

WSJ Print Edition

Businesses struggle to hire when workers can't afford to live nearby.



A U.S. Army Corps of Engineers team clears debris from a home in Altadena, Calif., that was destroyed in the Eaton Fire. MARIO TAMA/ GETTY IMAGES

After the Fires, Californians Confront Tough Choices on Housing, Economy

BY KONRAD PUTZIER

ALTADENA, Calif.—California's economic future hinges on solving the state's crippling housing shortage. The charred landscape around Los Angeles presents a major test.

January's wildfires turned more than 16,000 buildings in Altadena and Pacific Palisades into toxic ash. These are largely single-family-home enclaves, but the state in recent years changed laws to make it easier to build apartments.

Now, California faces a choice. Will it build the housing it badly needs? Or will it accept economic stagnation as the price for leafy neighborhoods of single-family homes?

Some housing advocates believe the fires created new urgency to add density. Among them, pro-development group Abundant Housing LA is urging the city of Los Angeles to change zoning rules to allow for more apartments in single-family areas throughout the city.

"I absolutely think the wildfires have changed the conversation," said Azeen Khanmalek, the group's executive director.

In Altadena, reconstruction is still months or even years away, but worries about dramatic change are already rising. Handwritten placards reading "Altadena not for sale!!" sprang up soon after the Eaton fire ravaged the Los Angeles County community. Locals reported sightings of suspiciously well-dressed men—real estate speculators, they feared—taking photos of properties. These were rumors, but they ran wild on social media. A columnist at a local newspaper debunked a theory the fire was planned to spur on denser development.

"I don't want to rebuild next to multifamily housing," said Victoria Knapp, chair of the town council in Altadena. The suburban community is about 11 miles northeast of downtown Los Angeles.

Knapp's midcentury modern house burned to the ground and so did many others on her cul-de-sac. "If a developer bought all of those, then all of a sudden I don't live in a single-family neighborhood," the 58-year-old said.

Anti-apartment sentiment is also brewing in Pacific Palisades, a scenic neighborhood on the western edge of Los Angeles. There, Rick Caruso, mall owner and runner-up in the city's last mayoral election, has said he opposes new development that adds density.

California's housing shortage is at the root of its economic problems. Residents are leaving for other states at a rapid clip. Economic expansion lags behind states like Texas and Florida. California's unemployment rate, recently 5.5%, is the second highest in the country and has risen much faster than the national rate. Inflation, driven in large part by housing costs, is eating into renters' living standards.

"California is a b s o l u t e l y strangling itself with this housing shortage," said Scott Wiener, a San Francisco Democratic state senator who is a proponent of development.

California's housing construction is well below levels seen in the 1980s and 2000s, when the state's population was smaller. The typical home in California costs more than twice as much as the national average, according to Zillow data. The extreme costs contribute to California's homelessness crisis as housing prices grow faster than wages.

State and local red tape can drag housing construction projects out for years, if they get approved at all. Gov. Gavin Newsom and state lawmakers have in recent years worked to loosen some restrictions that slow housing construction.

Businesses struggle to hire when workers can't afford to live nearby. Soaring housing costs have made it hard for Los Angeles to find municipal workers, said Nithya Raman, a city council member.

Shortages push housing development to the fringes, where homes sit uneasily next to forests and brushland. That makes them vulnerable to fires, which are becoming more frequent and deadly as the Earth warms. The Eaton and Palisades fires could end up costing anywhere from \$40 billion to over \$200 billion, according to different estimates.

Rob Orlandini, who lost his Altadena hardware store in the fire, wants to preserve the community's unique smalltown feel. He doesn't support big apartment buildings, even if they could mean more customers. "I don't want that," said the 38-year-old, who grew up in Altadena and has spent most of his life there. "I prefer it to stay the same way."

Copyright (c)2025 Dow Jones & Company, Inc. All Rights Reserved. 3/10/2025

Powered by TECNAVIA

The following is a digital replica of content from the print newspaper and is intended for the personal use of our members. For commercial reproduction or distribution of Dow Jones printed content, contact: Dow Jones Reprints & Licensing at (800) 843-0008 or visit djreprints.com.
