

London School of Economics

Institutions, Community, and Resilience:  
Business Recovery in the Wake of the 2025 Los Angeles Fires

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## Introduction

For business owners, the impact of natural disasters extends far beyond physical destruction. It extends to systemic instability in the institutions built to support recovery. As natural disasters become more unpredictable and severe, insurance and government aid programs have become less dependable, leaving business owners without safeguard, and relying on their own capital and community support to recover.

In January 2025, the Palisades and Eaton Fires erupted in Los Angeles. Fuelled by the Santa Ana winds and dry vegetation accumulation, the firestorms swept from their respective mountain ranges into the densely developed neighbourhoods below. The fires collectively burned over 37,000 acres and destroyed 16,000 structures (CalFire 2025). Neighbourhoods like the Palisades and Altadena, impacted by the Palisades and Eaton Fires respectively, lie in the wildland-urban interface (WUI), leaving them to at higher risk of wildfire damage, which can exacerbate economic losses and complicate recovery (Radeloff et al., 2018).

Los Angeles Fires Burn Perimeters  
January 2025

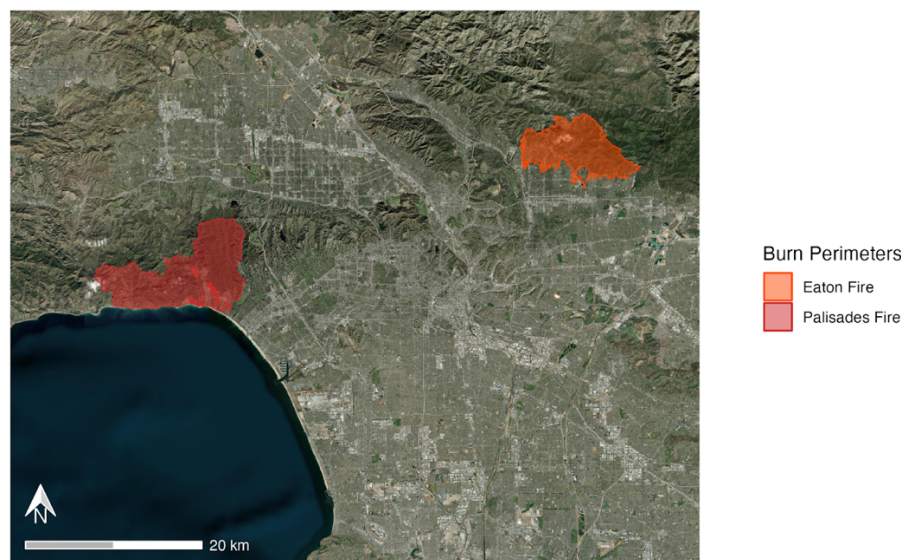


Figure 1: Map of the extent of the Palisades Fire and the Eaton Fire. The fires covered 23,445 acres and 14,021 acres, respectively. Sources: ESRI, CalFire, Google Earth.

A noteworthy display of community support followed, with online crowd-funding efforts circulating social media channels and neighbours organising donation drives (LA Times, 2025). Complications in attaining timely government aid and insurance support created a gap, temporarily filled by community efforts.

Existing fractures in the foundations of government aid programs and the insurance industry have only deepened with the growing frequency of natural disasters. Mainstream insurers have come to view climate change as a material risk to their business, with weather-related disaster losses rising more quickly than population or inflation in the United States since 2008 (Mills, 2009). In 2022, Hurricane Ian amassed over \$112 billion in total damage (NOAA, 2023). As the state's costliest hurricane in history, Ian rendered six insurers in Florida insolvent. With the increase in hurricane events, Florida's insurance market has entered a period of marked volatility (Kousky et al., 2023). This effect is echoed in other states that show climate-related insurance stress, like California, where homeowners face increasing difficulty to secure insurance in fire-prone areas (Cruz et al., 2024).

