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Five Years After COVID-19: How Policy Failures and Rising Rents Continue to Threaten Latino Businesses in L.A.'s Fashion District

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Before the Pandemic

Before the COVID-19 pandemic, the Los Angeles Fashion District was a cultural business hub full of energy and activity. The streets and alleys were lined with racks of colorful fabrics, discount clothing, and accessories that overwhelmed storefronts. Residents, wholesale buyers, and tourists bargained prices while delivery trucks squeezed through to unload goods for the thousands of independent shops that were tightly packed in this neighborhood.

Five Years Later Businesses Are Still Fighting to Survive

Adriana, a 51-year-old small clothing business owner who has been conducting business in the Los Angeles Fashion District for the past six years, opens her store at 8 a.m., where she patiently tries to bring in customers until 5 p.m., when she closes. The week I interviewed her, she was averaging only \$30 a day in sales. Like many other stores in the area, her store was once full of customers browsing racks and negotiating prices. Her business is one of over [2,000 small and independently-owned businesses](#) in the area, and since the pandemic, she has faced rising costs, decreasing sales, and commercial rent increases.



Adriana opens her clothing store in L.A.'s Fashion District, where far fewer customers shop compared to before the pandemic. (Photo: Yecenia Perez)

Adriana's story is not too far from that of others in the area. It has been five years since the COVID-19 pandemic began, and Latino-owned small businesses in LA's Fashion District are still [struggling to stay open](#). The policies that were supposed to support them [never reached them or left too soon](#). They are now facing a disproportionate recovery and the plummeting of what used to be a bustling and thriving community.

When the COVID-19 lockdowns swept through Los Angeles in 2020, the shift toward e-commerce in the Fashion District was accelerated, leading to [a decrease in foot traffic](#). Online shopping took over, and public health restrictions continued. At the same time, [sales for non-essential retail experienced a collapse in the area](#). Like many others, Adriana did not receive federal aid and has had to pull from her savings to remain open.

Her situation reflects a bigger trend. While essential businesses like grocery stores experienced relatively stable customer visits, retail establishments in the Fashion District suffered substantial losses, with clothing and retail stores experiencing a [24.6% decline in taxable sales](#) during the pandemic. A UCLA report found that in the City of Los Angeles, commercial activity in ethnic business neighborhoods [declined more drastically](#) than in predominantly white business districts.



Once bustling with shoppers, this block now has multiple shuttered storefronts, reflecting ongoing economic struggles. (Photo: Yecenia Perez)

The Recovery Has Left Latino Businesses Behind

The [Stanford Latino Entrepreneurship Initiative](#) found that 86% of Latino business owners experienced immediate negative impacts from COVID-19, which was more than any other racial or ethnic group. In Los Angeles County, nearly half the population is Latino. Latino-owned businesses remain a critical part of the city's economic ecosystem. These businesses generate revenue and create local jobs, but many are still operating with little support.

In the Fashion District, the situation is even more dire. According to [Beacon Economics](#), the area's commercial vacancy rate reached 13.2% in early 2024, the highest in over a decade. And yet, commercial rents declined just 4.4%. The [Los Angeles Economic Development Corporation](#) estimates the pandemic added between \$992 million and \$2.33 billion in unpaid commercial rent across the city. Small, minority-owned businesses with no cushion to fall back on felt this the hardest.

Relief Programs Missed the People Who Needed Them Most

The [Paycheck Protection Program \(PPP\)](#) was one of the largest federal interventions to help small businesses. It was supposed to help qualifying owners cover expenses like rent, payroll, and utilities. However, access to PPP funds wasn't equally distributed amongst small POC-owned businesses and white-owned businesses. The [Stanford Latino Entrepreneurship Initiative](#) found that only 3% of Latino-owned businesses received the full amount they applied for, compared to 7% of white-owned businesses. This disparity was largely due to barriers that prevented Latino business owners from even applying. Nearly half of Latino business owners lacked adequate guidance on how to apply, and many didn't have the required [application materials or established banking relationships](#).

