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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair  
2025 - 2026 Regular Session

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### SB 894 (Allen) - Wildfire resiliency: financial assistance

**Version:** April 23, 2026

**Urgency:** No

**Hearing Date:** May 11, 2026

**Policy Vote:** N.R. & W. 7 - 0, E.M. 9 - 0

**Mandate:** No

**Consultant:** Ashley Ames

**Bill Summary:** This bill would create the California Wildfire Resilience Loan Program, administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), to provide financial assistance for projects and activities that reduce wildfire-related risks and losses, as specified.

#### **Fiscal Impact:**

- CAEATFA estimates ongoing costs of \$3.9 million in the first year, gradually increasing to \$5 million per year by the fifth year and likely continuing to grow thereafter (California Alternative Energy Authority Fund or other fund) to administer the Wildfire Resilience Loan Program, including to provide a loan loss reserve/credit enhancement funds. This cost estimate is based on CAEATFA's projection of 1,000 projects in the first year, which would increase in each subsequent year and grow to more than 2,4000 projects by year five. Actual CAEATFA costs could be higher or lower and would depend on how many projects are ultimately undertaken.
- Unknown, potentially significant one-time costs for the Department of Forestry and Fire Protection (CalFire) to provide guidance, in consultation with the Office of Emergency Services (CalOES) and the Department of Insurance, to CAEATFA on wildfire resilience improvements eligible under the program. Unknown but likely minor costs for the Department of Insurance to consult with CalFire on the above guidance. CalOES anticipates its consulting costs would be minor and absorbable.
- Cost pressures of an unknown but likely significant amount, possibly in the tens of millions of dollars (various funds), to provide state funding for California Wildfire Resilience Loan Program projects and activities.

**Background:** CAEATFA promotes the creation of California-based manufacturing, high-quality California-based jobs, advanced manufacturing, the reduction of greenhouse gases, or reductions in air and water pollution or energy consumption, and to ensure that California communities and workers benefit from projects receiving financial assistance from the authority (PRC § 26011.8).

*GoGreen Program.* CAEATFA operates the GoGreen Home Energy Financing Program. GoGreen provides financing to residences and businesses to make buildings more energy efficient by connecting borrowers with low interest financing options, backed by the state, to replace outdated appliances, install solar energy systems and cool roofs, EV charging, and improving heating and cooling systems and insulation, among other projects.

GoGreen offers a credit enhancement to mitigate the risk of default, which enables participating lenders to offer lower rates, longer payback terms, and higher loan amounts to a broader base of borrowers for energy upgrade loans. For every \$1 in credit enhancements allocated, \$8.56 in private capital is leveraged under the program.

*Property Assessed Clean Energy (PACE).* The PACE program is a unique type of financing that allows homeowners to finance energy efficient, water saving, wildfire resilient, and other environmentally beneficial improvements through increased assessments in their annual property taxes. PACE assessments can make it difficult to sell or refinance a property because a lien is placed on the home until the PACE contract is paid off. If the homeowner cannot afford the higher property taxes, they risk foreclosure.

**Proposed Law:** This bill would create the California Wildfire Resilience Loan Program. Specifically, it would:

- 1) Make various findings and declarations, 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) Establish the California Wildfire Resilience Loan Program (Loan Program), to be developed and administered by the Authority, and specify the goals of the Loan Program.
- 3) Specify that, subject to available funding, the Loan Program may include, but is not limited to, establishment of a loan loss reserve, interest rate buy-downs, and other credit enhancements.
- 4) Establish the following eligible wildfire resilience improvements as informed by specified guidance from CalFire, 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) Make financial assistance under the Loan Program available to eligible individual property owners statewide, as specified.
- 6) Authorize 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) Provide 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) Permit 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.

**Related Legislation:**

SB 1041 (Arreguín, 2026) would add greater specificity to the Wildfire Safety Finance Act regarding the types of wildfire safety projects eligible for financing under the PACE program.

AB 2258 (Wood, 2022) would have amended the Wildfire Safety Finance Act and PACE program regarding types of wildfire safety improvements eligible for financing, authorize the act to fund construction of new or fire damaged structures, and remove a requirement that the legislative body of a public agency need to accept a very high fire hazard severity zone designation prior to participating in the program. This bill was held in the Assembly Banking and Finance Committee.

SB 1264 (Dahle, 2022) would have amended the Wildfire Safety Finance Act and PACE program regarding types of wildfire safety improvements eligible for financing, remove a requirement that the legislative body of a public agency need to accept a very high fire hazard severity zone designation prior to participating in the program, and repeal a provision requiring a legislative body adopt a resolution regarding the planned implementation of the program by the body. This bill was held in the Senate Government and Finance Committee.

AB 1659 (Bloom et al, 2019) would have enacted the Wildfire Prevention and Community Resilience Act of 2020 to focus on reducing wildfire risk on the ground and in communities through activities such as defensible space implementation, home hardening, and improved public safety. The bill would have established the Wildfire Prevention and Community Resilience Fund. This bill died on the Senate inactive file.

SB 465 (Jackson, Chapter 837, Statutes of 2018) established the Wildfire Safety Finance Act to expand the PACE program to include wildfire safety projects.

**Staff Comments:** This bill would result in cost pressures to provide state funding for the California Wildfire Resilience Loan Program established by this bill. While the amount is unknown, some programs that might be similar to the Wildfire Resilience Loan Program have received annual funding in the millions of dollars.

Some cost pressures could be associated with start-up costs and seed money to set up the new program. SB 96 (Committee on Budget and Fiscal Review, Chapter 356, Statutes of 2013) authorized CAETFPA to develop and administer the PACE Loss Reserve Program to mitigate risk to first mortgage lenders while supporting state energy efficiency goals, and the program received an initial allocation of \$10 million.

This bill does not identify a funding source or amount, and ongoing program costs would likely depend on available funding. Some CAETFPA programs receive funding in the tens of millions of dollars annually, although not all of it comes from state sources. The Budget Act of 2014 authorized the California Hub for Energy Efficiency Financing (CHEEF) program on behalf of, and in collaboration with, the CPUC to develop and

launch energy efficiency financing pilot programs to encourage and leverage private capital lending in both the residential and commercial sectors. A core feature of what is now known as the GoGreen program is its incentives for private finance companies to enter the market and improve terms or expand credit criteria by providing a credit enhancement funded with IOU ratepayer funds. The CPUC authorized up to \$75.2 million in ratepayer funding to support the CHEEF from July 1, 2022 through June 30, 2027. CAEATFA administration costs were \$23 million over a period of seven years or about \$3.3 million per year.

State funding has also been utilized to support and expand CAEATFA programs. For example, a 2024 agreement between CAEATFA and the California Energy Commission's Equitable Building Decarbonization (EBD) program made California Climate Investments (CCI) funds available to GoGreen Home. Under the original agreement, \$30 million in CCI funds were split between credit enhancing loans for heat pumps and other electric measures in POUs (\$18 million) and buying down interest rates on heat pump loans for underserved Californians statewide (\$9 million), with the remainder allocated to administrative costs (\$3 million).

Staff notes that IOUs are CPUC jurisdiction (but not POUs), therefore CPUC can allocate ratepayer funds only from IOU ratepayers and limits the use of these funds to IOU territory. This means POU territory projects would not be eligible for financial assistance funded by an allocation of ratepayer funds. Without state or another source of funding, the Wildfire Resilience Loan Program would be limited to projects and activities in IOU territory, which could drive cost pressures for the state to provide funding in order to allow for statewide program eligibility.

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