UCLA Latino Policy & Politics Institute
UCLA Center for Neighborhood Knowledge

# Reopened ≠ Recovered: Small Business Challenges and Policy Recommendations After the 2025 Eaton and Palisades Fires

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The UCLA Latino Policy and Politics Institute (LPPI) addresses the most critical domestic policy challenges facing Latinos and other communities of color through research, advocacy, mobilization, and leadership development to expand genuine opportunity for all Americans.

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# About this Toolkit

This toolkit presents key findings and policy recommendations from interviews with 17 small business owners and managers directly affected by the January 2025 Eaton Fire and the Palisades Fire. Its goal is to uplift the lived experiences of small business owners and managers as they face the challenges of loss and recovery and to inform policy to better prepare and support small businesses during and after emergencies.

This toolkit builds on LPPI's three-part research series examining how the Eaton and Palisades Fires affected small businesses. Each brief in the series examines a different part of the story: the local business landscape before the fires, the businesses that experienced direct physical damage, and how businesses were disrupted in the first six months after the fires. Together, the briefs show that small businesses are a vital part of the local economy and are still experiencing real vulnerability in the aftermath of the fires.

# Introduction

California is home to one of the largest and most diverse small business sectors in the nation,[1] with more than 4.3 million small businesses providing over 7.6 million jobs and representing nearly half of the state's private workforce.[2] Los Angeles (LA) County alone is home to more than 1.3 million small businesses, accounting for roughly one-third of the state's total. Additionally, it hosts more women- and minority-owned businesses than any other county in the nation.[3]

Despite their central role in LA's economy, small businesses often lack the financial safety nets and institutional support needed to withstand emergencies. The COVID-19 pandemic exposed these weaknesses; many small businesses struggled to keep their doors open[4] and faced uneven access to recovery resources.[5] The January 2025 Eaton Fire and Palisades Fire once again underscored these challenges. The fires destroyed thousands of structures, displaced residents and workers, and claimed lives; impacts were particularly severe in Altadena and the Pacific Palisades. Local businesses were not spared; many were directly damaged, while others were affected by evacuation orders and a sharp loss of commercial activity. Our initial research found that about half of the private businesses in the Palisades Fire area (zip code 90272) were destroyed by the fire and at least one-third were destroyed in the Eaton Fire area (zip code 91001).[6]

This toolkit examines the impacts of the fires on small businesses and articulates what small business owners say they need to fully recover. It focuses on the experiences of 17 small businesses affected by the Eaton Fire or the Palisades Fire, offering a detailed understanding of the challenges they faced afterward such as financial losses, displacement, insurance issues, and ongoing uncertainty. The toolkit also includes policy recommendations to address both the visible and less visible impacts of disasters on small businesses.

# Methodology

We conducted in-depth, semi-structured interviews with 17 owners and employees of small businesses affected by the January 2025 Eaton Fire and Palisades Fire. Interviews took place in December 2025 and January 2026 virtually via Zoom or by phone and lasted 40-60 minutes. With permission from interviewees, all interviews were recorded and transcribed. Transcripts were then analyzed to identify key findings and policy recommendations. Interviewees were recruited through partnerships with business-serving organizations across the Los Angeles area and were compensated for their time. To protect their privacy, participants' identities are anonymized.

# Key Findings

Each individual business owner's experience was unique, but several consistent themes emerged across the interviews. These themes, discussed below, illustrate where disaster recovery systems supported small businesses and where they fell short (both in the immediate aftermath of the fires and throughout the longer process of rebuilding). The findings below are illustrated throughout with participants' own words.

## 1. Disaster recovery systems are fragmented and difficult to navigate.

Information from many uncoordinated sources led to fatigue and substantial effort to verify eligibility, meet application deadlines, and evaluate legitimacy (to avoid fraud or scams) while also managing the immediate impacts of the disaster.

> "There was total confusion. There was no central hub, no common application. Everything was scattered. Trying to apply for grants while living in a hotel was extremely difficult."
>
> \- Small business owner

## 2. Rapid, flexible financial assistance made the biggest difference immediately after the fires.

Simple grant applications to cover payroll and bills were most useful while business personnel navigated insurance payouts, more complex grants and loans, and personal recovery.

> "The key for small businesses in disaster situations is immediate funding. Availability to allow them to triage and get the most important things done so that they can weather the storm."
>
> \- Small business owner

## 3. Surviving businesses faced hardship, too.

For surviving businesses, customer displacement has translated into revenue loss and ongoing uncertainty. Businesses that remained open—and did not physically burn—also lost customers, workers, and neighborhood activity and were often deprioritized for funding, leaving many owners feeling largely invisible to relief programs.

> "Me hubiera gustado que hubiera un poquito más de ayuda para los negocios que se salvaron. Si los negocios que se salvaron no están aquí, no va a haber comunidad." [I would have liked a little more help for the businesses that survived. If the businesses that survived aren't here, there won't be a community.]
>
> - Small business owner

## 4. Home-based businesses and self-proprietors felt deprioritized and excluded from aid because eligibility rules did not reflect how their businesses are structured.

