in California's history.¹ Both started on Jan. 7, 2025, fueled by abundant dry vegetation and strong winds, growing explosively and prompting widespread evacuations. As of Jan. 23, officials had confirmed 28 deaths attributable to the fires, with more anticipated as crews search for victims. The California Department of Forestry and Fire Protection (CAL FIRE) estimates that the Palisades Fire has burned more than 6,600 structures and the Eaton Fire has burned over 9,400.

Beyond the immediate concerns of quelling the fires and ensuring residents' safety and safe return, many wonder how the destruction and displacement caused by the fires will affect the region's already stressed housing market. Will home prices and rents increase in surrounding communities? By how much and for how long? Will different neighborhoods be affected more or less strongly, and what role will the characteristics of displaced households play in these effects? This **white paper** shares data about the neighborhoods affected by the two fires, highlights previous research on wildfires and housing that may be relevant, and contributes some new analysis. While it is impossible to know exactly what the future holds for Greater Los Angeles following the fires, this analysis intends to address some basic questions and serve as a basis for further discussion and investigation.

I briefly preview my findings. Previous research on the 2018 Camp Fire shows that home prices rise significantly and almost immediately, and elevated prices persist for at least 10 months. However, my own longer-term analysis of Butte County, where the fire was located, shows that rents and home prices may return to more typical levels within a few years. Policy responses may be different if we anticipate temporary rather than permanently higher prices. Los Angeles in 2025 also has a worse housing shortage than Butte County did in 2018, but the share of the total housing stock lost to fire was much greater in Butte County than L.A., complicating any efforts to forecast price effects based on previous analyses.

Studies of earlier fires in Southern California show that increased fire risk awareness and fear of future fires may also reduce prices in higher-risk locations — especially after multiple fires. Thus, while the L.A. fires may increase prices in surrounding areas, they may also lower prices in those with similar risk profiles as Altadena and Pacific Palisades. Prices fell most in areas with higher-value homes, which may be attributed to these households having more resources to choose where to live.

Evaluating the neighborhoods affected by the 2025 Los Angeles fires, I find that Pacific Palisades and Altadena households are much higher-income and more highly educated than the average household in the city of Los Angeles and Los Angeles County. Because of their relative wealth, these household displacements may influence the housing market differently than the households displaced by the Camp Fire, who were less affluent than residents of neighboring cities. The two neighborhoods are also demographically quite distinct, both from each other and from the city and county. Altadena is particularly notable for its significant Black homeowner population.

¹ Lin II, R., Fry, H., Toohey, G., Goldberg, N., Winton, R. (2025, January 13). Weather service issues its most severe fire warning for parts of L.A. area as winds pick up. Los Angeles Times. <https://www.latimes.com/california/story/2025-01-13/particularly-dangerous-situation-red-flag-fire-weather-warning-issued-for-l-a-ventura-counties>

These insights are, of course, preliminary. At the time of this writing, the Palisades and Eaton fires are fully contained. CAL FIRE's damage assessments are as yet incomplete, and the number of structures burned are estimates only, potentially increasing as investigations continue. But although the available data are incomplete, there is also an urgent need to better understand the affected neighborhoods and consider the near- and long-term impacts of the fires on the broader region.

Research on Wildfires and Housing Markets

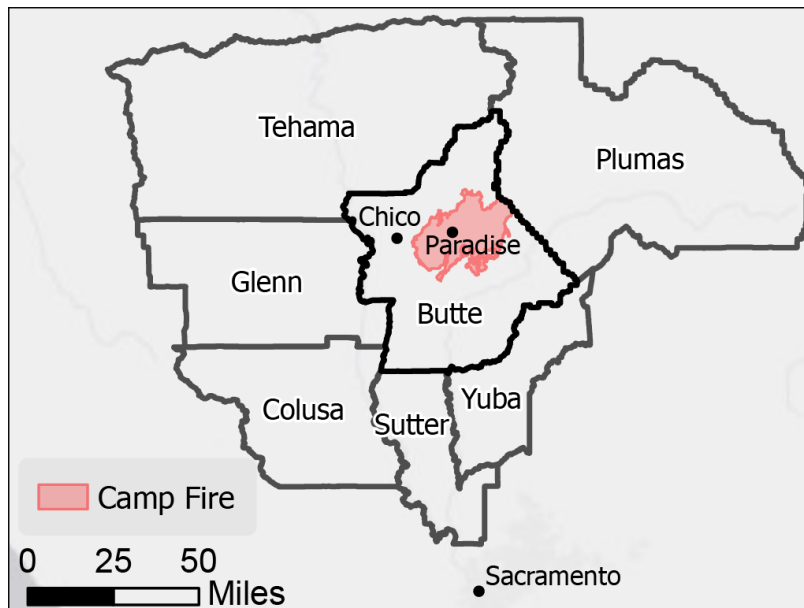
How will the destruction and displacement caused by the L.A.-area wildfires affect the broader housing market? To investigate this question, I turn to previous research on the short-term effects of displacement from the 2018 Camp Fire (Paradise, Butte County) on home values and migration, and the effects of earlier fires in Los Angeles County on the price of homes in nearby communities with high fire risk. I also contribute my own analysis of the effect of the Camp Fire on longer-term rents and home prices.

On the one hand, we would expect the loss of thousands of homes — a reduction in supply — to increase prices generally. On the other hand, increased awareness and fear of fires could reduce prices in higher-risk locations. I find that prior research provides evidence for both effects. Short-term impacts appear to differ from longer-term impacts. Among properties located near wildfires but not within their perimeters, prices rise initially before moderating after a few years.

I start with a review of research on the Camp Fire. The Camp Fire started in Northern California's Butte County (population 207,000) on Nov. 8, 2018, burning more than 150,000 acres over two weeks. The fire quickly enveloped the town of Paradise and severely damaged or destroyed several other surrounding towns and communities, killing 85 people and razing nearly 18,000 structures. The fire also displaced an estimated 50,000 people to the city of Chico and other Butte County communities, nearby counties, and further afield (Siegler, 2019).

Figure 1 is a map of Butte County and neighboring counties, including the burn area of the Camp Fire and the town of Paradise and city of Chico for reference.

