

Date of Hearing: June 22, 2026

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

SB 894 (Allen) – As Amended May 14, 2026

SENATE VOTE: 39-0

SUBJECT: Wildfire resiliency: financial assistance

SUMMARY: Establishes the California Wildfire Resilience Loan Program to provide financial assistance for projects and activities to reduce wildfire-related risks and losses, including home hardening and defensible space improvements.

EXISTING LAW:

- 1) Pursuant to the California Alternative Energy and Advanced Transportation Financing Authority Act (Act): (Public Resources Code (PRC) 26000 - 26037)
 - a) States the purpose of the Act is to advance the state’s goals of reducing the levels of greenhouse gas (GHG) emissions, increasing the deployment of sustainable and renewable energy sources, implementing measures that increase the efficiency of the use of energy, creating high quality employment opportunities, and lessening the state’s dependence on fossil fuels.
 - b) Establishes the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to promote the creation of California-based manufacturing, high-quality California-based jobs, advanced manufacturing, the reduction of GHGs, or reductions in air and water pollution or energy consumption, and to ensure that California communities and workers benefit from projects receiving financial assistance.
 - c) Requires CAEATFA to evaluate a project application based on specified criteria, including the extent to which the project, or the product produced by the project, results in a reduction of GHGs, a reduction in air or water pollution, an increase in energy efficiency, or a reduction in energy consumption, beyond what is required by federal or state law or regulation.
- 2) Defines “home hardening” as the replacement or repair of structural features that are affixed to a property with features that are in compliance with Chapter 7A of Title 24 of the California Code of Regulations (CCR). (PRC 4291.5 (a)(1))
- 3) Requires a person who owns, leases, controls, operates, or maintains an occupied dwelling or occupied structure in, upon, or adjoining a mountainous area, forest-covered land, shrub-covered land, grass-covered land, or land that is covered with flammable material, which area or land is within a very high fire hazard severity zones (FHSZ) designated by the local agency to, at all times, maintain a defensible space of 100 feet from each side and from the front and rear of the structure, as provided. Requires the Board of Forestry (Board) to adopt regulations for an ember-resistant zone for the elimination of materials that would likely be ignited by embers. (Government Code (GC) 51182)

- 4) Requires the Board to develop and update guidance for fuels management for defensible space compliance. Requires the State Fire Marshal (SFM) to make recommendations to the Board on vegetation management and make reasonable efforts to provide notice to affected residents. (PRC 4291)
- 5) Requires insurance companies in California to account for wildfire-mitigation efforts when underwriting and pricing residential and commercial property insurance policies in wildfire-exposed areas. Defines “Wildfire Risk Model” as any tool, instrumentality, means or product, including but not limited to a map-based tool, a computer-based tool or a simulation, that is used by an insurer, in whole or in part, to measure or assess the wildfire risk associated with a residential or commercial structure for purposes of classifying individual structures according to their wildfire risk; or, estimating losses corresponding to such wildfire risk classifications. (Title 10 CCR 2644.9)

THIS BILL:

- 1) States the intent of the Legislature to authorize the CAEATFA to establish a wildfire mitigation loan program for wildfire resilience improvements, and to authorize participation by public and private partners, including utilities, insurers, nonprofit organizations, philanthropic entities, and the federal government, where participation advances public safety, market stability, and resilience objectives.
- 2) Finds and declares that it is essential that the state, in cooperation with the federal government and other public and private partners, to use all practical and commercially feasible means to promote the prompt and efficient development of energy sources that are renewable or that more efficiently use and conserve scarce energy resources.
- 3) Finds and declares that it is essential to the public safety, economic stability, and general welfare of the state to promote investments that reduce wildfire-related risk and losses, including home hardening and defensible space improvements.
- 4) Revises the purpose of the Act to additionally increase the adoption of wildfire resilience improvements that reduce wildfire-related risk and losses, and to provide an alternative method of financing in providing and promoting the establishment of facilities, projects, improvements, and measures intended to reduce wildfire risk, enhance structural survivability, or improve community resilience to wildfire, among other facilities under existing law.
- 5) Establishes the California Wildfire Resilience Loan Program (Wildfire Loan Program) to be developed and administered, upon appropriation by the Legislature, including the appropriation of any federal or private funds from any source given, by CAEATFA to achieve all of the following goals:
 - a) Reducing local and statewide wildfire losses through wildfire resilience improvements to residential, multifamily, mixed-use, nonprofit, or small business property;
 - b) Improving insurability and resilience of communities vulnerable to wildfire risk;