When losses outweigh potential gains, insurers often raise premiums to unaffordable levels or withdraw from high-risk regions altogether.

Inconsistent communication, funding shortages, and bureaucratic inefficiencies have long plagued federal recovery programs like the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA), impeding timely recovery for businesses and local economies. After Hurricane Katrina, SBA applicants faced delays of up to sixteen months, application withdrawals, and unmet second loan instalments due to funding shortages (Jefferson et al., 2007). These structural issues are likely to worsen as climate-related disasters become more frequent and more small businesses apply for limited aid. While scholars like Chamlee-Wright & Storr emphasise the role of financial aid, social capital, and community engagement in post-disaster recovery (2009), fewer studies investigate how business owners actually experience these recovery systems. As the disaster recovery landscape shifts in response to climate change, it becomes paramount to incorporate first-hand accounts of business owners navigating the aftermath of destruction.

This project explores the following research question: How have business owners in Los Angeles impacted by the 2025 fires experienced recovery? Moreover, how have they perceived institutions like insurance, government aid, and community support as actors within the recovery process? In doing so, this study situates itself within ongoing academic debates on disaster recovery, institutional trust, the increasing reliance on community support.

### *Data Collection*

To collect data, this study implements three separate interviews with business owners impacted by the fires. This method was selected due to the flexibility it allows in adapting questions to each participant's circumstances, which was necessary given the emotional nature of the topic. While employing a focus group may have generated an interesting conversation between participants about shared grievances and similarities across their experiences, the sensitivity of the subject called for individual interviews instead; indeed, existing literature supports that individual interviews are better suited when discussing sensitive topics compared to focus groups. As Westland et al. note (2024), the face-to-face nature of interviews can help simulate normal conversation, establishing feelings of trust and rapport which encourage open dialogue. Individual interview participants are also more likely to openly share more information and touch on more themes than those participating in focus groups (Schuster et al., 2023). This was critical to the exploration, as a focus group could have stifled openness and honesty out of fear of comparison. In any natural disaster, victims experience loss on a wide spectrum. Some have lost their homes in addition to their businesses, and some have fared better than others in accessing financial support. Individual interviews are environments free of comparison, limiting potential feelings of guilt and reservation.

The interviews were semi-structured. Semi-structured interviews are noted for their general guides or protocols while also allowing room for discovery (Magaldi and Berler, 2020). Compared to structured and unstructured interviews, this method often makes better use of knowledge-producing potentials of dialogue by allowing more flexibility for follow up on angles that are deemed important by the interviewee (Brinkmann, 2013). While each interview followed a discussion of the initial event, attitudes towards rebuilding, and experiences with insurance claims and government aid, participants were encouraged to expand on areas that they felt were most important. This allowed for both consistency across interviews, and more depth where it was relevant.

Research participants were recruited by direct outreach, identified through local news articles, professional networks, and community forums. Purposive sampling is a technique that involves selecting individuals or groups that are especially knowledgeable about or have directly experienced a phenomenon of interest (Palinkas et al., 2023). In this case, purposive sampling ensured that all participants were directly impacted by the fires and were engaged in remediation efforts. Once contact

was established, I obtained informed consent before conducting interviews over Zoom. Zoom allowed me to overcome geographic barriers while maintaining face-to-face interaction, crucial for establishing trust.

### *Ethics and Reflexivity*

The primary ethical consideration in this study lies in the potential of causing emotional distress with its participants. These are people who have experienced a natural disaster within the last six months and have endured severe financial and personal loss, likely beyond the disruption of their businesses. To address this, I recruited participants who had already demonstrated willingness to publicly speak about their experiences, such as through news outlets or social media platforms. This approach sought to reduce the likelihood of traumatization by engaging participants who had shown some level of readiness to discuss their experiences. Additionally, questions were framed to be non-directive and open-ended, allowing participants to guide the conversation and avoid being cornered into discussing emotionally distressing topics. While these steps were taken to minimize harm, it is important to note that emotional sensitivity is highly subject to personal experience and background. Ethical safeguards like intentional recruitment and adjustments to question styles were employed with the understanding that they cannot guarantee full elimination of discomfort but can help significantly reduce it.