Figure 1. Map of Camp Fire burn area and nearby jurisdictions

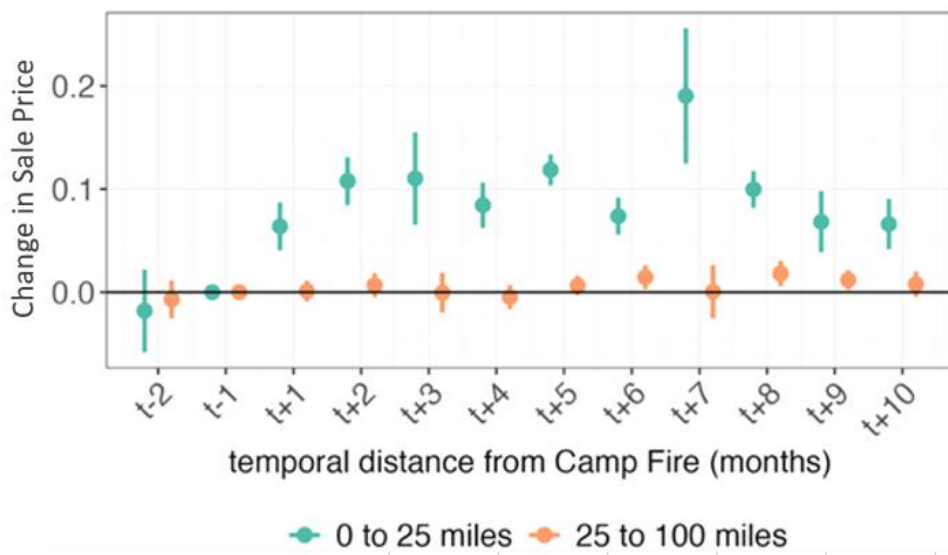


Short-term effects of Camp Fire

Recent research on the Camp Fire found that the impact on nearby real estate markets was almost immediate (Hennighausen and James, 2024). Prices for homes within 25 miles of the fire increased by 13% within six weeks, with lesser effects up to 100 miles away.

Higher prices were detected within two weeks and fully materialized within four, and the effects continued to be observed for at least 10 months (to the end of the study period). Figure 2 comes from Hennighausen and James' analysis, showing the persistence of the price increase within 25 miles of the fire perimeter.

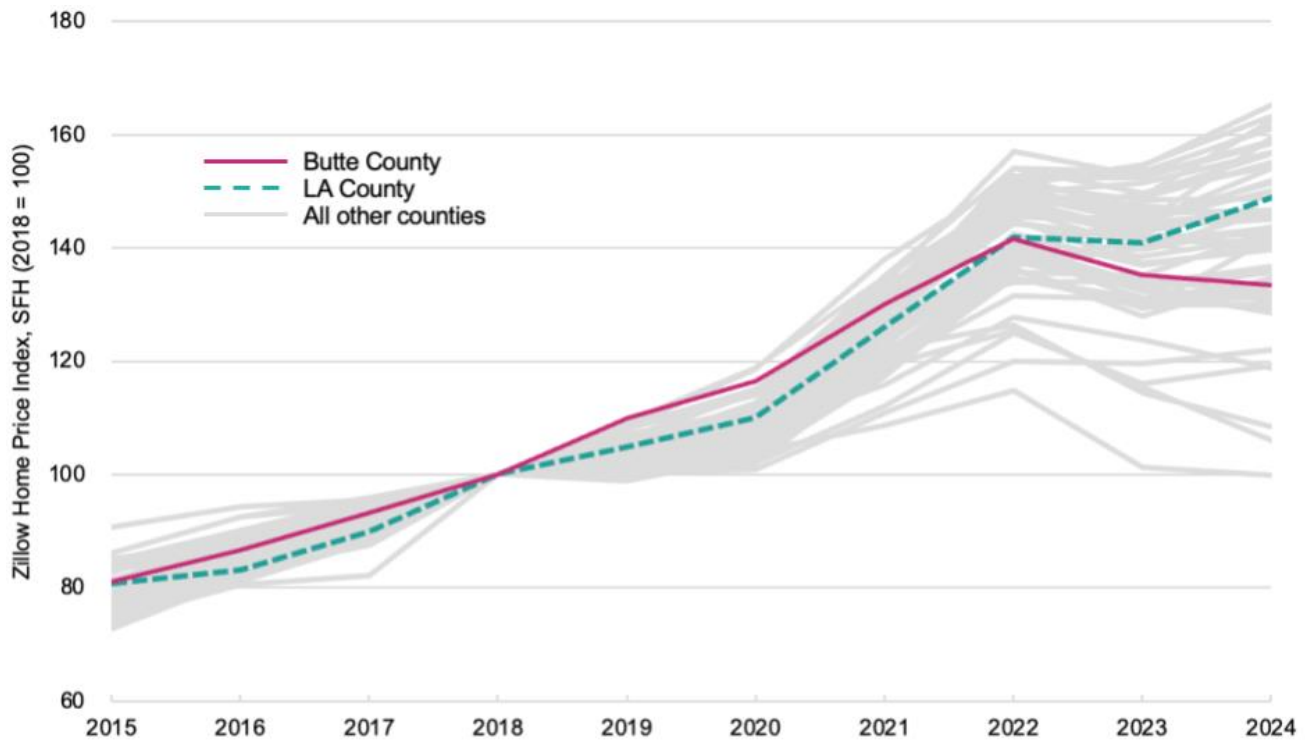
Figure 2. Change in home prices up to 10 months post-fire for homes 0–25 and 25–100 miles from the Camp Fire (Source: Hennighausen and James, 2024)



The researchers also analyzed the migration patterns of displaced residents using U.S. Postal Service change-of-address data. Although permanent change-of-address data was only available for roughly 35% of residents 10 months after the fire, and homeowners were overrepresented, their findings may still be instructive. The vast majority of these households ended up within 100 miles of the fire's footprint, with half or more moving to within 25 miles.

If the effects of the Camp Fire on communities around Butte County are any guide, then Los Angeles may expect a rapid increase in home prices near the homes destroyed in the Palisades and Eaton fires, and for a large share of displaced residents to find housing within those communities. Later I explore how and why these effects may differ in Los Angeles, where the metro area is dramatically larger and the affected communities are more affluent than in Butte County.

Figure 3. Change in Zillow Home Value Index (ZHVI) for Single-Family Homes in California counties, 2015–2024



Source: ZHVI Single-Family Homes Time Series, County.

Note: Each year shows the average of prices from December 31 of the previous year to November 30 of the listed year (e.g., 2016 is the 12-month average of ZHVI estimates from 12/31/2015 to 11/30/2016).

To summarize, the figure shows that the Butte County line was in the middle of the state’s counties before 2018, it moved to the top in the year after the fire, and then it slowly fell back to the middle — or even somewhat below the typical California county — by 2024.

Similar to the short-term findings from Hennighausen and James, home values in Butte County increased sharply in the year following the Camp Fire. In fact, the ZHVI increased more in Butte County than in any other county in the state that year, rising by slightly more than 10% from 2018 to 2019. Prior to 2018, home values in Butte County grew at rates closer to the median county in the state, suggesting that the increase in 2019 was not due to random chance.

Longer term, home values in Butte County appear to have moderated, with slower than average increases in later years. While Butte’s rise in home values ranked number one among the 58 counties for 2018–2019, its rank fell to 10 in 2020 and then 52 in 2021 — near the bottom. By 2024, Butte County home values were 33% above 2018 levels, lower than 43 California counties.

This data suggest that the Camp Fire’s effect on home prices may have been transitory, dissipating over time. I am careful to note that this does not mean the effects on *displaced households* or *affected communities* were

fleeting or minor. A limitation of this analysis is that I cannot ascertain the cause of the moderation in price growth. It may partially be explained by rebuilding efforts, although estimates from the California Department of Finance indicate that fewer than half of the homes lost between 2018 and 2019 were recovered by 2024. Some of the moderation is likely also explained by families making the difficult decision to leave the county or state.