- c) Increasing the defensible space around and hardening of residential, multifamily, mixed-use, nonprofit, or small business property to mitigate wildfire risk, thereby reducing emissions of GHGs from wildfires and associated air pollution; and,
 - d) Reduce the upfront and overall cost to eligible property owners of obtaining private financing for wildfire resilience improvements and expand access of eligible property owners to private financing tools for wildfire resilience improvements.
- 6) Authorizes, upon appropriation by the Legislature, including the appropriation of any federal or private funds from any source, the Wildfire Loan Program to include, but not be limited to, establishment of a loan loss reserve, interest rate buy-downs, and other credit enhancements.
- 7) Requires eligible wildfire resilience improvements under the Wildfire Loan Program to include, but not be limited to, any of the following improvements as informed by guidance from the Department of Forestry and Fire Protection (CAL FIRE) in consultation with the California Office of Emergency Services (CalOES) and the Department of Insurance (CDI):
- a) Home hardening, including ignition-resistant features, vegetation management, and defensible space treatments, including, but not limited to, any of the following:
 - i) Risk mitigation identified Title 10 CCR 2644.9 or in successor regulations;
 - ii) Risk mitigation identified in Title 24 CCR Part 7 or in successor regulations; and,
 - iii) Defensible space activities identified in PRC 4291 or GC 51182.
 - b) Smoke mitigation retrofits.
 - c) Other risk reduction measures.
- 8) Authorizes financial assistance under the Wildfire Loan Program to be made available to eligible individual property owners throughout the state and prohibits financial assistance in the form of a lien against the property or be limited by land classification, jurisdiction, or FHSZ.
- 9) Authorizes, upon appropriation by the Legislature, including the appropriation of any federal or private funds from any source, CAEATFA to establish partnerships or referral arrangements with state agencies, local governments, community-based organizations, insurers, lenders, contractors, or other entities for purposes that may include, but are not limited to, identifying and referring eligible applicants, aggregating demand, and facilitating bulk purchasing or group contracting arrangements.
- 10) Authorizes, upon appropriation by the Legislature, including the appropriation of any federal or private funds from any source, CAEATFA to, in consultation with the SFM, establish procedures for preassessments or post-completion verifications of improvements financed through the program for purposes that may include program integrity, evaluation, and continuous improvement.

- 11) Authorizes, upon appropriation by the Legislature, including the appropriation of any federal or private funds given from any source, CAEATFA to enter into agreements to design, develop, maintain, and operate a public-facing internet website for the Wildfire Loan Program.

FISCAL EFFECT: According to the Senate Appropriations Committee:

- 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 Loan Program, including to provide a loan loss reserve/credit enhancement funds.
- Unknown, potentially significant one-time costs for CAL FIRE to provide guidance, in consultation with CalOES and the CDI, to CAEATFA on wildfire resilience improvements eligible under the program.
- Unknown but likely minor costs for the CDI to consult with CAL FIRE 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 Wildfire Loan Program projects and activities.

COMMENTS:

- 1) **Reducing wildfire risk.** There are various measures that reduce wildfire risk in a FHSZ, and in conjunction with one another, multiply risk reduction.

Defensible space is the buffer created between a building on a property and the grass, trees, shrubs, or any wildland area that surrounds it. This space is needed to slow or stop the spread of wildfire, and it helps protect structures from catching fire. A 2019 analysis done by CAL FIRE of the relationship between defensible space compliance and destruction of structures during the seven largest fires that occurred in California in 2017 and 2018 concluded that the odds of a structure being destroyed by wildfire were roughly five times greater for noncompliant structures compared to compliant ones.

Home hardening includes vegetation management compliance and building materials used to resist the intrusion of flames or embers projected by a wildland fire. It can be applied to new construction or for retrofitting an older home. Home hardening considers the relationship between a structure and its exposure to nearby combustible features such as vegetation, vehicles, accessory buildings, or even miscellaneous structures like a fence.

California's wildfire building code (known colloquially by its citation reference as Chapter 7A) went into effect in 2008 and mandates fire-resistant siding, tempered glass, vegetation management, and ignition-resistant roofs, standards for vents, decks, under eaves, siding, windows, gutters, vents for attics and crawlspaces designed to resist embers and flames. These standards, which are periodically updated, have been shown to work. An analysis by the Sacramento Bee showed that approximately 51% of the 350 single-family homes built after 2008 in the path of the Camp Fire were undamaged. By contrast, only 18% of the 12,100 homes built prior to 2008 escaped damage. Factors that can cause post-2008 homes

to combust include not having adequate defensible space and proximity to neighboring non-fire hardened homes.

According to CAL FIRE, there are roughly five million homes in the wildland urban interface, and CAL FIRE analyses shows that 90% of those homes were built before today's Chapter 7A building codes went into effect in 2008.

Governor Newsom's Executive Order N-4-25 issued January 7, 2025, states that "efforts to rebuild should include measures to increase community resilience, harden homes, and ensure defensible space to build resilience to future wildfires, to the greatest extent practicable."

- 2) **How much does risk mitigation cost?** Property owners are responsible for maintaining defensible space around their property and retrofitting any post-2008 structures with home hardening measures. Those wildfire resilience measures can often be unaffordable for many residents living in FHSZs.

According to a 2021 Legislative Analyst's Office report, researchers have explored – mostly using survey data and interviews – some of the barriers homeowners typically face related to completing defensible space work, including prohibitive costs and/or time constraints, inadequate motivation to comply, and incomplete understanding of the nature of the risk to their home.

Estimating the cost per home to harden and make ember resistant is challenging because it is highly multivariate. Individual homes need different 'packages' of mitigations depending on (1) what kind of risk they are wanting to mitigate (e.g. ember vs. direct flame), (2) how much they want to reduce that risk, (3) what they can afford to do and maintain, and (4) which mitigations happen to already be in place.

