

Middle-Class Dream Goes Up in Flames

By Rebecca Picciotto, Nicole Friedman and Dan Frosch

LOS ANGELES — Sylvia Sweeney and her husband, Bob Honeychurch, bought their three-bedroom home nestled in the foothills of the San Gabriel Valley for \$780,000 in 2009. At the start of this year, it was worth more than double that— \$1.6 million, by one estimate.

On Wednesday, raging wildfires swept through their Altadena neighborhood. When the couple went back later that day to see what was left of their home, all that was standing was the mailbox.

Sweeney, a 69-year old retired clergywoman, estimates that her home made up roughly 80% of the family's overall wealth.

"It was our beautiful dream home," she said. "It was our primary wealth."

Towering flames powered by hurricane-force winds have destroyed or damaged more than 12,000 structures in Los Angeles County, razing some of the city's priciest real estate on streets thick with celebrity mansions.

The fires also wiped out the homes of Californians in the middle class who bought into affluent neighborhoods decades ago, when the properties were still within reach for teachers, plumbers, and nurses. After years of rising home values, many of them have the bulk of their wealth tied up in homes that are now ash.

"It was our retirement. It was our investment. It was our equity. It was everything," said John Kastanas, a 63-year old who works in an administrative role at the California Institute of Technology, of his historic home that burned in Altadena.

Now, those middle-class homeowners face a crushing housing crunch. Los Angeles was already experiencing an acute shortage of homes. Its real-estate prices are more than double the national level. In the wake of the fire, thousands of people desperate for temporary housing are flooding a cutthroat rental market, where bidding wars are breaking out for leases. Some are considering leaving for good. Then there is perhaps the most daunting prospect of all for those who have lost their homes: battling with their insurance companies to rebuild.

The fires damaged and de-stroyed communities across Los Angeles County. Three fires were still burning across L.A. County on Sunday and portions of the Pacific Palisades and Altadena were still under evacuation orders. Officials had made progress in some areas after a break in the high winds, but warned they are expected to pick up again this week.

Two neighborhoods, collectively home to around 66,000 people, suffered almost complete devastation: Altadena, in the winding hills to the east that once served as a haven for Black middle class families excluded from other areas, and the Pacific Palisades to the west, where the ultrawealthy built compounds on cliffs above the ocean.

For those who lost their homes, much of the value of their properties is in the land they still own, but rebuilding on it will be a long and expensive process. It's unclear how many homeowners in these areas lack insurance or are underinsured. A number of leading insurers have stopped selling new home-insurance policies in the state. State Farm said last year it would not renew 69% of its property policies in the Pacific Palisades.



Sweeney, the retired clergywoman, never planned to leave her Altadena neighborhood, intending to pass her house onto her daughter. Today, she is wondering if rebuilding is even an option. “Well, we will see how much insurance pays,” she said.

Sweeney and her husband still own their plot of land, but starting over is daunting. Facing rental costs and other unanticipated expenses after the fires, they both are considering coming out of retirement.

“We have to figure out if we really have that in us or not,” she said.

In 1988, Jim Papik, who ran a plumbing business, and his wife, Josie, muscled their way into the Pacific Palisades and bought what Josie said was the cheapest house in the neighborhood—a two-bedroom, one-bathroom home on Sunset Boulevard for \$455,000. It was valued at roughly \$3.7 million before the fires, by one estimate.

“We came from nothing,” Josie Papik said. “My dad was a cook at the Beverly Wilshire and his dad worked at a phone factory.”

The house was small, but Jim loved working on it. He sold his Rolex and gold coins so they could afford to put in a second floor and traded his prized black El Camino as payment for the staircase. Josie remembers the day a group of men hauled a jacuzzi bathtub upstairs for their new bathroom. They’d finally made it, here among L.A.’s professional class, the Pacific nearly at their doorstep. Jim died in 2011.

On Thursday, two days after the fire, Josie, 77, stood in front of their home, now an unrecognizable plot of rubble and twisted metal searching for the urn that held Jim’s ashes. She wants to rebuild but she’s starting to tally up the costs. She said she was initially told insurance would cover