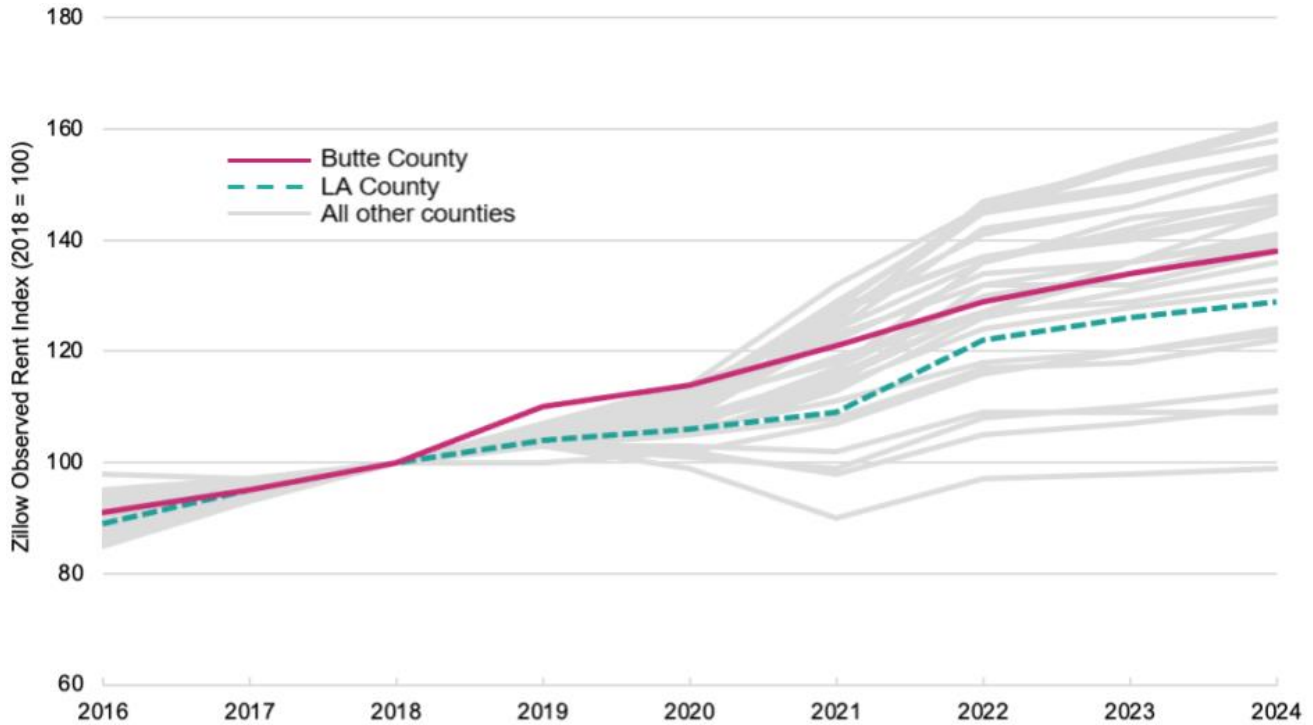
Home prices in neighboring counties also appear to have been impacted by increased demand following the fire. Table 1 ranks the annual change in ZHVI for Butte County and its six bordering counties over the two years before and six years after the Camp Fire. Similar to Butte County, changes in home values in the neighboring counties were generally unremarkable in the years before the fire (“Pre-Fire”), exceptionally high in the two years immediately following it (“Post-Fire”) — ranking in the top 10 one or both years in all but one county — and slower than the average California county in later years (“Recovery”). This trend is especially pronounced in Butte County itself.

Table 1. Ranking for annual change in average Zillow Home Value Index in Butte County and its six neighboring counties, 2017–2024

County	Pre-Fire		Post-Fire		Recovery			
	2017	2018	2019	2020	2021	2022	2023	2024
Butte	25	37	1	10	52	53	44	51
Glenn	20	28	2	2	50	45	35	37
Tehama	47	29	3	1	29	47	43	40
Colusa	23	14	4	6	42	44	20	20
Yuba	2	13	8	4	15	21	32	21
Plumas	41	19	13	24	18	37	25	46
Sutter	1	16	19	5	17	26	34	26

I find similar results for rents, measured using the Zillow Observed Rent Index (ZORI). Figure 4 shows the change in the ZORI for each year since 2016 (again measured from December of the previous year through November of the listed year). Because of data limitations due to small county-level renter populations, rent data for 2015 and for 27 counties is not provided. This includes five of six counties neighboring Butte County (see Figure 1) with populations under 100,000. As in Figure 3, Butte County is represented by the solid black line, Los Angeles County is the dashed black line, and the remaining California counties are grey.

Figure 4. Change in Zillow Observed Rent Index (ZORI) for California Counties, 2016–2024



Source: ZORI All Homes Plus Multifamily Time Series (Smoothed), County.

Note: Each year shows the average of prices from December 31 of the previous year to November 30 of the listed year (e.g., 2016 is the 12-month average of ZORI estimates from 12/31/2015 to 11/30/2016).

Rents in Butte County followed a similar trend to home values. Before 2018, rents increased at rates similar to the median California, but they sharply rose in the year following the Camp Fire, and then tapered off in subsequent years. As with home values, rents in Butte County in 2018–2019 grew at a faster rate than in any other California county where Zillow provides complete rent data; rents increased by 9.8% in Butte County that year, while only two other counties experienced rent growth over 7%. Also similar to home values, Butte’s cumulative rent growth after 2018 was surpassed by many other counties by 2021. Rents increased by a cumulative 38% in Butte County from 2018 to 2024, and at least 40% in 16 counties in California (of 31 in the sample) over this same period. Los Angeles County rents increased slower than the average county, potentially reflecting changing demand due to the COVID-19 pandemic and effects of rent stabilization and the emergency rent freeze.

Earlier Southern California fires

Wildfires may increase house prices and rents in surrounding communities by reducing the supply of housing and forcing displaced households to search for new accommodations in the remaining stock, increasing competition for available homes. Mueller, Loomis, and González-Cabán studied previous fires in Southern California to show that wildfires can also decrease prices by reducing demand for homes in areas near previous wildfires (Mueller et al., 2009; Mueller and Loomis, 2014).