As a researcher from an elite institution on the other side of the world, I felt acutely aware of the potential for perceived distance or mistrust from participants. My institutional position may have led participants to view me as an outsider, more concerned with extracting information than engaging with genuine interest. To mitigate this, I drew on my personal experiences living in Los Angeles for six years, during which I worked as a nanny in the Palisades and frequented many small businesses in Altadena. This familiarity with the social context and local geography allowed me to establish common ground with the participants, which I believe contributed to more open and conversational interviews. Additionally, having witnessed the impact of wildfire devastation in my home state of Washington, I brought a personal understanding of the impact such disasters can have. I was careful not to project my own experiences and anecdotes onto participants, but I believe this background cultivated a sense of empathy that encouraged participants to speak candidly. Navigating my positionality, which rests in between outsider and insider, required constant reflexive engagement and influenced how I framed questions and interpreted responses.

### *Data Analysis*

This report employs thematic analysis, a process of formalizing and reading data to synthesise common themes and elements while also looking for differences across the data. Attride-Stirling's (2001) thematic network approach was well-suited to the report's research question, which seeks to explore how LA business owners have experienced the post-fire landscape and perceive the roles of institutional actors. Thematic analysis enabled the identification of patterns, while maintaining sensitivity to the complexity of individual experience.

Following transcription of the interviews, I first coded the material according to the interview topic guide and emergent issues in the data. Codes emerged across topics like attitudes towards insurers, experiences with federal assistance programs, feelings towards community members, and decision-drivers on the topic of rebuilding. I sorted these into themes, which were then refined to form coherent thematic networks. This process facilitated a structured interpretation of the data, simultaneously drawing common themes and allowing for nuance.

## *Findings*

Findings reveal commonalities in some areas of the post-fire recovery experience, and diversions in others. The following findings draw on thematic codes, as detailed in the Thematic Analysis Codebook (see Appendix Section B). Experiences with insurance claims across the participants varied considerably. Participant 3 expressed frustration with their insurer's unwillingness to pay out for their smoke-damaged property, despite paying specifically for a smoke damage add-on. Despite taking proactive measures, they received no compensation for this damage (Code 1A). Participants 1 and 3 had been dropped by their providers within the six months ahead of the fire; one four months ahead of the destruction, and the other just two weeks. The former was able to secure another plan through a smaller firm, and the latter was left completely uninsured after the destruction of their property (Code 1A). Participant 2 cited a surprisingly smooth claims process, though they noted that while they received what they were promised, they were underinsured. The pay-out covered only half of the debris removal cost for their lot, an often-unforeseen barrier in the rebuilding process following a natural disaster (Code 1A). The rest of the costs associated with rebuilding would have to come out of pocket, or through government loan programs.

Government aid presented another barrier. FEMA, a federal agency, clears single family residence lots of debris. Excluded from this service are commercial properties, churches, apartments, and condos. For Participant 2, the problem was not with insurance, but rather exclusion by the federal government, as they were left to use their insurance pay-out and pay out of pocket for the rest of the debris removal. They felt left behind (Code 1B). Though they found the SBA helpful, they noted that the support seemed conditional, only responsive as their business became more established as a proven generator of income. While the SBA offers disaster remediation loans for small businesses, Participant 1 noted that they, like many of their peers, are still paying existing Economic Injury Disaster Loans (EIDL) from Covid. Without income, they have no ability to pay another loan back, so they have no intent to apply for another (Code 1B). Participant 2 noted frustration with the political tension between federal and state entities, as they felt it ultimately delays aid services. They observed that the state seems to refrain from acting out of fear of the lack of reimbursement from the federal government if they did. While a very possible and consequential dynamic that speaks to broader systemic issues, business owners like Participant 2 felt left in the cold (Code 1B).

