

Altadena faces unique challenges in property valuation after Eaton Fire

By Zachary D. Schorr

The devastating Eaton Fire has reshaped the landscape of Altadena, California, destroying over 9,000 structures and leaving homeowners, appraisers, and insurance companies grappling with a complex question: how do you accurately value property in a community with deep historical and cultural significance?

Altadena is not just any neighborhood. With 18% of its population identifying as Black and 58% as people of color, it has long stood as a stronghold of Black homeownership in Southern California. When discriminatory housing policies once made it difficult for Black families to buy homes elsewhere, Altadena offered an opportunity for homeownership and generational wealth-building. Today, the Black homeownership rate in the area is 81.5% - nearly double the national average. Many properties have remained in families for generations, making them more than just real estate - they are pieces of a larger historical and cultural legacy.

Traditional valuation methods and their limitations

In most cases, property value is determined through two primary methods: market transactions and appraisals. In a typical sale, buyers and sellers negotiate a price based on location, neighborhood characteristics, and recent sales of comparable properties. Appraisers, on the other hand, rely on sales data and/or the cost to rebuild in order to estimate a home's value.



View of downtown Altadena, before the fire. | Shutterstock

However, these standard valuation approaches may not fully account for the historical and cultural significance of communities like Altadena. If appraisers use comparable sales data from outside the area, they may not capture the unique value that long-standing homeownership brings to the neighborhood. Likewise, an appraisal based on the cost to rebuild only considers the physical structure, not the broader significance of the land and its history.

With insurance claims now being processed, many property owners may find that their compensation is based primarily on the cost of reconstruction, rather than the true value of their homes within the context of Altadena's legacy. This creates

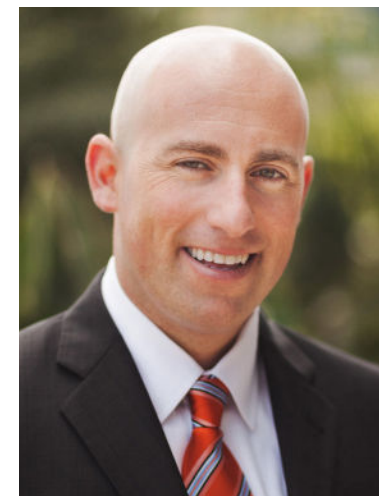
challenges in determining whether compensation adequately reflects what has been lost.

Concerns about gentrification and investor interest

In the aftermath of disasters, real estate markets often become vulnerable to outside investors looking to purchase damaged properties at reduced prices. With many homeowners facing the financial strain of rebuilding - particularly if insurance payouts fall short - there is growing concern that investor-led acquisitions could shift the neighborhood's character.

In other communities that have suffered large-scale losses, investors have bought up properties,

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renovated them, and resold or rented them at higher prices, often leading to gentrification. If similar trends take hold in Altadena, there is a possibility that longtime residents could be priced out of their own neighborhood. The prospect of rising property values, coupled with an influx of new buyers who may not have historical ties to the community, raises questions about whether Altadena's identity can be preserved in the long term.

The complexity of rebuilding after a disaster

In response to the fire, state and local officials have moved quickly to facilitate reconstruction. Governor Gavin Newsom issued an executive order suspending certain environmental regulations under

CEQA to speed up rebuilding efforts, while the Los Angeles County Board of Supervisors has pledged to reduce bureaucratic hurdles. These measures aim to help residents recover as efficiently as possible.

Still, the question of valuation remains unresolved. If assessments focus strictly on structural replacement costs, property values may be calculated without considering the generational wealth and community stability that have long defined Altadena. At the same time, the rapid pace of rebuilding could influence market dynamics, potentially making the area more attractive to outside investors.

A complicated road ahead

As the recovery process continues, homeowners, insurers, and local

officials will need to navigate the complexities of property valuation in a way that balances financial realities with historical significance. The challenge lies in finding an approach that accurately reflects both the tangible and intangible factors that contribute to Altadena's identity.

In the coming months, how properties are valued and how insurance claims are handled will play a key role in shaping the future of the community. While rebuilding efforts are underway, concerns about investor interest and potential demographic shifts add another layer of uncertainty.

For now, the question remains: will Altadena's historic legacy be fully accounted for in the recovery process, or will the rebuilding efforts mark the beginning of a transfor-

mation that alters the neighborhood's identity? Let's hope the government's efforts to streamline rebuilding and return generational homeowners back to their neighborhoods is focused on prior homeowners as opposed to investors so that Southern California can retain or rebuild what remains of this historically significant neighborhood.

For now, the fate of Altadena hangs in the balance. The coming months will determine whether this historic Black stronghold can recover as a community - or if the Eaton Fire will mark the beginning of an irreversible transformation.

One thing remains clear: Altadena's history is invaluable. And if efforts are made to restore Black homeownership, its future can be too.