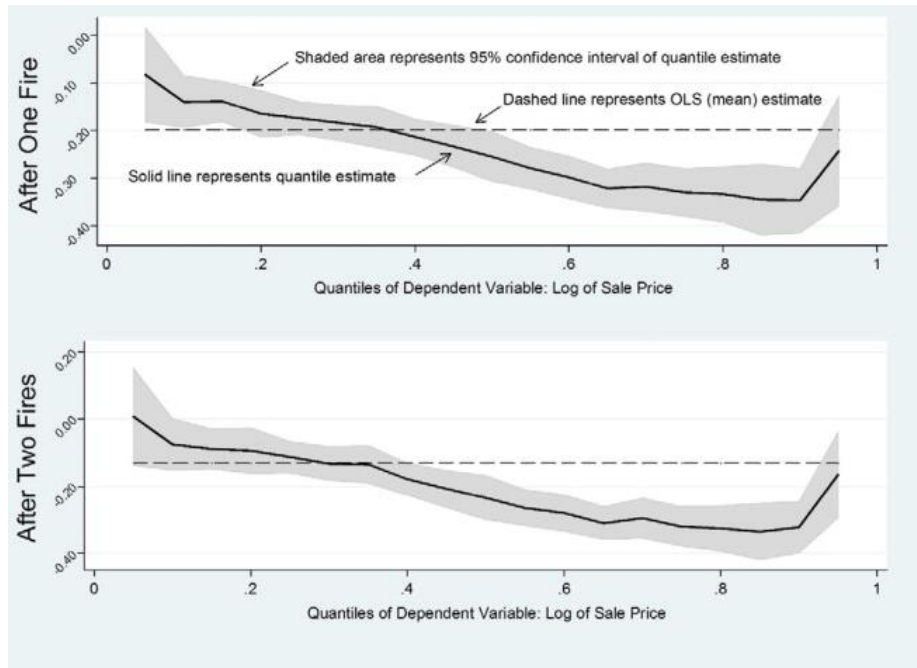
In their 2009 study, Mueller and colleagues investigated whether multiple wildfires have a greater negative impact on house prices compared to a single fire. This question is particularly relevant to communities like Bel Air and Brentwood, which are located near multiple fires from recent years. The authors evaluated five northern Los Angeles County wildfires that occurred between 1991 and 1997, covering a 5.25-mile study area stretching from Sylmar to Santa Clarita. An important caveat is that the fires included in this study were relatively small — between 800 and 1,000 acres — and do not appear to have destroyed any homes within the fire perimeter. In this case, then, the authors are estimating the price impacts of increased fire risk perception without the countervailing effect of a supply shock and mass displacement.

Comparing single-family home sale prices to a control group of homes sold before a nearby fire, they found that prices fell by 10% for homes within 1.75 miles of one fire and by 23% for homes within 1.75 miles of two fires — more than double the effect of one fire. Higher-elevation properties also lost more value.

The authors also explored how prices changed over time. Interestingly, time affected prices differently for homes near one fire compared to two. For homes near only one fire, prices continued to decline slowly after the initial fall in value. Homes near two fires gained value after their initial decline. This may be explained by the larger short-term decline in values for homes near two fires — a partial recovery from a steep early fall. Mueller and colleagues suggest this effect may be caused by less risk-averse homeowners replacing more risk-averse owners over time.

The second article, by Mueller and Loomis (2014), uses the same study area and fires to investigate how prices respond differently based on home value. They find that prices decline for all homes, but they fall more drastically for higher-value homes. After one fire, sale prices declined by roughly 10% for homes near the bottom end of the price distribution and roughly 35% for homes near the top. Figure 5 is reproduced from the article, showing the results.

Figure 5. Change in single-family home sale prices after 1990s Los Angeles County fires by sale price quantile (Source: Mueller and Loomis, 2014)



One possible explanation for these findings is that people living in lower-value homes have lower incomes and fewer assets, on average, than people living in higher-value homes. While affluent households may be able to respond to increased wildfire risk perception by moving elsewhere (for those living in the affected areas) or choosing to avoid wildfire-affected areas (for those living outside them), this is likely more challenging for households with fewer resources.

These findings illustrate how the 2025 fires may have a greater impact on prices, all else equal, than previous fires. As others have observed, the town of Paradise was a refuge for lower- and middle-income households who couldn't afford the city of Chico and neighboring jurisdictions (Fitzgerald, 2024). Median household incomes reported in the American Community Survey in 2014–2018 were 45% higher in Chico, and 25th and 50th percentile home values were roughly 50% higher. Among the households displaced by the Camp Fire (and those who remained), many likely had limited resources to outbid others for housing, especially as prices increased. The Sylmar and Santa Clarita areas share some of these characteristics with Paradise. As I show in the next section, residents of the neighborhoods most affected by the Eaton Fire, and especially the Palisades Fire, are much more affluent on average than residents in both the city and county of Los Angeles.

L.A.'s Wildfire-Affected Neighborhoods

The Palisades Fire centered on the Pacific Palisades neighborhood of the city of Los Angeles, the city of Malibu, and the unincorporated Topanga community. It has also affected the Brentwood neighborhood of Los Angeles. The Eaton Fire, named for its origin near Eaton Canyon, was centered on the unincorporated community of Altadena, immediately to the north of Pasadena. The fire's incident perimeter also includes portions of northeastern Pasadena, unincorporated Kinneloa Mesa, and the city of Sierra Madre.

For the neighborhood-level descriptive analysis, I aggregate the census tracts that substantially overlap (roughly 30% or more) with the fire perimeters included in the National Interagency Fire Center's map of WFIGS Current Interagency Fire Perimeters as of Jan. 13, 2025.² I exclude census tracts that overlap with the fire perimeter but the overwhelming majority of housing units in the tract (at least 80–90%) are beyond the perimeter. In Altadena, I also created a smaller "neighborhood" using only three tracts. The fire perimeter overlaps with only 30–60% of the other four tracts, and so I evaluated this smaller geography to see if it meaningfully differs from the larger area.

Figure 6A is a map of the fire perimeter and census tracts included in the Palisades Fire analysis, and Figure 6B is a map of the same for the Eaton Fire. The fire perimeter is represented by the red overlay, and census tracts included in the neighborhood analysis are overlaid in yellow. I also outline all census tracts that meaningfully overlap with the fire perimeter, but exclude those without a yellow overlay from the analysis. For the purposes of the analysis, I aggregate all included census tracts into one "neighborhood" for each fire.

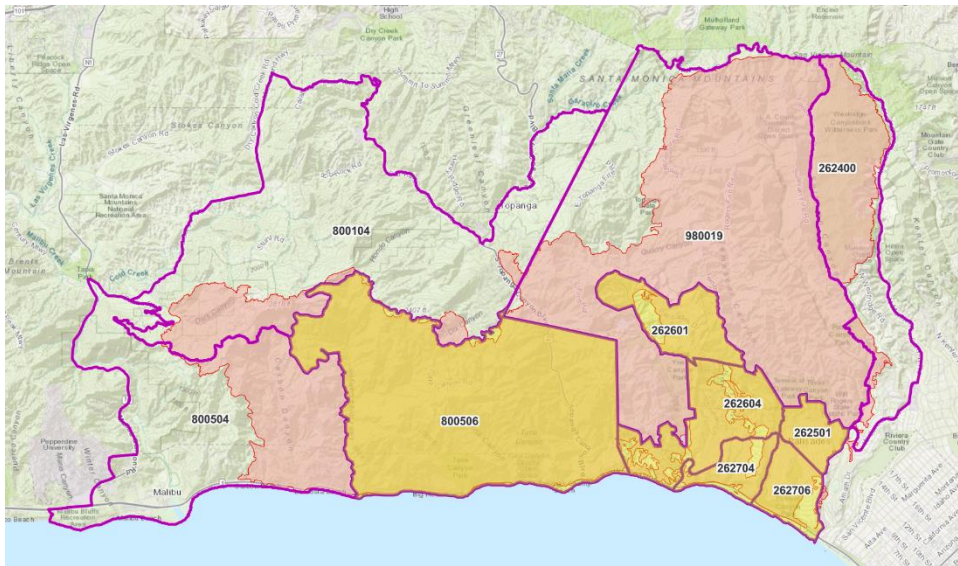
² National Interagency Fire Center's map of WFIGS Current Interagency Fire Perimeters:

https://data-nifc.opendata.arcgis.com/datasets/d1c32af3212341869b3c810f1a215824_0/explore

