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Wildfires Will Deepen Housing Shortage in Los Angeles

With so many people displaced and looking for rentals, the region's housing options could grow even scarcer and more expensive.

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By Danielle Kaye and Conor Dougherty

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Each of the homes burned in the Los Angeles fires is its own individual calamity.

Collectively, the losses — whether in the hundreds or, as is far more likely, in the thousands — will weigh on the city's already urgent housing shortage.

Fires are still raging, and with 180,000 people under evacuation orders as of Thursday morning, the degree of displacement in the city and its surrounding areas will take time to assess. For the time being, evacuees are holing up in public shelters in Los Angeles County, with friends or family members or in hotels.

But in the coming weeks and months, people whose homes are gone will have to find more stable accommodations while they rebuild. That will not be easy in a metro area that, as of 2022, already had a shortage of about 337,000 homes, according to data from Zillow. The number of homes on the market in Los Angeles was 26 percent below prepandemic norms as of December, according to Zillow.

“One of the biggest challenges ahead will be getting people who lost their homes into permanent, long-term housing,” Victor M. Gordo, the mayor of Pasadena, said on Wednesday. Pasadena, which is battling the Eaton fire, has already lost hundreds of homes.

The area’s tight rental market is likely to become further strained as many of the thousands of displaced residents turn to rental units, while figuring out their next move. The median rent for a one-bedroom apartment in Los Angeles, as of Jan. 7, was more than $2,000, according to Zillow.

“You’re going to have a positive shock in demand, and a negative shock in supply, so this automatically means prices go up in the rental markets,” said Carles Vergara-Alert, a professor of finance at IESE Business School in Barcelona, who has studied the effects of wildfires on housing markets.

Any uptick in rental costs would affect tenants across the region, beyond those displaced by the fires, Dr. Vergara-Alert said.

Jonathan Zasloff, who lost his home in Pacific Palisades this week, teaches land use and urban policy at the University of California, Los Angeles law school, and is acutely aware of how his search for interim housing could affect the broader market.

Dr. Zasloff is staying with his brother for the time being, while a friend is putting up his wife and daughter. They evacuated their house, which they had lived in for almost 15 years, around noon on Tuesday, before the official evacuation order was issued for the area. That evening, Dr. Zasloff realized the severity of the crisis when he was watching television and saw a reporter standing on his fire-ravaged block.

His insurance agent told him it could take two to three years to rebuild his house. His family might try to find a rental in West Los Angeles near UCLA in the meantime, he said.

There aren’t many rentals in that part of the city, Dr. Zasloff said, so students and other renters could be displaced as he, and people like him who lost their homes, move in.

“It’s very possible that this event is going to cause a big increase in homelessness, even though the people who got pushed out of their homes are people of means,” he said.

California has been in the grip of an affordable housing crisis for a decade. Both state and local lawmakers have passed a raft of new laws that aim to make housing cheaper and more plentiful by making it easier to build. In Los Angeles, for instance, Mayor Karen Bass signed an executive order that streamlines permitting for projects in which 100 percent of the units are affordable. In response to state housing reforms, there has been a boom of backyard homes — called accessory dwelling units, or A.D.U.s — that homeowners often rent out for extra income and that have added to the housing stock.

Still, both the city and state remain well behind their housing production goals, and affordability has only continued to erode. The number of apartment units approved by the city of Los Angeles, for example, dipped to a 10-year low in 2024, according to data from the Los Angeles Department of Building and Safety compiled by Crosstown LA, a news site. That downturn in building permitting has raised concern about roadblocks to new housing unit creation.

“This is a place that had massive affordability challenges last week, and after this week it’s going to be that much more challenging,” said Dave Rand, a land-use lawyer at Rand Paster & Nelson in Los Angeles, who also serves on the board of directors of a statewide affordable housing organization.

After the fires are extinguished and the recovery begins, Mr. Rand said, there is hope that the common cause of rebuilding can be a catalyst for tackling affordability challenges by continuing to make it easier to build housing, particularly affordable rental housing, at a faster pace.

“This is such a devastating event that hopefully it rocks the system to the point where we can get real reform,” he said.

The Los Angeles City Council has aimed to build nearly half a million new units by 2029. But many people trying to rebuild all at once after the fires could lead to higher costs, and slow down the overall production of housing, said Jason Ward, a co-director of the center on housing and homelessness at the RAND Corporation.

A longstanding construction labor shortage in Los Angeles does not help. Andy Howard, a general contractor who has worked across the city for three decades, including in the areas affected by the fires, said many of the subcontractors he worked with in the past have left California since the pandemic. And there are not enough young people entering the industry.

The fires are “going to make it worse,” Mr. Howard said. “It’s going to drive the cost up, for sure.”

Danielle Kaye is a business reporter and a 2024 David Carr Fellow, a program for journalists early in their careers.

Conor Dougherty covers housing and development, focusing on the rising costs of homeownership. He is based in Los Angeles.