State and local efforts also tried to fill the gaps with programs like the [California Small Business COVID-19 Relief Grant Program](#) and the [Los Angeles Regional COVID-19 Recovery Fund](#). These programs promised grants and low interest loans to the businesses that were impacted the most by the pandemic. Yet, these programs had serious [setbacks in accessibility](#). The barriers were felt structurally by these small business owners. Many Latino entrepreneurs did not have the banking relationships, technical knowledge, or English fluency to navigate the process. Some didn't even have employees on payroll and instead relied on their family members to work shifts.

Jose, the owner of a herbal beauty store, shared, "I didn't even know about those opportunities." "No one told me anything when I filed my sales taxes. It was all online, and I don't know how to use the internet like young people do." Instead of receiving support, he also relied on personal savings and his family's financial support to keep his shop open. Whereas some [outreach and IT support aid](#) was available, these resources did not reach many store owners in the district. As such, entrepreneurs in the Fashion District ended up doing what they'd always done, draining

their personal savings, taking out high-interest loans from their suppliers, and watching their customer base diminish while they attempted to remain open.

Facing New Crises Without a Safety Net

Just as pandemic restrictions began to lift, recovery from the pandemic was quickly overshadowed by other challenges. The war in Ukraine led to a [spike in gas prices](#), cutting off bulk buyers who used to drive in from cities like Sacramento and Bakersfield to make wholesale purchases from these small business owners. Jesus, a blanket and bedding business owner shared, “customers that used to drive hundreds of miles to make wholesale purchases from me said that it wasn't worth the trip anymore.”

Then came the Los Angeles wildfires and [news alerts](#) that warned LA residents to stay inside. Store owners recall having to cover merchandise in plastic to protect it from the ashes falling from the sky, and that customers stopped coming altogether. Just as some foot traffic returned, [immigration enforcement intensified](#) in the first months of Trump’s presidency.

“Now they come in cars with tinted windows and out of state plates, and take people off the street. They are not criminals, they are our customers and hard-working neighbors that are just trying to make ends meet,” a beauty apparel store owner shared. “People are scared. They’re sending their teenage kids to shop instead, out of fear.” These fears aren't abstract. [ICE raids](#) have taken place just a few blocks away from their clothing stores. They’ve watched the delivery drivers from neighboring stores get taken away and now find themselves in constant fear for what the future brings.

Rising Rents are Driving Businesses Out

During the first years of their businesses, the Latino entrepreneurs I interviewed earned enough revenue to cover shop expenses, pay rent, and afford living necessities. Now, they can barely manage the cost of renting their place of business. Regular customers have been scared off by the visible immigration enforcement, which is shrinking their profits and leaving the once bustling Fashion District feeling vulnerable and empty.