Fire perimeters as of January 13, 2025, and census tracts included in analysis:

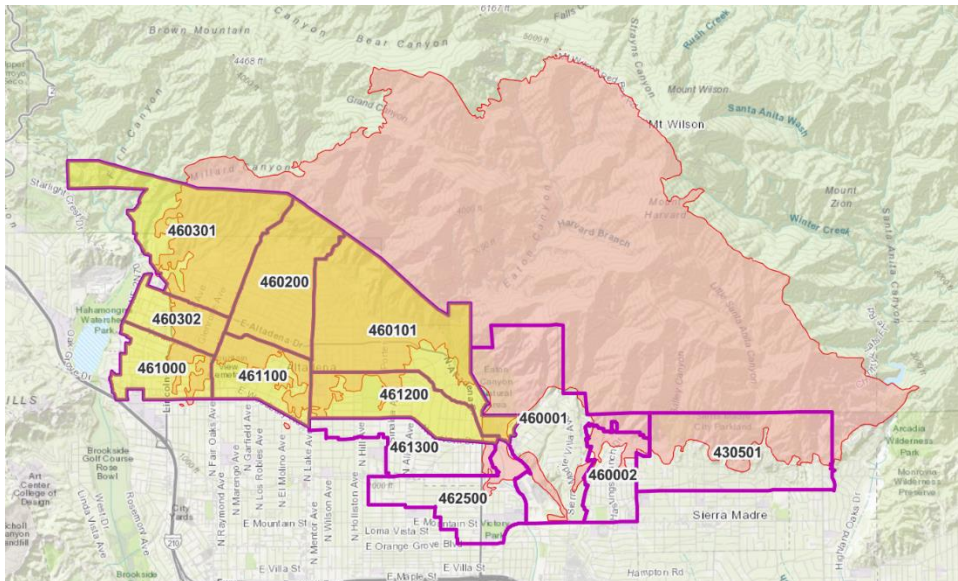
<https://gisucla.maps.arcgis.com/apps/mapviewer/index.html?webmap=422239b527c043e189a40183e79e46a2>

Figure 6. Maps of fire perimeters, affected census tracts, and tracts included in neighborhood analysis
A. Palisades Fire area



Note: I do not include the tracts 800504 or 262400 in my analysis because the fire incident perimeter primarily overlaps with uninhabited or sparsely inhabited areas. I do not include tract 980019 because it is almost entirely uninhabited, with only an estimated 37 households.

B. Eaton Fire Area



Note: Tracts 460001 and 430501 are not included in the analysis because the red-highlighted areas in these tracts are mostly uninhabited or sparsely inhabited foothills.

I use 2019–2023 American Community Survey (ACS) 5-year estimates as the data source, exploring various demographic, socioeconomic, housing market, and mobility characteristics for each neighborhood. Tracts are weighted by their share of all households, homeowner households, renter households, workers, or population, as appropriate. Table 2 shows the results. I include statistics for the city of Los Angeles and Los Angeles County for comparison.

Table 2. Characteristics of neighborhoods affected by the Palisades and Eaton Fires

	Palisades	Eaton	Eaton (3 tracts)	City of LA	LA County
Population	23,049	35,635	16,270	3,857,897	9,848,406
Population per sq. mi.*	3,415	4,341	3,059	8,199	2,426
Median age	47.8	46.6	48.6	36.9	37.9
Non-Hispanic white	80%	37%	42%	28%	25%
Black or African American	0.8%	20%	22%	8.2%	7.5%
Asian, Native Hawaiian, Pacific Islander	6.2%	5.4%	6.7%	12%	15%
Hispanic or Latino	4.4%	30%	19%	47%	48%
Bachelor's degree or higher	78%	52%	59%	38%	35%
Households	9,049	12,437	5,729	1,419,663	3,390,254
Median household income**	194,889	144,309	164,040	80,366	87,760
Poverty rate	4.8%	5.9%	5.3%	16%	13%
Median home value**	2,000,001	1,091,976	1,203,945	879,500	783,300
Median gross rent**	3,135	2,375	2,544	1,879	1,893
Homeownership rate	77%	81%	86%	36%	46%
Single-family housing	77%	94%	95%	42%	54%
No vehicle available	3.1%	2.9%	2.5%	12%	8.7%
Drove alone to work	57%	64%	65%	61%	66%
Worked from home	35%	25%	28%	17%	15%
Average commute time (minutes)	27.6	27.9	27.9	31.0	31.0

Source: 2019–2023 American Community Survey 5-year estimates.

*Tract 800506 in Palisades Fire area is mostly uninhabited and excluded from the population density estimate.

**Multiple tracts affected by the Palisades Fire had top-coded values for median household income, median home value, and median rent (the maximum values for these variables are \$250,001, \$2,000,001, and \$3,501, respectively). The actual values are higher for these three variables in the aggregated Palisades neighborhoods, but I cannot be certain how much they are underestimated.

Income and Education

I find that households in the Palisades area are considerably more affluent than those in the Eaton area, and *much* more so than city and county residents overall. The ACS does not report median household incomes above \$250,001 and two of the six tracts in the Palisades area report this “top-coded” income. Four of six Palisades tracts report the top-coded income when limiting the analysis to homeowners (not shown). The Palisades area’s median household income is at least 39% higher than that of the seven-tract Eaton Fire area, at least 22% higher than in the smaller three-tract area, and much more than double the median income for the city of Los Angeles and L.A. County.

Despite falling far short of the Palisades, the areas most affected by the Eaton Fire have roughly double the median household income of the city and county. Although affluence is the norm in these communities, roughly 10% of Palisades area households and around 15% of Eaton area households earn under \$40,000 per year. Lower-income households are more disproportionately in western Altadena, where the Black population is concentrated.

Residents in the Palisades and Eaton geographies are also much more highly educated than city and county residents generally. More than three-quarters of Palisades residents age 25 and older and more than half in the Eaton tracts have at least a bachelor’s degree, compared to less than 40% of city and county residents.

Housing

The relative affluence of the Palisades area, and to a lesser extent Altadena, is reflected in its housing market. As with median income, median home value and median gross rent are also top-coded in multiple Palisades area tracts, at \$2,000,001 and \$3,501, respectively. In fact, median home values are top-coded in all six Palisades tracts, meaning the actual median value is higher. As of December 2024, Zillow estimated the value of a typical home in the Pacific Palisades neighborhood at \$3.46 million.³ Median home values in the Palisades area are much higher than in the Eaton area or the city or county. Rents show a similar pattern, with four of six Palisades tracts reporting top-coded median rents. The Eaton tracts also show much higher rents than those in the city and county, perhaps driven partly by the very high share of single-unit detached homes.

