Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 894 (Allen) – As Amended May 14, 2026

Policy Committee:	Natural Resources	Vote:	14 - 0
	Emergency Management		6 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill establishes the California Wildfire Resilience Loan Program (Wildfire Loan Program) to provide financial assistance for projects and activities to reduce wildfire-related risks and losses, including home hardening and defensible space improvements.

Specifically, this bill, among other things:

1) Establishes the Wildfire Loan Program to be developed and administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA), upon appropriation by the Legislature, including the appropriation of any federal or private funds from any source given, to achieve the following goals: (a) reduce local and statewide wildfire losses through wildfire resilience improvements to residential, multifamily, mixed-use, nonprofit, or small business property; (b) improve insurability and resilience of communities vulnerable to wildfire risk; (c) increase the defensible space around and hardening of property to mitigate wildfire risk, thereby reducing emissions of greenhouse gases 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.

2) Authorizes the Wildfire Loan Program, upon appropriation, to include establishment of a loan loss reserve, interest rate buy-downs, and other credit enhancements.

3) Requires eligible wildfire resilience improvements under the Wildfire Loan Program to include specified improvements as informed by guidance from the Department of Forestry and Fire Protection (CAL FIRE) in consultation with the California Office of Emergency Services (Cal OES) and the Department of Insurance (CDI).

4) 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 limited by land classification, jurisdiction, or hazard severity zones.

5) Authorizes CAEATFA, upon appropriation, to establish partnerships or referral arrangements with state agencies or other specified entities for purposes that may include identifying and referring eligible applicants, aggregating demand, and facilitating bulk purchasing or group contracting arrangements.

6) Authorizes CAEATFA, upon appropriation and in consultation with the State Fire Marshal, to 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.

7) Authorizes CAEATFA, upon appropriation, to enter into agreements to design, develop, maintain, and operate a public-facing website for the Wildfire Loan Program.

FISCAL EFFECT:

1) CAEATFA, which supports the bill, estimates General Fund costs of approximately $3.9 million in year one, gradually increasing to $5 million annually by the fifth year for both operations (rent, staff, overhead, equipment, contracts, and other costs) and credit enhancements. This estimate is modeled on the structure and expenditures of CAEATFA's GoGreen Energy Financing Program, which offers finance companies a credit enhancement in the form of a loss reserve that mitigates risk on loans and leases for approved equipment; in the event of default, a finance company may make a claim against the loss reserve to recoup most of the outstanding balance. According to CAEATFA, the loss rate in the GoGreen program is only about 2%. For this bill, CAEATFA is using a credit enhancement rate of 12.5% and assuming that, on average, for every $1 allocated to the loan loss reserve, the program will deploy $8 in private capital.

   It typically costs tens of thousands of dollars to retrofit and harden an existing home against wildfire. For older homes, experts estimate costs in the range of $40,000 to $60,000. For its part, CAEATFA notes its cost estimate assumes 1,000 enrolled loans in the first year (with an average project cost of $10,000), increasing to about 2,400 projects by year five. CAEATFA notes that in subsequent years, as loan volume increases, its administrative cost per loan will decrease.

   By the authority of the California Public Utilities Commission (CPUC), investor-owned utility ratepayer funds support administration of the GoGreen program as well as a credit enhancement for participating finance companies. GoGreen Home, CAEATFA's residential program, also receives funding for administration and a credit enhancement from California gas corporation ratepayers through the TECH Clean California Initiative. The CPUC authorized up to $75.2 million in ratepayer funding to support the GoGreen program from July 1, 2022, through June 30, 2027. CAEATFA administration costs for GoGreen are about $3.3 million per year. In addition, a 2024 agreement between CAEATFA and the California Energy Commission's Equitable Building Decarbonization program made $30 million in California Climate Investments funds available to GoGreen Home. For additional comparison and context, SB 96 (Committee on Budget and Fiscal Review), Chapter 356, Statutes of 2013, authorized CAEATFA 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 in state funding. This bill does not identify a funding source or amount, and ongoing program costs would likely depend on available funding.

2) CAL FIRE, Cal OES, and CDI anticipate minor and absorbable costs.

COMMENTS:

1) **Purpose.** According to the author:

> Implementing wildfire hardening measures such as upgrading roofing and windows, replacing siding, and managing nearby vegetation can reduce a structure's fire risk by more than 35 percent. However, these 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 [Wildfire 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 homes and small businesses.

2) **Background.** ***CAEATFA.*** CAEATFA, housed within the Office of the State Treasurer, works with public and private partners to provide innovative financing solutions for California's industries to increase 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.

   Wildfire Mitigation. A 2024 Little Hoover Commission report found that proactive mitigation measures to strengthen a home's defenses against wildfire can be cost prohibitive for many homeowners, but ultimately cost less than renovating a home after a devastating wildfire. Proactive mitigation may help prevent some of the worst devastation, but it must be done strategically and on a wide scale to maximize benefits. The commission recommended expanding the programs available to help homeowners upgrade their properties to better protect them from wildfires. For a more detailed discussion of related and ongoing efforts related to wildfire mitigation – including the existing California Wildfire Mitigation Program (CWMP) jointly administered by CAL FIRE and Cal OES – please see the Assembly Emergency Management Committee's analysis of this bill.

   This bill expands and directs CAEATFA to establish the Wildfire Loan Program, modeled after the authority's GoGreen program, which 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, cool roofs, and electric vehicle chargers, and improve heating and cooling systems and insulation, among other projects. This bill similarly creates a state-backed loan loss reserve that calls on public dollars to leverage private capital, lower interest rates, and finance home hardening, defensible space, smoke mitigation, and other risk reduction improvements for more Californians to protect their homes and small businesses.

   The bill is supported by a large and diverse coalition of organizations, and there is no opposition registered against the bill. The insurance industry argues that while grants (such as those provided by CWMP) will remain essential for the lowest-income households, a revolving loan structure allows repayments to be recycled into new lending and enables relatively modest public investment to unlock substantial private financing and scale mitigation across hundreds of thousands of homes statewide.

Analysis Prepared by: Nikita Koraddi / APPR. / (916) 319-2081