Despite institutional barriers, there was a resounding sense of appreciation for community members across all three participants. Participant 3 spoke of the Palisades and Altadena as intensely community-oriented spaces, and the close-knitted dynamic carried over into the recovery process on physical and emotional levels (Code 2A). This emotional connection extended well beyond Los Angeles. Through mutual aid platform GoFundMe, Participants 1 and 2 met and exceeded their fundraising goals within a week of launching the pages. The pages garnered donations from across the country and the world at large, with Participant 1 noting a substantial donation from Europe (Code 2C). Additionally, while federal services proved less than impressive, individual local government actors garnered significant praise. Participants 2 and 3 readily dropped the names of outstanding individuals that offered more than just quick response times and good information, but a clear sense of empathy and sensitivity. One individual was involved in the physical clean-up efforts, and the other involved in the county's Department of Economic Opportunity (DEO). The representative at the DEO was highly responsive to Participant 2's inquiries and worked to secure them a substantial grant (Code 2B).

A more nuanced theme emerged on the topic of rebuilding. Attitudes towards the topic were less situated around the question of '*can we*,' but '*should we*'? Participant 1 outlined their highly pragmatic approach, which mostly concerned the new codes they would have to adhere to if they chose to rebuild. They cited that code upgrades like ADA compliance and fire hardening would pose high upfront costs, and a reduction in dining space, which would in turn reduce income opportunity

(Code 3B). This sentiment was echoed by Participant 3, who cited the steep costs associated with fire-hardening techniques like layering fireproof roof materials and replacing windows to be double-paned. The modern rebuild would lack not only the charm of the original structure, but also the foundation of a viable business model, as much of the customer base that once supported it is no longer there, either. Participant 1 added, “You’re rebuilding into a community that doesn’t exist anymore” – in Altadena, much of the community was built of retirees who lack the time or resources to rebuild and return (Code 3A). On the other hand, Participant 2 felt a strong responsibility to the community, and plans to rebuild. They added, “I don’t know if it’s a good plan. We’re gonna do it anyway” (Code 3A). Perhaps a less pragmatic approach than that of Participant 1, but more hopeful. Participant 1 is redirecting their focus to opportunities elsewhere, namely a new restaurant in Washington State.

### *Discussion of Findings*

This study sought to understand how LA business owners have experienced institutional and community-based recovery systems after the 2025 Los Angeles Fires. At large, thematic analysis revealed a global theme of post-disaster recovery as a fragmented process, marked by institutional failure and community reliance. While institutional support systems like insurance providers and federal relief programs were once perceived as stabilisers, they are growing increasingly unstable in the wake of climate change-induced weather events; as such, community relationships often serve as the most reliable sources of recovery support. Analysis also revealed a highly nuanced conversation surrounding decisions of rebuilding, as a combination of pragmatic decisions and social desires.

Participants consistently revealed obstacles in securing adequate insurance policies, confirming the growing body of literature that discusses the fragility of these institutions in high-risk regions (Mills, 2009; Kousky et al., 2023). Two of the three participants were dropped by their providers before the LA Fires due to their high-risk locations, a growing phenomenon across the state of California (Cruz et al., 2024). Participants’ experiences in securing support from the federal government, namely through programs like FEMA and the SBA, mirror similar frustrations explored in literature. Communication barriers, as explored by Jefferson et al. (2007), were present in exchanges with FEMA and the SBA, ultimately delaying the recovery process. Additional discrepancies found in FEMA’s exclusion of businesses, churches, condos, and apartments from their clean-up services serves as an additional frustration worthy of further exploration.