Perhaps surprisingly, the homeownership rate and single-unit detached share of the housing stock are lower in the wealthier Palisades tracts than in the Eaton tracts. Tracts 262501 and 262601 have owner-occupancy rates over 90%, but the other tracts range between 67–76%. Multifamily homes account for about one quarter of the units in three Palisades tracts, and mobile homes (not included in Table 2) are slightly more than 19% of the housing stock in tract 262704.

In the larger Eaton geography, 84% of homes are single-family in tract 461100 and at least 92% are single-family in the other six tracts. The owner-occupancy rate is also lowest in tract 461100, at 68%. The smaller geography is generally more owner-occupied and more single-family in character, and has higher incomes and home values

³ From the Zillow Home Value Index (ZHVI), All Homes (SFR, Condo/Co-op) Time Series, Smoothed, Seasonally Adjusted. Link: <https://www.zillow.com/research/data/>

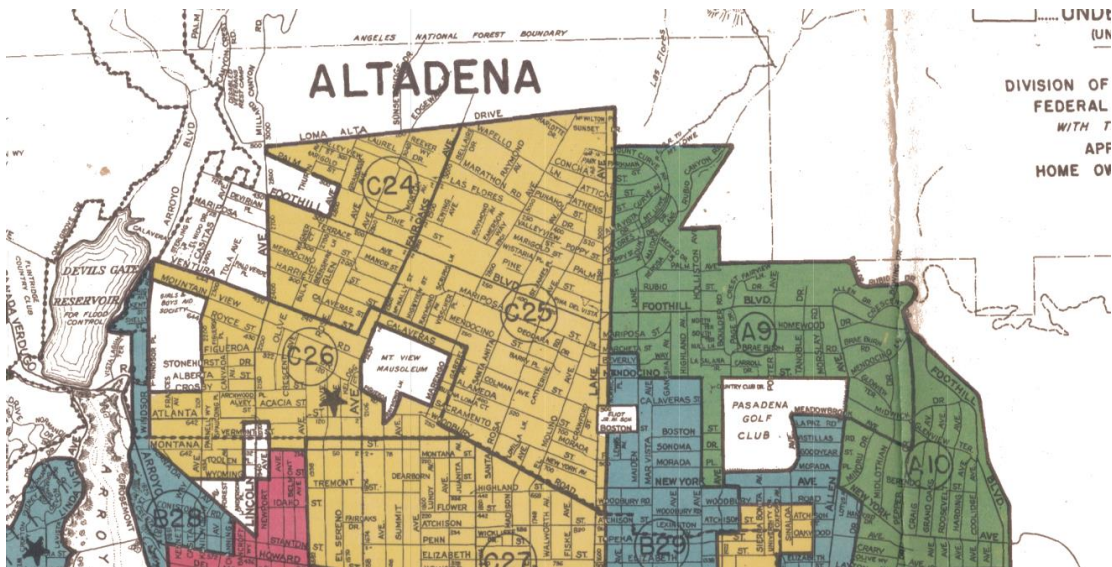
(and rents, but to a lesser degree). Both the Palisades and Eaton areas have dramatically higher homeownership rates and single-family housing shares than the city and county of LA overall.

Demographics

Finally, we see large demographic differences between all three geographies, particularly in the Black share of the population. Relative to the city and county, Black residents are overrepresented in the Eaton area, and Altadena more generally, and are dramatically underrepresented in the Palisades area. While Black residents represent about 8% of the city and county population, they are less than 1% of the Palisades population — a tenfold difference. Black residents make up roughly 20% of the population in both Eaton area geographies, more than double the city and county share. The Black population is concentrated in the western tracts, while in the eastern tracts the Black share is under 10%.

The racial segregation apparent in modern-day Altadena is likely a result, at least in part, of the racist history of redlining (Knoll, 2025). Figure 7 shows the Altadena section of a 1939 redlining map created to guide lending in the region, and digitized by the University of Richmond’s Mapping Inequality project.⁴ The yellow sections, which correspond to the western census tracts in this analysis — and where the Black population ranges from 14–37% — are the second-to-worst grade. White residents were discouraged from buying homes in these areas. Green and blue areas, which overlap with the eastern census tracts, correspond to the highest grades. White households (but not borrowers of other races or ethnicities, generally) could readily access credit to purchase a home in these areas.

Figure 7. Redlining map of Altadena dated September 30, 1939



Source: Mapping Inequality, University of Richmond.

⁴ Link to the Mapping Inequality project’s Altadena-area resources:

https://dsl.richmond.edu/panorama/redlining/map/CA/LosAngeles/area_descriptions#loc=14/34.1893/-118.1281

This history influences the demographic makeup of Altadena into the present day. UCLA colleagues at the Ralph J. Bunche Center for African American Studies, Center for Neighborhood Knowledge, and UCLA Latino Policy and Politics Institute provide a more thorough analysis of the fire's impact on Altadena's Black community. They find that Black households in Altadena are older and more cost-burdened than their neighbors of other races and ethnicities, and were more likely to have their homes destroyed or damaged (Ong et al., 2025).

The Palisades and Eaton fire areas are also demographically distinct in other ways. Latino residents make up nearly 50% of the population in the city of Los Angeles and L.A. County, but they account for less than 30% of residents in the larger Eaton geography and under 20% in the smaller geography. In the Palisades area, Latino residents are only 4.5% of the population. Asian or Pacific Islander residents are underrepresented in both of the fire-impacted areas, though to a lesser degree.

Looking Ahead

In this white paper I have reviewed earlier research on the effect of wildfires on local and regional housing markets, showing that displacement caused by the 2018 Camp Fire drove up housing prices in surrounding areas by more than 10% in less than six weeks, with the effects persisting for at least 10 months. A county-level analysis of Zillow data shows that rents increased to a similar degree within one year, and that both rent and home value growth in Butte County, the site of the Camp Fire, moderated over time. Within two to three years, cumulative price growth in Butte was typical of the median county in California, suggesting that elevated prices may be a transient phenomenon. While displacement caused by wildfires may drive up housing prices in neighboring communities, however, increased fire risk awareness and fear of future fires may also reduce prices in higher-risk locations.

I have also summarized the characteristics of the neighborhoods most directly affected by the Palisades and Eaton fires. I show that, in contrast to the typical Paradise household displaced by the Camp Fire, residents of Pacific Palisades and Altadena have much higher incomes and more education — and presumably greater wealth and social capital — than the average residents in their home county and in their county's largest city. This does not invalidate the hardship and loss experienced by the victims of the 2025 fires, nor does it mean that every household affected by the fires is equally positioned; the apparent concentration of deaths among older adults in less affluent and disproportionately Black Altadena is one indication to the contrary. That said, the average wealth of households in Pacific Palisades and Altadena suggests that, all else equal, displacement from these neighborhoods may have stronger effects on local and regional housing markets than displacement caused by the Camp Fire.