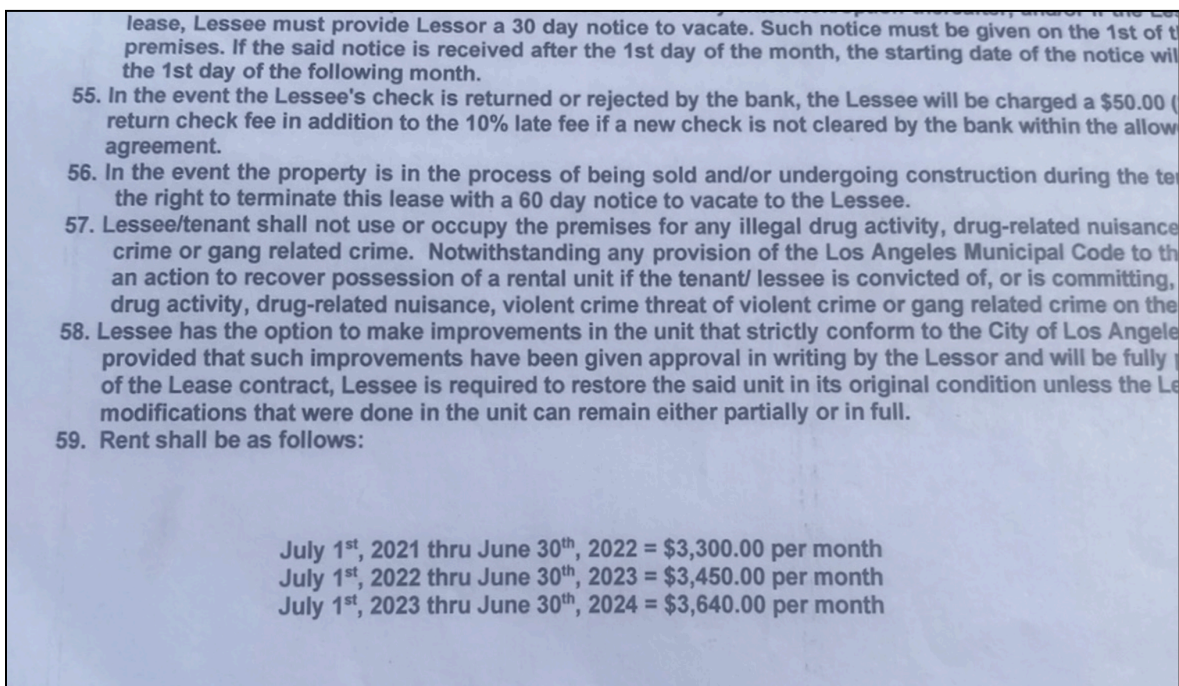


Empty sidewalks on a Saturday in the Fashion District highlight the stark contrast to pre-pandemic crowds. (Photo: Yecenia Perez)



Another view of vacant streets on a Saturday, once the busiest shopping day of the week. (Photo: Yecenia Perez)

Meanwhile, [commercial rents continue to rise](#). A family-owned undergarment business went from paying \$2,800 a month in rent in 2020 to \$4,000 in 2025, with automatic increases built into multi-year leases. “They don’t care how our business is doing or if we are even making a profit. If we don’t renew our leases with the rent increases, they kick us out and we lose everything we worked so hard for. The business next door has changed owners three times in the past year.”



A commercial lease from one shop owner shows yearly rent increases that make it harder to stay in business. (Photo: Yecenia Perez)

The same family recalls trying to raise the prices to cushion against decreased sales. Socks that they once sold for a dollar in 2020, now sell for \$1.50. It was just a fifty cent increase in price, but even that drove some customers away. “People complain. They stop coming. But what can we do when rent and the prices of our inventory keep going up?” The family shared that they are making plans to go back to their home country because they are no longer able to make ends meet.

Their experience demonstrates the difficult position in which many entrepreneurs in the area find themselves. They have to choose between signing multi-year leases with established rent hikes they can't afford or risk losing the source of income that their livelihoods depend on. For business owners already dealing with dwindling sales and rising costs, staying open requires that they place themselves into greater financial struggles and debt.



Store owners say even small price hikes, such as a 50 cent increase for socks, can drive away customers. (Photo: Yecenia Perez)

The Fashion District Is Facing a Systemic Failure

What's happening in the Los Angeles Fashion District is more than individual hardships. It's a systemic failure. This district gave working class Latinos, many of them undocumented or excluded from formal employment, a way to build something of their own. It provided an alternative to exploitation. It gave them self-reliance through entrepreneurship. Now, that pathway is closing.

Los Angeles has for decades prided itself on being a city of diversity and opportunity. But that promise feels empty for the very people who helped shape its cultural and economic identity. If we want to preserve what the Fashion District represents, we need action and not just promises and empty words.

During the 2008 financial crisis, the [Economic Stabilization Act](#) was passed by the federal government to bail out major banks. If our country was able to mobilize billions to rescue Wall Street, why can't we do the same for small business owners whose livelihoods and communities are at stake? These shops are not just individual businesses. They're part of a neighborhood economy that keeps goods affordable and accessible for working class residents. Preserving these businesses will help maintain this ecosystem that allows everyday Angelenos to clothe their families, build their own businesses, and participate in a more inclusive economy.

The city should expand rent control to commercial spaces for small businesses, particularly in areas like the Fashion District. Relief programs must be more accessible offline and in multiple languages. Outreach needs to meet business owners where they are and not just on social media. Federal agencies must be held accountable for immigration enforcement practices that are driving customers away and perpetuating economic hardship in predominantly minority-owned commercial districts.

There is still time to get this right through thoughtful support, fairer leases, and policies that center around equity and not complex bureaucratic processes. Our society must recognize that in California, our small and minority-owned businesses are not disposable. They are essential, and our state needs them. We must continue studying the survival of small businesses in the Los Angeles Fashion District so that we can truly understand where they are now and how we can best support their recovery following the COVID-19 pandemic.

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