> "I feel like [home-based] small businesses should be treated just like a brick and mortar…We are still running our business out of our home, which is our storefront. It's even an address…We're a business running and giving to the public… But yet we're not looked at as if we can receive the benefits that they do."
>
> - Small business owner

## 5. Small businesses relied on informal networks when formal support fell short.

Feeling that formal institutions were unprepared and had failed them, some small business owners and employees relied on personal savings and informal networks for financial support, equipment, and increased visibility for their businesses.

> "Hay 2 restaurantes, un bar y un restaurante, que nos han permitido todo el año pasado operar ahí una vez a la semana para poder generar ingresos… Eso cambió completamente la perspectiva de mi negocio." [There are 2 restaurants, a bar and a restaurant, that have allowed us all of last year to operate there once a week to generate income…That completely changed the perspective of my business.]
>
> - Small business owner

## 6. Emotional and mental health impacts were pervasive and largely unaddressed.

Interviewees described widespread emotional and psychological distress, including panic attacks, chest pains, grief, and exhaustion, layered on top of financial devastation. Yet, mental health support was rarely proactively offered or integrated into recovery programs.

"My mental health… I think I had a panic attack. I was driving when someone texted me the photo [of the fire], and I had to pull over, because I couldn't get a breath. A week later, after losing our house, seeing the business destroyed, I couldn't take oxygen into my lungs. So, it literally broke me at that point."

- Small business owner

## 7. Administrative and accessibility barriers limited access to recovery assistance. Additional barriers mentioned included language accessibility, access to technology, and paperwork barriers (e.g., destroyed records).

Reliance on social media for grant dissemination further excluded owners who were not digitally active.

"Porque esa gente no se va a meter al Internet porque no sabe ni en dónde o piensan que o les da miedo, que porque es en inglés." [Because those people are not going to go on the Internet because they don't know where [the grants are] or it scares them that [the applications] are in English.]

- Small business owner

"They want me to provide… documents from a bankruptcy 20 years ago… I don't even have those documents anymore."

- Small business owner

"If you're not on social media all the time, then all those grants pass you through. And if you don't apply for those grants right away, you're pretty much out."

- Small business owner

## 8. Insurance coverage gaps compounded disaster-related losses.

Home-based businesses frequently discovered after the disaster that their homeowners' insurance policies did not cover business inventory or equipment. Depreciation calculations further reduced payouts, particularly for owners of custom or handmade goods. Delays and miscommunication with insurers compounded losses at an already difficult time.

> "I think that they, as an insurance company, should have probably known that, no, my homeowners would not cover that [business loses]. Make sure you're thoroughly covered with insurance. You never know what's gonna happen."
>
> \- Small business owner

# Policy Recommendations

The policy recommendations presented below are grounded in the experiences and priorities of small business owners and employees who participated in this research. Some recommendations reflect needs that interviewees articulated explicitly, while others were developed by the authors of this report through analysis of recurring challenges, unmet needs, and proposed solutions across interviews. Although individual recovery experiences varied, the same needs and gaps surfaced consistently across interviews, highlighting clear priorities for strengthening how recovery systems serve small businesses after a disaster.

## 1. Redesign disaster financial assistance to provide rapid, flexible, and scalable support for small businesses.

Disaster recovery programs should prioritize the rapid disbursement of financial assistance immediately following a disaster, with grant amounts scaled to a business's pre-disaster revenue to better reflect operational needs. When grant funding is unavailable or insufficient, programs should offer forgivable, low- or deferred-interest loans that minimize the financial burden during recovery. Loan repayment structures should also be contingent on business recovery, allowing repayment to begin only after revenues have recovered to sustainable levels.

"If you really want to help these small businesses recover, why aren't you offering a 3% interest rate? Because then we could take out a loan, and that would make a difference for us, and that would help us, and we could cover the monthly bill with our current revenue."

\- Small business owner

## 2. Modernize disaster assistance eligibility to reflect today's small business landscape.

Disaster assistance programs should expand eligibility criteria to better reflect how small businesses operate in practice. This includes ensuring that home-based businesses, self-employed entrepreneurs, and other nontraditional businesses are eligible for assistance. Eligibility should account for indirect economic impacts, including revenue losses resulting from customer displacement, workforce disruption, and reduced commercial activity in areas adjacent to disaster zones, as well as the extended timeline required for business recovery. Finally, assistance programs should recognize economic losses experienced by both business owners and employees affected by business disruptions.

"There were some [disaster assistance programs] that I wasn't able to access since I wasn't the legitimate owner [of the business]. It would have been nice… something that would have given some funding to artists affected by the fire."

- Small business owner

## 3. Integrate mental health and peer support into disaster recovery programs for small businesses.

Disaster recovery programs should adopt a people-centered approach that recognizes the emotional and psychological impacts of disaster on small business owners. Mental health services, peer support networks, and trauma-informed recovery resources should be embedded within business recovery programs and offered proactively throughout the recovery process.