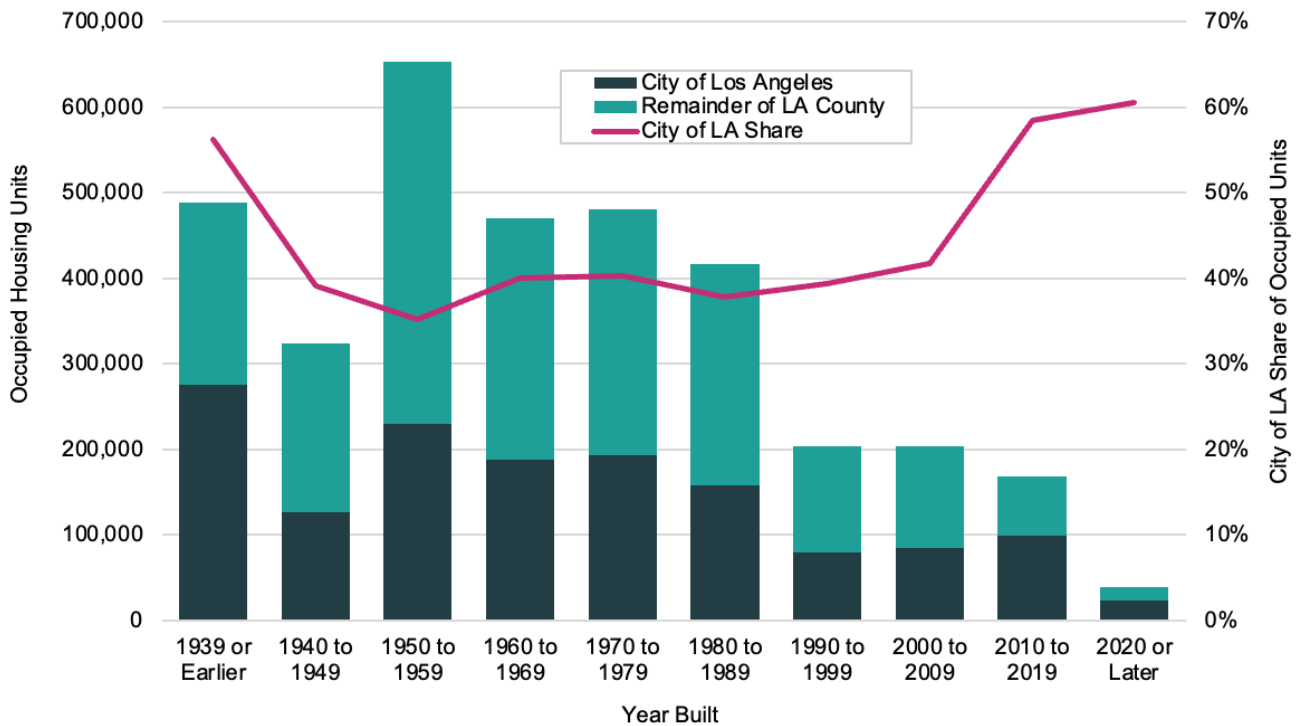
Building on these observations and previous research, I offer some closing thoughts and questions I hope can inform the work ahead.

1. In some ways, Los Angeles is in a worse position to re-house displaced households compared to Butte County following the Camp Fire. Rent and price growth, overcrowding, and related challenges will be exacerbated because L.A.-area jurisdictions have systematically underbuilt housing for decades.

American Community Survey data show that Butte County's residential vacancy rate in 2018 was relatively high, at 11.4%, providing some slack in the market to re-house displaced residents quickly. The vacancy rate in the city of L.A. has fallen below 8% in all but two years since 2012, and L.A. County's vacancy rate has never exceeded 7% during this period. Low vacancy rates are a driving force behind the region's high rents and home prices (Phillips, 2020), and limited vacancies are a byproduct of decades of underbuilding housing.

Figure 8 shows the decade (or decades, before 1940) when occupied units in the city and county were built, including the share of housing completed in the city of L.A. during each time period. It also illustrates how homebuilding in the county fell sharply in the 1990s and has not recovered, and that L.A. County has lagged behind particularly badly as the share of homes built in the city increased.

Figure 8. Occupied housing units in the City and County of Los Angeles by year built



Source: 2023 American Community Survey 1-year estimates.

Cities and counties across California are now required by state law to plan for more housing than in decades past, and the city of Los Angeles recently adopted zoning reforms to increase production, particularly in higher-opportunity neighborhoods. In our analysis of L.A.’s Citywide Housing Incentive Program (CHIP), the Lewis Center provided strong evidence that these reforms will not be enough to meet state-mandated housing goals (Barrall and Phillips, 2024). The loss of homes from the Palisades and Eaton fires and increased demand as displaced households seek new accommodations further underscores the need for bolder reforms to local zoning, land use, permitting, fee, and related policies.

2. On the other hand, households displaced by the 2025 Los Angeles fires represent a much smaller share of the regional population than those displaced by the 2018 Camp Fire. This should moderate some of their effect on the housing market.

We do not yet know the exact number of people displaced by the Palisades and Eaton fires, but it appears roughly similar to the 50,000 displaced by the Camp Fire. However, the population of Butte County in 2018 was only 231,000, whereas the current population of Los Angeles County is nearly 10 million. Even including the six counties that share a border with Butte, the total population at the time of the fire was under 1 million. While the lower vacancy rates in L.A. County mean fewer opportunities to re-house displaced residents, L.A.’s much larger size — and housing stock — is a force pushing in the opposite direction.

3. Higher average incomes and wealth among displaced households will have uncertain effects.

With greater wealth, residents displaced by the Palisades and Eaton fires are better positioned to afford housing in the local market compared to those affected by the Camp Fire. If more choose to remain in the area, this could further drive up housing demand and prices. However, the overall impact of displaced households’ wealth on the housing market is difficult to predict, as greater financial resources provide a wider range of housing options.

For example, the high share of residents in both the Palisades and Eaton Fire areas who work from home may make it easier for some households to find accommodations in other neighborhoods, regions, or even states, at least temporarily. Higher-income households also tend to be more mobile and often have connections in other parts of the country (Hendren et al., 2022), which might make it easier or more desirable to relocate. On the other hand, these households are also more likely to have wealthier local networks with access to empty bedrooms, guest houses, vacation homes, etc., potentially allowing friends and family to be temporarily re-housed nearby.

4. Greater awareness of wildfire risk may reduce demand in vulnerable neighborhoods across the region, further increasing pressure in more urbanized areas. Existing zoning policies will not meet our needs for more — and more diverse — infill housing.

In our November 2024 CHIP analysis, we showed that L.A.’s rezoning plans would only increase the “realistic” capacity for new homes by 30% and that most capacity remains concentrated in lower-tier markets where redevelopment is unlikely without subsidies, even where the zoning is favorable. Figure 9, reproduced from the report, shows that almost 40% of increased capacity is in market tier 1, where redevelopment is generally least financially feasible.