By contrast, participants were overwhelmingly uplifted by community efforts on the local and global scale, citing the speed and eagerness of LA residents to help, and the generous funds raised by sympathetic donors worldwide. Through GoFundMe and informal networks, all participants felt emotionally uplifted and financially assisted. Though not completely, this assistance temporarily filled the gap of support created by slow-moving institutional entities. These findings echo Aldrich’s (2012) work on the importance of social capital, in which rich communities are shown to create better recovery outcomes. Decisions to rebuild were as much centred around community as they were centred around financial pragmatism. Participant 1 and Participant 3 discussed a longing for the same community as was present before, but ultimately demonstrated a more pragmatic related to steep costs associated with rebuilding with modern codes. Participant 2 expressed a more emotionally driven rationale, committing to rebuild for the sake of the community while acknowledging that rebuilding was perhaps not a financially wise decision.

These findings suggest that post-disaster recovery is becoming increasingly marked by institutional retreat and community-oriented efforts. The landscape of recovery is changing with the climate, and as natural disasters grow with ferocity and unpredictability, it is critical to continue to centre the lived experiences of victims, impacts on local economies, and community resilience.

### *Methodological Strengths and Limitations*

Previous research has highlighted disparities in recovery outcomes based on socioeconomic factors and geographic location (Alesch, Holly, Mittler, & Nagy, 2001). Altadena and the Palisades, while both neighbourhoods in Los Angeles with theoretical access to the same services, differ significantly in their socioeconomic characteristics. If this study were to be developed further, I would suggest incorporating a geographic data analysis to contextualise each experience in relation to its neighbourhood characteristics. As studies on urban resilience suggest that wealthier communities tend to recover more quickly due to stronger financial networks and institutional support (Tierney, 2014), this is a very worthwhile layer to explore. Given more time and resources, this would make for a compelling comparative case study, as both disasters uniquely occurred in the exact same moment in time.

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## ***Appendix:***

### **A: Data Collection**

#### **1. Topic Guide (for focus group or interviews)**

##### *Interview Topic Guide*

1. Introduction
  1. Introduce myself and overview of the research purpose
  2. Explanation of confidentiality assurance
  3. Open floor to any questions about research process before beginning
2. Initial Fire Response
  1. Can you describe your experience when the fires occurred?
  2. What immediate actions did you take to protect your business?
3. Community and Social Support
  1. How would you describe your local community?
  2. What was community engagement like in your recovery process?
4. City and Institutional Support
  1. How did you feel about the local government response (city-wide, county-wide)?
  2. What government assistance, if any, did you receive?
  3. How was your experience navigating disaster relief programs?
5. Insurance
  1. Were you insured, and if so, how was the claims process?
  2. Were there any financial barriers that delayed or prevented your business recovery?
6. Long-Term Outlook
  1. How do you feel about rebuilding? What will be the driving influences of your decision to rebuild/not rebuild?
  2. What are your business' future prospects?
7. Closing Statements
  1. Is there anything else you'd like to share about your experience?

## **2. Interview cover sheets (delete if using focus group or participant observation)**

### **The interview**

Date and time: April 21 2025, 18:00

Duration: 45 minutes

Place: Zoom

Contextual notes: Participant is a business owner in the LA area who lost one location to the Eaton Fire. Participant has owned and run four restaurants across LA since moving there in 1999.

### **Interviewee**

Demographic information:

Age: 60s

Relation to the topic: Small business owner in LA area, impacted by LA Fires

Method of recruitment: Direct outreach through news articles.

**The interview**

Date and time: April 21 2025, 19:00

Duration: 30 minutes

Place: Zoom

Contextual notes: Participant is an LA resident of thirty years and an owner of a local coffee chain of seventeen years. One location was destroyed in the Eaton Fire.

**Interviewee**

Demographic information:

Age: 50s

Relation to the topic: Small business owner impacted by LA Fires

Method of recruitment: Direct outreach through news articles.

**The interview**

Date and time: May 13 2025, 18:00

Duration: 45 Minutes

Place: Zoom

Contextual notes: Participant lost their home and experienced extensive smoke damage on their commercial property due to the Palisades Fire. Participant has spent their whole life in LA and noted much of their personal network has lost everything.