"I'm having chest pains… dizzy spells… I am so tired emotionally."

- Small business owner

## 4. Establish a centralized, state-led recovery support system for small businesses.

The state of California should establish a centralized recovery support system that serves as a trusted, single point of access for disaster assistance information, including grants, loans, eligibility requirements, application guidelines, and key deadlines. The system should proactively communicate available resources and streamline the application process by reducing duplicative documentation and repetitive proof-of-eligibility requirements across programs.

> “I feel as… it should be as centralized as in the city or the chamber itself… to be able to get those resources. Or one centralized organization that says, hey, these are available grants around the area that can be of assistance.”
>
> \- Small business owner

> “It certainly would be beneficial to have a centralized place where people who are affected by disasters could turn to and sort of help manage the process of identifying support.”
>
> \- Small business owner

## 5. Fund dedicated disaster recovery case management through trusted community-based organizations. California should invest in a dedicated network of disaster recovery case managers to provide individualized, culturally and linguistically appropriate support for workers affected by disasters.

Rather than relying on workers to navigate fragmented systems on their own, case managers would connect workers to disaster assistance, labor protections, behavioral health services, and other recovery resources through a coordinated, one-on-one approach. Case management should be delivered through trusted community-based organizations and include tailored recovery plans, language-accessible navigation services, insurance education, and disaster preparedness planning to strengthen long-term resilience.

> “Some type of… program or person to tell you exactly what to do. Apply for this, this is what you need, talk to this person… something like a case manager.”
>
> \- Small business owner

## 6. Establish expedited permitting and licensing pathways for disaster-impacted businesses.

State and local governments should establish pre-planned expedited permitting and licensing pathways that can be activated during declared emergencies. Businesses rebuilding, reopening, or temporarily relocating after a disaster should receive priority processing for permits, inspections, and other regulatory approvals to reduce administrative delays and accelerate economic recovery. Pre-planned fast-track systems would reduce delays and help owners restore operations and employment faster.

"There are no considerations being made by any of the municipalities… maybe we should fast track this, because this is somebody who was affected by a catastrophic event… You're kind of thrown into the pool with everybody else."

- Small business owner

## 7. Establish temporary relief for commercial leases and operating costs for disaster-impacted businesses.

California should authorize temporary commercial lease and operating cost relief that can be activated during declared disasters. Relief measures could include temporary rent stabilization or deferrals; targeted grants to offset fixed operating costs such as rent and utilities; and other financial assistance to help rebuild businesses in disaster-affected areas. These measures would reduce closures, preserve local employment, and support long-term economic recovery.

"There was mortgage relief, or forbearance. And it should be something like that, where you still would pay the money back… that would be amazing if there was, like, rent forbearance, where you could reduce and get funding for that, maybe 0% funding for that amount that you're off until you're getting back to normal, and then you would owe it back or something."

- Small business owner

## 8. Strengthen insurance accountability and disaster preparedness for small businesses.

Many small businesses, particularly home-based businesses, lack adequate insurance coverage or experience significant delays and challenges when filing claims after disasters. California should strengthen insurance accountability by improving oversight of disaster-related claims; promoting timely and transparent claims processing; requiring clearer disclosure of policy coverage and exclusions; and providing proactive outreach before disasters occur. In addition, state agencies, insurers, and trusted community organizations should expand pre-disaster education and outreach to help small business owners understand their coverage, identify potential gaps, and prepare for future disasters.

> "I think that's one thing that could really help, is getting legislation to make insurance really be accountable to their customers. Because, yeah, I know two people, like my neighbor there, and then another shop a few miles down the road had the same insurance as me, and they didn't get anything paid out."
>
> \- Small business owner

# Conclusion

As climate-related disasters become more frequent and unpredictable, recovery systems must be strengthened to better support small businesses before, during, and after disasters. Losses that small businesses experience in a disaster have ripple effects on workers, customers, and the broader community.

In Altadena and the Pacific Palisades, small business owners and employees made clear that disaster recovery does not end when the fires are contained. Some businesses still have not reopened, and for those that have, reopening was only the first step in a longer process shaped by financial loss, emotional stress, and uncertainty about when life and business would feel normal again.

Recovery systems must be built around the realities small businesses actually face after a disaster. Timely and adequate funding, clear information, and flexible eligibility are essential for ensuring that the burden of recovery does not fall solely on business owners. Additionally, there is a need for independent, rapid-response research that tracks recovery in real time and feeds findings back to response programs as they unfold. Timely, on-the-ground data helps identify where support is and is not reaching businesses while there is still time to adjust, which strengthens both the current recovery effort and the systems that will be called on in the next crisis.

# Endnotes

[1] U.S. Small Business Administration Office of Advocacy, "New Advocacy Report Shows Small Business Total Reaches 34.8 Million, Accounting for 2.6 Million Net New Jobs in Latest Year of Data," (press release, November 19, 2024), available online.

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