

This bill:

- 1) Makes various findings and declarations for purposes of this bill, including legislative intent to authorize the Authority to establish a wildfire mitigation loan program for wildfire resilience improvements, and to authorize participation by public and private partners, as specified, where participation advances public safety, market stability, and resilience objectives.
- 2) Establishes the California Wildfire Resilience Loan Program (Loan Program), to be developed and administered by the Authority, and specifies the goals of the Loan Program.
- 3) Specifies that, subject to available funding, the Loan Program may include, but not be limited to, establishment of a loan loss reserve, interest rate buy-downs, and other credit enhancements.
- 4) Establishes the following eligible wildfire resilience improvements as informed by specified guidance from CAL FIRE, Cal OES, and the Department of Insurance:
 - a) Home hardening;
 - b) Risk mitigation, as specified;
 - c) Defensible space activities, as specified;
 - d) Smoke mitigation retrofits; and,
 - e) Other risk reduction measures.
- 5) Makes financial assistance under the Loan Program available to eligible properties statewide, as specified.
- 6) Authorizes the Authority to enter into partnerships or referral arrangements to facilitate the referral of eligible applicants, aggregating demand, or facilitating bulk purchasing or contracting agreements.
- 7) Provides that the Authority may consult with the SFM to establish procedures for verifications of improvements financed through the program for the purposes of program integrity, evaluation, and continuous improvement.
- 8) Permits the Authority to enter into agreements, upon appropriation by the Legislature or upon the availability of funds from any source, to design, develop, maintain, and operate a public-facing internet website for the Loan Program.

Background

Author's statement. According to the author, "California is facing ever-increasing devastation from wildfire with the deadliest, largest, and most destructive fires in state history occurring in the last decade. Modern wildfires in California spread from forests and wildlands into urban conflagrations, exacerbated by the impacts of climate change and development.... Home hardening and defensible space investments can be prohibitively expensive, costing tens-of-thousands of dollars for homeowners and affordable financing is not easily accessible.... SB 894 will establish the California Wildfire Resilience Loan Program, modeled after the successful GoGreen financing platform. The bill will leverage public dollars to unlock private capital, lower interest rates, and finance home hardening and defensible space improvements for more Californians to protect their residential homes and small businesses."

California Alternative Energy and Advanced Transportation Financing Authority (Authority). According to its website, the Authority "works collaboratively with public and private partners to provide innovative and effective financing solutions for California's industries, assisting in reducing the state's greenhouse gas emissions by increasing the development and deployment of renewable energy sources, energy efficiency, and advanced transportation and manufacturing technologies to reduce air pollution, conserve energy, and promote economic development and jobs." The Authority is housed in the Office of the State Treasurer and provides financing through conduit or revenue bonds, loan guarantees, and loan loss reserves related to the use of alternative energy sources and technologies or advanced manufacturing.

GoGreen Financing Program. The Authority administers the GoGreen Home Energy Financing Program (GoGreen) to help Californians save energy at home by making financing more widely available for energy-wise improvements, such as solar and battery storage and energy-efficient appliances. GoGreen offers finance companies a credit enhancement in the form of a loss reserve to mitigate the risk of default. This allows the finance companies to offer more attractive terms, like lower rates, larger amounts to borrow, or longer time periods for repayment, than they otherwise could. The credit enhancement also allows finance companies to approve financing for a wider base of borrowers, such as homeowners with lower credit scores or small businesses with only a few years of operating history. A GoGreen program review found that for every \$1 in state funds credited to the program, over \$8 of private capital was provided in financing to homeowners. This bill is modeled after GoGreen to create a similar loan loss reserve program intended to help eligible homeowners finance wildfire resilience improvements to their properties.

Proposed Amendments. To further clarify eligibility for the program, the author is proposing amendments to specify that individual property owners may apply and nothing in the bill authorizes the placement of a lien on the property. These amendments will be accepted by the author in committee and are described below:

*26091.(c.) Financial assistance under the program may be made available to eligible **individual property owners** ~~properties~~ throughout the state and shall not be **in the form of a lien against the property or limited by land classification, jurisdiction, or hazard severity zone.***

Prior/Related Legislation

AB 38 (Wood), Chapter 391, Statutes of 2019, established the CWMP, requiring Cal OES and CAL FIRE to enter into a joint exercise of powers agreement (JPA) to oversee the Program's development and implementation.

AB 1659 (Bloom) of 2019 would have created the Wildfire Prevention and Community Resilience Fund to reduce community wildfire risk through activities such as defensible space implementation, home hardening, and improved public safety. (Died on the Senate inactive file)

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

SUPPORT:

Megafire Action (sponsor)
 American Property Casualty Insurance Association
 California Chamber of Commerce
 California Credit Union League
 California Fire Safe Council
 California Forward
 California State Association of Counties
 City of Los Angeles
 Climate Resolve
 Consumer Watchdog
 Del Norte Fire Safe Council
 Elevate California
 Environmental Defense Fund
 Fire Aside
 FireGeneration Collaborative
 FireWERX

Napa Communities Firewise Foundation
National Association of Mutual Insurance Companies
Neighborhood Partnership Housing Services, Inc.
Net-Zero California
Pacific Association of Domestic Insurance Companies
Pacific Forest Trust
Personal Insurance Federation of California
RockRose Risk
Rural County Representatives of California
Safe Community Project
San Bernardino County Fire Protection District
Santa Barbara County Fire Safe Council
Tahoe Fund
The Greenlining Institute
The Nature Conservancy
Three individuals

OPPOSITION:

California Association of Realtors (unless amended)

ARGUMENTS IN SUPPORT: In support of this bill, a coalition of environmental and fire mitigation-related organizations writes that, “For many homeowners, wildfire mitigation is not a question of awareness or willingness—it is a question of affordability....SB 894 creates a state-backed loan loss reserve that leverages public dollars at roughly 10-to-1 to unlock private capital, lower interest rates, and finance home hardening and defensible space improvements across residential and small business properties. While grants will remain essential for the lowest-income households, a revolving loan structure recycles repayments to support new lending, allowing modest public investment to unlock substantial private financing and scale mitigation to hundreds of thousands of homes statewide. Additionally, CAEATFA has the administrative expertise to stand up such a program with low overhead, and private creditors can process demand volume without state resources.”

ARGUMENTS IN OPPOSITION: The California Association of Realtors writes with an oppose unless amended position, stating that “C.A.R. must respectfully remain oppose unless amended to explicitly include homeowners, particularly owner-occupants of residential real property, as eligible recipients of financing under the program; and clearly prohibit any lien created pursuant to the program from obtaining super-priority status over existing mortgages or deeds of

trust and instead require that such liens remain subordinate unless otherwise agreed to by existing lienholders.”

DUAL REFERRAL: Senate Natural Resources and Water Committee and Senate Emergency Management Committee