**Interviewee**

Demographic information:

Age: 50s

Relation to the topic: Real estate agent impacted by the fires.

Method of recruitment: Direct outreach through personal network.

## B: Data Analysis

### Thematic Analysis Codebook (delete if using discourse analysis)

<b>Research Question</b> How have business owners in Los Angeles impacted by the 2025 fires experienced recovery?			
<b>Theme</b>	<b>Code</b>	<b>Description</b>	<b>Example</b>
<b>Theme1</b>  <b>Insurance and Infrastructure Barriers</b>	Code 1A	Inadequate insurance coverage hinders clean-up and rebuilding	“Farmers pulled out of the mountain range” (P1) / “We were dropped by State Farm” (P3) / “I’m insured for 15 grand. It’s gonna cost 30 or 40 to clear this lot” (P2) / “I signed up for Smoke damage. I signed up for replacement costs.. I thought I was, you know, insurance for inflation. None of that was true” (P3)
	Code 1B	Delays due to FEMA, clean-up, or bureaucracy	“FEMA only cleans up, as far as I can tell, single family residences” (P2) / “[The state wants] the county to push FEMA because the state doesn’t want to start picking up the pieces because the federal government will say, ‘Alright, you guys got it.’ And we just get left in the cold” (P2) / “We’ve been paying our [Covid] EIDL loan, I don’t want to take a second EIDL loan... when I couldn’t tell you if or when we can even open a business back up” (P1)
	Code 1C	Distrust in insurers	“Our property was included in high fire zones. Which we didn’t have information on, but the insurance companies did.” (P3) / “So I’m sure a lot of the carriers were thinking well, we’re just gonna swoop on in and scoop up all these people, and we’ll make a ton of money because there’s never been a major fire storm that’s wiped out a city and a major metropolitan area before. Until now.” (P1)

<b>Theme 2</b>  <b>Community and Mutual Aid Appreciation</b>	Code 2A	Heightened sense of appreciation for rich community	“It was a very close-knit community to a great extent... There’s a full two-thirds of Altadena that is gone... so where’s your community?” (P1)/ “Both [Altadena and the Palisades] were these intensely community-oriented spaces where people literally moved there because they wanted to feel like a small town” (P3) / “So most people are hyper local, and the best cafés or like that, right? It's a place that’s your local spot” (P2)
	Code 2B	Community-level government service representatives were responsive and sensitive.	“There's a woman in [the DEO], her name is [redacted]. She's still following up, she’s amazing and really incredible. They put together a grant, it was the first grant we got, it was like 25 grand. Pretty amazing” (P2) / “I could do a snapshot, this guy, [redacted], who is in charge of the clean-up, is an extraordinary human being. And he has made such a difference both in personal exchanges I've had with him” (P3)
	Code 2C	Emotional reactions to global mutual aid efforts and personal	“I mean, there's someone who made some ridiculous donation from Europe. I mean, it was coming in from all over the place. It was really groovy.” (P1) / “It was like too much, it was overwhelming. The outpouring of love and support was just insane.” (P2)
<b>Theme 3</b>  <b>Decision to rebuild as both pragmatic and socially complex</b>	Code 3A	Local community characteristics as a driver in deciding to rebuild or not rebuild.	“We feel really connected to that community and we feel responsibility for the community, and we want to be back” (P2) / “Do you spend all that money [to rebuild], and then open to a community that does not exist?” (P1)
	Code 3B	Modern codes increase cost of rebuilding and may decrease income opportunities.	“I will probably lose one third of my dining to code upgrades to get this thing back open... [it will have] less ability to generate revenue” (P1) / “[New codes] would entail replacing all the windows, would entail putting a metal roof on, or a roof that had an under layer of fire-resistant material as a membrane underneath the tile... and that’s a steep cost” (P3)