Figure 9. City of Los Angeles Mixed Income Incentive Program (MIIP) Increase in Net Realistic Capacity by Neighborhood Market Tier (Source: Barrall and Phillips, 2024)

Market Tier	Existing Policy	MIIP	Change in Units	Share of Change
1	601,679	753,455	151,776	39.9%
2	218,395	292,046	73,651	19.4%
3	279,775	329,729	49,954	13.1%
4	229,734	334,864	105,130	27.6%

A major flaw in the rezoning proposal, adopted at the end of 2024, is its exemption of neighborhoods zoned for single-family houses from any changes. While upzoning existing multifamily and commercial areas increased capacity by only 30%, incorporating the most ambitious single-family rezoning proposal considered by City Council would have nearly doubled capacity. The rezoned parcels would have also been disproportionately located in higher market tiers, with projects at a “missing middle” scale that is more affordable than the mid- and high-rise structures prioritized in the approved CHIP plan.

In our report, we noted that concentrating new capacity in renter-dominated areas could increase displacement and widen disparities in the city — a perspective echoed by several city councilmembers (Wagner, 2024). With the sudden loss of thousands of homes, and potentially thousands more households reconsidering living in hillside areas and other at-risk locations, pressure on vulnerable communities may arrive more immediately and forcefully than we initially anticipated.

5. Rebuilding may draw away labor, materials, and capital from ongoing efforts to increase the supply of more affordable homes — especially accessory dwelling units, townhouses, and duplexes.

Rebuilding homes destroyed by the fires is a top priority for both residents and policymakers (Office of Mayor Karen Bass, 2025), and understandably so. However, this effort may divert resources from other homebuilding initiatives, including homes affordable to less affluent residents. I highlight accessory dwelling units (ADUs), townhouses, and duplexes in part because they are generally more affordable to build than detached single-family homes. I also emphasize them because they share a building code (the California Residential Code) with single-family homes, which constitute most of the housing stock in the fire-affected communities.

ADUs have been a rare bright spot in local housing production, accounting for more than a quarter of permitted units in the city of Los Angeles since 2021 — more than 6,000 annually on average, up from fewer than 100 per year before 2017.⁵ If contractors are pulled away from ADU construction (and two- to four-unit buildings which account for a smaller but meaningful share of new homes), plans to increase the supply of more attainable housing may face delays. Additionally, increased demand for construction labor and materials may drive up costs for all development types.

Construction workers are not the only labor force that may be redirected. Architects, designers, and engineers will be instrumental to rebuilding. Utility workers will need to rebuild water, sewer, and electrical infrastructure, potentially exacerbating service connection delays for new multifamily projects that already average eight months for underground infrastructure and nearly five months for overhead infrastructure (Kung and Gabriel, 2023; Los Angeles Times Editorial Board, 2023). More generally, fewer public funds might be available for infrastructure investment in historically under-resourced communities.

6. Ideally, rebuilding in Pacific Palisades and Altadena can support development of more affordable housing options, not supplant it.

Currently, Mayor Karen Bass’s emergency executive directive limits streamlined permitting to rebuilds that provide the same number of dwelling units (or fewer) and do not increase height, floor area, or bulk by more than 10%. This restriction appears to apply even to parcels zoned for multifamily uses and to the addition of ADUs, which state law requires cities to allow on most parcels, including high fire hazard areas (California Department of Housing and Community Development, 2025).⁶ This means that a project to replace a single-family home with a

⁵ ADU permitting data from the California Department of Housing and Community Development Housing Element Implementation and APR Dashboard: <https://www.hcd.ca.gov/planning-and-community-development/housing-element-implementation-and-apr-dashboard>

⁶ In its ADU Handbook, the California Department of Housing & Community Development (HCD) reports that CAL FIRE intends for fire hazard severity designations “to govern building materials used in construction and defining zones of defensibility around structures. These are not intended to restrict housing development.” Note that the

detached home and one or two ADUs — while fully legal under state and local law — would be ineligible for expedited permitting.

Given L.A.'s notoriously slow housing approval process, many owners who might otherwise provide additional units on their properties are likely to forego this option in order to take advantage of streamlined review and permitting for their own home. This is particularly unfortunate given that ADUs can often be delivered more quickly, through prefabrication, compared to homes constructed on-site. Encouraging ADU development could help homeowners return sooner, while also providing temporary housing for neighbors whose homes aren't yet complete. Homeowners could presumably receive streamlined permitting for their replacement home and then apply for ADU permits separately, but this would be inefficient and more costly at a time when labor is in short supply and the need is urgent.

7. If elevated rents and home prices are transitory, this suggests that temporary price controls — including anti-gouging protections — may be effective.

The Palisades and Eaton fires have produced a sudden and unexpected population shift and reduction in housing supply — classic conditions for temporary price controls (Arnott, 1995). If elevated rents and home prices subside within a few years, then a great deal of harm may be averted by preventing landlords and home sellers from gouging consumers in the intervening time. These laws already exist in California, but enforcement is lacking and monitoring efforts are being taken up by volunteers (Dillon et al., 2025; Walker, 2025). Other proposals, such as halting evictions even for tenants unaffected by the fires (Wagner, 2025), should be approached carefully to avoid strategic misuse of the protections (Manville et al., 2020; Seagraves and Cook, 2024).

8. We can learn from other successful rebuilding efforts, supported by the creativity, dedication, and generosity of our neighbors.

In 2017, the Tubbs Fire killed 22 people and destroyed more than 5,000 homes in the city of Santa Rosa and surrounding communities — about 5% of the region's housing stock. Facing similar challenges to those Los Angeles now confronts, an impressive 80% of homes were rebuilt within three years. In a recent news article, residents and public officials recount many difficulties, both in the immediate aftermath of the fire and in the rebuilding process that followed, with much work remaining unfinished (Garrison, 2025). At the same time, they tell stories of how their community is stronger than before the fire, finding silver linings in new connections and improved amenities resulting from the rebuilding effort. Emily Badger writes of other historic urban fires that, while catastrophic and traumatizing, also created opportunities to rethink our cities on an unprecedented scale (Badger, 2025).

Closer to home, local architectural designer and developer Esther Kim suggests creative ways to rebuild more efficiently and resiliently.⁷ First, architects and builders may collaborate to develop standardized designs. Homeowners, meanwhile, may partner to rebuild at the block level rather than one house at a time. This would

Pacific Palisades neighborhood is a locally-designated Very High Fire Hazard Severity Zone, whereas most of Altadena is not, and thus the legal and optimal approaches to rebuilding will likely differ for the two communities. CAL FIRE Fire Hazard Severity Zone Viewer:

<https://experience.arcgis.com/experience/03beab8511814e79a0e4eabf0d3e7247/>

⁷ Esther Kim LinkedIn post on creative rebuilding strategies:

https://www.linkedin.com/posts/estherkimdesign_challenges-opportunities-in-the-los-angeles-activity-7290161872064983040-VzfG/

reduce costs through economies of scale, improve implementation of community-level fire prevention strategies, and allow for homeowners with project management experience to serve as “block captains” on behalf of their neighbors, among other benefits.

From the Slack group of hundreds of architects and designers sharing resources on how to rebuild after fires (Berg, 2025) to the \$50 million raised by the California Community Foundation to support recovery efforts (California Community Foundation, 2025), Angelenos are already supporting their neighbors in countless ways. We can’t restore everything lost to the Palisades and Eaton fires, but with the relationships forged and fortified in the recovery, we will come back — stronger than before.

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