Headwaters Economics' 2024 report, *Retrofitting a Home for Wildfire Resistance*ⁱ, notes that while every home is different, "retrofitting costs between \$2,000-\$15,000 for simple and effective actions such as installing flame- and ember-resistant vents, placing metal flashing along a deck, keeping gutters clean, or using noncombustible mulch in the yard. A full retrofit to the highest level of protection could cost nearly \$100,000, but in many cases that approach is not necessary. Some strategies such as removing flammable materials from near the home and removing debris from the roof can be done at little to no cost."

- 3) **California Alternative Energy and Advanced Transportation Financing Authority.** CAEATFA was created in 1980 and authorized to use revenue bonds to finance projects using alternative sources of energy, such as cogeneration, wind, and geothermal power. It was renamed in 1994 and its charge expanded to include the financing of "advanced transportation" technologies. CAEATFA is housed within the State Treasurer's Office and operates a variety of programs that provide financial assistance—such as tax exemptions, loans, and bonds—largely to entities developing technologies intended to reduce air pollution and conserve energy.

During the energy crisis of 2001, its authority was again expanded to provide financial assistance to public power entities, independent generators, and others for new and renewable energy sources, and to develop clean distributed generation. CAEATFA's board, composed of the Treasurer, Controller, Director of Finance, Chairperson of the Energy Commission, and President of the Public Utilities Commission, decides which projects to assist.

In 2010 its authority was expanded again to grant a sales and use tax exemption to an eligible firm that purchases property necessary to design, produce, manufacture, or assemble advanced transportation technologies or alternative energy source products, components, or systems.

In April 2020, the Residential Energy Efficiency Loan program (later renamed the GoGreen Home Energy Financing program (GoGreen Home)) was formalized statewide under the California Hub for Energy Efficiency Financing at CAEATFA. GoGreen Home makes financing more widely available for home energy improvements by offering a credit enhancement to mitigate the risk of default, which enables participating lenders to offer lower rates, longer payback terms and higher loan amounts, and to approve a broader base of borrowers for energy upgrade loans.

To date, CAEATFA has approved financial assistance for private entities in the following fields: electric vehicle manufacturing, solar photovoltaic manufacturing, landfill gas capture and production, biogas capture and production (dairies and wastewater treatment plants), demonstration hydrogen fuel production, electric vehicle battery manufacturing, biomass processing and fuel production, and others.

The perennial expansions of CAEATFA speaks to its success achieving its mission and financing projects to further the stated statutory goals.

- 4) **Another expansion.** This bill further expands CAEATFA to establish the Wildfire Loan Program, modeled after the GoGreen Home financing platform, to fund the wildfire resilience improvement, including home hardening, defensible space, smoke mitigation and other risk reduction efforts. The bill creates a state-backed loan loss reserve that calls on public dollars to leverage private capital, lower interest rates, and finance home hardening and defensible space improvements for more Californians to protect their residential homes and small businesses.

In the 2024 Little Hoover Commission report, *Building a Stronger Home Insurance Market for California*, the Commission found that proactive mitigation measures to strengthen a home's defenses against wildfire can be cost inhibitive for many homeowners, but ultimately cost less than renovating a home after a devastating wildfire. Proactive mitigation can help prevent some of the worst devastation, but it must be done strategically and on a wide scale to maximize benefits. Their research pointed to examples in several other states where homeowners' efforts to protect against climate-related hazards were supported with state funding. The Commission recommended expanding the programs available to help homeowners upgrade their properties to better protect them from wildfires.

Because Wildfire Loan Program would help offset the cost burden homeowners face when taking on home hardening projects and help improve the insurability of the state's housing stock, the Little Hoover Commission supports this bill.

- 5) **Double referral.** This bill is also referred to the Assembly Emergency Management Committee.

REGISTERED SUPPORT / OPPOSITION:**Support**

AARP

American Property Casualty Insurance
Association

Cal Chamber

California Apartment Association

California Credit Union League

California Fire Safe Council

California Forward

California State Association of Counties
(CSAC)

Climate Resolve

City of Los Angeles

Consumer Watchdog

DAN Munsey, Fire Chief of the San

Bernardino County Fire Protection District

Del Norte Fire Safe Council

Elevate California

Environmental Defense Fund

Fire Aside

Firegeneration Collaborative

Firewerx

Greenlining Institute

Insurance Commissioner Ricardo Lara /

California Department of Insurance

Lieutenant Governor Eleni Kounalakis

Little Hoover Commission

Megafire Action

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

Roxul Usa, INC. DbA Grodan

Rural County Representatives of California
(RCRC)

Safe Community Project

San Bernardino County Fire Protection
District

Santa Barbara County Fire Safe Council

Santa Barbara Fire Safe Council

Sierra Club

The Tahoe Fund

The Greenlining Institute

The Nature Conservancy

Western Riverside Council of Governments

Opposition

None on file

Analysis Prepared by: Paige Brokaw / NAT. RES. /

ⁱ [Retrofitting a Home for Wildfire Resistance](#)